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GREEN MOUNTAIN CARE BOARD ESTABLISHES FY2021 HOSPITAL BUDGETS

Montpelier, VT – The Green Mountain Care Board approved Fiscal Year (FY) 2021 budgets for Vermont’s 14 regulated hospitals on September 15, 16, 29, and 30, 2020.

The Board provided hospitals with guidance outlining budget parameters and submission guidelines, including a limit of 3.5% for growth in net patient revenues (NPR)/fixed prospective payments (FPP) from the FY2020 to the FY2021 budget. The Board’s guidance sought to reduce the regulatory burden on Vermont’s hospitals in light of the COVID-19 public health emergency, paring down the budget submission requirements and extending the filing deadline to July 31 from its usual date of July 1.

This August, the Board held virtual public hearings with each of Vermont’s hospitals. At the system level, hospitals requested an NPR/FPP increase of 3.3% over systemwide approved FY2020 NPR/FPP, with individual requests ranging from -7.6% to 8.7%. Hospitals highlighted key factors in developing their budgets at the hearings. The COVID-19 pandemic was at the center of many hospitals’ narratives, including the direct costs of responding to the pandemic, sharply reduced health care utilization and lost revenue in spring 2020, and the impact of federal and State efforts in attempting to stabilize hospitals’ finances. In addition, local workforce shortages and the high cost of temporary workers was a continued theme for many hospitals in planning for FY2021, as was payer mix for hospitals that serve high proportions of Medicare and Medicaid enrollees. A number of hospitals also shared with the Board that fixed payments under the All-Payer Model (APM) provided predictable, stable funding even as fee-for-service revenue dropped sharply in spring 2020.

At a series of public meetings, and after a thorough review of the budgets by the Board’s staff and input from the Office of the Health Care Advocate and Vermonters, the Board voted on hospital budgets on September 15 and 16. On September 23, the University of Vermont Health Network filed a request for reconsideration; this request was considered in a public meeting on September 29, with votes on September 29 and 30. The Board’s final decisions approved an estimated weighted average increase in hospital charges of 5.6%. The Board also reduced the system-wide increase in NPR/FPP from a requested 3.3% to 2.7%, totaling an approximately \$17.1 million reduction from submitted to approved budgets. Sustainability planning requirements were also extended to all hospitals, up from 6 in FY2020.

“2020 has been a year of uncertainty and the hospital budget process reflects that. The Board approached decisions placing hospital sustainability as the paramount consideration to ensure that Vermonters have a healthy health care system to meet both short- and long-term medical needs,” said Board Chair Kevin Mullin.

The Board will issue written hospital budget decisions and orders no later than October 14, 2020. Information about the hospital budget review process and materials submitted by each hospital are available on the Board’s website at <https://gmcboard.vermont.gov/hospitalbudget/fy2021budget>.

