

FY 2022

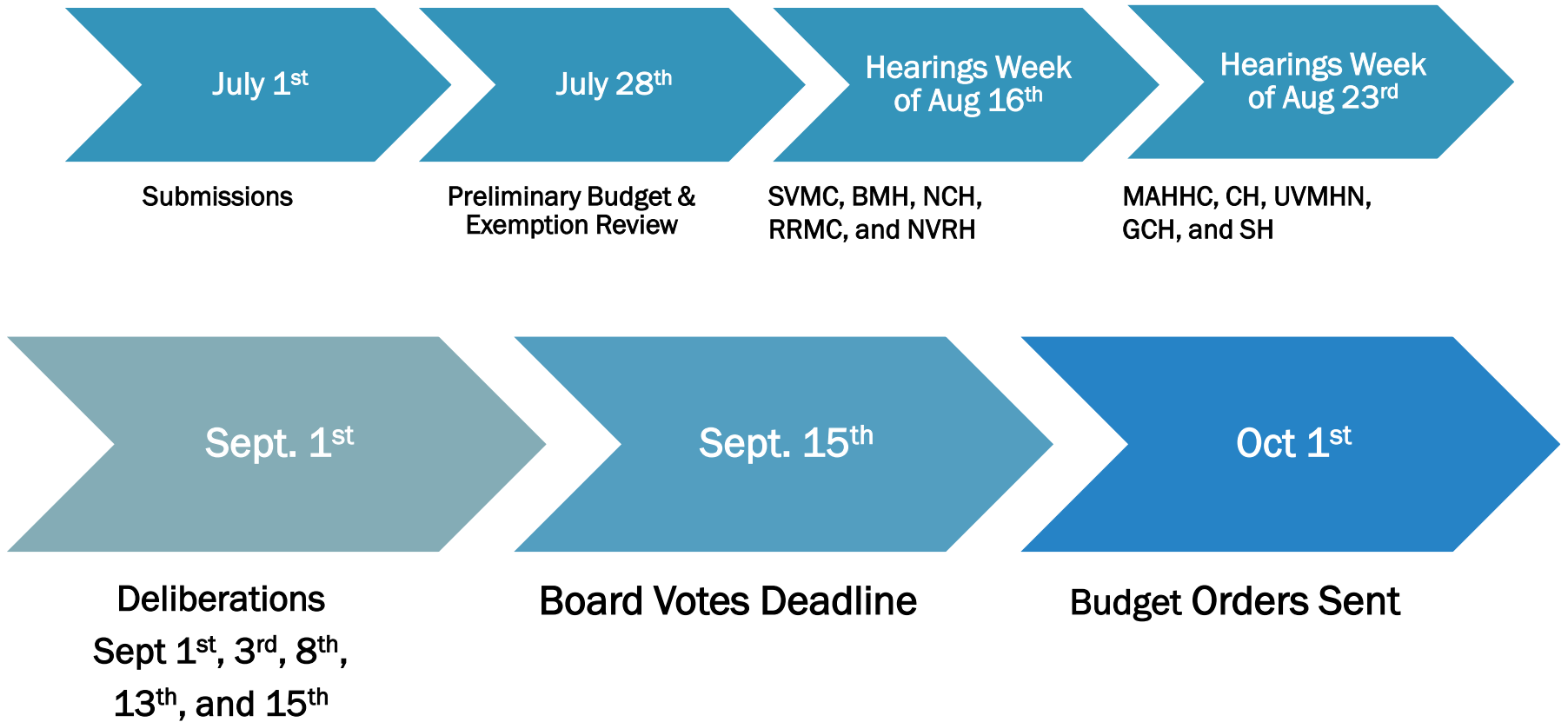
Vermont Hospital Budgets

Board Deliberations

September 1, 2021

GMCB Health System Finance Team

FY2022 Hospital Budgets Schedule



Deliberation & Public Comment



- Nine public comments have been received to date which includes the three mentioned in the Preliminary Budget Review presentation from July 28, 2021.
- The public comment period for the FY2022 hospital budget process was officially opened on July 28, 2021 and closed on September 1, 2021.
- GMCB will accept public comment at any time.

Link to make public comment:

<https://gmcboard.vermont.gov/board/comment>

Staff Considerations

GMCB staff recommends considering the following:

- Adequacy of NPR/FPP growth rate requests with an allowance for COVID-19 vaccine and testing revenues
- Hospital's overall financial health, including operating margin and key financial indicators and overall impact of COVID-19
- Potential financial uncertainty due to COVID-19
- Hospital's capital and infrastructure needs (revival of postponed projects)
- Participation in the All-Payer Model and delivery system reform efforts
- Impact of change in charge on commercial rate payers
- Provider transfer and accounting adjustments and adequately justified requests
- Hospital-specific risks and opportunities
- Utilization
- Cost savings initiatives

Staff Considerations (cont'd)

GMCB staff recommends considering the following relating to the challenges of budgeting and projecting during the pandemic:

- FY2021 budgets were very difficult to create with COVID-19's impact on FY2020 actual activity which, in many cases, is causing budget-to-budget growth on a hospital-by-hospital basis to fluctuate wildly.
- FY2022 budgets have also been very difficult to create due to COVID-19's impact on fiscal Q1 and Q2 activity and FY20 actual results, thus making the base for FY22 budgets challenging.
- Current projections are extremely fluid in nature, changing month-to-month with the rise of COVID-19 variants, slowing vaccine administration, and the ebbs and flows of utilization.
- Remaining COVID relief fund balances (non including MCR advances) and PPP loans are susceptible to Federal Government guidance and timeframe changes.

Common Budgeting Themes

- 340B revenue risk and other operating revenue
- Renewed strategic plans and budgets
- ED/ER volumes not coming back
- Staffing challenges, including burnout
- Capital expenditures are jump started
- Increased inflationary factors
- Use of FY2019 for utilization assumptions for FY2022 budgets
- FPP is not the only form of value-based payments (other reform payments = \$5.2 million system-wide)
- Socio-economic challenges which reduce ability to effectively recruit

All Vermont Community Hospitals

Fiscal Year 2022 Submitted Budget

INCOME STATEMENT	2019 A	2020 A	2021 B	2021 PROJ	2022 B	2021 B - 2022 B
Revenues						
Gross Patient Care Revenue	\$5,620,723,474	\$5,331,936,653	\$6,226,437,733	\$6,041,489,721	\$6,684,427,415	7.4%
Disproportionate Share Payments	\$22,721,686	\$22,730,632	\$22,609,651	\$22,834,516	\$22,539,865	-0.3%
Graduate Medical Education	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	0.0%
Bad Debt	-\$85,153,848	-\$81,505,161	-\$93,456,591	-\$76,034,691	-\$91,869,946	-1.7%
Free Care	-\$45,031,467	-\$41,654,999	-\$53,330,044	-\$37,173,306	-\$50,709,442	-4.9%
Deductions from Revenue	-\$3,219,853,356	-\$3,153,733,616	-\$3,731,267,215	-\$3,627,688,522	-\$3,985,118,272	6.8%
Net Patient Care Revenue	\$2,323,406,490	\$2,107,773,509	\$2,400,993,534	\$2,353,427,718	\$2,609,269,620	8.7%
Fixed Prospective Payments	\$273,200,271	\$333,548,197	\$407,871,730	\$374,835,108	\$409,053,373	0.3%
Reserves	-\$11,777,958	-\$18,273,807	-\$24,015,790	-\$45,581,431	-\$54,416,325	126.6%
Other Reform Payments	\$3,595,177	\$4,474,071	\$5,107,102	\$6,434,965	\$5,165,745	1.1%
Fixed Prospective Payments and Res	\$265,017,490	\$319,748,461	\$388,963,042	\$335,688,642	\$359,802,794	-7.5%
Net Patient Care Rev & Fixed Paymen	\$2,588,423,980	\$2,427,521,969	\$2,789,956,577	\$2,689,116,360	\$2,969,072,414	6.4%
340B Retail Pharmacy Programs	\$64,349,559	\$73,885,619	\$44,652,696	\$63,409,938	\$70,455,084	57.8%
COVID-19 Stimulus and Other Grant	\$0	\$191,220,346	\$597,400	\$106,660,087	\$200,000	-66.5%
Specialty Pharmacy	\$62,396,333	\$87,019,466	\$186,051,743	\$109,979,525	\$119,677,224	-35.7%
Outpatient Pharmacy Revenue	\$17,485,295	\$17,017,909	\$0	\$13,904,786	\$9,968,294	#DIV/0!
Cafeteria & Parking	\$13,402,043	\$10,196,194	\$3,445,240	\$8,693,614	\$11,667,931	238.7%
Grant Income	\$16,227,596	\$25,272,618	\$10,524,246	\$19,662,440	\$18,579,120	76.5%
Reference Lab Revenue	\$2,699,682	\$2,175,883	\$2,339,996	\$2,546,299	\$2,469,377	5.5%
Meaningful Use	\$495,321	\$133,531	\$0	\$74,293	\$0	#DIV/0!
Other	\$50,282,189	\$50,163,330	\$22,612,103	\$76,707,916	\$63,968,148	182.9%
Other Operating Revenue	\$227,338,017	\$457,084,896	\$270,223,423	\$401,638,898	\$296,985,178	9.9%
Total Operating Revenue	\$2,815,761,997	\$2,884,606,865	\$3,060,180,000	\$3,090,755,258	\$3,266,057,592	6.7%
Operating Expenses						
Salaries Non MD, Fringe Benefits						
Non MD, Physician Fees & Salaries,	\$1,622,232,743	\$1,683,562,320	\$1,757,217,889	\$1,771,621,562	\$1,862,575,546	6.0%
Health Care Provider Tax	\$145,715,237	\$143,444,115	\$156,048,633	\$152,833,527	\$167,789,394	7.5%
Depreciation Amortization	\$110,247,676	\$123,291,690	\$122,612,678	\$119,592,526	\$128,639,736	4.9%
Interest - Short Term, Interest - Long						
Term	\$20,983,214	\$23,671,480	\$23,954,400	\$21,984,077	\$22,548,819	-5.9%
ACO Dues	\$0	\$8,658,611	\$1,882,676	\$6,041,319	\$7,524,177	299.7%
Medical/Surgical Drugs and Supplies	\$264,353,538	\$142,882,163	\$338,206,066	\$144,808,532	\$145,971,258	-56.8%
Pharmaceuticals	\$0	\$167,938,661	\$1,332,521	\$202,707,505	\$222,604,440	16605.5%
Other Purchased Services -						
Consulting	\$0	\$8,541,600	\$0	\$2,563,825	\$5,777,072	#DIV/0!
Other Purchased Services -Travelers	\$0	\$11,487,380	\$300,000	\$9,449,433	\$5,484,902	1728.3%
Other Operating Expenses	\$631,911,591	\$569,426,070	\$606,688,354	\$589,693,313	\$620,637,802	2.3%
Total Operating Expenses	\$2,795,444,000	\$2,882,904,090	\$3,008,243,216	\$3,021,295,621	\$3,189,553,146	6.0%
Net Operating Income	\$20,317,997	\$1,702,775	\$51,936,784	\$69,459,637	\$76,504,446	47.3%
Non Operating Revenue	\$33,603,750	\$41,579,846	\$35,319,561	\$169,242,533	-\$7,487,849	-121.2%
Excess (Deficit) of Rev over Exp	\$53,921,747	\$43,282,621	\$87,256,345	\$238,702,170	\$69,016,598	-20.9%
Income Statement Metrics						
Operating Margin %	0.7%	0.1%	1.7%	2.2%	2.3%	
Total Margin %	1.9%	1.5%	2.8%	7.3%	2.1%	

Change in Charge %

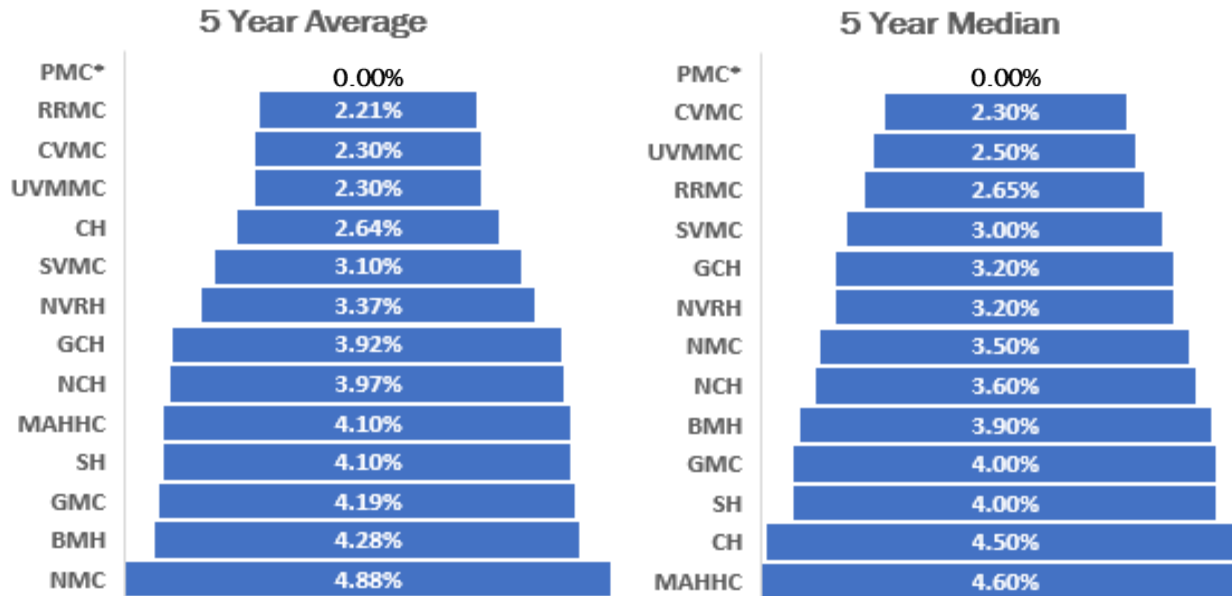
Vermont Community Hospitals History of Annual Increases in Charges

	2019			2020			2021			2022
	Approved	Submitted	Commercial Effective Rate	Approved	Commercial Effective Rate	Submitted	Commercial Effective Rate	Approved	Commercial Effective Rate	Submitted
Brattleboro Memorial Hospital	3.9%	3.4%		3.4%		4.9%		4.9%		5.1%
Central Vermont Medical Center	2.3%	3.0%	5.9%	3.0%	5.9%	6.0%	8.5%	6.0%	7.0%	7.4%
Copley Hospital	4.5%	9.8%		9.8%		8.0%		6.0%		5.0%
Gifford Medical Center	4.0%	5.0%		5.0%		4.0%		4.0%		3.5%
Grace Cottage Hospital	3.2%	3.2%		3.2%		3.2%		3.2%		5.0%
Mt. Ascutney Hospital & Health Center	2.9%	3.2%		3.2%		4.6%		4.6%		2.2%
North Country Hospital	3.6%	4.2%		4.2%		3.6%		3.6%		4.9%
Northeastern VT Regional Hospital	3.0%	3.5%		3.0%		3.9%		3.9%		3.0%
Northwestern Medical Center	2.0%	5.9%		5.9%		21.1%		13.0%		3.0%
Porter Medical Center	-1.0%	0.0%	2.6%	0.0%	2.6%	0.0%	5.8%	0.0%	4.0%	5.9%
Rutland Regional Medical Center	2.6%	2.7%		2.7%		6.0%		6.0%		3.6%
Southwestern VT Medical Center	3.0%	2.8%		2.8%		3.5%		3.5%		4.8%
Springfield Hospital	10.0%	0.0%		0.0%		4.0%		4.0%		8.3%
The University of Vermont Medical Center	2.5%	3.0%	4.0%	3.0%	3.5%	8.0%	8.0%	6.0%	6.0%	7.1%
Estimated Weighted Average For All Hospitals**	2.9%	3.2%		3.1%		6.8%		5.6%		6.0%

**Estimated Weighted Average for All Hospitals is calculated by factoring in each hospital's proportion of gross revenue to the change in charges (rate).

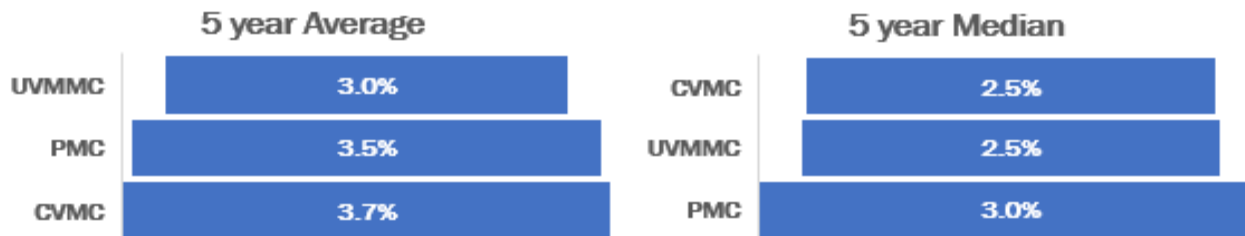
Approved Overall Change in Charge 5-Year Average: FY2017-2021

Change in Charge



*PMC has been zero since FY2017

Commercial Effective Rate



Net Patient Revenue and Fixed Prospective Payments: FY2019-2022



Hospital	FY2019 Actuals	FY2020 Actuals	FY2021 Budget	FY2021 Projected	FY2022 Budget
Brattleboro Memorial Hospital	\$ 83,994,257	\$ 76,593,854	\$ 92,802,429	\$ 86,931,647	\$ 95,595,382
Central Vermont Medical Center	208,006,996	193,820,404	236,081,037	227,104,899	251,502,614
Copley Hospital	66,993,816	69,112,081	76,189,789	80,381,902	86,390,520
Gifford Medical Center	50,052,096	47,232,407	52,083,147	54,149,594	54,224,079
Grace Cottage Hospital	18,734,702	19,425,101	20,666,695	21,330,891	22,353,530
Mount Ascutney Hospital and Health Center	50,849,386	49,880,775	56,211,391	60,488,476	59,640,912
North Country Hospital	80,634,917	76,811,293	82,736,960	85,938,930	88,784,695
Northeastern Vermont Regional Hospital	84,684,742	85,775,755	90,525,300	93,724,962	97,368,788
Northwestern Medical Center	106,529,464	98,555,639	112,015,717	115,495,674	115,925,533
Porter Medical Center	84,961,115	77,472,728	89,810,557	86,218,427	94,168,035
Rutland Regional Medical Center	256,402,902	239,255,341	247,487,684	266,868,813	270,361,370
Southwestern Vermont Medical Center	163,952,570	154,068,253	167,089,128	169,481,663	177,594,439
Springfield Hospital	47,392,824	39,790,103	50,600,310	45,212,644	54,568,589
University of Vermont Medical Center	1,285,234,193	1,199,728,235	1,415,656,433	1,295,787,839	1,500,593,928
All Vermont Community Hospitals	\$ 2,588,423,980	\$ 2,427,521,969	\$ 2,789,956,577	\$ 2,689,116,360	\$ 2,969,072,414

NPR/FPP (%*): FY2021-2022 and FY2019-2022 CAGR



Hospital	FY2021 Bud FY2022 Bud	FY2021 Proj FY2022 Bud	FY2021 Bud FY2022 Bud adj	FY2021 Proj adj FY2022 Bud adj	FY2019-FY2022 CAGR
Brattleboro Memorial Hospital	3.0%	10.0%	3.0%	10.2%	4.4%
Central Vermont Medical Center	6.5%	10.7%	6.5%	10.7%	6.5%
Copley Hospital	13.4%	7.5%	13.4%	9.4%	8.8%
Gifford Medical Center	4.1%	0.1%	3.5%	0.3%	2.7%
Grace Cottage Hospital	8.2%	4.8%	8.2%	6.1%	6.1%
Mount Ascutney Hospital and Health Center	6.1%	-1.4%	5.6%	-1.6%	5.5%
North Country Hospital	7.3%	3.3%	7.3%	4.5%	3.3%
Northeastern Vermont Regional Hospital	7.6%	3.9%	7.1%	4.9%	4.8%
Northwestern Medical Center	3.5%	0.4%	2.0%	2.2%	2.9%
Porter Medical Center	4.9%	9.2%	4.9%	9.2%	3.5%
Rutland Regional Medical Center	9.2%	1.3%	9.0%	2.0%	1.8%
Southwestern Vermont Medical Center	6.3%	4.8%	5.7%	6.1%	2.7%
Springfield Hospital	7.8%	20.7%	7.8%	21.0%	4.8%
University of Vermont Medical Center	6.0%	15.8%	5.5%	15.7%	5.3%
All Vermont Community Hospitals	6.4%	10.4%	6.0%	10.8%	4.7%

*Note: These percentages do not represent any adjustments for account changes or provider transfer/acquisitions just COVID vaccine/testing allowances.

FY2021 Fixed Prospective Payments



Hospital	NPR/FPP	FPP	% FPP to NPR/FPP
Brattleboro Memorial Hospital	\$ 95,595,382	\$ 13,892,894	14.5%
Central Vermont Medical Center	251,502,614	45,790,204	18.2%
Copley Hospital	86,390,520	4,976,779	5.8%
Gifford Medical Center	54,224,079	3,043,532	5.6%
Grace Cottage Hospital	22,353,530	-	0.0%
Mount Ascutney Hospital and Health Center	59,640,912	1,672,282	2.8%
North Country Hospital	88,784,695	10,637,884	12.0%
Northeastern Vermont Regional Hospital	97,368,788	9,027,154	9.3%
Northwestern Medical Center	115,925,533	22,477,572	19.4%
Porter Medical Center	94,168,035	20,537,021	21.8%
Rutland Regional Medical Center	270,361,370	49,699,545	18.4%
Southwestern Vermont Medical Center	177,594,439	42,000,000	23.6%
Springfield Hospital	54,568,589	3,000,000	5.5%
University of Vermont Medical Center	1,500,593,928	182,298,507	12.1%
All Vermont Community Hospitals	\$ 2,969,072,414	\$ 409,053,373	13.8%

Total Operating Revenue: FY2019-2022



Hospital	FY2019 Actuals	FY2020 Actuals	FY2021 Budget	FY2021 Projected	FY2022 Budget
Brattleboro Memorial Hospital	\$ 87,765,845	\$ 93,197,016	\$ 96,497,283	\$ 91,534,593	\$ 99,849,213
Central Vermont Medical Center	223,738,002	234,528,434	253,539,978	247,788,033	268,923,565
Copley Hospital	68,138,092	71,062,785	77,018,470	82,198,401	87,404,846
Gifford Medical Center	51,525,194	56,022,149	53,570,949	56,654,748	56,497,407
Grace Cottage Hospital	19,441,546	22,198,669	22,388,731	26,697,727	23,628,861
Mount Ascutney Hospital and Health Center	54,523,816	56,758,326	60,001,173	65,243,145	64,009,031
North Country Hospital	87,674,697	89,180,463	90,386,882	92,675,546	95,282,655
Northeastern Vermont Regional Hospital	88,816,877	91,886,642	95,432,700	99,270,582	101,833,888
Northwestern Medical Center	110,824,117	119,686,824	117,489,589	124,828,650	121,615,826
Porter Medical Center	91,354,445	89,844,115	96,718,337	96,335,572	100,376,851
Rutland Regional Medical Center	275,188,690	281,894,987	268,471,649	299,763,076	291,107,104
Southwestern Vermont Medical Center	171,361,145	172,970,759	174,594,302	180,395,010	184,388,767
Springfield Hospital	49,059,327	47,281,150	52,361,782	49,632,714	56,962,589
University of Vermont Medical Center	1,436,350,203	1,458,094,545	1,601,708,176	1,577,737,460	1,714,176,988
All Vermont Community Hospitals	\$ 2,815,761,997	\$ 2,884,606,865	\$ 3,060,180,000	\$ 3,090,755,258	\$ 3,266,057,592

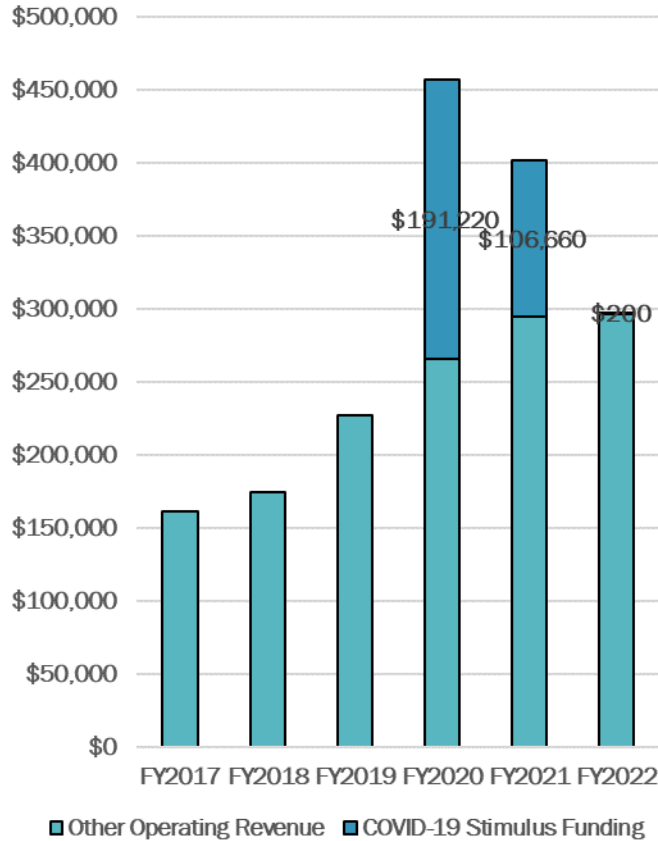
COVID-19 Funds Reported in Other Operating Revenue: FY2020-2021



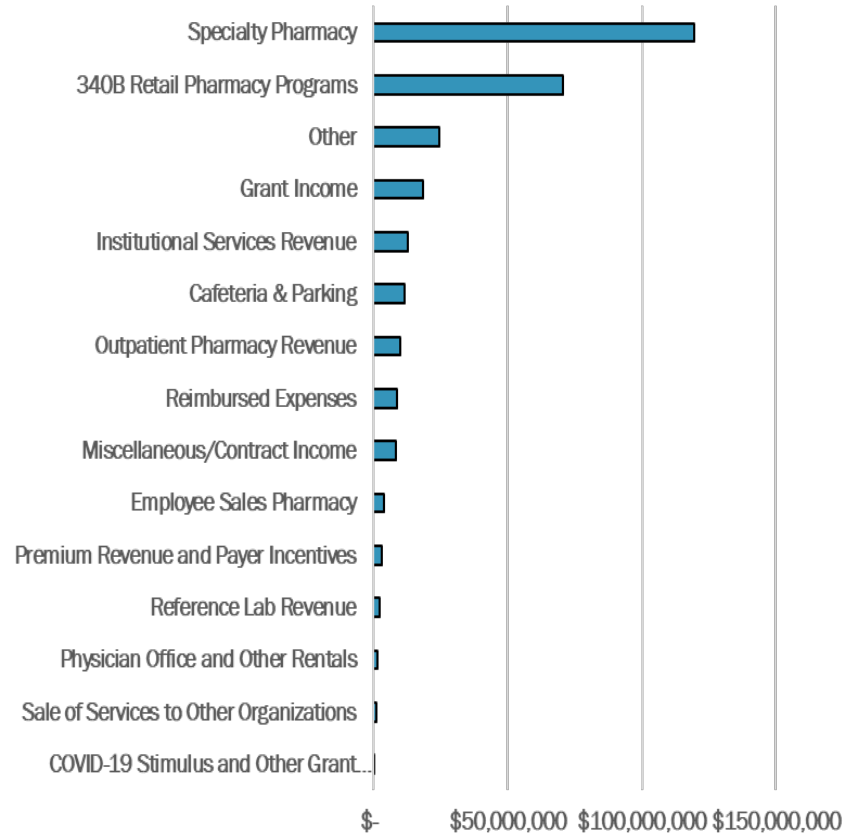
Hospital	FY2020 Actuals	FY2021 Budget	FY2021 Projected	FY2022 Budget
Brattleboro Memorial Hospital	\$ 12,484,406	\$ -	\$ 187,009	\$ -
Central Vermont Medical Center	25,301,050	-	2,472,230	-
Copley Hospital	852,053	-	534,296	-
Gifford Medical Center	6,598,814	-	-	-
Grace Cottage Hospital	2,196,059	-	4,118,320	-
Mount Ascutney Hospital and Health Center	2,533,288	-	371,570	-
North Country Hospital	4,866,339	-	144,622	-
Northeastern Vermont Regional Hospital	1,788,510	597,400	1,160,140	-
Northwestern Medical Center	14,452,282	-	3,927,390	-
Porter Medical Center	6,002,473	-	1,942,800	-
Rutland Regional Medical Center	21,217,397	-	12,220,705	-
Southwestern Vermont Medical Center	13,034,717	-	2,847,219	-
Springfield Hospital	-	-	3,204,274	200,000
University of Vermont Medical Center	79,892,957	-	73,529,512	-
All Vermont Community Hospitals	\$ 191,220,346	\$ 597,400	\$ 106,660,087	\$ 200,000

Other Operating Revenue: FY2017-2022

Other Operating Revenue



Categories of Other Operating Revenue



Operating Expenses: FY2019-2022



Hospital	FY2019 Actuals	FY2020 Actuals	FY2021 Budget	FY2021 Projected	FY2022 Budget
Brattleboro Memorial Hospital	\$ 87,095,267	\$ 92,681,654	\$ 96,055,094	\$ 95,622,939	\$ 99,200,390
Central Vermont Medical Center	228,415,989	235,847,778	252,272,277	251,013,400	266,233,915
Copley Hospital	70,299,334	73,819,577	76,579,874	81,687,542	86,378,982
Gifford Medical Center	51,938,902	54,604,423	52,584,178	55,540,454	53,172,793
Grace Cottage Hospital	20,743,344	21,961,124	22,388,659	23,409,263	24,518,885
Mount Ascutney Hospital and Health Center	54,566,701	56,220,017	59,828,546	61,783,747	62,951,120
North Country Hospital	85,997,751	85,844,221	88,834,101	90,846,509	93,407,053
Northeastern Vermont Regional Hospital	87,189,684	90,705,424	93,488,000	97,287,326	99,768,850
Northwestern Medical Center	119,729,265	120,798,340	119,362,165	122,648,414	119,163,778
Porter Medical Center	86,649,174	86,170,515	92,343,473	93,850,848	95,215,788
Rutland Regional Medical Center	274,016,566	281,349,496	266,770,899	293,735,548	290,985,741
Southwestern Vermont Medical Center	165,778,101	168,204,278	174,402,372	175,407,639	180,760,242
Springfield Hospital	58,081,280	52,595,424	51,668,108	53,595,692	55,043,929
University of Vermont Medical Center	1,404,942,642	1,462,101,819	1,561,665,470	1,524,866,301	1,662,751,679
All Vermont Community Hospitals	\$ 2,795,444,000	\$ 2,882,904,090	\$ 3,008,243,216	\$ 3,021,295,621	\$ 3,189,553,146

Operating Expense Growth: FY2021-2022 and FY2019-2022 CAGR



Hospital	FY2021 Bud FY2022 Bud	FY2021 Proj FY2022 Bud	FY2021 Bud FY2022 Bud adj	FY2021 Proj adj FY2022 Bud adj	FY2019-FY2022 CAGR
Brattleboro Memorial Hospital	3.3%	3.7%	3.3%	4.6%	4.4%
Central Vermont Medical Center	5.5%	6.1%	5.5%	8.0%	5.2%
Copley Hospital	12.8%	5.7%	12.8%	7.9%	7.1%
Gifford Medical Center	1.1%	-4.3%	0.4%	-4.1%	0.8%
Grace Cottage Hospital	9.5%	4.7%	9.5%	5.5%	5.7%
Mount Ascutney Hospital and Health Center	5.2%	1.9%	4.5%	3.2%	4.9%
North Country Hospital	5.1%	2.8%	5.1%	3.8%	2.8%
Northeastern Vermont Regional Hospital	6.7%	2.6%	6.3%	3.4%	4.6%
Northwestern Medical Center	-0.2%	-2.8%	-0.8%	-0.9%	-0.2%
Porter Medical Center	3.1%	1.5%	3.1%	2.6%	3.2%
Rutland Regional Medical Center	9.1%	-0.9%	8.9%	-0.2%	2.0%
Southwestern Vermont Medical Center	3.6%	3.1%	3.2%	4.8%	2.9%
Springfield Hospital	6.5%	2.7%	5.4%	3.5%	-1.8%
University of Vermont Medical Center	6.5%	9.0%	6.1%	10.4%	5.8%
All Vermont Community Hospitals	6.0%	5.6%	5.7%	6.9%	4.5%

Operating Margins (\$): FY2019-2022



Hospital	FY2019 Actuals	FY2020 Actuals	FY2021 Budget	FY2021 Projected	FY2022 Budget
Brattleboro Memorial Hospital	\$ 670,579	\$ 515,362	\$ 442,189	\$ (4,088,346)	\$ 648,823
Central Vermont Medical Center	(4,677,987)	(1,319,345)	1,267,701	(3,225,366)	2,689,649
Copley Hospital	(2,161,242)	(2,756,792)	438,596	510,859	1,025,864
Gifford Medical Center	(413,707)	1,417,726	986,771	1,114,294	3,324,614
Grace Cottage Hospital	(1,301,798)	237,545	72	3,288,464	(890,024)
Mount Ascutney Hospital and Health Center	(42,885)	538,310	172,627	3,459,398	1,057,911
North Country Hospital	1,676,946	3,336,242	1,552,781	1,829,038	1,875,602
Northeastern Vermont Regional Hospital	1,627,193	1,181,218	1,944,700	1,983,256	2,065,038
Northwestern Medical Center	(8,905,148)	(1,111,516)	(1,872,576)	2,180,236	2,452,048
Porter Medical Center	4,705,271	3,673,600	4,374,863	2,484,725	5,161,064
Rutland Regional Medical Center	1,172,124	545,491	1,700,750	6,027,528	121,363
Southwestern Vermont Medical Center	5,583,044	4,766,481	191,930	4,987,371	3,628,525
Springfield Hospital	(9,021,953)	(5,314,274)	693,674	(3,962,978)	1,918,660
University of Vermont Medical Center	31,407,561	(4,007,273)	40,042,705	52,871,159	51,425,310
All Vermont Community Hospitals	\$ 20,317,997	\$ 1,702,775	\$ 51,936,784	\$ 69,459,637	\$ 76,504,446

Operating Margins (%): FY2019-2022

Hospital	FY2019 Actuals	FY2020 Actuals	FY2021 Budget	FY2021 Projected	FY2022 Budget
Brattleboro Memorial Hospital	0.8%	0.6%	0.5%	-4.5%	0.6%
Central Vermont Medical Center	-2.1%	-0.6%	0.5%	-1.3%	1.0%
Copley Hospital	-3.2%	-3.9%	0.6%	0.6%	1.2%
Gifford Medical Center	-0.8%	2.5%	1.8%	2.0%	5.9%
Grace Cottage Hospital	-6.7%	1.1%	0.0%	12.3%	-3.8%
Mount Ascutney Hospital and Health Center	-0.1%	0.9%	0.3%	5.3%	1.7%
North Country Hospital	1.9%	3.7%	1.7%	2.0%	2.0%
Northeastern Vermont Regional Hospital	1.8%	1.3%	2.0%	2.0%	2.0%
Northwestern Medical Center	-8.0%	-0.9%	-1.6%	1.7%	2.0%
Porter Medical Center	5.2%	4.1%	4.5%	2.6%	5.1%
Rutland Regional Medical Center	0.4%	0.2%	0.6%	2.0%	0.0%
Southwestern Vermont Medical Center	3.3%	2.8%	0.1%	2.8%	2.0%
Springfield Hospital	-18.4%	-11.2%	1.3%	-8.0%	3.4%
University of Vermont Medical Center	2.2%	-0.3%	2.5%	3.4%	3.0%
All Vermont Community Hospitals	0.7%	0.1%	1.7%	2.2%	2.3%

Total Margins (\$): FY2019-2022



Hospital	FY2019 Actuals	FY2020 Actuals	FY2021 Budget	FY2021 Projected	FY2022 Budget
Brattleboro Memorial Hospital	\$ 1,452,929	\$ 9,719,922	\$ 1,142,189	\$ 561,707	\$ 1,153,823
Central Vermont Medical Center	(8,842,539)	11,172,680	7,695,136	12,277,713	10,687,195
Copley Hospital	(1,765,506)	(2,308,754)	740,796	865,748	1,328,048
Gifford Medical Center	2,643,771	3,337,395	1,936,771	9,101,968	4,274,614
Grace Cottage Hospital	(69,318)	1,452,615	899,800	4,214,656	47,399
Mount Ascutney Hospital and Health Center	(2,088,966)	6,237,584	1,167,627	7,083,110	2,282,460
North Country Hospital	2,617,150	7,281,485	2,139,380	18,230,327	2,716,130
Northeastern Vermont Regional Hospital	1,589,626	3,599,744	1,944,700	5,486,842	2,065,038
Northwestern Medical Center	(8,493,365)	(1,372,101)	(198,901)	7,180,236	3,998,383
Porter Medical Center	5,403,292	3,890,641	5,014,609	2,791,319	5,939,000
Rutland Regional Medical Center	5,954,382	15,420,729	10,081,254	23,195,631	6,495,227
Southwestern Vermont Medical Center	5,996,356	8,089,171	641,930	6,349,613	(45,606,475)
Springfield Hospital	(16,279,821)	(5,495,187)	184,740	14,290,739	1,229,185
University of Vermont Medical Center	65,803,757	(17,743,303)	53,866,313	127,072,561	72,406,572
All Vermont Community Hospitals	\$ 53,921,747	\$ 43,282,621	\$ 87,256,345	\$ 238,702,170	\$ 69,016,598

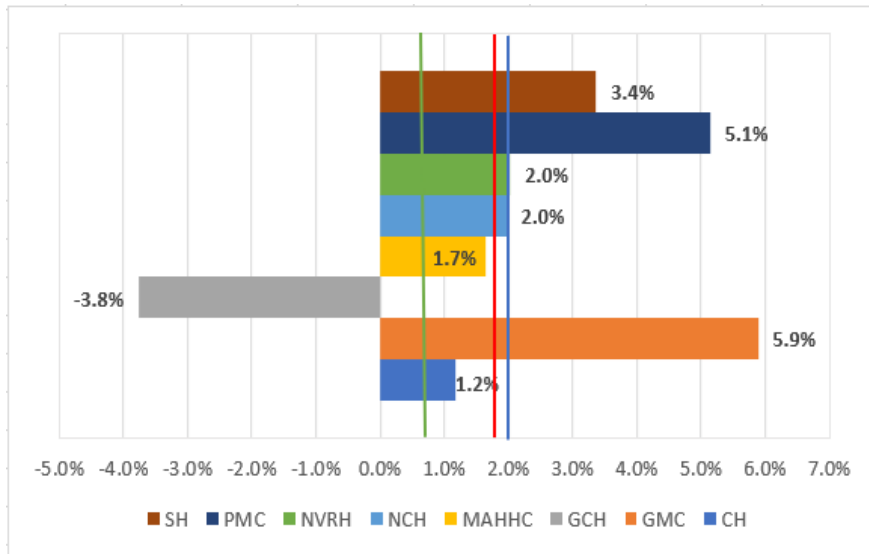
Total Margins (%): FY2019-2022



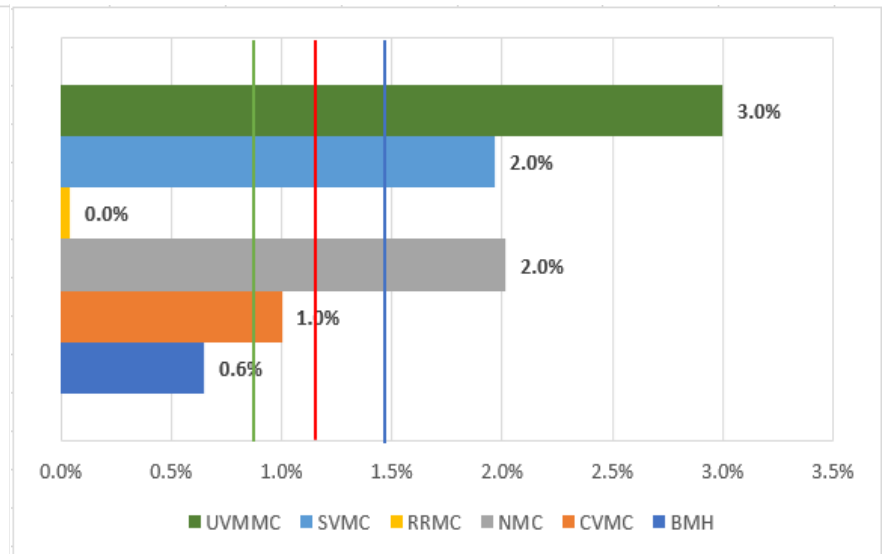
Hospital	FY2019 Actuals	FY2020 Actuals	FY2021 Budget	FY2021 Projected	FY2022 Budget
Brattleboro Memorial Hospital	1.6%	9.5%	1.2%	0.6%	1.1%
Central Vermont Medical Center	-4.0%	4.5%	3.0%	4.7%	3.9%
Copley Hospital	-2.6%	-3.2%	1.0%	1.0%	1.5%
Gifford Medical Center	4.8%	5.8%	3.6%	14.1%	7.4%
Grace Cottage Hospital	-0.3%	6.2%	3.9%	15.3%	0.2%
Mount Ascutney Hospital and Health Center	-4.0%	10.0%	1.9%	10.3%	3.5%
North Country Hospital	3.0%	7.8%	2.4%	16.7%	2.8%
Northeastern Vermont Regional Hospital	1.8%	3.8%	2.0%	5.3%	2.0%
Northwestern Medical Center	-7.6%	-1.1%	-0.2%	5.5%	3.2%
Porter Medical Center	5.9%	4.3%	5.2%	2.9%	5.9%
Rutland Regional Medical Center	2.1%	5.2%	3.6%	7.3%	2.2%
Southwestern Vermont Medical Center	3.5%	4.6%	0.4%	3.5%	-33.7%
Springfield Hospital	-38.9%	-11.7%	0.4%	21.1%	2.2%
University of Vermont Medical Center	4.5%	-1.2%	3.3%	7.7%	4.2%
All Vermont Community Hospitals	1.9%	1.5%	2.8%	7.3%	2.1%

Operating Margins (%): FY2022 Budgets

Critical Access Hospitals FY2022B VT Median 2.0%



PPS Hospitals FY2022B VT Median 1.48%

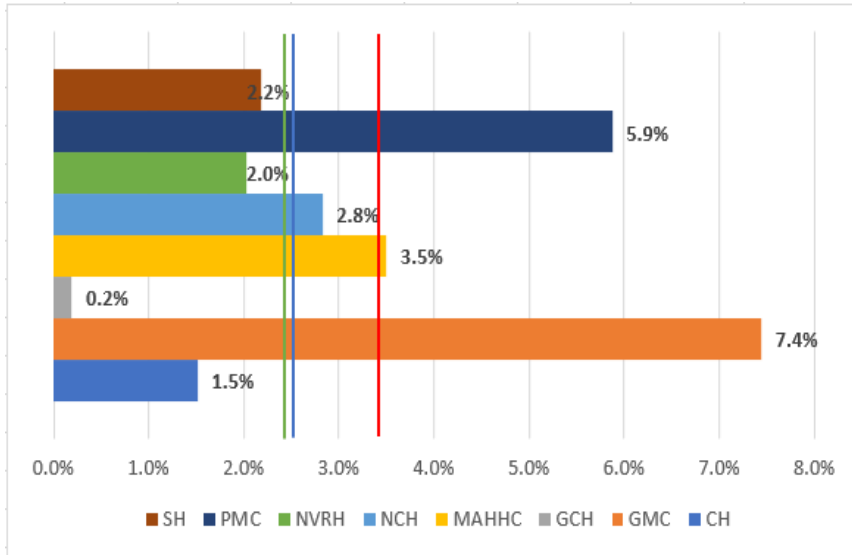


VT CAH FY2022
Flex Monitoring
Northeast CAH FY2019
U.S. CAH FY2019

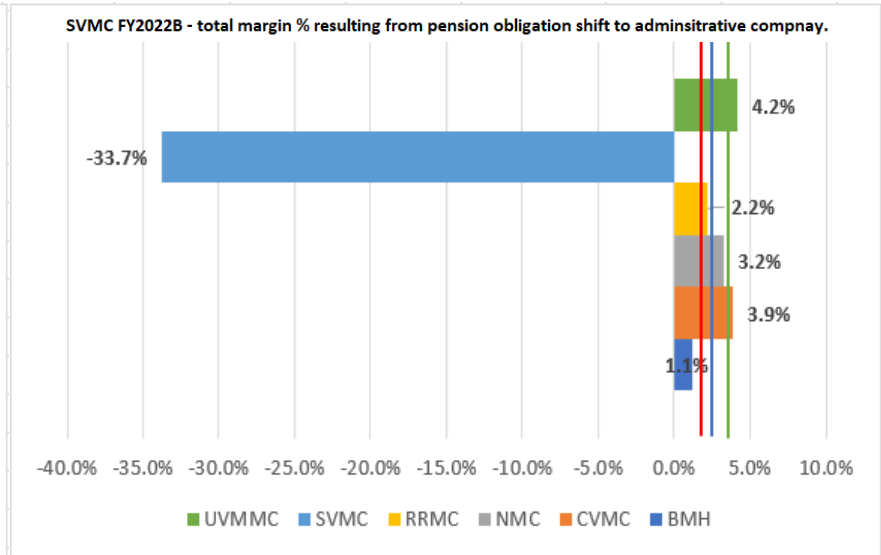
VT PPS FY2022
Fitch Ratings Solutions
Northern New England FY2019
Northeast FY2019

Total Margins (%): FY2022 Budgets

Critical Access Hospitals FY2022B VT Median 2.50%



PPS Hospitals FY2022B VT Median 2.71%

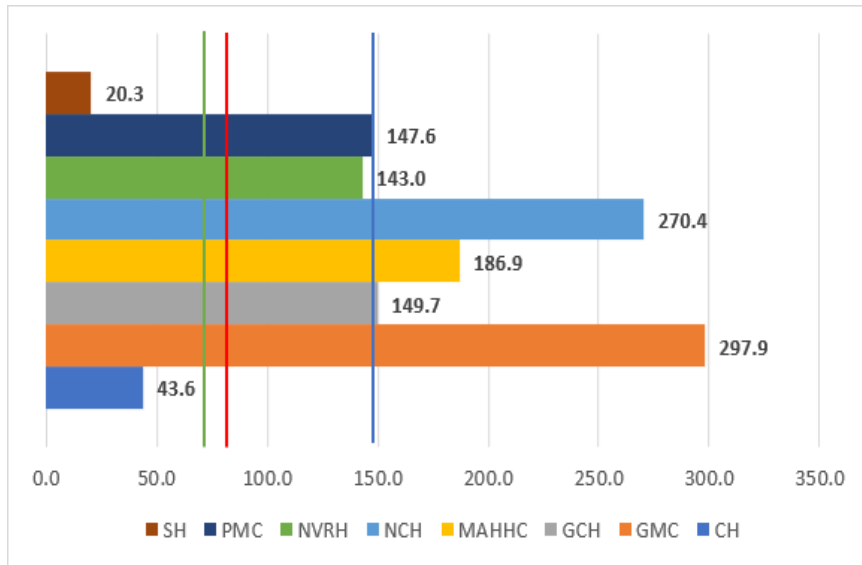


VT CAH FY2022
Flex Monitoring
Northeast CAH FY2019
U.S. CAH FY2019

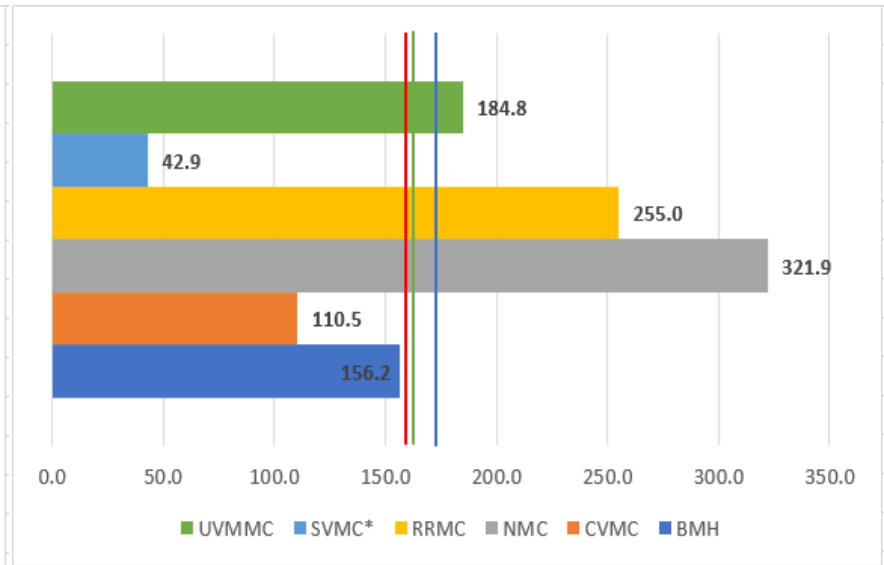
VT PPS FY2022
Fitch Ratings Solutions
Northern New England FY2019
Northeast FY2019

Days Cash on Hand (DCOH): FY2022 Budgets

Critical Access Hospitals FY2022B VT Median 148.6



PPS Hospitals FY2022B VT Median 170.5

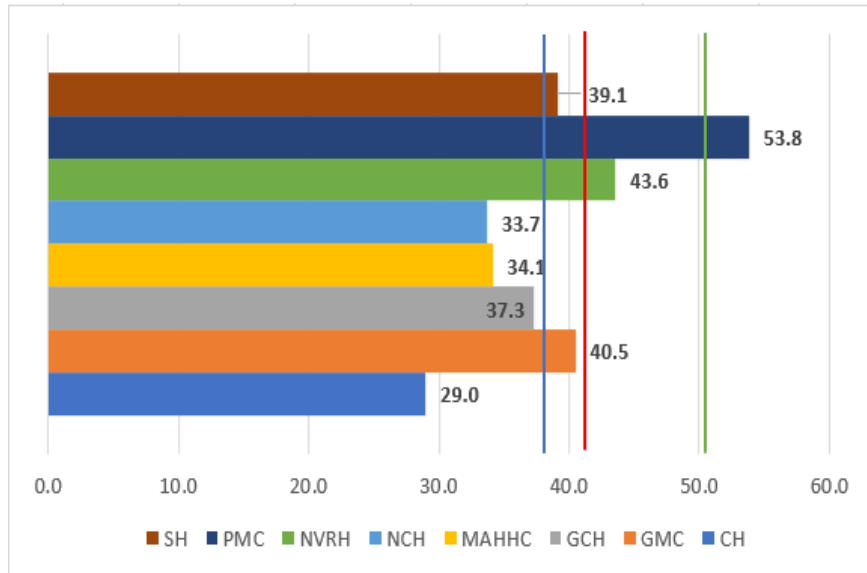


VT CAH FY2022 ————
Flex Monitoring
 Northeast CAH FY2019 ————
 U.S. CAH FY2019 ————

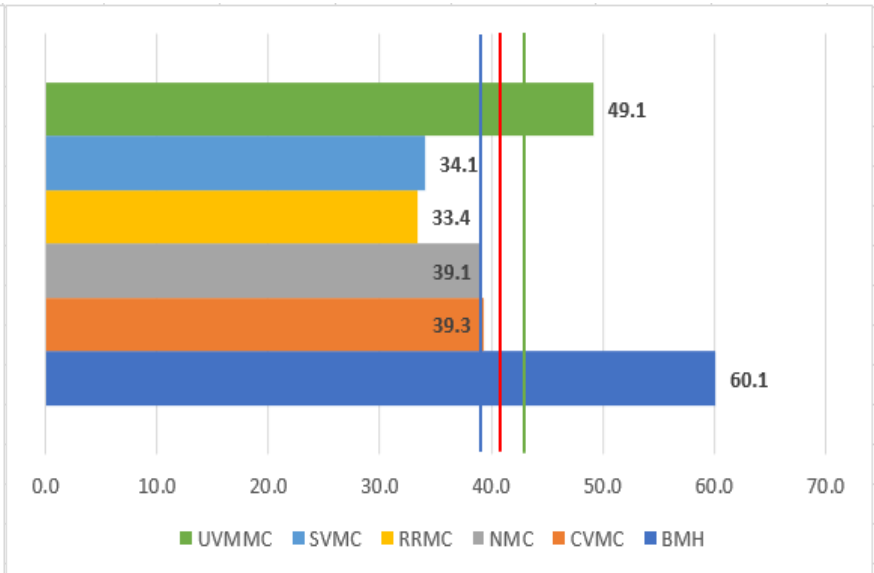
VT PPS FY2022 ————
Fitch Ratings Solutions
 Northern New England FY2019 ————
 Northeast FY2019 ————

Days Receivable: FY2022 Budgets

Critical Access Hospitals FY2022B VT Median 38.2



PPS Hospitals FY2022B VT Median 39.2



VT CAH FY2022
Flex Monitoring
 Northeast CAH FY2019
 U.S. CAH FY2019

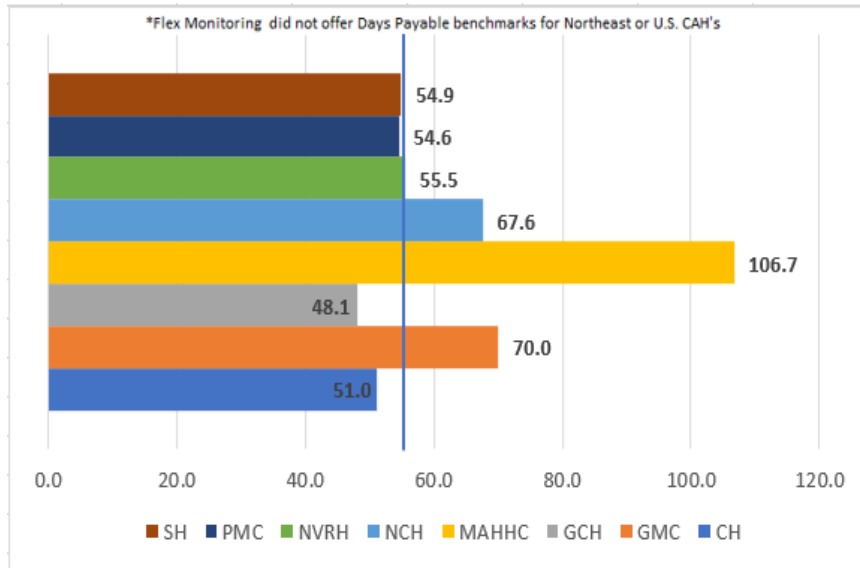


VT PPS FY2022
Fitch Ratings Solutions
 Northern New England FY2019
 Northeast FY2019

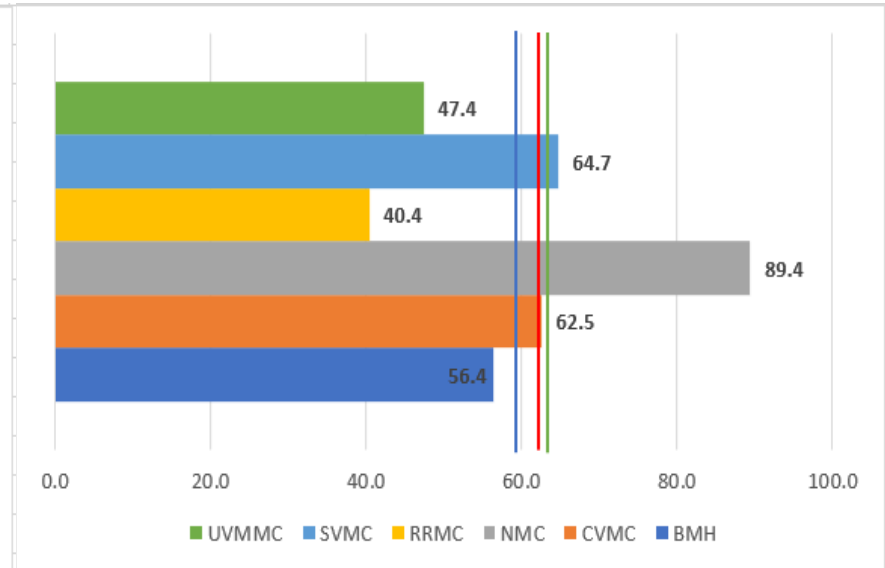


Days Payable: FY2022 Budgets

Critical Access Hospitals FY2022B VT Median 55.2



PPS Hospitals FY2022B VT Median 59.5

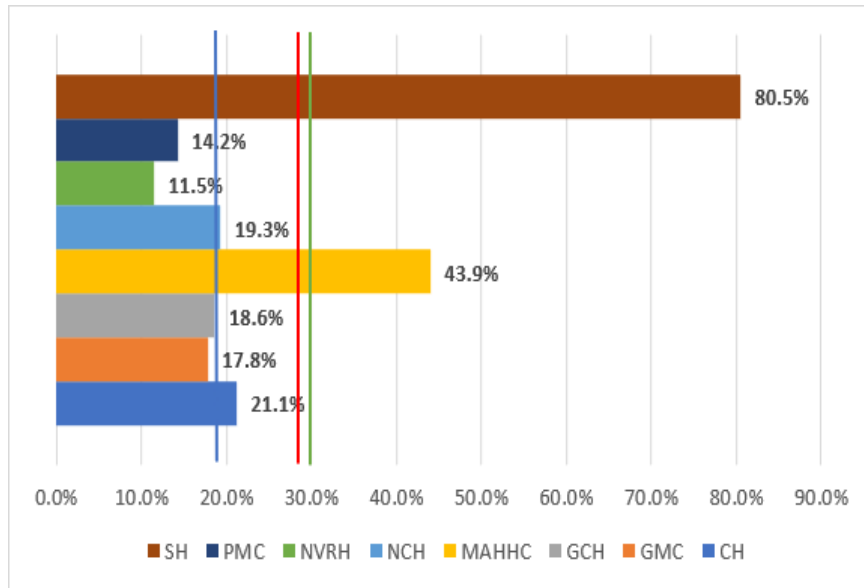


VT CAH FY2022
Flex Monitoring
 Northeast CAH FY2019
 U.S. CAH FY2019

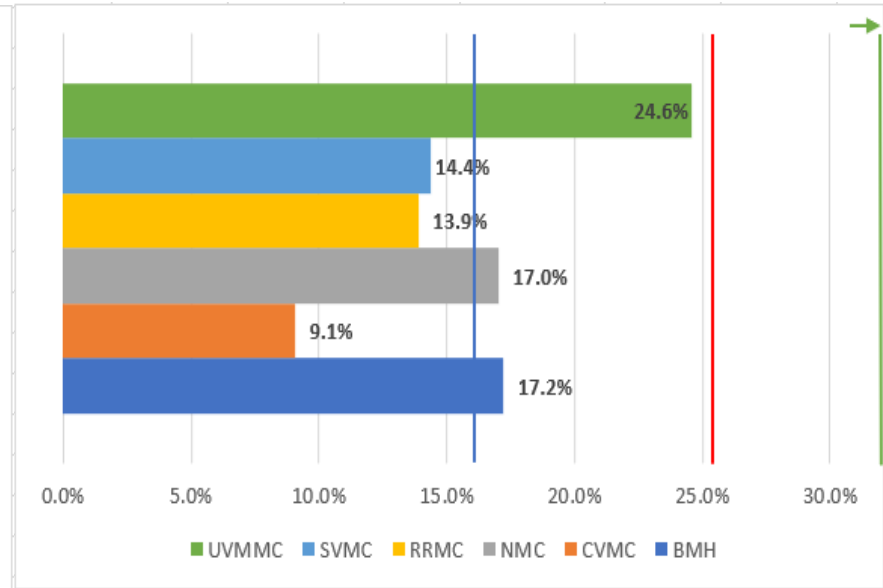
VT PPS FY2022
Fitch Ratings Solutions
 Northern New England FY2019
 Northeast FY2019

Long-Term Debt to Capitalization: FY2022 Budgets

Critical Access Hospitals FY2022B VT Median 19%



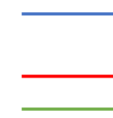
PPS Hospitals FY2022B VT Median 16%



VT CAH FY2022
Flex Monitoring
Northeast CAH FY2019
U.S. CAH FY2019



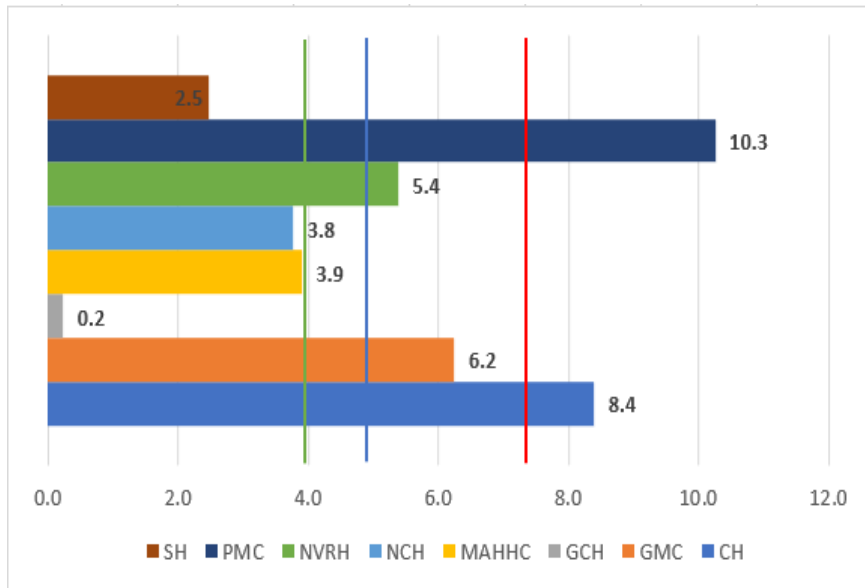
VT PPS FY2022
Fitch Ratings Solutions
Northern New England FY2019
Northeast FY2019



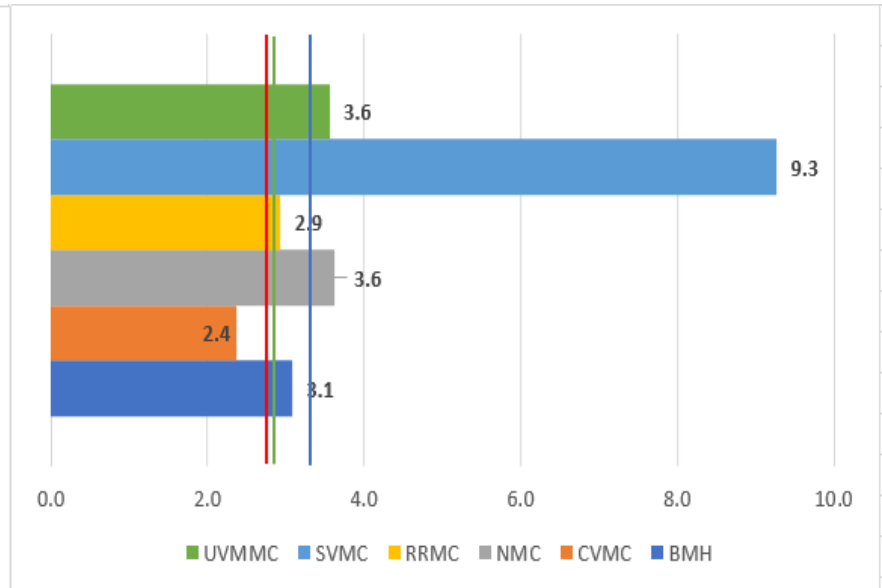
Debt Service Coverage Ratio (DSCR): FY2022 Budgets



Critical Access Hospitals FY2022B VT Median 4.64:1



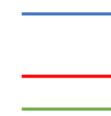
PPS Hospitals FY2022B VT Median 3.32:1



VT CAH FY2022
Flex Monitoring
Northeast CAH FY2019
U.S. CAH FY2019

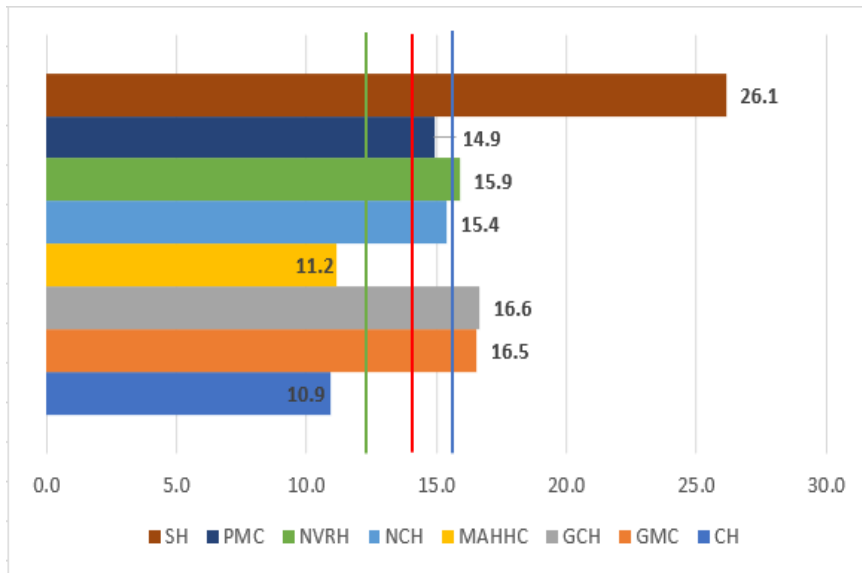


VT PPS FY2022
Fitch Ratings Solutions
Northern New England FY2019
Northeast FY2019

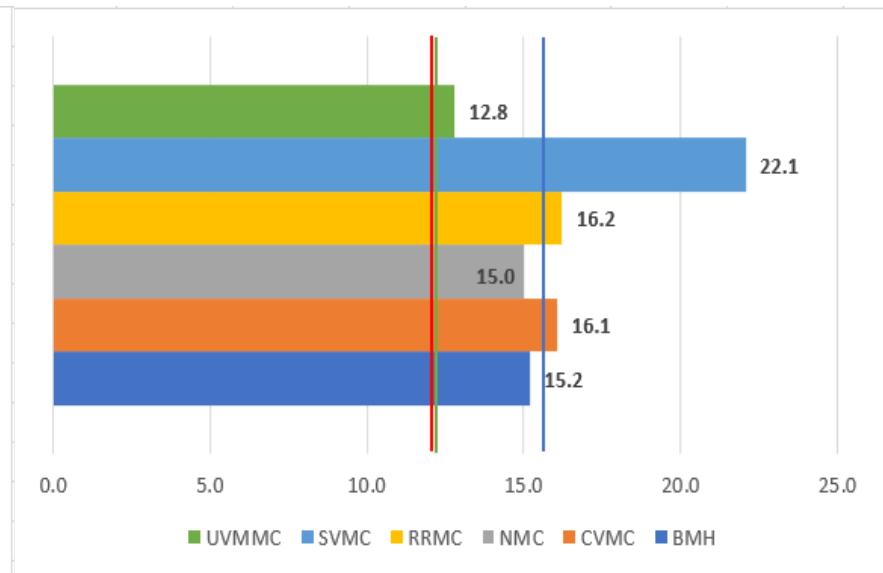


Age of Plant: FY2022 Budgets

Critical Access Hospitals FY2022B VT Median 15.6



PPS Hospitals FY2022B VT Median 15.6



VT CAH FY2022 —
 Flex Monitoring —
 Northeast CAH FY2019 —
 U.S. CAH FY2019 —

VT PPS FY2022 —
 Fitch Ratings Solutions —
 Northern New England FY2019 —
 Northeast FY2019 —

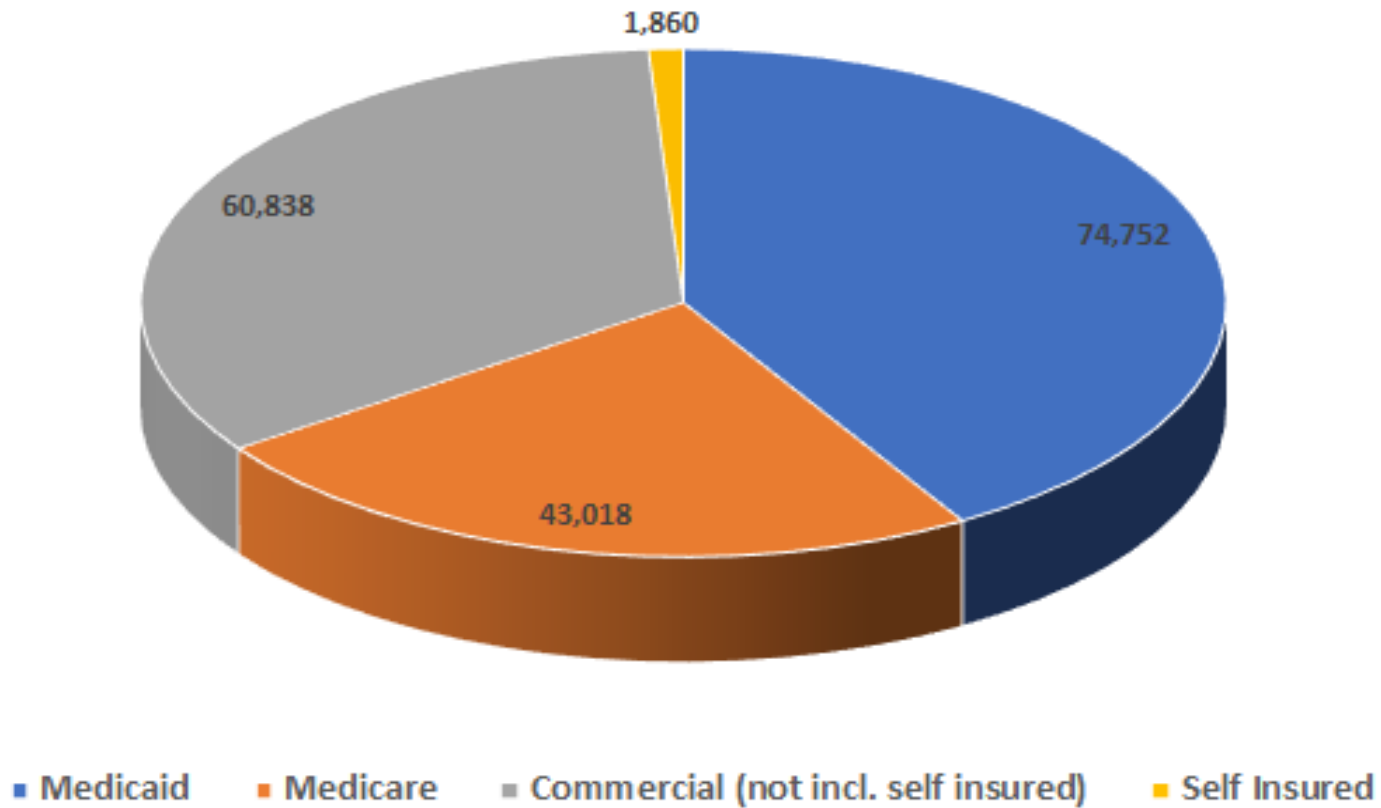
ACO Planned Participation FY2022



Hospital	Medicaid	Medicare	Commercial (not incl. Self-insured)	Self-Insured	Does Not Participate
Brattleboro Memorial Hospital	X	X	X		
Central Vermont Medical Center	X	X	X	X	
Copley Hospital	X		X		
Gifford Medical Center	X		X		
Grace Cottage Hospital					X
Mt. Ascutney Hospital & Health Ctr	X	X	X		
North Country Hospital	X		X		
Northeastern VT Regional Hospital	X		X		
Northwestern Medical Center	X	X	X		
Porter Medical Center	X	X	X	X	
Rutland Regional Medical Center	X	X	X	X	
Southwestern VT Medical Center	X	X	X		
Springfield Hospital	X		X		
University of Vermont Medical Center	X	X	X	X	

ACO Planned Participation: Total Monthly Average Attributed Lives –Hospital System

Total Monthly Average Budgeted Attributed Lives CY2022



Exemption from Public Hearing



NOTE: FY2022 budgets for Gifford Medical Center and Northwestern Medical Center were approved by the GMCB on July 28, 2021.

Gifford Medical Center

Qualifying Criteria

- NPR/FPP rate request = **3.5%**** (at growth guidance of 3.5%)
- Charge increase request = **3.5%** (at 3.5%)
- Continued involvement in value-based care reform
- Budget assumptions are deemed reasonable
- Budget submission schedules reconcile
- Budget content complies with guidance

Northwestern Medical Center

Qualifying Criteria

- NPR/FPP rate request = **2.0%** (below growth guidance of 3.5%)
- Charge increase request = **3.0%** (below 3.5%)
- Continued involvement in value-based care reform
- Budget assumptions are deemed reasonable
- Budget submission schedules reconcile
- Budget content complies with guidance

*Hospital's NPR/FPP budget request includes accounting adjustments and/or provider transfers/enhancements.

**Hospital's NPR/FPP budget request includes COVID-19 Vaccine Clinics and Testing Revenues

Suggested Motion Language for Gifford Medical Center and Northwestern Medical Center



- *Move to approve Gifford Medical Center's budget as submitted, with a 3.50% increase from FY2021 to FY2022 budgeted NPR/FPP, a 3.50% increase to overall charges, and subject to the standard budget conditions as outlined on Slide 34.*
- *Move to approve Northwestern Medical Center's budget as submitted, with a 2.00% increase from FY2021 to FY2022 budgeted NPR/FPP, a 3.00% increase to overall charges, and subject to the standard budget conditions as outlined on Slide 34.*

Standard Budget Order Conditions

- Monthly reporting of FY2022 year-to-date operating performance beginning on November 20, 2021 as instructed by GMCB staff
- Telephonic check-ins to be scheduled at the discretion of Chair in consultation with GMCB staff based on FY2022 year-to-date operating performance
- Notification to the Board if any revenue and expense assumptions used to prepare the budget materially change
- File information necessary for the Board to review FY2022 operating results, including the filing of audited financials, as instructed by GMCB staff
- Timely filing of all provider acquisitions/transfers and other material accounting adjustments, as instructed by GMCB staff
- [Hospital] shall continue to file all requested data and other information in a timely and accurate manner, including updates on access to care and wait times.
- Participate in GMCB's strategic sustainability planning

Southwestern Vermont Medical Center (SVMC)



NPR/FPP

FY21 Budget-to-Projection Variance	1.4%
FY21 Budget (\$)	\$167,089,128
FY21 Projection (\$)	\$169,481,663
FY22 Request (\$)	\$177,594,439
FY22 Request (% change FY21B)	6.3%
FY22 Request (% change FY21P)	4.8%

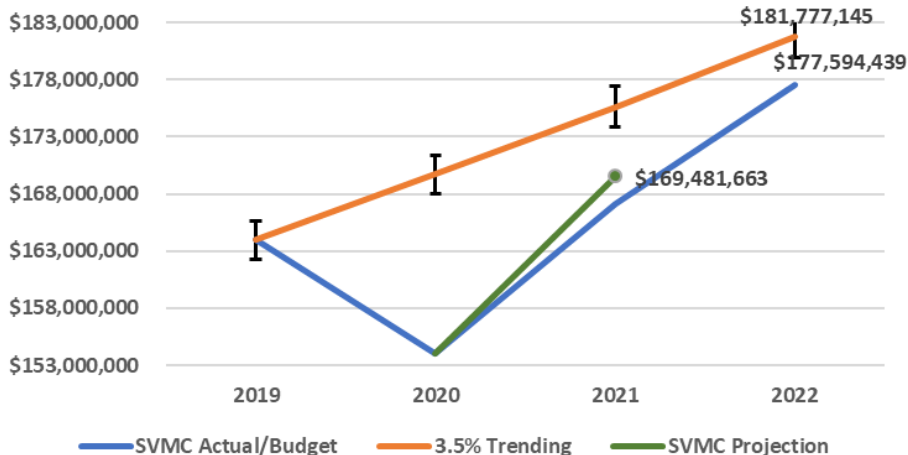
SVMC's 6.3% request is over the 3.5% growth rate guidance.

Change in Charges

Commercial	\$4,033,259
Medicaid	\$0
Medicare	\$0

4.8% Overall Charge Master Increase

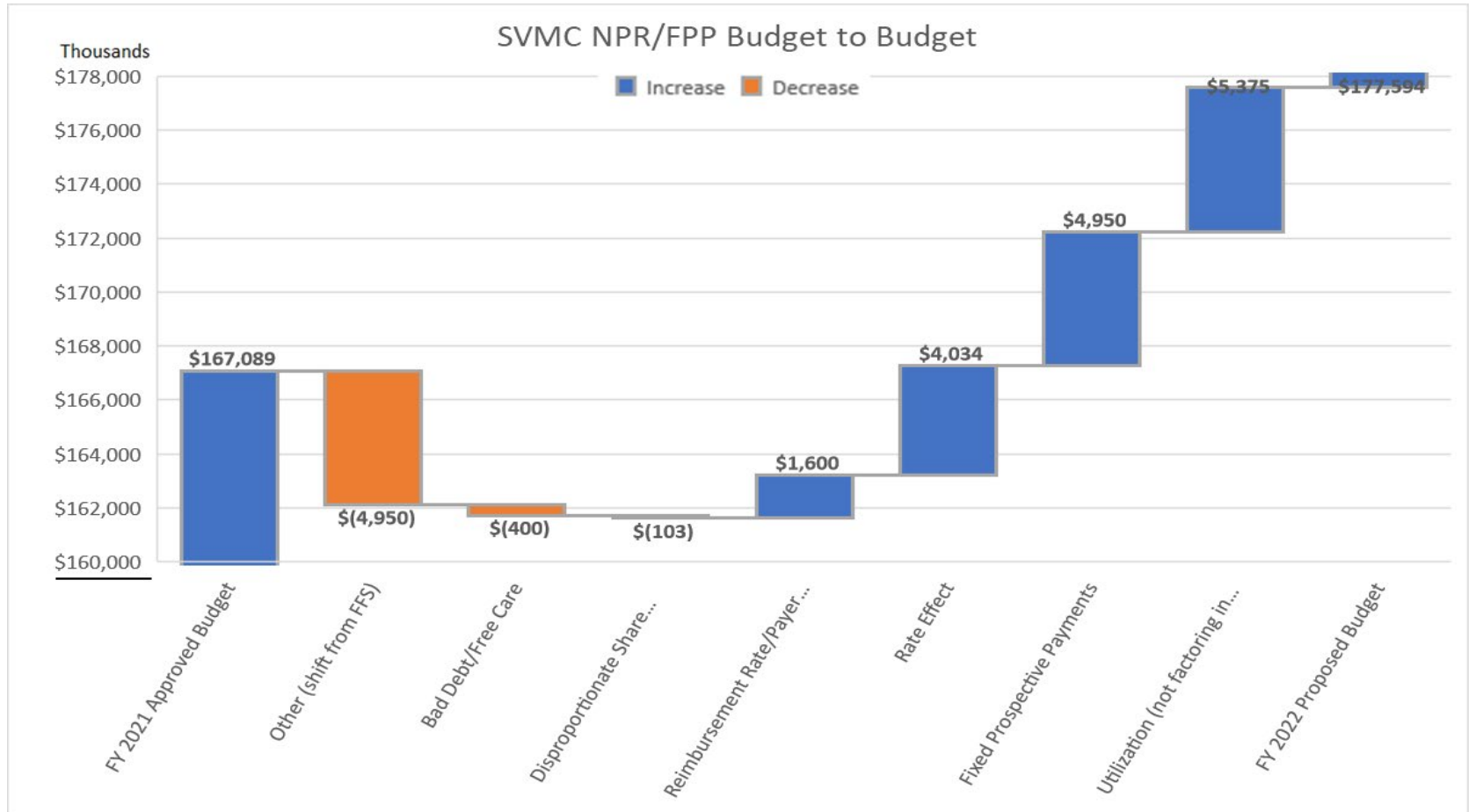
SVMC Performance vs. 3.5% Trending



Hospital Justification:

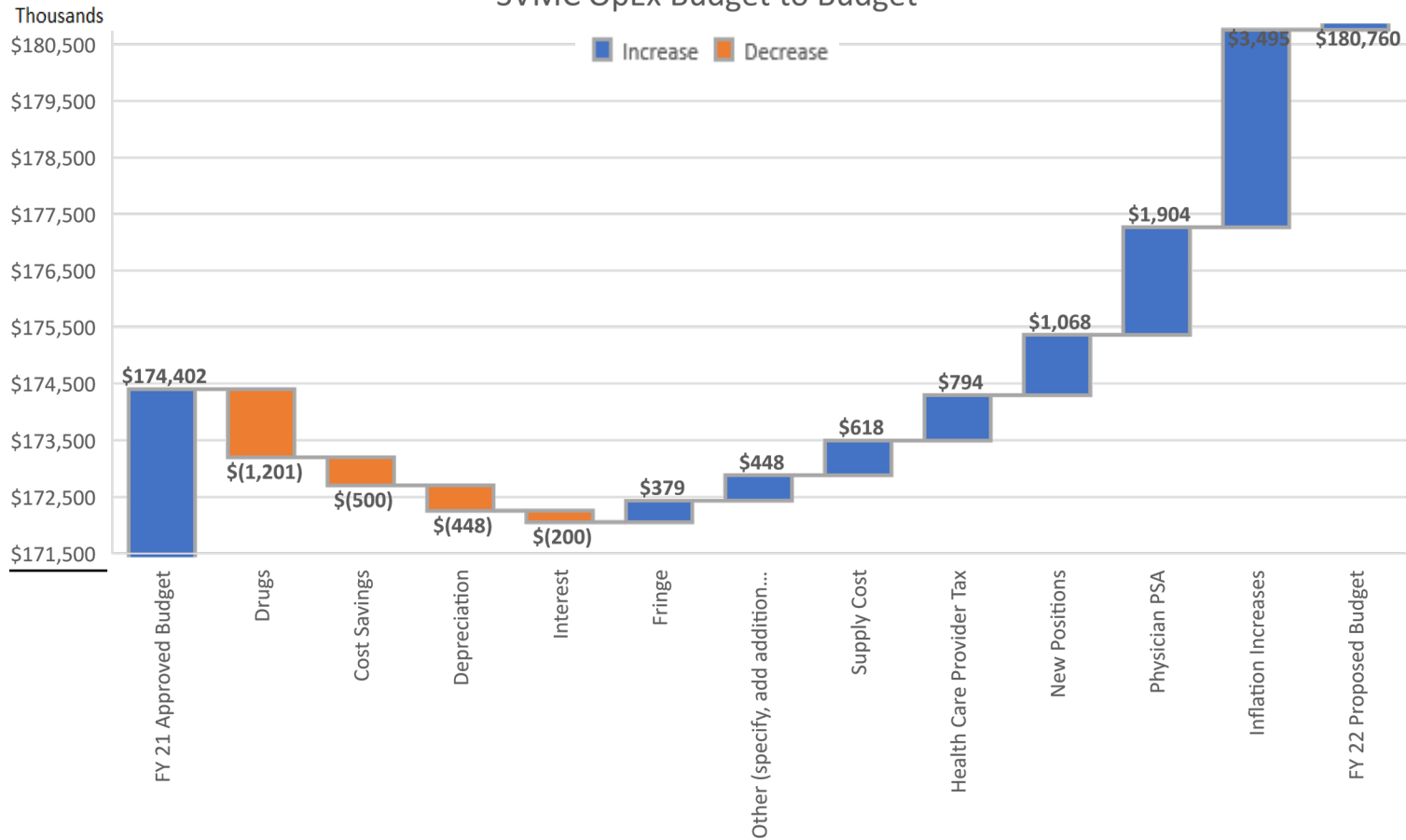
- Continued Recovery Budget, conservative with FY21 Budgetary unknowns.
- B-to-B NPR/FPP growth 5.7% (after COVID allowance) consisting of 3% rate contribution and 2.7% volume contribution. Op. Ex. Growth B-to-B is 3.65%.
- Target a 3.0% operating margin, FY22 margin is 2.0%.
- Volumes expected to be higher than FY21, especially in primary care.
- Looking to engage 3rd party to review cost centers for efficiency potential.
- Engaged in Payment Reform.

SVMC NPR/FPP Drivers: FY2021B-FY2022B



SVMC Operating Expense Drivers: FY2021B-FY2022B

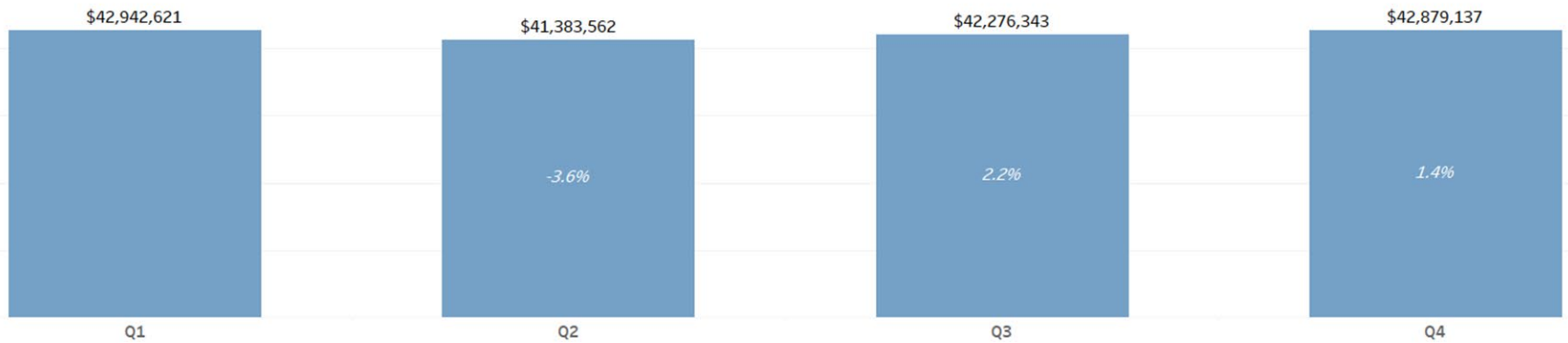
SVMC OpEx Budget to Budget



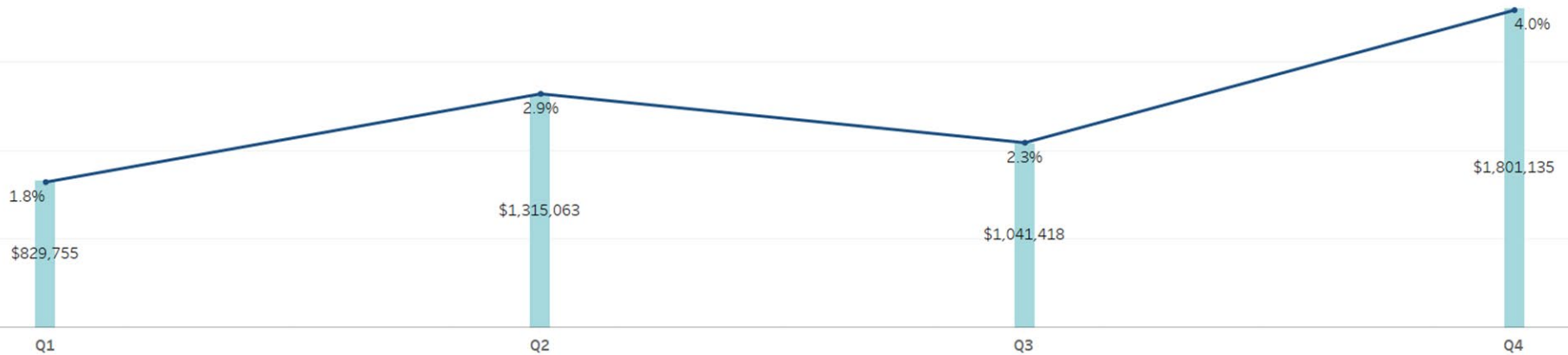
Southwestern Vermont Medical Center: FY2021 Operating Performance



Quarterly NPR/FPP and Growth (%)
Southwestern VT Medical Center



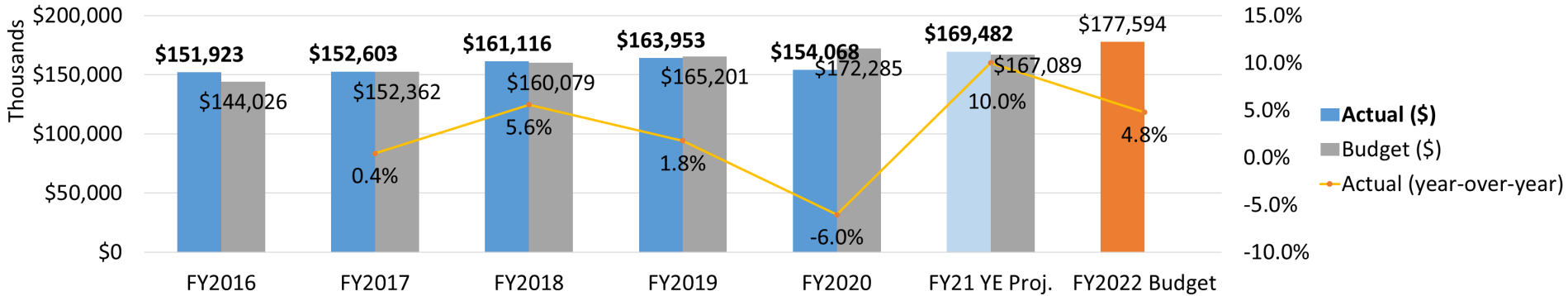
Operating Margin for Southwestern VT Medical Center



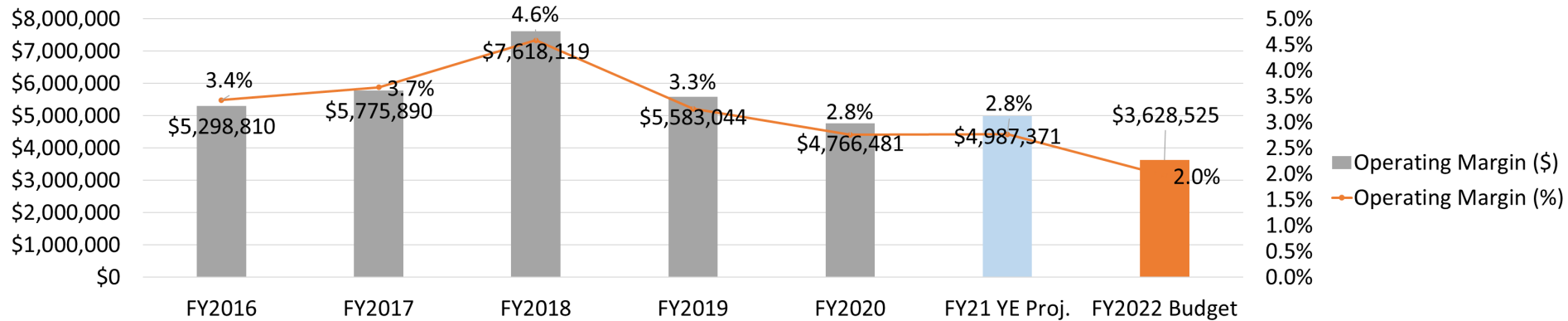
Southwestern Vermont Medical Center: Historical Operating Performance



**NPR/FPP
2016-present**



**Operating Margin
2016-present**



Southwestern Vermont Medical Center: Change in Charge



Request	
Overall Change in Charge %	4.80%
NPR due to Change in Charge	\$4,033,529
Value of 1% Change in Charge	\$840,318

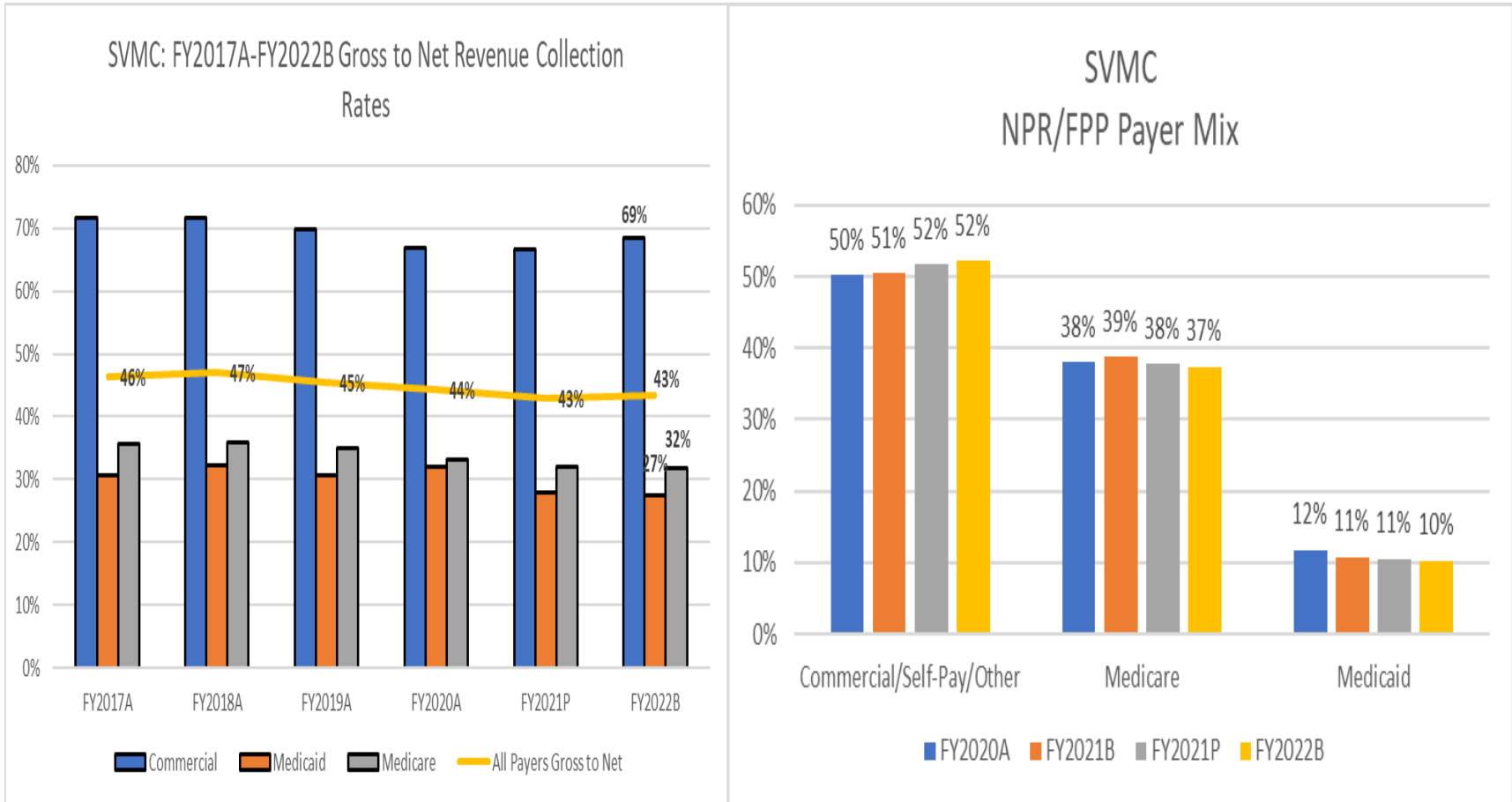
Service Category	
Hospital Inpatient Change in Gross	4.80%
Hospital Outpatient Change in Gross Charges	4.80%
Professional Services Change in Gross Charges	0.0%

Payer	
Commercial	\$4,033,259
Medicaid	\$0
Medicare	\$0

NPR/FPP & Change in Charge Increase	
FY22 Request (\$ change FY21B)	\$10,505,311
Change in Charge (\$)	\$4,033,259

	FY17	FY18	FY19	FY20	FY21	5-year average
Approved	3.4%	2.9%	3.0%	2.8%	3.5%	3.1%
Submitted	3.9%	2.9%	3.2%	2.8%	3.5%	3.3%

Southwestern Vermont Medical Center: NPR/FPP Payer Mix and Gross to Net Revenue (%)



Southwestern Vermont Medical Center: Recommendations

	FY2022 Request	Suggestion	Preliminary Decision
NPR/FPP	6.3% request is in excess of the budget-to-budget growth rate guidance, with COVID allowance growth is 5.7%.	<ul style="list-style-type: none"> Approve as submitted 	
Change in Charge	4.8%	<ul style="list-style-type: none"> Approve as submitted 	
Additional Recommendation			

Suggested motion language:

Move to approve Southwestern Vermont Medical Center’s budget **as submitted [/ as modified hereby]**, with a **6.30% increase** from FY2021 to FY2022 budgeted NPR/FPP **[with commensurate reductions to operating expense growth in the aggregate in order to protect margins]**, a **4.80% increase** to overall charges, and subject to the standard budget conditions as outlined on Slide 34.

Rutland Regional Medical Center (RRMC)



NPR/FPP

FY21 Budget-to-Projection Variance	7.8%
FY21 Budget (\$)	\$247,487,684
FY21 Projection (\$)	\$266,868,813
FY22 Request (\$)	\$270,361,370
FY22 Request (% change FY21B)	9.2%
FY22 Request (% change FY21P)	1.3%

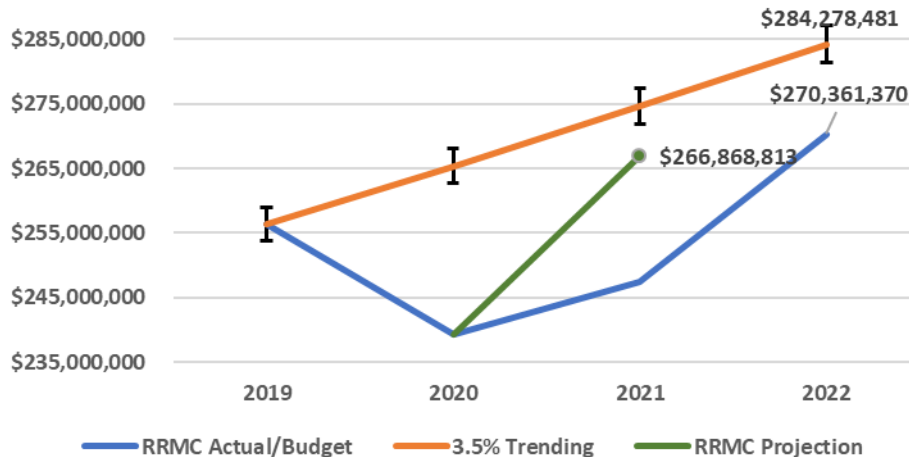
RRMC's 9.2% request is over the 3.5% growth rate guidance

Change in Charges

Commercial	\$4,427,806
Medicaid	\$0
Medicare	\$0
Self-Pay/Other	\$106,512

3.64% Overall Charge Master Increase

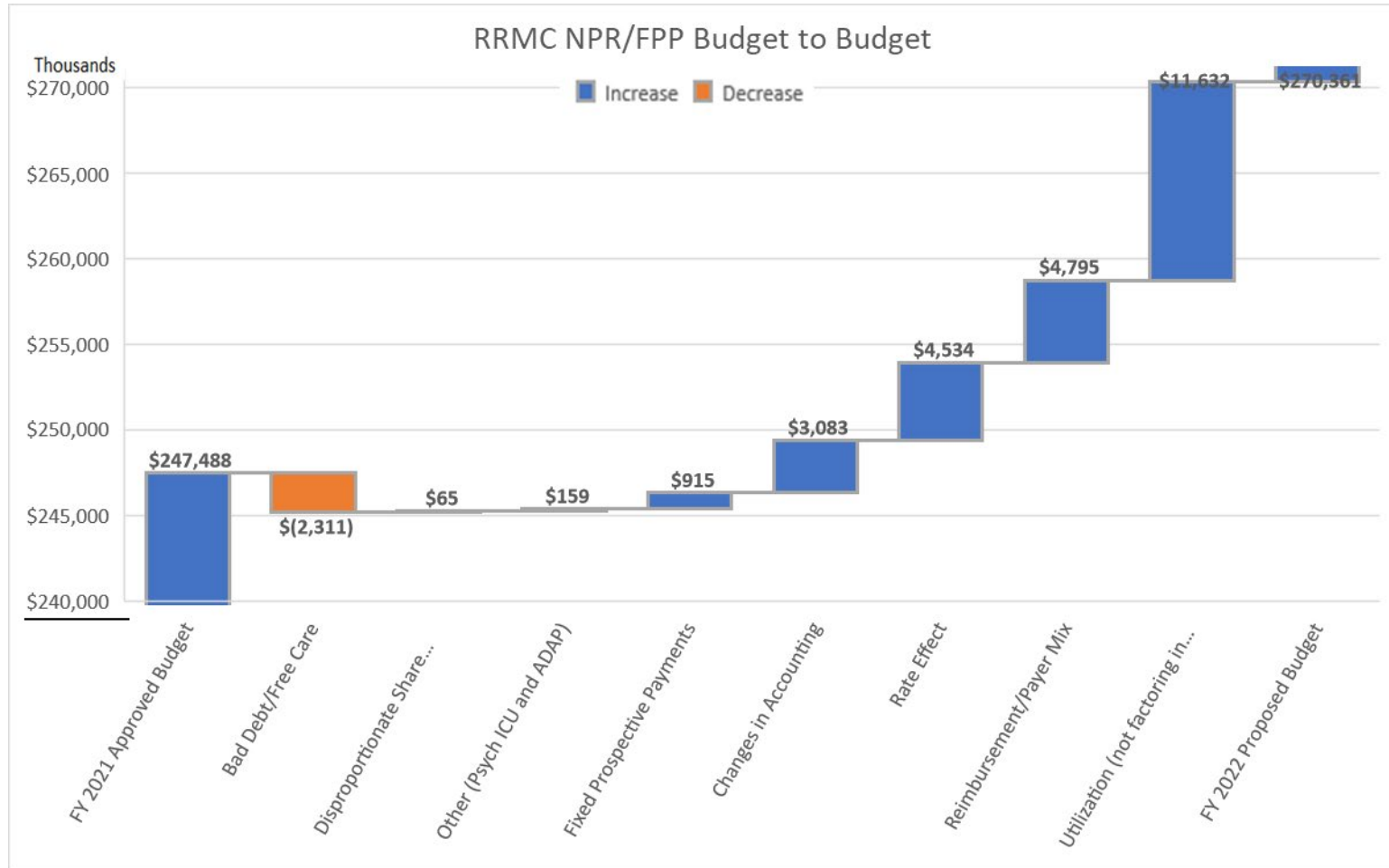
RRMC Performance vs. 3.5% Trending



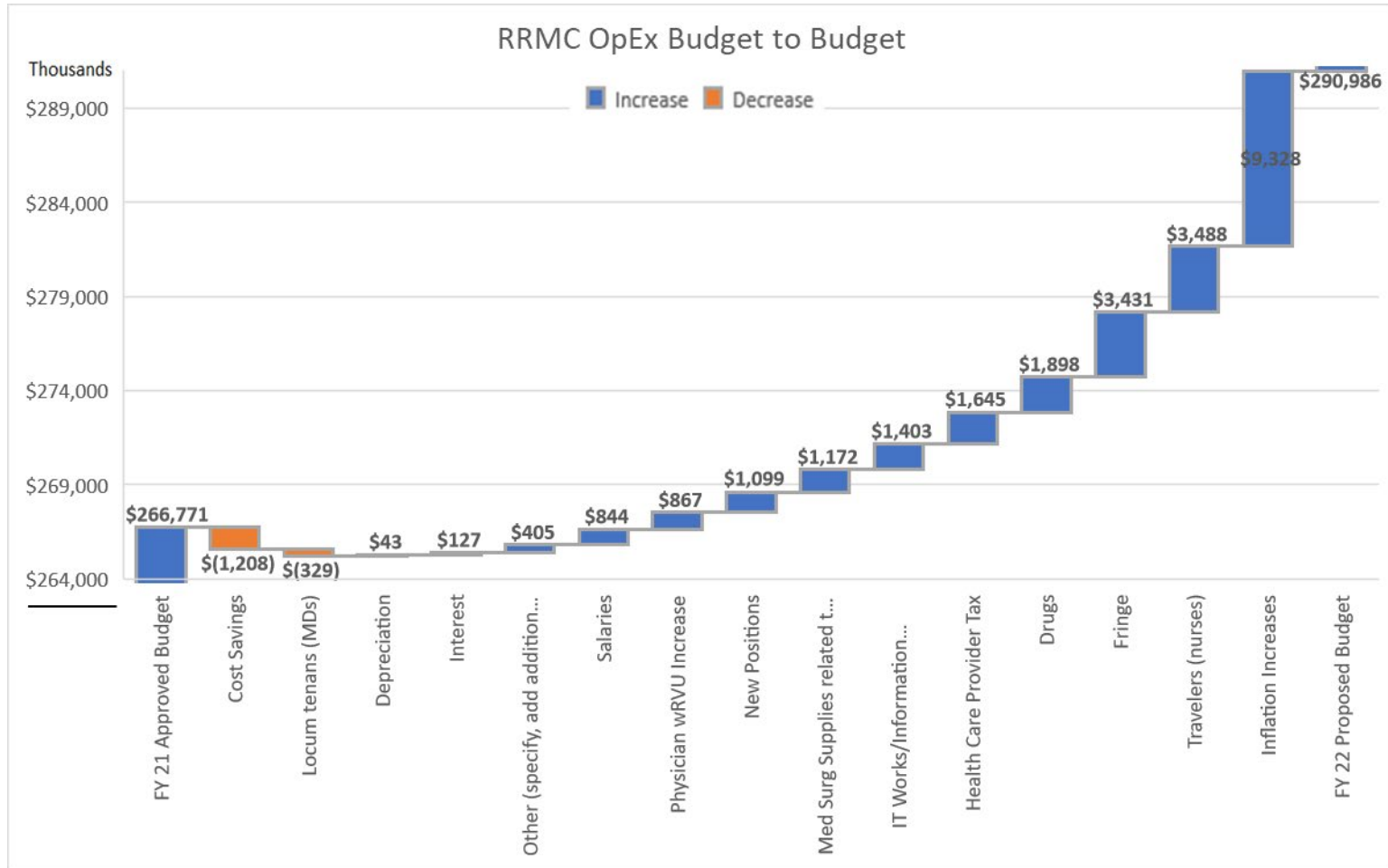
Hospital Justification:

- Staffing issues/challenges, including costly traveling staff.
- Increased utilization is offsetting inflationary factors and driving NPR/FPP increase.
- RRMC's financial stability is keeping rate request low.
- Utilizing participation in ACO to better align services.
- Conservative FY21 budget drives B-to-B NPR variance of 9.2%; B-to-P only 1.3%.
- FY22 budget is difficult to create as the budget base is incredible.

RRMC NPR/FPP Drivers: FY2021B-FY2022B



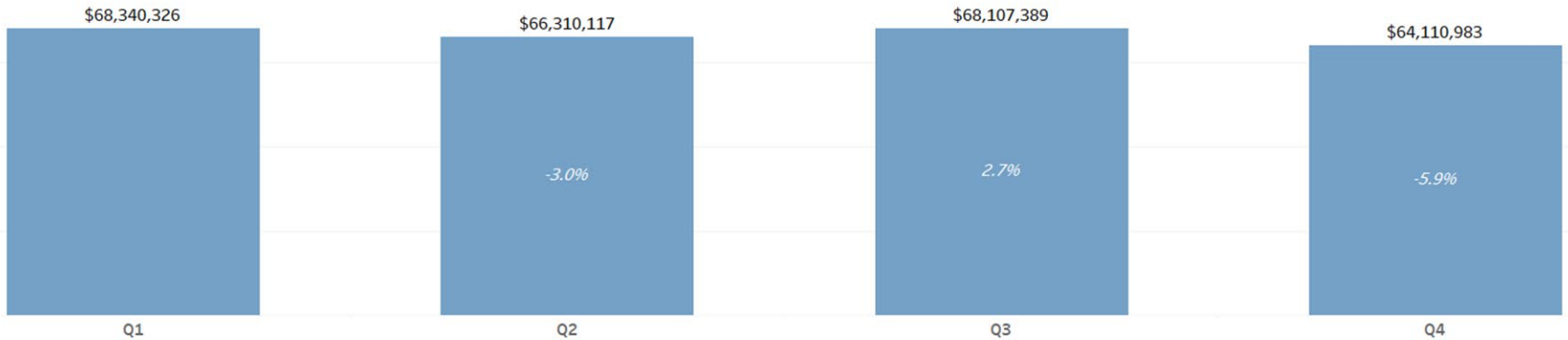
RRMC Operating Expense Drivers: FY2021B-FY2022B



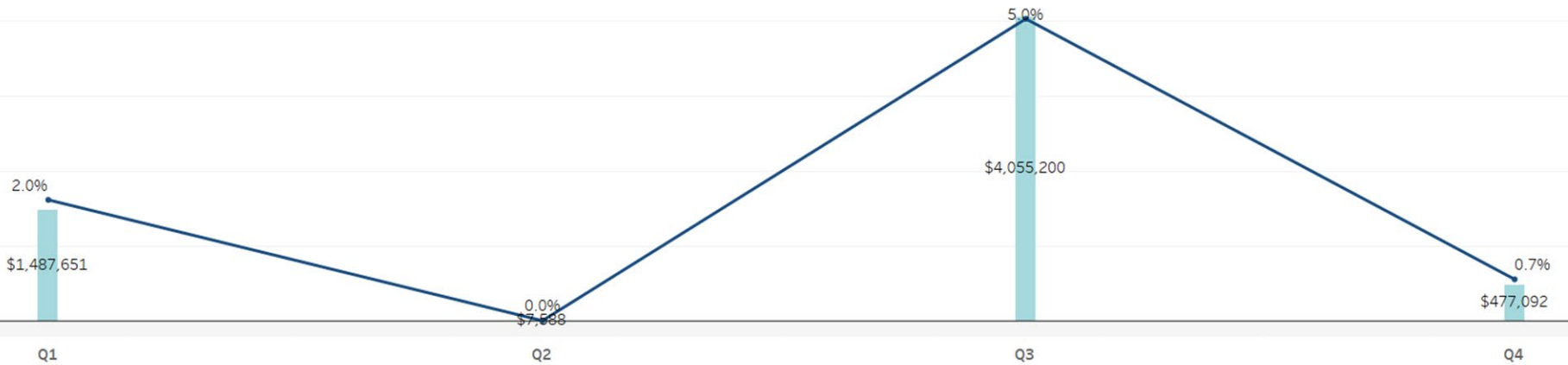
Rutland Regional Medical Center: FY2021 Operating Performance



Quarterly NPR/FPP and Growth (%)
Rutland Regional Medical Center



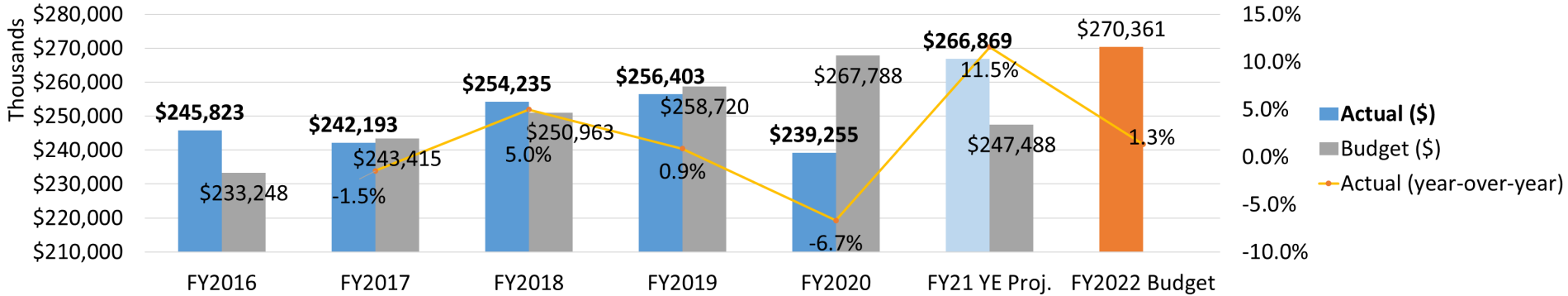
Operating Margin for Rutland Regional Medical Center



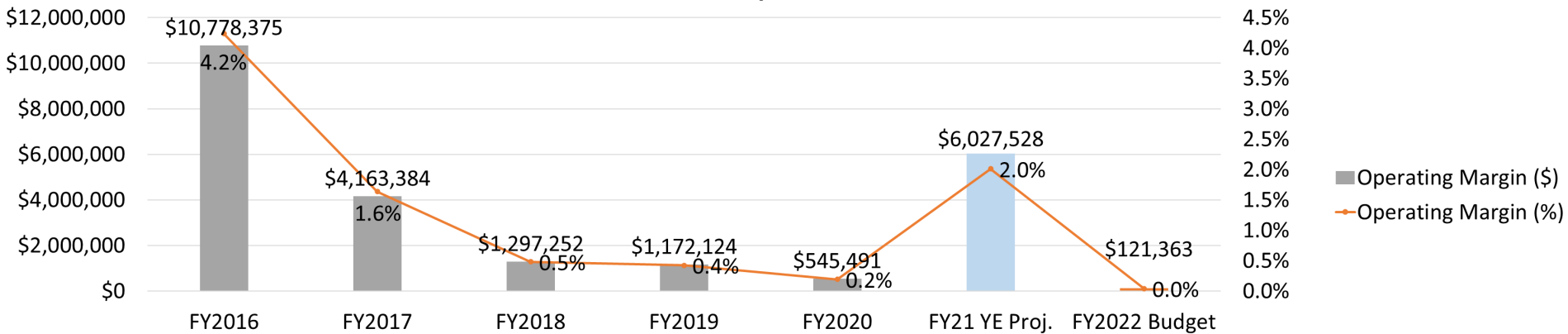
Rutland Regional Medical Center: Historical Operating Performance



**NPR/FPP
2016-present**



**Operating Margin
2016-present**



Rutland Regional Medical Center: Change in Charge



Request	
Overall Change in Charge %	3.64%
NPR due to Change in Charge	\$4,534,318
Value of 1% Change in Charge	\$1,246,892

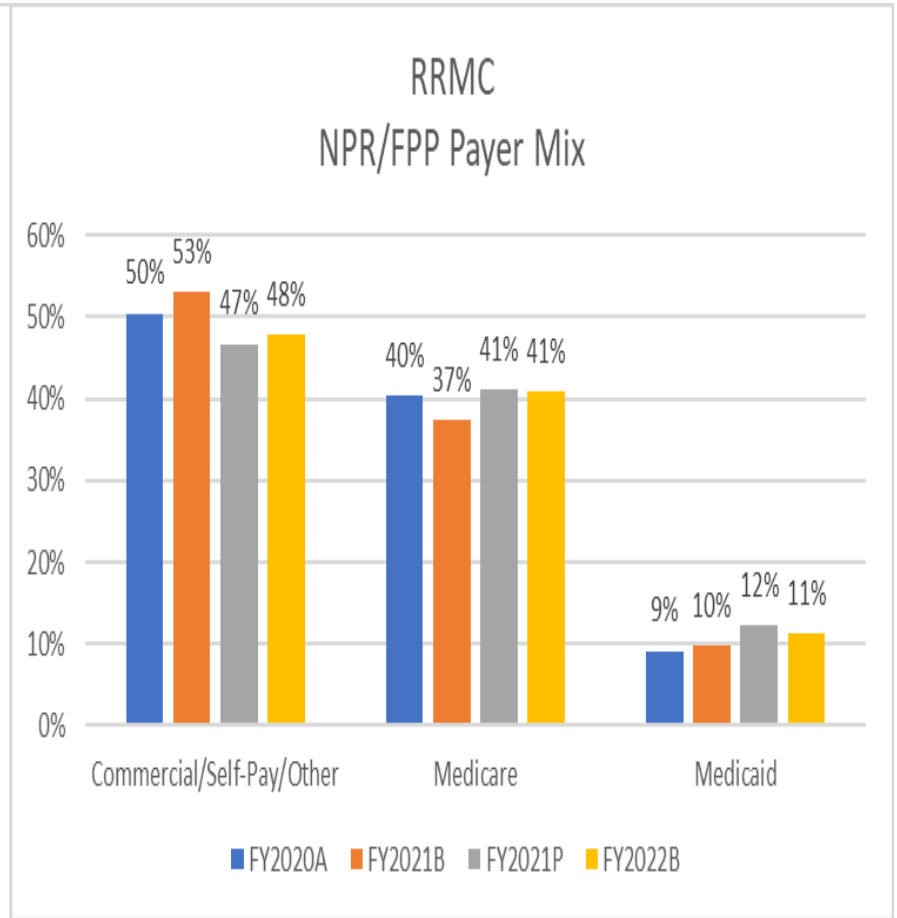
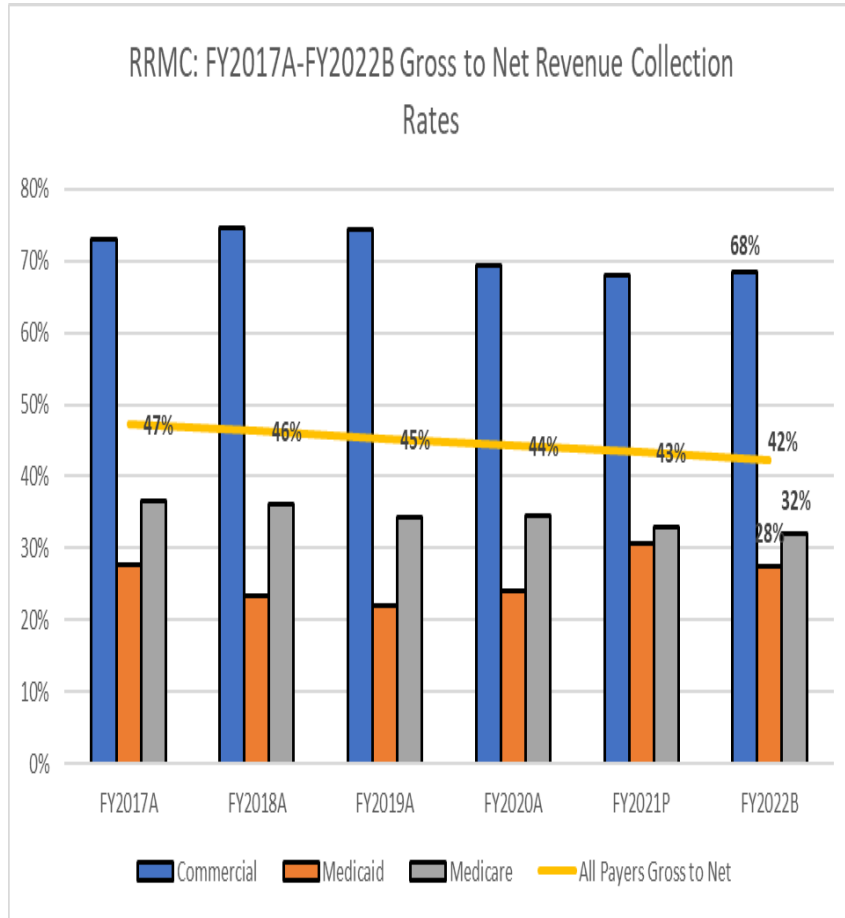
Service Category	
Hospital Inpatient Change in Gross	4.0%
Hospital Outpatient Change in Gross Charges	4.2%
Professional Services Change in Gross Charges	-0.3%

Payer	
Commercial	\$4,427,806
Medicaid	\$0
Medicare	\$0
Self-Pay/Other	\$106,512

NPR/FPP & Change in Charge Increase	
FY22 Request (\$ change FY21B)	\$22,873,687
Change in Charge (\$)	\$4,534,318

	FY17	FY18	FY19	FY20	FY21	5-year average
Approved	-5.1%	4.9%	2.6%	2.7%	6.0%	2.2%
Submitted	-5.1%	4.9%	3.0%	2.7%	6.0%	2.3%

Rutland Regional Medical Center: NPR/FPP Payer Mix and Gross to Net Revenue (%)



Rutland Regional Medical Center: Recommendations

	FY2022 Request	Suggestion	Preliminary Decision
NPR/FPP	9.2% request is within the budget-to-budget growth rate guidance with COVID allowance growth is 9.0%.	<ul style="list-style-type: none"> Approve as submitted 	
Change in Charge	3.64%	<ul style="list-style-type: none"> Approve as submitted 	
Additional Recommendation			

Suggested motion language:

Move to approve Rutland Regional Medical Center’s budget **as submitted [/ as modified hereby]**, with a **9.20% increase** from FY2021 to FY2022 budgeted NPR/FPP **[with commensurate reductions to operating expense growth in the aggregate in order to protect margins]**, a **3.64% increase** to overall charges, and subject to the standard budget conditions as outlined on Slide 34.

Northeastern Vermont Regional Hospital (NVRH)



NPR/FPP

FY21 Budget-to-Projection Variance	3.5%
FY21 Budget (\$)	\$90,525,300
FY21 Projection (\$)	\$93,724,962
FY22 Request (\$)	\$97,368,788
FY22 Request (% change FY21B)	7.6%
FY22 Request (% change FY21P)	3.9%

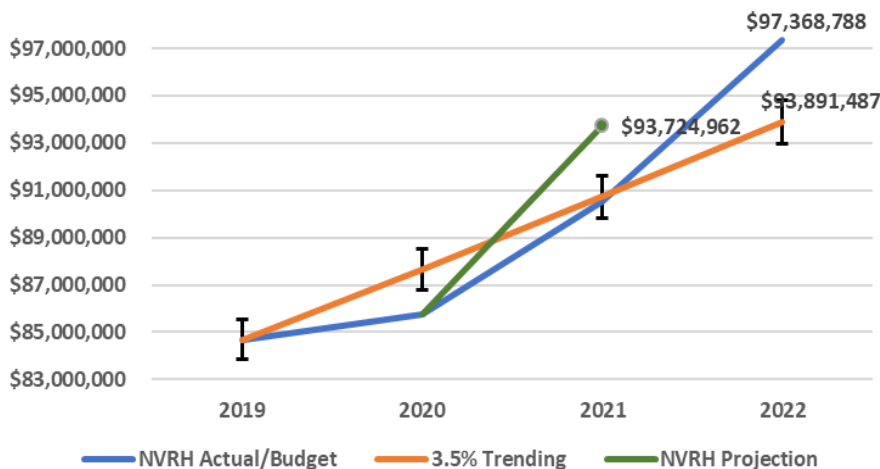
Change in Charges

Commercial	\$1,155,900
Medicaid	\$0
Medicare	\$0
Self-Pay/Other	\$47,900

NVRH's 7.6% request is higher than the 3.5% growth rate guidance.

3.0% Overall Charge Master Increase

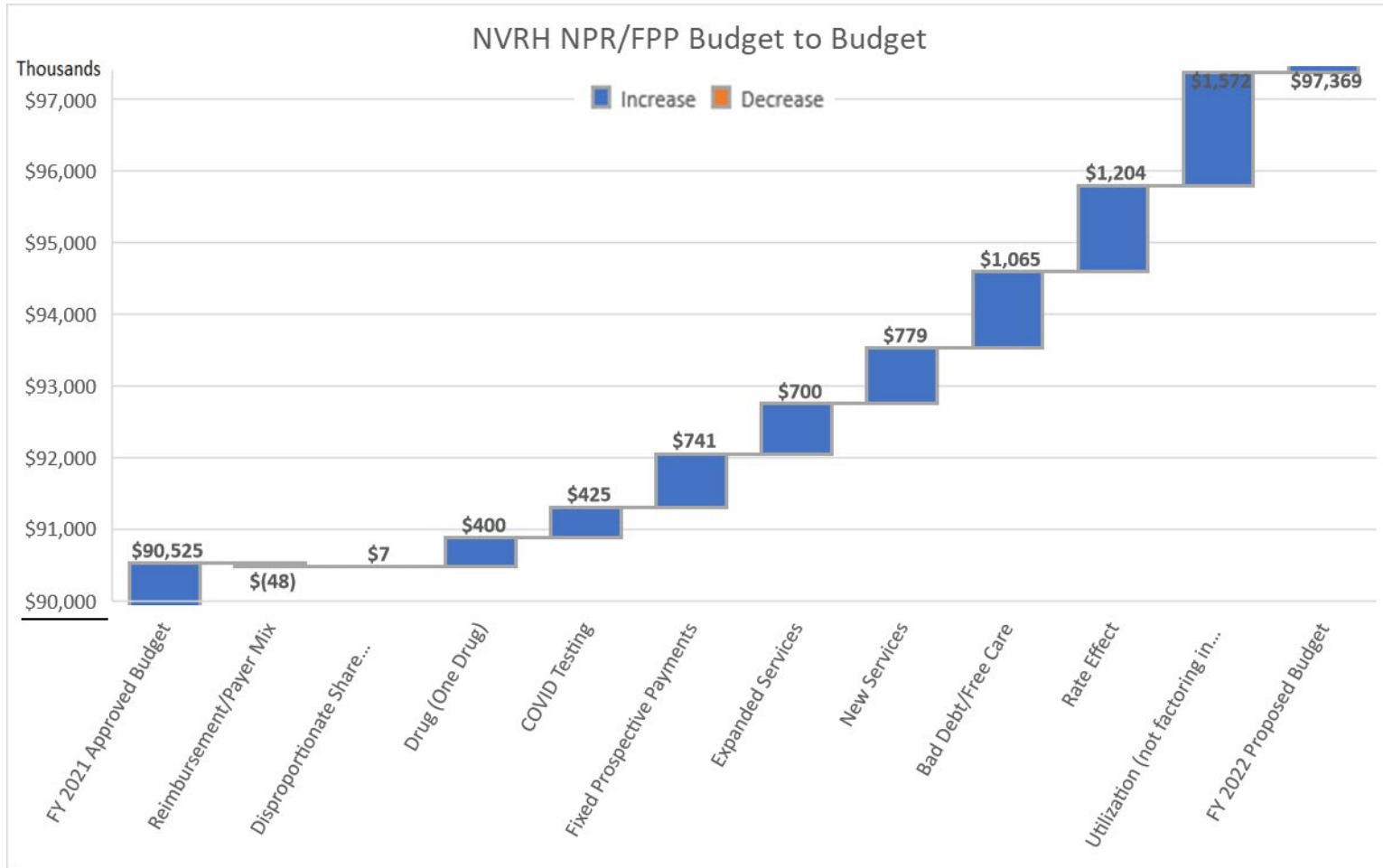
NVRH Performance vs. 3.5% Trending



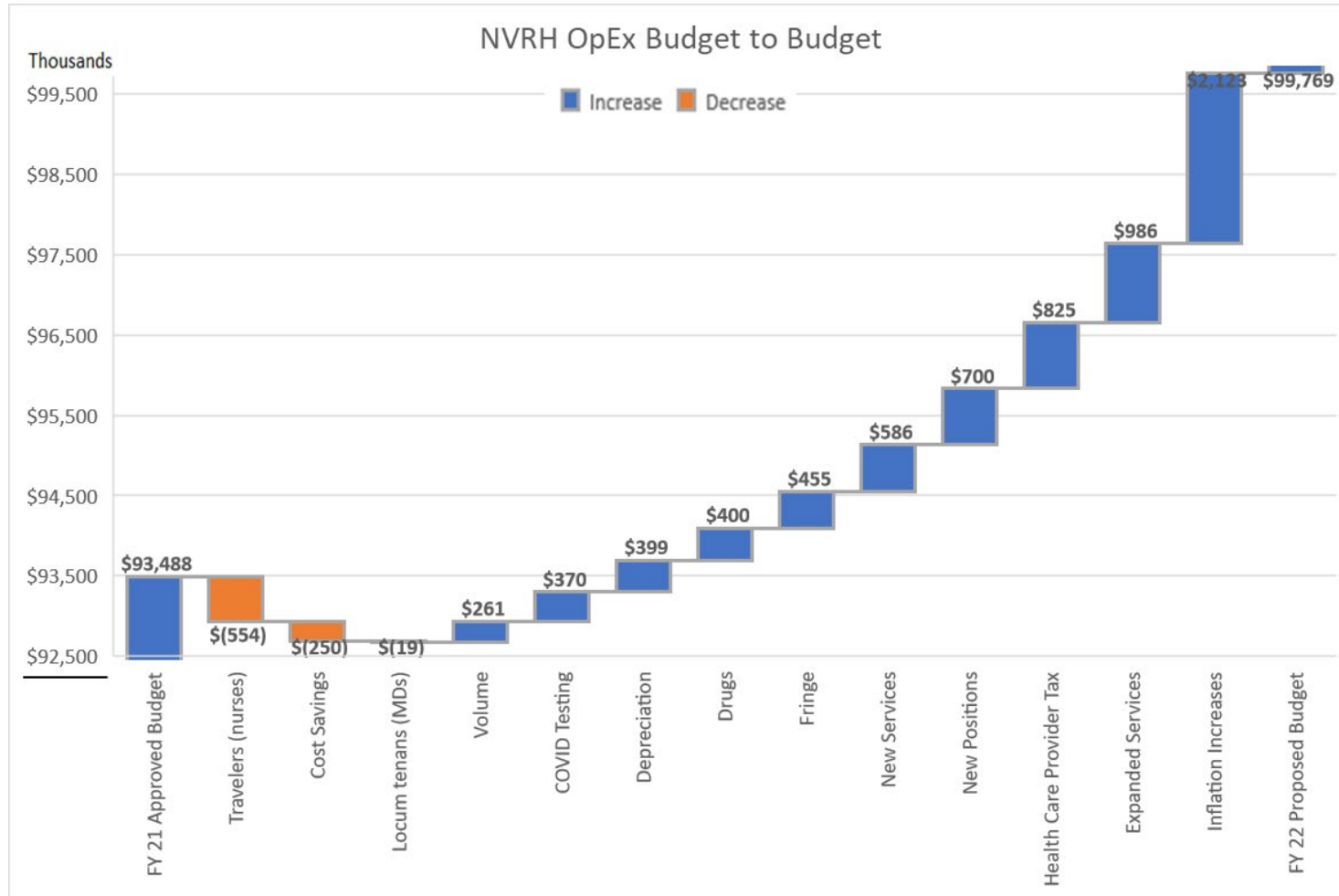
Hospital Justification:

- At or above capacity.
- Significant inflationary pressures.
- Expanding/adding services to meet community needs.
- Price comparison analysis to determine overall charge master increase strategy.
- Volumes expected to return to 2019/pre-COVID levels.
- Ongoing efforts to reduce avoidable ED utilization.

NVRH NPR/FPP Drivers: FY2021B-FY2022B



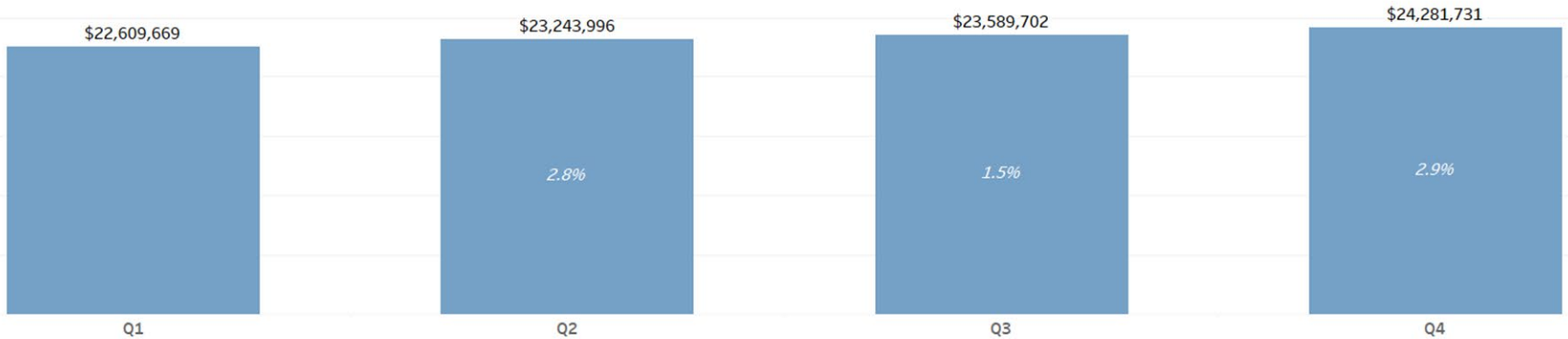
NVRH Operating Expense Drivers: FY2021B-FY2022B



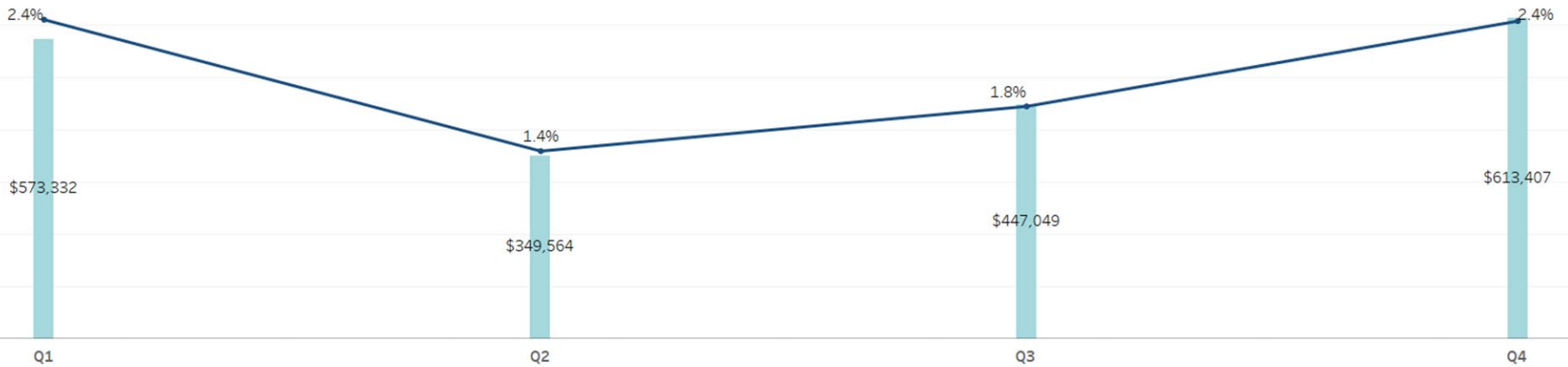
Northeastern Vermont Regional Hospital: FY2021 Operating Performance



Quarterly NPR/FPP and Growth (%)
Northeastern VT Regional Hospital



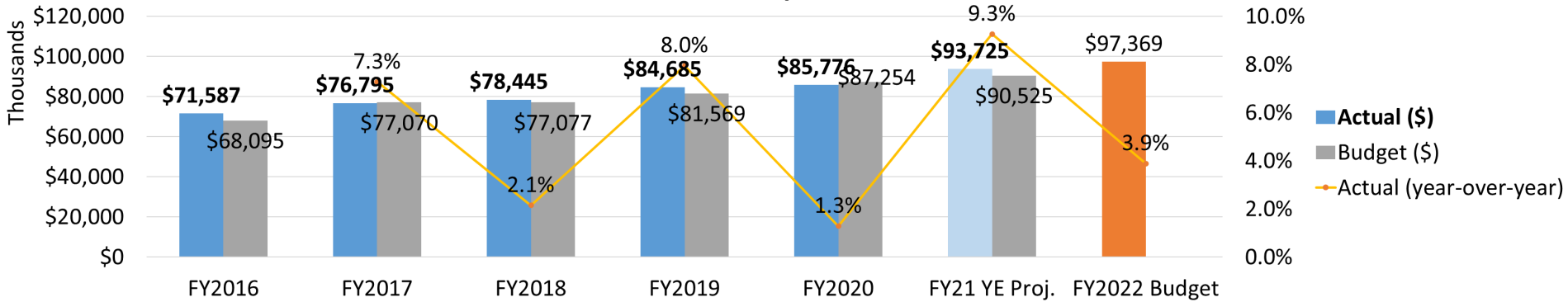
Operating Margin for Northeastern VT Regional Hospital



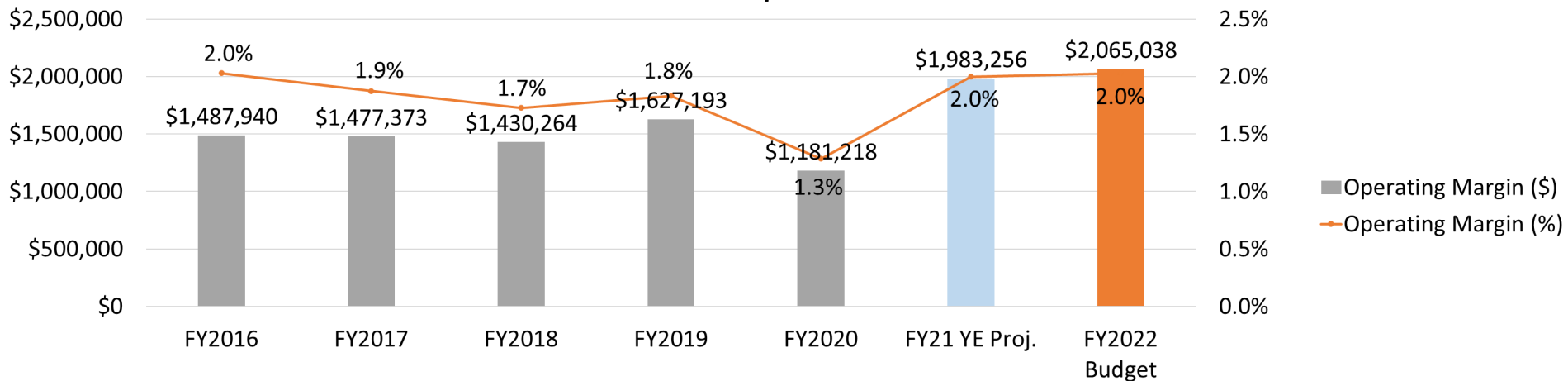
Northeastern Vermont Regional Hospital: Historical Operating Performance



**NPR/FPP
2016-present**



**Operating Margin
2016-present**



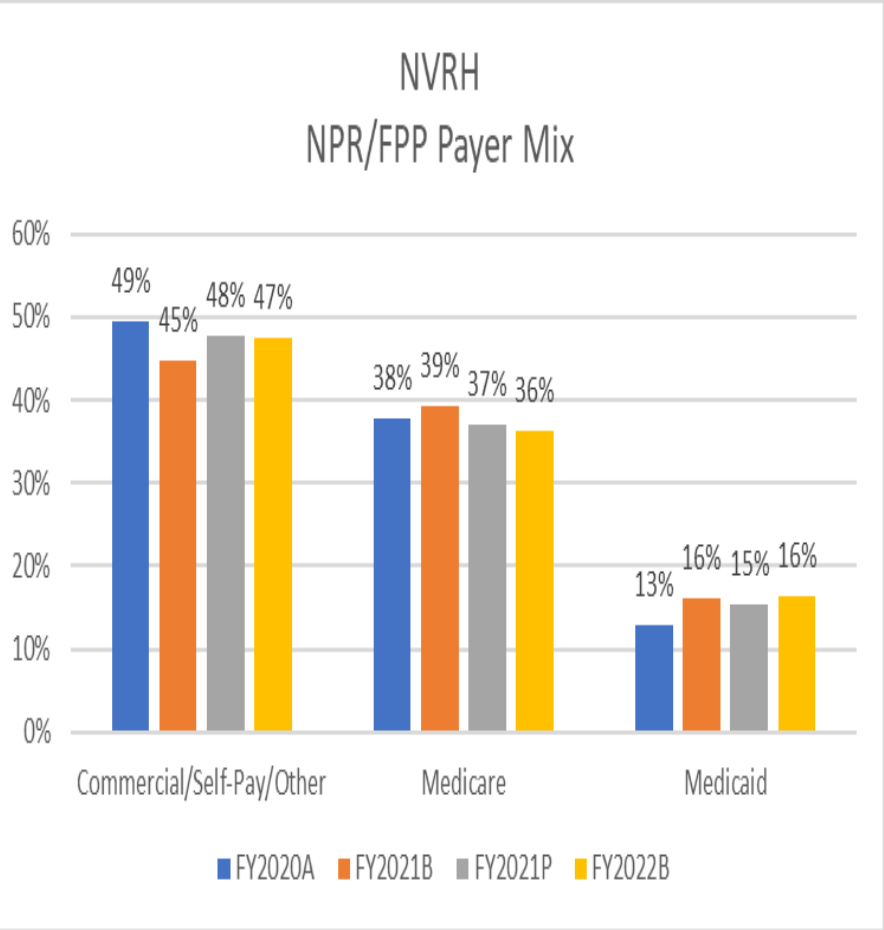
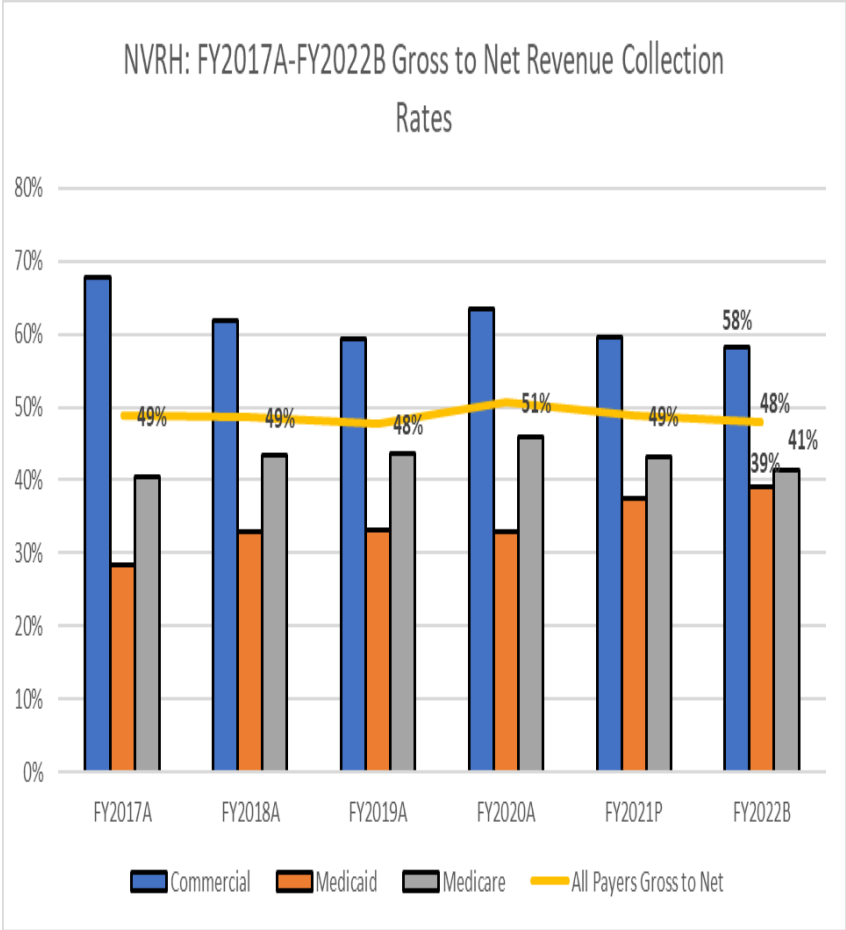
Northeastern Vermont Regional Hospital: Change in Charge



Request	
Overall Change in Charge %	3.0%
NPR due to Change in Charge	\$1,203,800
Value of 1% Change in Charge	\$401,300
Service Category	
Hospital Inpatient Change in Gross	3.4%
Hospital Outpatient Change in Gross Charges	3.4%
All Other Change in Gross Charges	0.0%
Payer	
Commercial	\$1,155,900
Medicaid	\$0
Medicare	\$0
Total Self-Pay/Other	\$47,900
NPR/FPP & Change in Charge Increase	
FY22 Request (\$ change FY21B)	\$6,843,488
Change in Charge (\$)	\$1,203,800

	FY17	FY18	FY19	FY20	FY21	5-year average
Approved	3.8%	3.2%	3.0%	3.0%	3.9%	3.4%
Submitted	3.8%	4.3%	4.0%	3.5%	3.9%	3.9%

Northeastern Vermont Regional Hospital: NPR/FPP Payer Mix and Gross to Net Revenue (%)



Northeastern Vermont Regional Hospital: Recommendations



	FY2022 Request	Suggestion	Preliminary Decision
NPR/FPP	7.6% request is in excess of the budget-to-budget growth rate guidance, with COVID allowance growth is 7.1%.	<ul style="list-style-type: none"> Approve as submitted 	
Change in Charge	3.0%	<ul style="list-style-type: none"> Approve as submitted 	
Additional Recommendation			

Suggested motion language:

Move to approve Northeastern Vermont Regional Hospital’s budget **as submitted [/ as modified hereby]**, with a **7.60% increase** from FY2021 to FY2022 budgeted NPR/FPP **[with commensurate reductions to operating expense growth in the aggregate in order to protect margins]**, a **3.00% standard increase** to overall charges, and subject to the standard budget conditions as outlined on Slide 34.

Mt. Ascutney Hospital & Health Center (MAHHC)



NPR/FPP

FY21 Budget-to-Projection Variance	7.6%
FY21 Budget (\$)	\$56,211,391
FY21 Projection (\$)	\$60,488,476
FY22 Request (\$)	\$59,640,912
FY22 Request (% change FY21B)	6.1%
FY22 Request (% change FY21P)	-1.4%

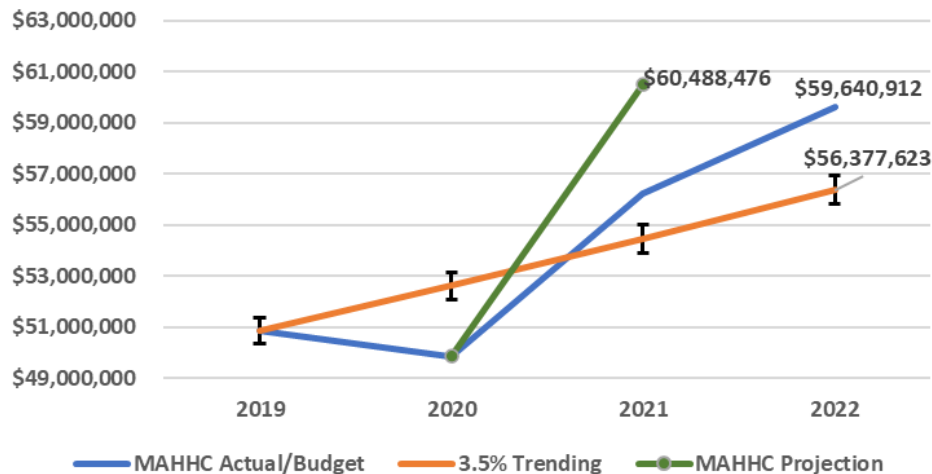
MAHHC's 6.1% request is over the 3.5% growth rate guidance.

Change in Charges

Commercial	\$452,879
Medicaid	\$56,282
Medicare	\$565,870

2.20% Overall Charge Master Increase

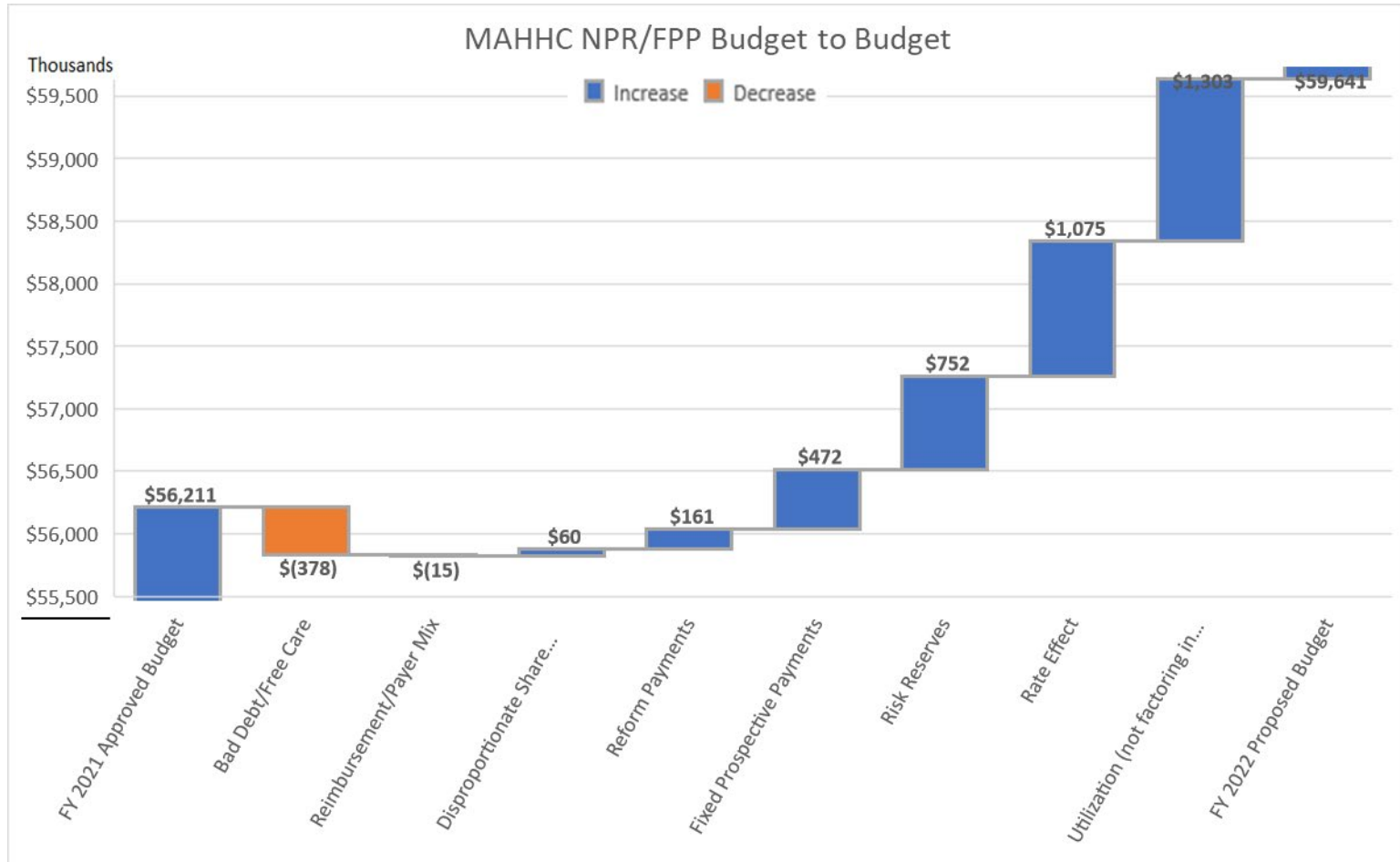
MAHHC Performance vs. 3.5% Trending



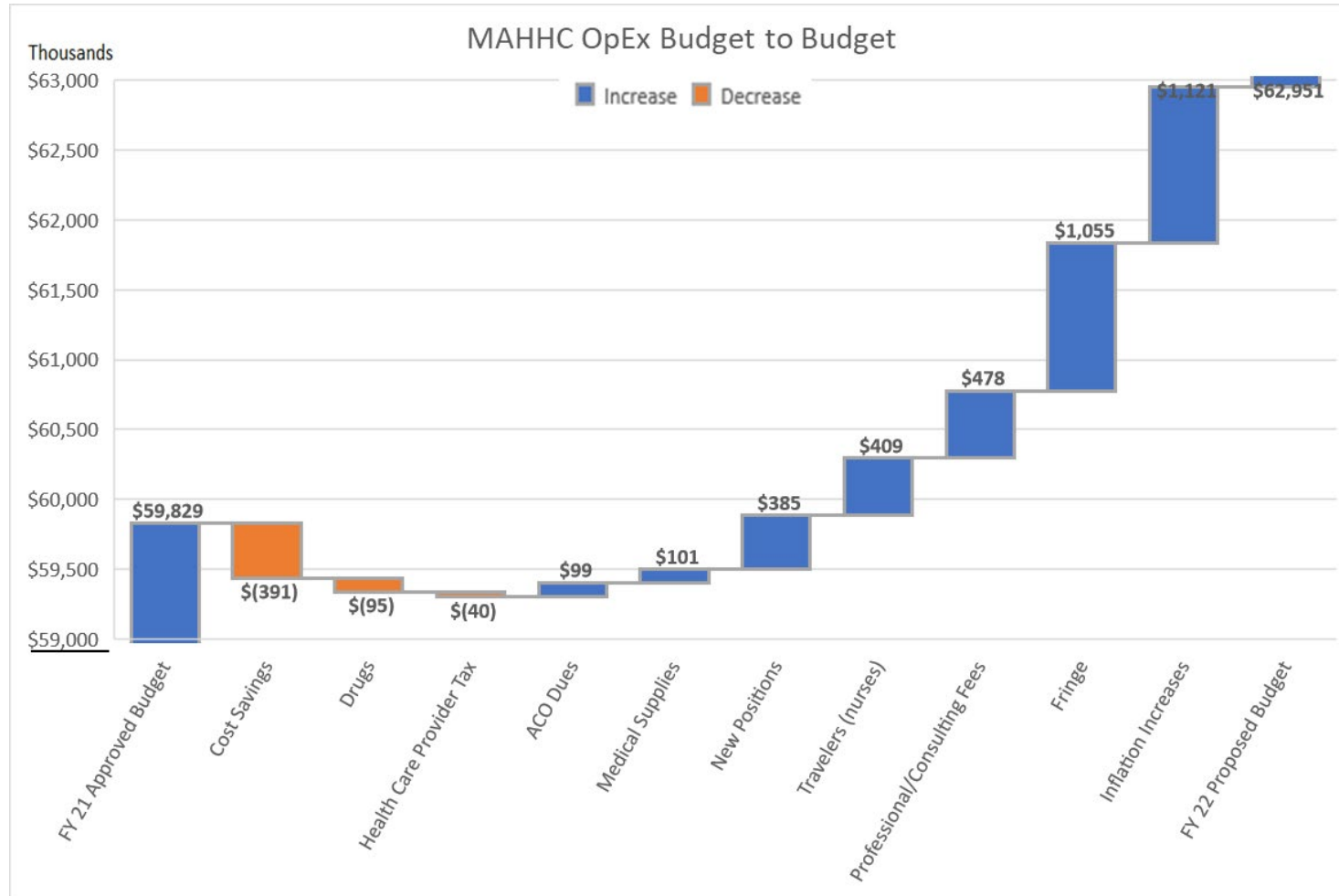
Hospital Justification:

- Continued integration with D-HH systems, labor, and service lines.
- Capital Projects returning, including EHR integration with D-HH.
- Lost some providers.
- Inflationary and staffing pressures.
- Working with other area providers to maximize scarce resources.
- Actively working to reduce prices on ancillary services, therefore, requested increase overall is 2.2%.
- Continuing to get back to better financial outcomes.

MAHHC NPR/FPP Drivers: FY2021B-FY2022B



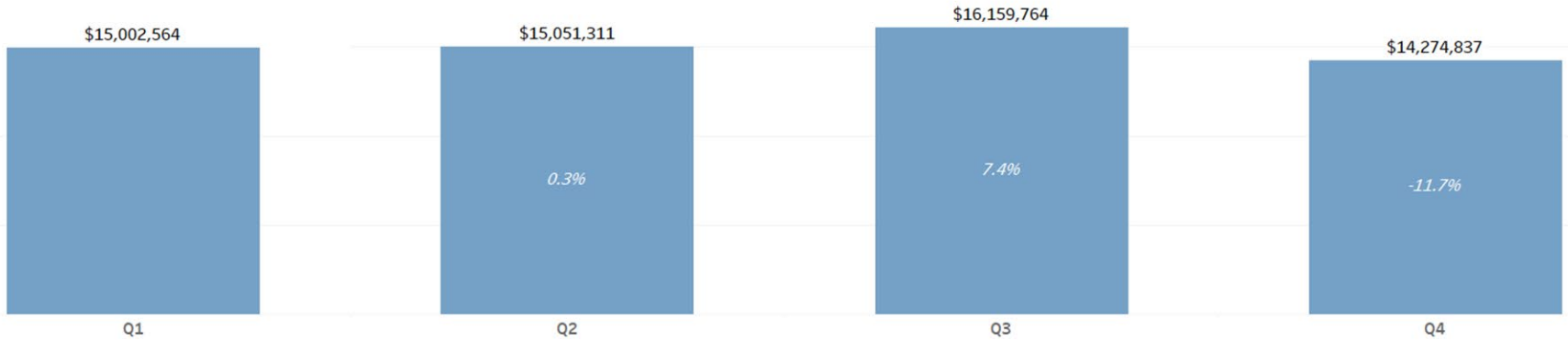
MAHHC Operating Expense Drivers: FY2021B-FY2022B



Mt. Ascutney Hospital & Health Center: FY2021 Operating Performance



Quarterly NPR/FPP and Growth (%)
Mt. Ascutney Hospital & Health Ctr



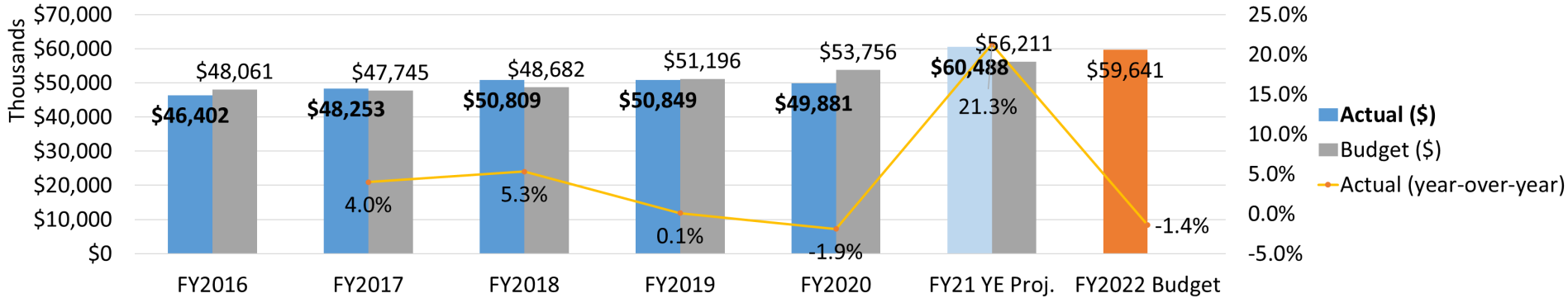
Operating Margin for Mt. Ascutney Hospital & Health Ctr



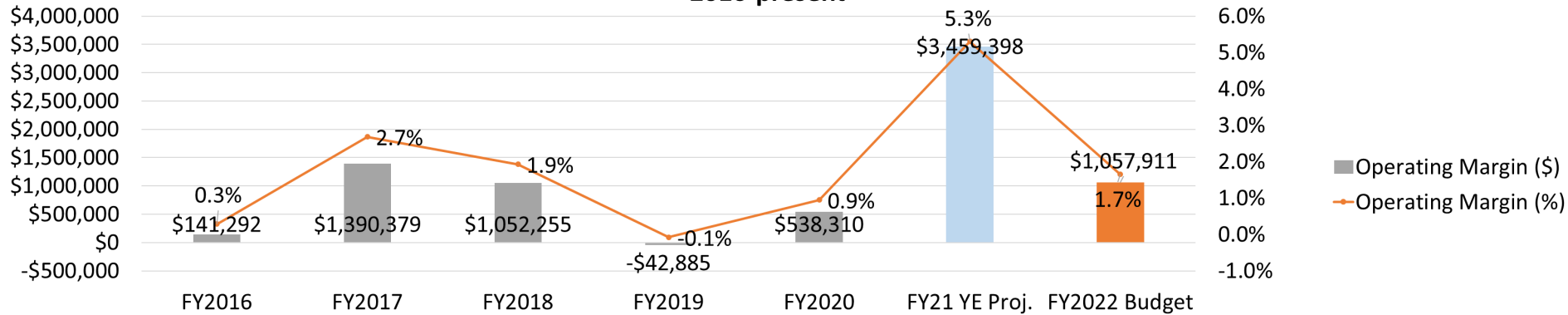
Mt. Ascutney Hospital & Health Center: Historical Operating Performance



**NPR/FPP
2016-present**



**Operating Margin
2016-present**

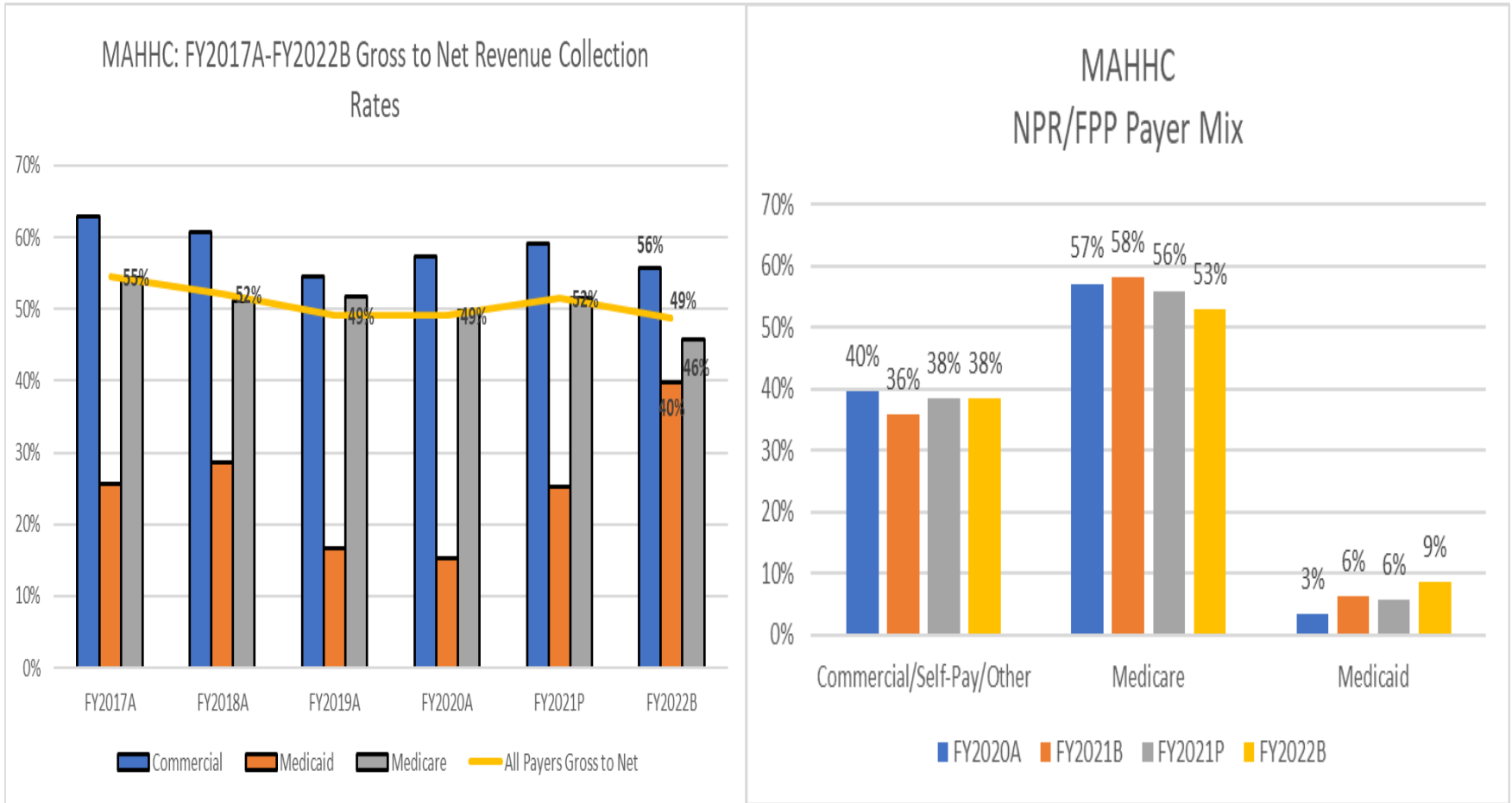


Mt. Ascutney Hospital & Health Center: Change in Charge



Request						
Overall Change in Charge %						2.20%
NPR due to Change in Charge						\$1,075,031
Value of 1% Change in Charge						\$488,650
Service Category						
Hospital Inpatient Change in Gross Charges						2.20%
Hospital Outpatient Change in Gross Charges						2.20%
Professional Services Change in Gross Charges						2.20%
Payer						
Commercial						\$452,879
Medicaid						\$56,282
Medicare						\$565,870
NPR/FPP & Change in Charge Increase						
FY22 Request (\$ change FY21B)						\$3,429,520
Change in Charge (\$)						\$1,075,031
	FY17	FY18	FY19	FY20	FY21	5-year average
Approved	4.9%	4.9%	2.9%	3.2%	4.6%	4.1%
Submitted	4.9%	4.9%	2.9%	3.2%	4.6%	4.1%

Mt. Ascutney Hospital & Health Center: NPR/FPP Payer Mix and Gross to Net Revenue (%)



Mt. Ascutney Hospital & Health Center: Recommendations



	FY2022 Request	Suggestion	Preliminary Decision
NPR/FPP	6.1% request is in excess of the budget-to-budget growth rate guidance, with COVID allowance growth is 5.6%.	<ul style="list-style-type: none"> Approve as submitted 	
Change in Charge	2.20%	<ul style="list-style-type: none"> Approve as submitted 	
Additional Recommendation			

Suggested motion language:

Move to approve Mt. Ascutney Hospital & Health Center’s budget **as submitted [/ as modified hereby]**, with a **6.10% increase** from FY2021 to FY2022 budgeted NPR/FPP **[with commensurate reductions to operating expense growth in the aggregate in order to protect margins]**, a **2.20%** standard **increase** to overall charges, and subject to the standard budget conditions as outlined on Slide 34.

North Country Hospital (NCH)



NPR/FPP

FY21 Budget-to-Projection Variance	3.9%
FY21 Budget (\$)	\$82,736,960
FY21 Projection (\$)	\$85,938,930
FY22 Request (\$)	\$88,784,695
FY22 Request (% change FY21B)	7.3%
FY22 Request (% change FY21P)	3.3%

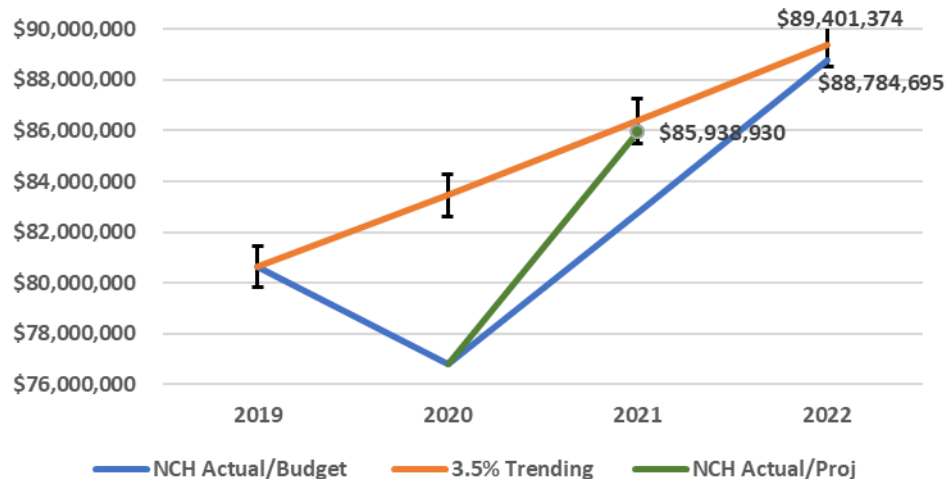
NCH's 7.3% request is higher than the 3.5% growth rate guidance.

Change in Charges

Commercial	\$2,134,778
Medicaid	\$0
Medicare	\$950,141
Self-Pay/Other	\$47,662

4.90% Overall Charge Master Increase

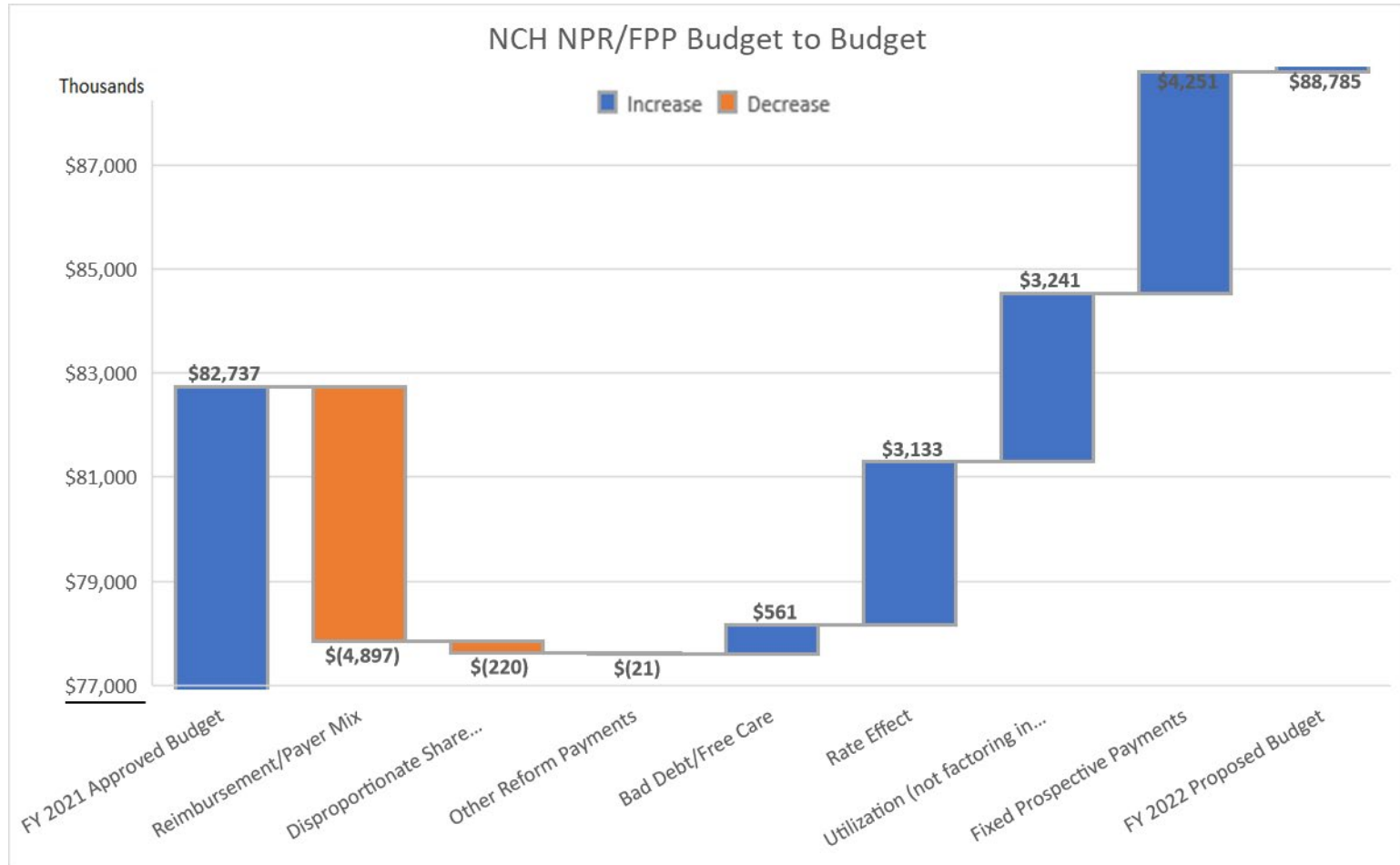
NCH Performance vs. 3.5% Trending



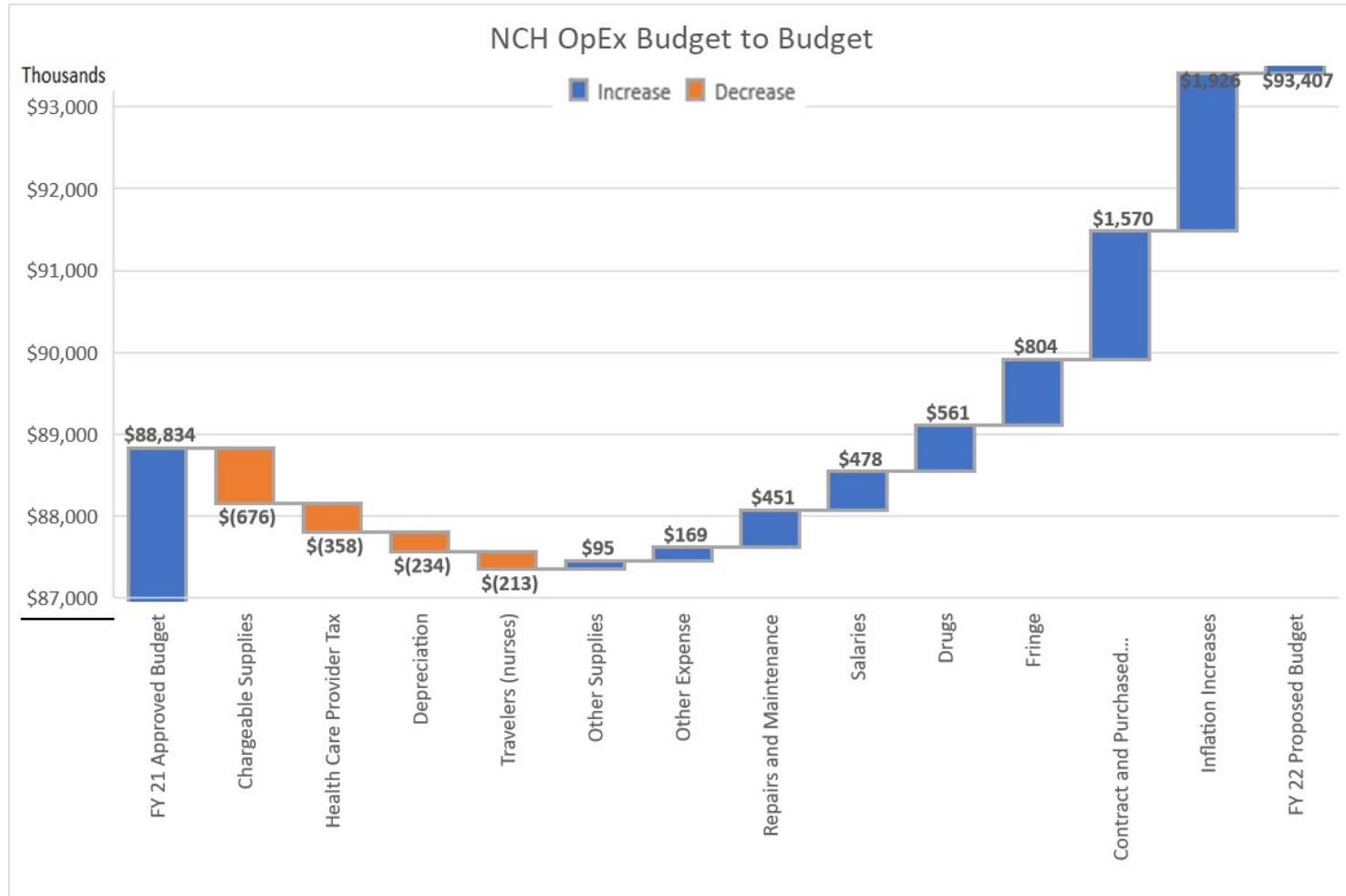
Hospital Justification:

- Staffing shortages and challenges.
- Reinvestment in aging physical plant.
- NPR increase 50%-Utilization; 50%-Rate
- Charge 4.9%: 3.3% - wages, supplies, employee health insurance; 1.6% - Cerner conversion costs.
- Quick utilization return from Pandemic.

NCH NPR/FPP Drivers: FY2021B-FY2022B



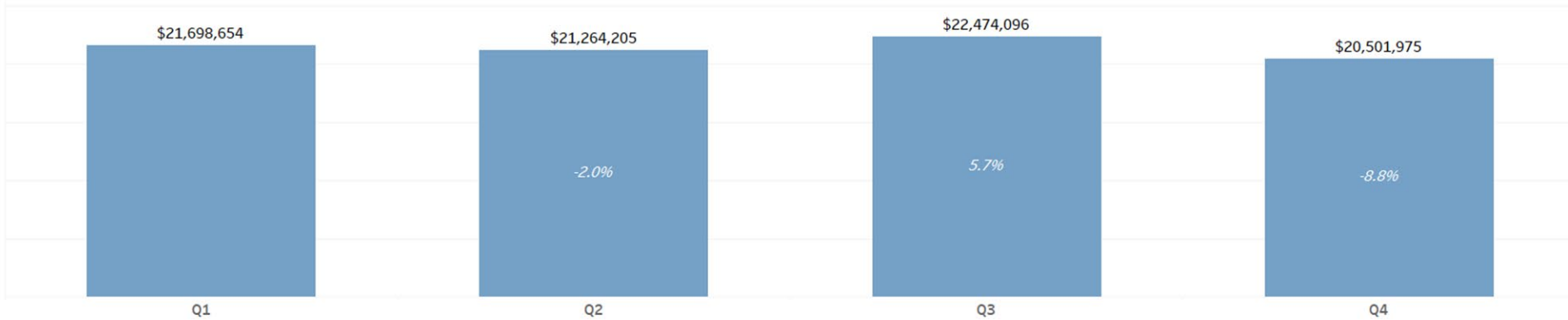
NCH Operating Expense Drivers: FY2021B-FY2022B



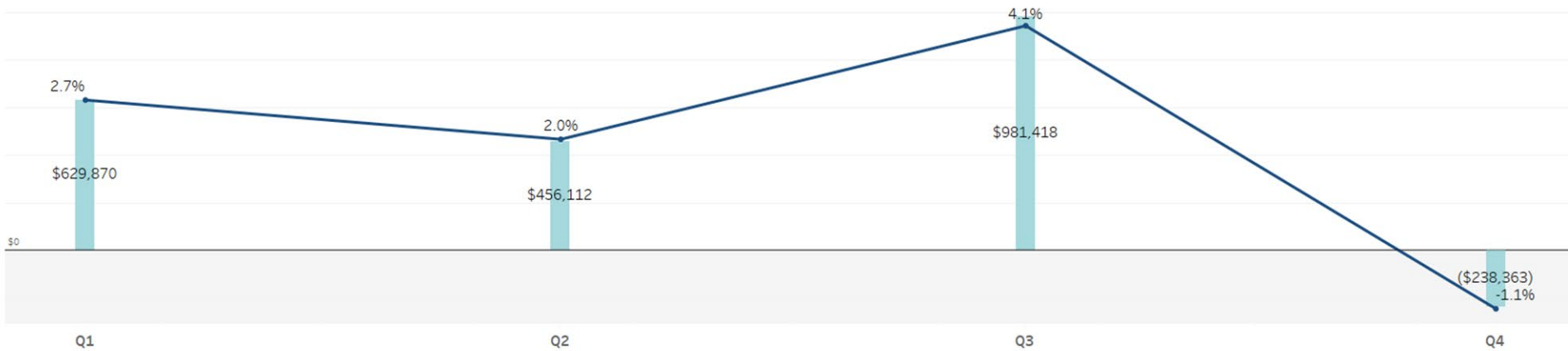
North Country Hospital: FY2021 Operating Performance



Quarterly NPR/FPP and Growth (%)
North Country Hospital



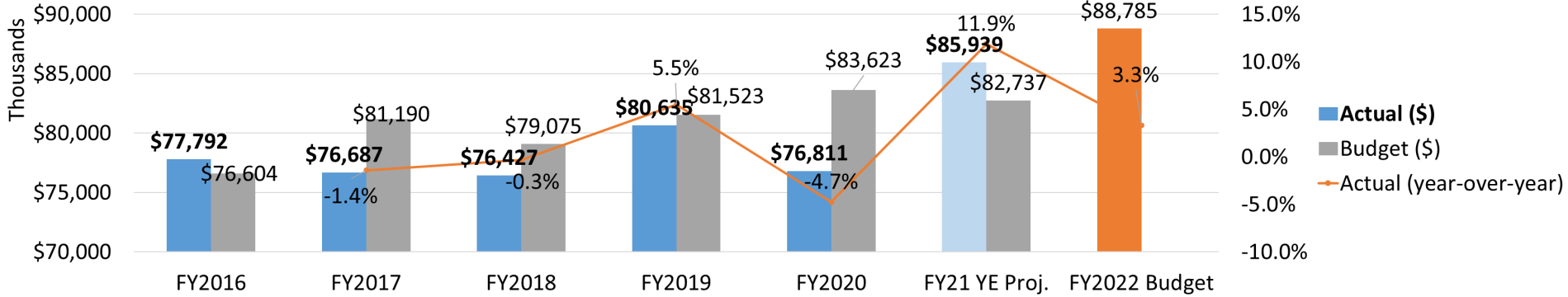
Operating Margin for North Country Hospital



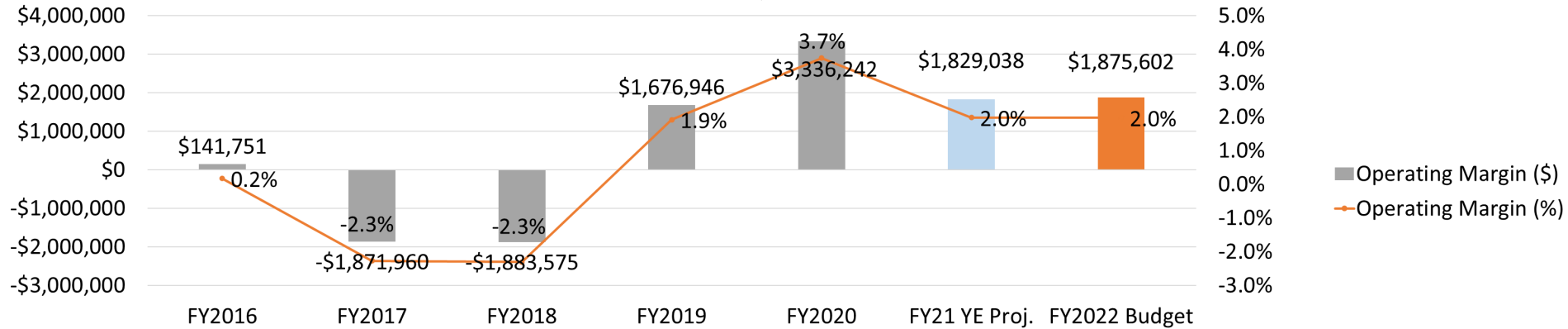
North Country Hospital: Historical Operating Performance



**NPR/FPP
2016-present**



**Operating Margin
2016-present**



North Country Hospital: Change in Charge



Request	
Overall Change in Charge %	4.90%
NPR due to Change in Charge	\$3,132,581
Value of 1% Change in Charge	\$559,390

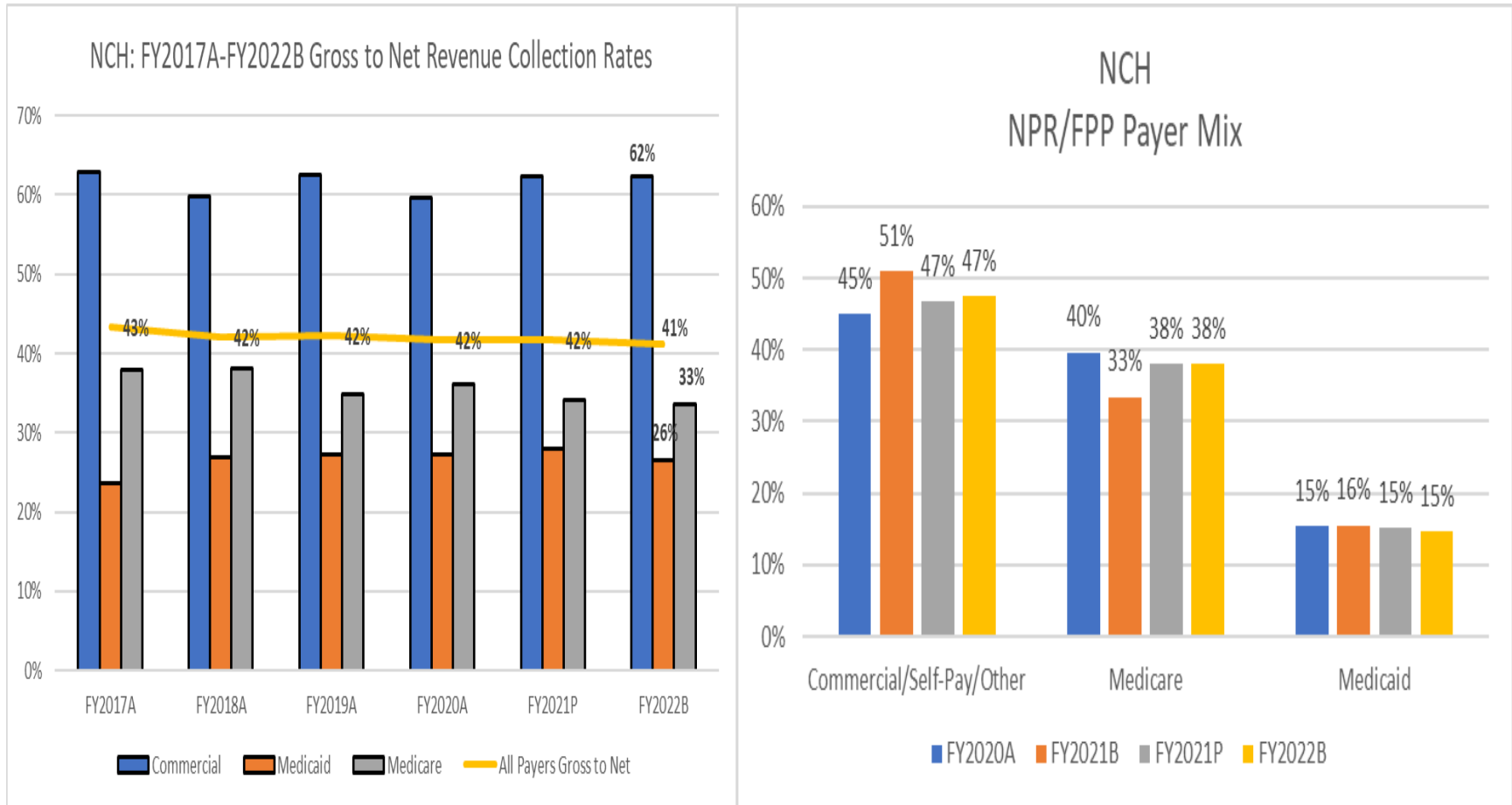
Service Category	
Hospital Inpatient Change in Gross	5.6%
Hospital Outpatient Change in Gross Charges	5.6%
All Other Change in Gross Charges	0.0%

Payer	
Commercial	\$2,134,778
Medicaid	\$0
Medicare	\$950,141
Self Pay/Other	\$47,662

NPR/FPP & Change in Charge Increase	
FY22 Request (\$ change FY21B)	\$6,047,731
Change in Charge (\$)	\$3,132,581

	FY17	FY18	FY19	FY20	FY21	5-year average
Approved	3.5%	5.0%	3.6%	4.2%	3.6%	4.0%
Submitted	3.5%	5.0%	3.6%	4.2%	3.6%	4.0%

North Country Hospital: NPR/FPP Payer Mix and Gross to Net Revenue (%)



North Country Hospital: Recommendations

	FY2022 Request	Suggestion	Preliminary Decision
NPR/FPP	7.3% request is in excess of the budget-to-budget growth rate guidance, with COVID allowance growth is 7.3%.	<ul style="list-style-type: none"> Reduce to 6.2% based on charge reduction. Impact of below value \$895,024 on NPR B2B growth would be 6.2% 	
Change in Charge	4.90%	<ul style="list-style-type: none"> Reduce to 3.3% (remove Cerner: 1.6% use reserves) 	
Additional Recommendation			

Suggested motion language:

Move to approve North Country Hospital's budget as modified hereby, with a **6.20% increase** from FY2021 to FY2022 budgeted NPR/FPP **with commensurate reductions to operating expense growth in the aggregate in order to protect margins**, a **3.30% increase** to overall charges, and subject to the standard budget conditions as outlined on Slide 34.

Grace Cottage Hospital (GCH)



NPR/FPP

FY21 Budget-to-Projection Variance	3.2%
FY21 Budget (\$)	\$20,666,695
FY21 Projection (\$)	\$21,330,891
FY22 Request (\$)	\$22,353,530
FY22 Request (% change FY21B)	8.2%
FY22 Request (% change FY21P)	4.8%

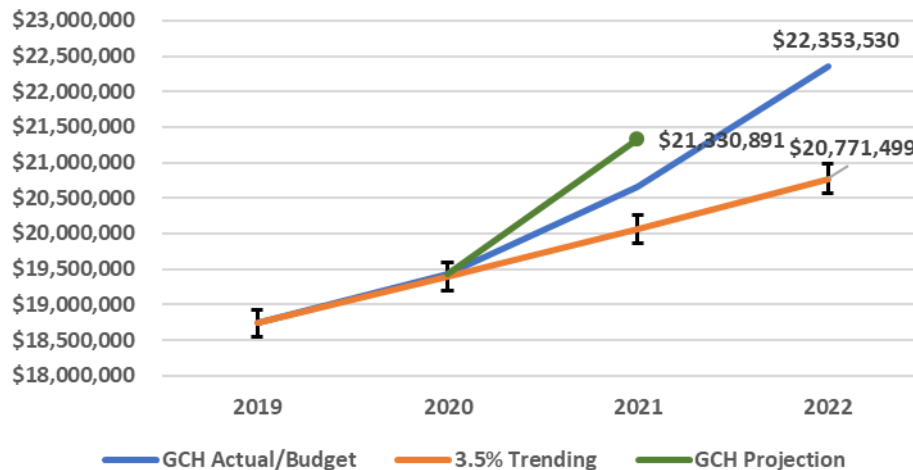
GCH's 8.2% request is over the 3.5% growth rate guidance.

Change in Charges

Commercial	\$224,823
Medicaid	\$16,883
Medicare	\$511,253
Self-Pay/Other	\$21,889

5.00% Overall Charge Master Increase

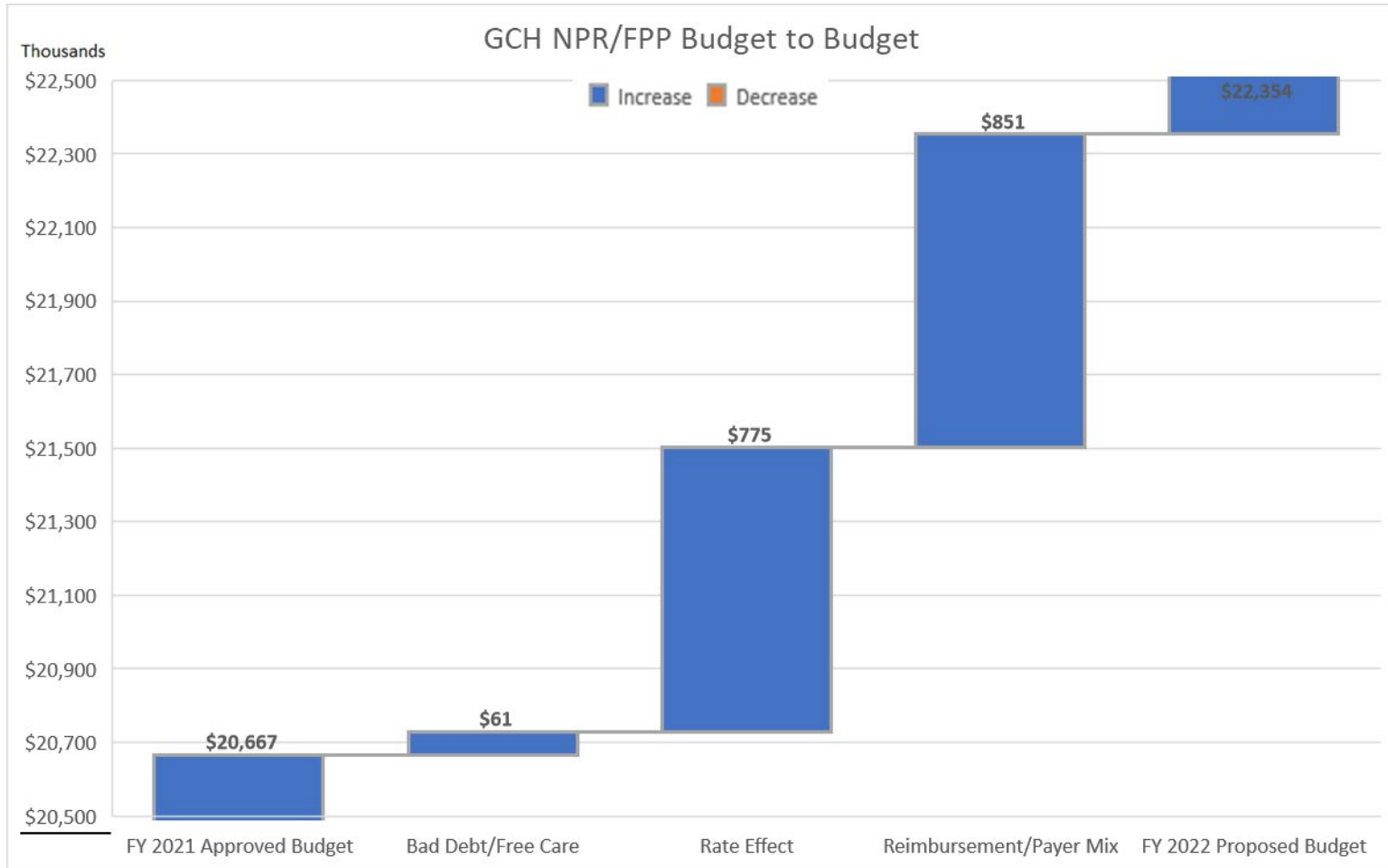
GCH Performance vs. 3.5% Trending



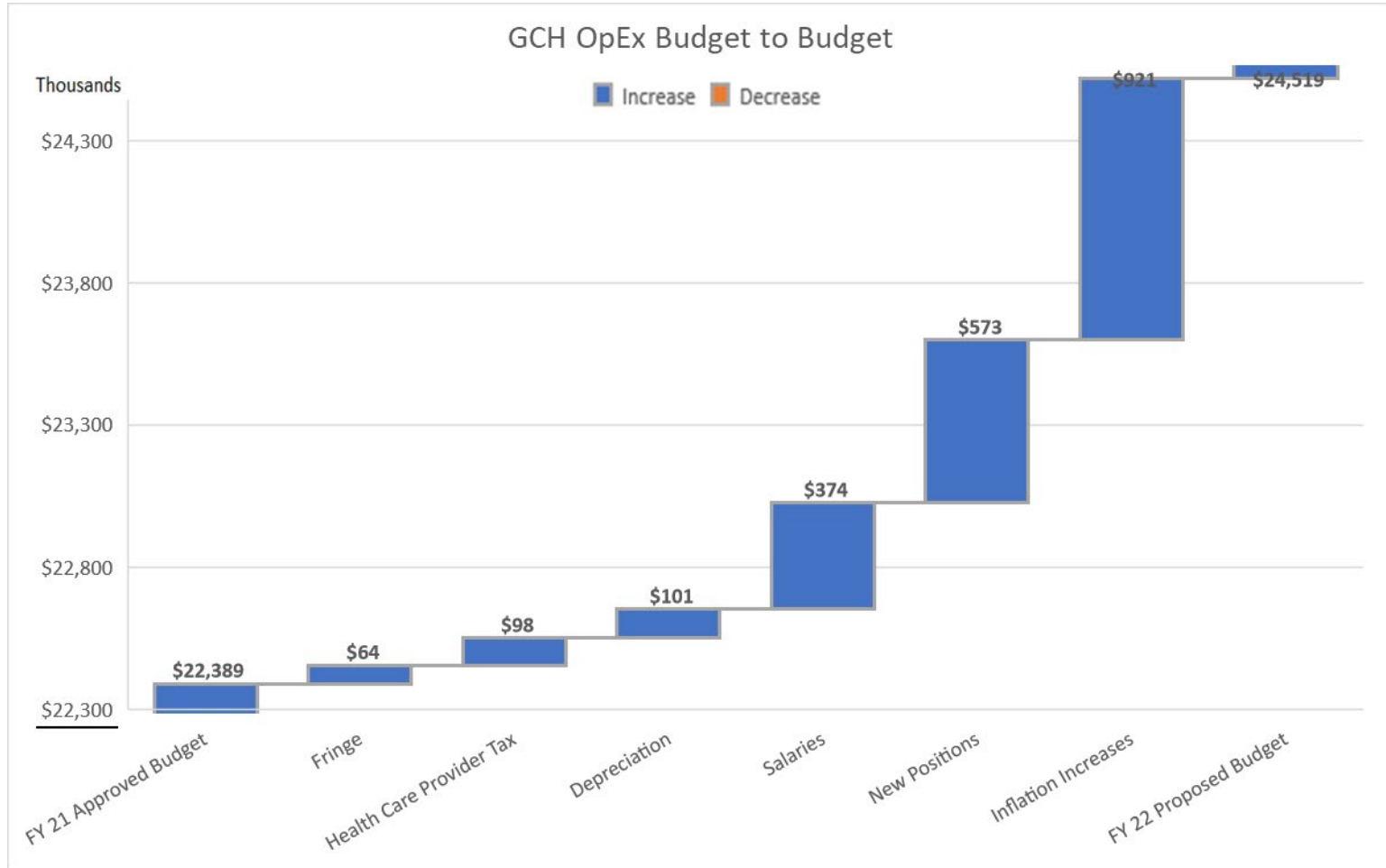
Hospital Justification:

- NPR growth required to cover increased operating expenses due to supply/demand issues.
- Rate request is the minimum amount to cover operating expenses.
- Payer shift from commercial to Medicaid and Self-Pay.
- Staffing continues to be a problem.
- Capital projects need to be restarted.

GCH NPR/FPP Drivers: FY2021B-FY2022B



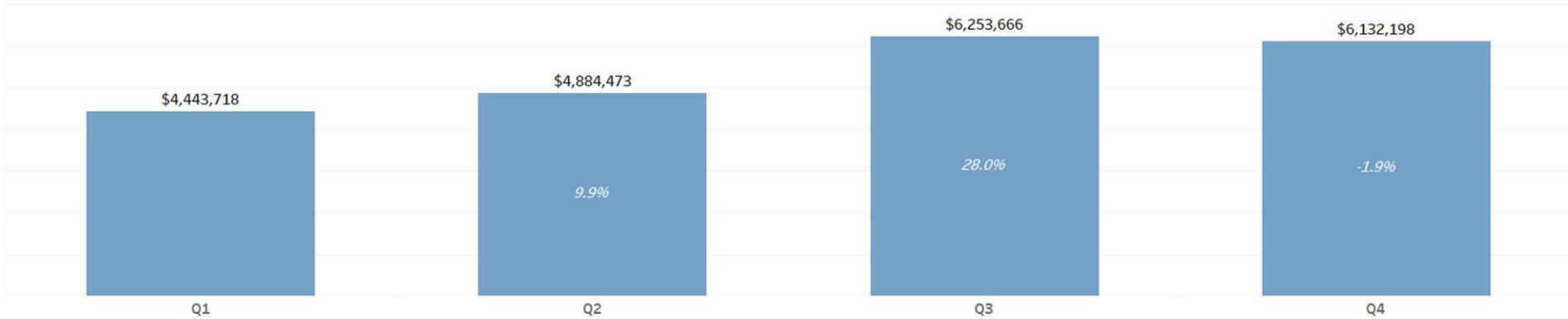
GCH Operating Expense Drivers: FY2021B-FY2022B



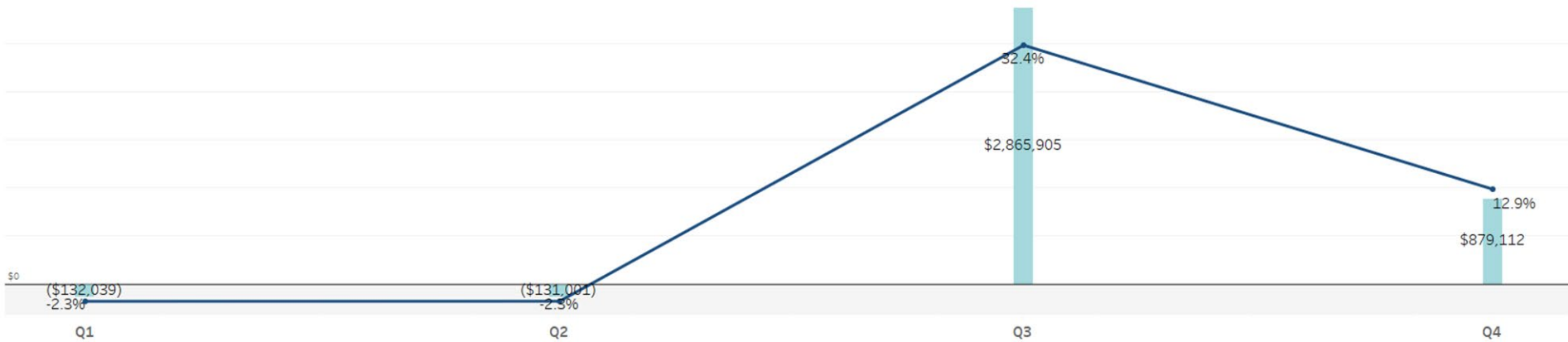
Grace Cottage Hospital: FY2021 Operating Performance



Quarterly NPR/FPP and Growth (%)
Grace Cottage Hospital

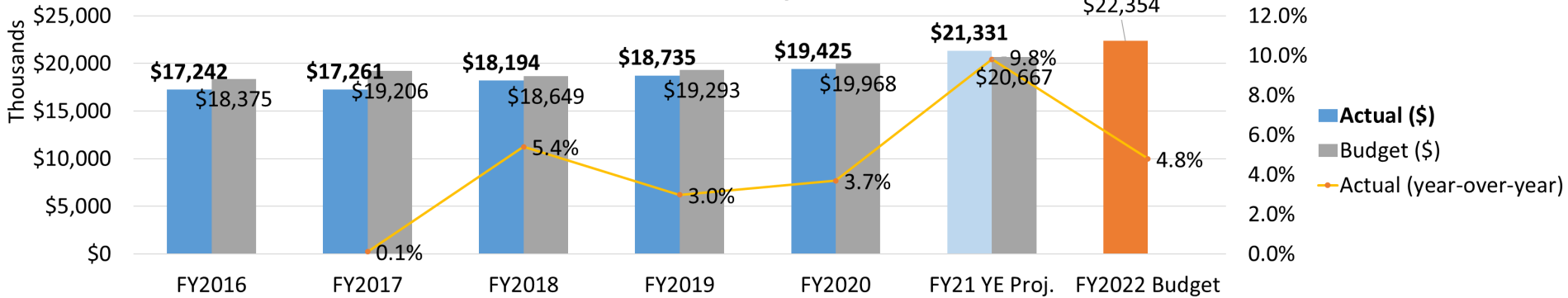


Operating Margin for Grace Cottage Hospital

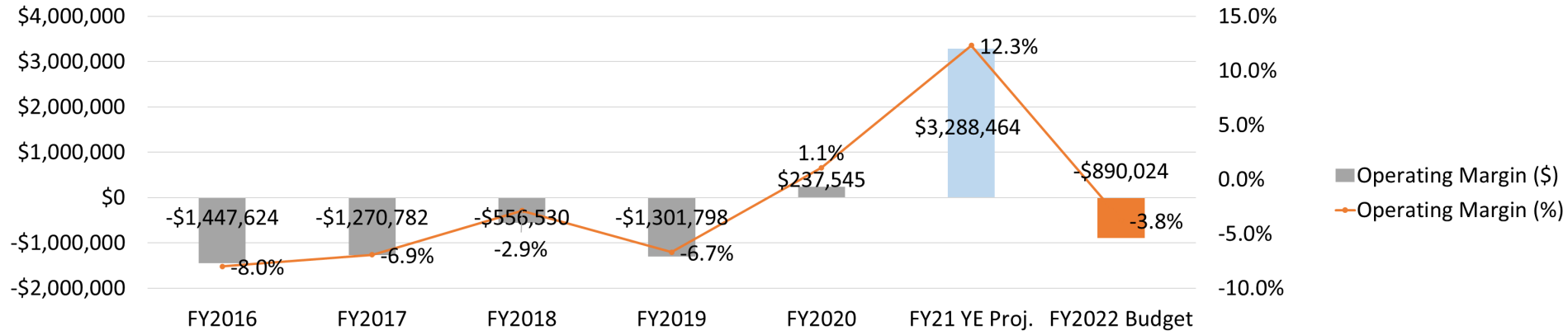


Grace Cottage Hospital: Historical Operating Performance

**NPR/FPP
2016-present**



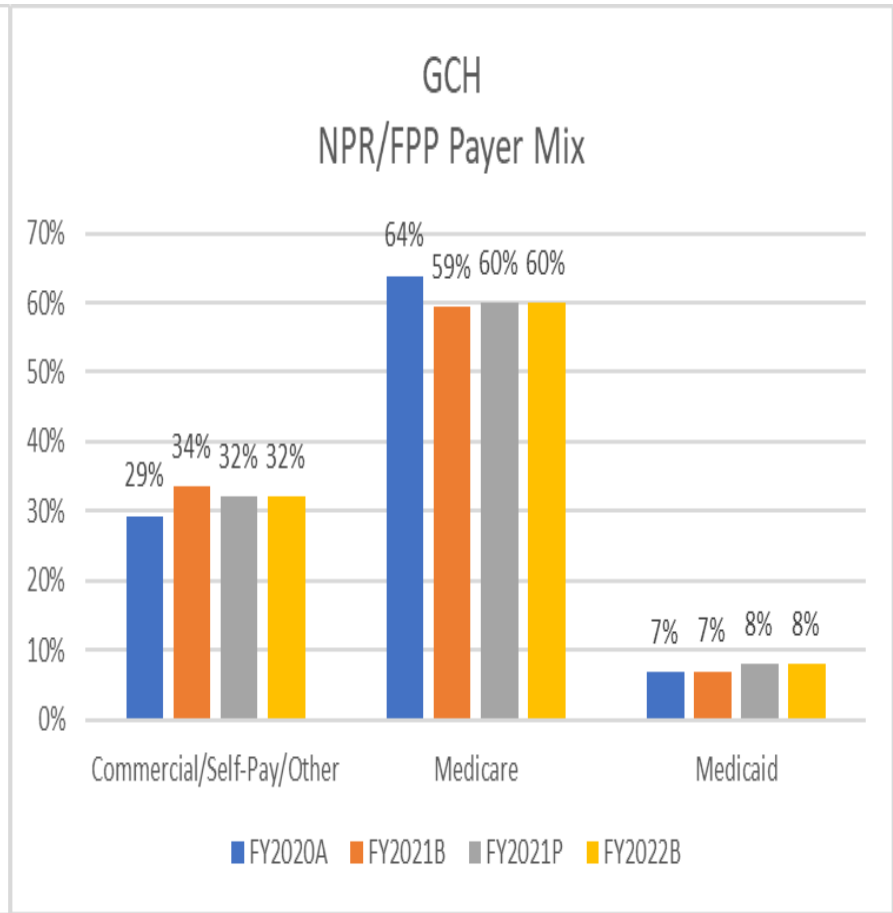
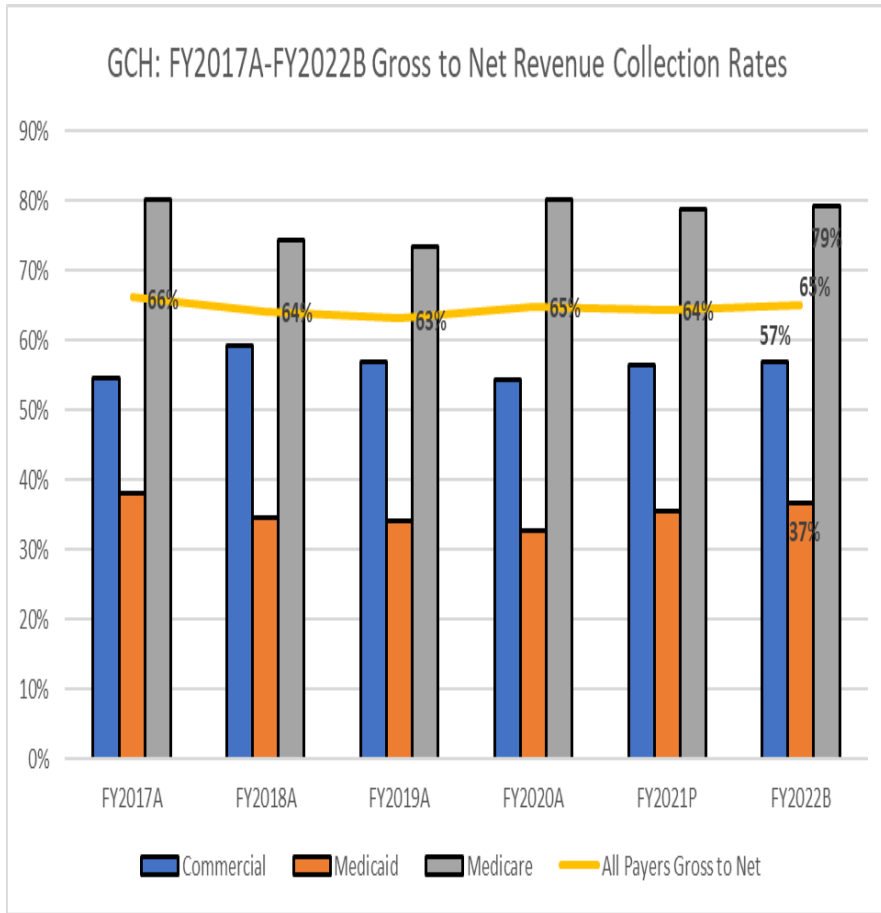
**Operating Margin
2016-present**



Grace Cottage Hospital: Change in Charge

Request						
Overall Change in Charge %	5.00%					
NPR due to Change in Charge	\$774,848					
Value of 1% Change in Charge	\$212,891					
Service Category						
Hospital Inpatient Change in Gross Charges	5.0%					
Hospital Outpatient Change in Gross Charges	5.0%					
Professional Services Change in Gross Charges	5.0%					
Payer						
Commercial	\$224,823					
Medicaid	\$16,883					
Medicare	\$511,253					
Total Self-Pay/Other	\$21,889					
NPR/FPP & Change in Charge Increase						
FY22 Request (\$ change FY21B)	\$1,686,835					
Change in Charge (\$)	\$774,848					
	FY17	FY18	FY19	FY20	FY21	5-year average
Approved	5.0%	5.0%	3.2%	3.2%	3.2%	3.9%
Submitted	5.0%	5.0%	3.2%	3.2%	3.2%	3.9%

Grace Cottage Hospital: NPR/FPP Payer Mix and Gross to Net Revenue (%)



Grace Cottage Hospital: Recommendations

	FY2022 Request	Suggestion	Preliminary Decision
NPR/FPP	8.2% request is in excess of the budget-to-budget growth rate guidance, with COVID allowance growth is 8.2%.	<ul style="list-style-type: none"> Reduce NPR to 3.5% effectively reducing NPR/FPP by \$963,501. New NPR/FPP \$21,390,029 	
Change in Charge	5.00%	<ul style="list-style-type: none"> Approve as submitted 	
Additional Recommendation		<ul style="list-style-type: none"> Commensurate reductions to expenses 	

Suggested motion language:

Move to approve Grace Cottage Hospital's budget **as modified hereby**, with an NPR/FPP **increase of 3.50%** from FY2021 to FY2022 budget **with commensurate reductions to operating expense growth in the aggregate in order to protect margins**, a **5.00% increase** to overall charges as submitted, and subject to the standard budget conditions as outlined on Slide 34.

Brattleboro Memorial Hospital (BMH)



NPR/FPP

FY21 Budget-to-Projection Variance	-6.3%
FY21 Budget (\$)	\$92,802,429
FY21 Projection (\$)	\$86,931,647
FY22 Request (\$)	\$95,595,382
FY22 Request (% change FY21B)	3.0%
FY22 Request (% change FY21P)	10.0%

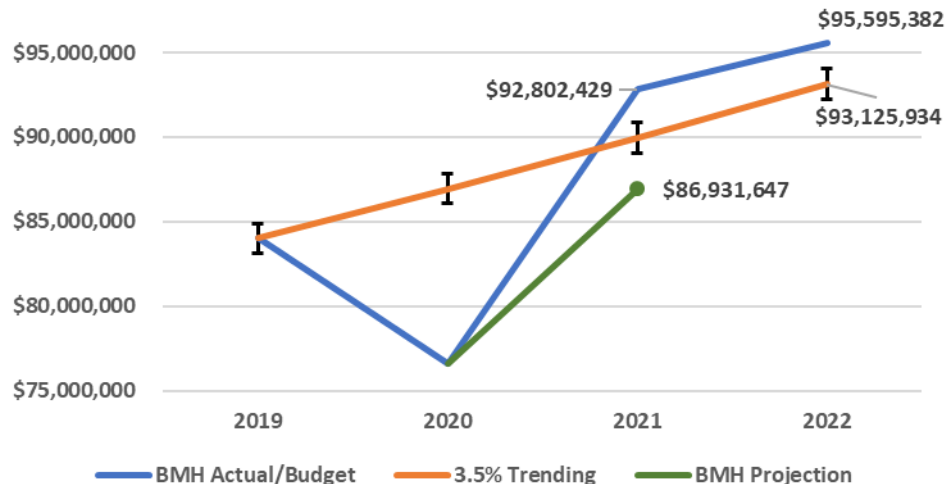
Change in Charges

Commercial	\$2,053,300
Medicaid	\$0
Medicare	\$0
Self-Pay/Other	\$152,632

Brattleboro's 3.0% request is under the 3.5% growth rate guidance.

5.10% Overall Charge Master Increase

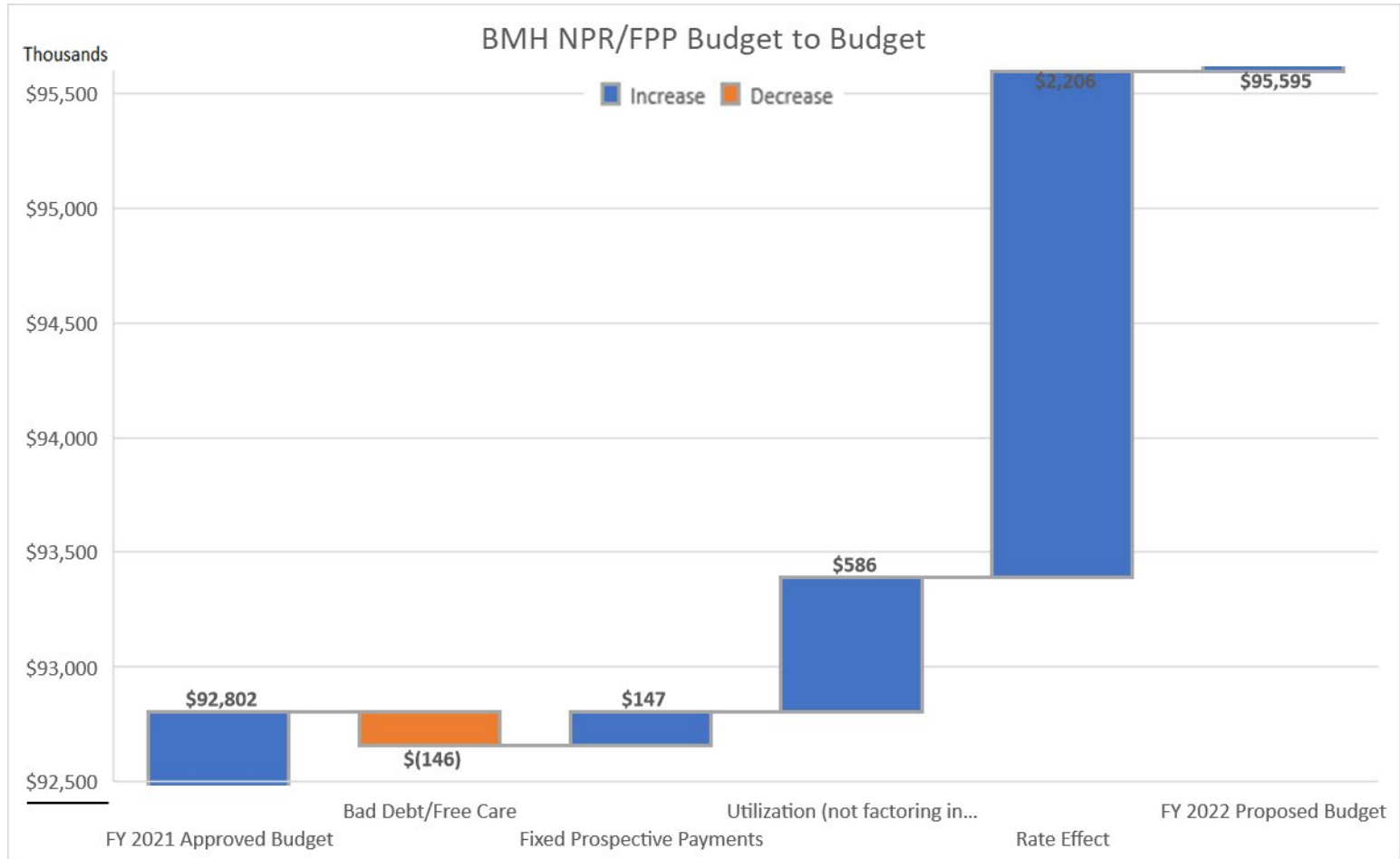
BMH Performance vs. 3.5% Trending



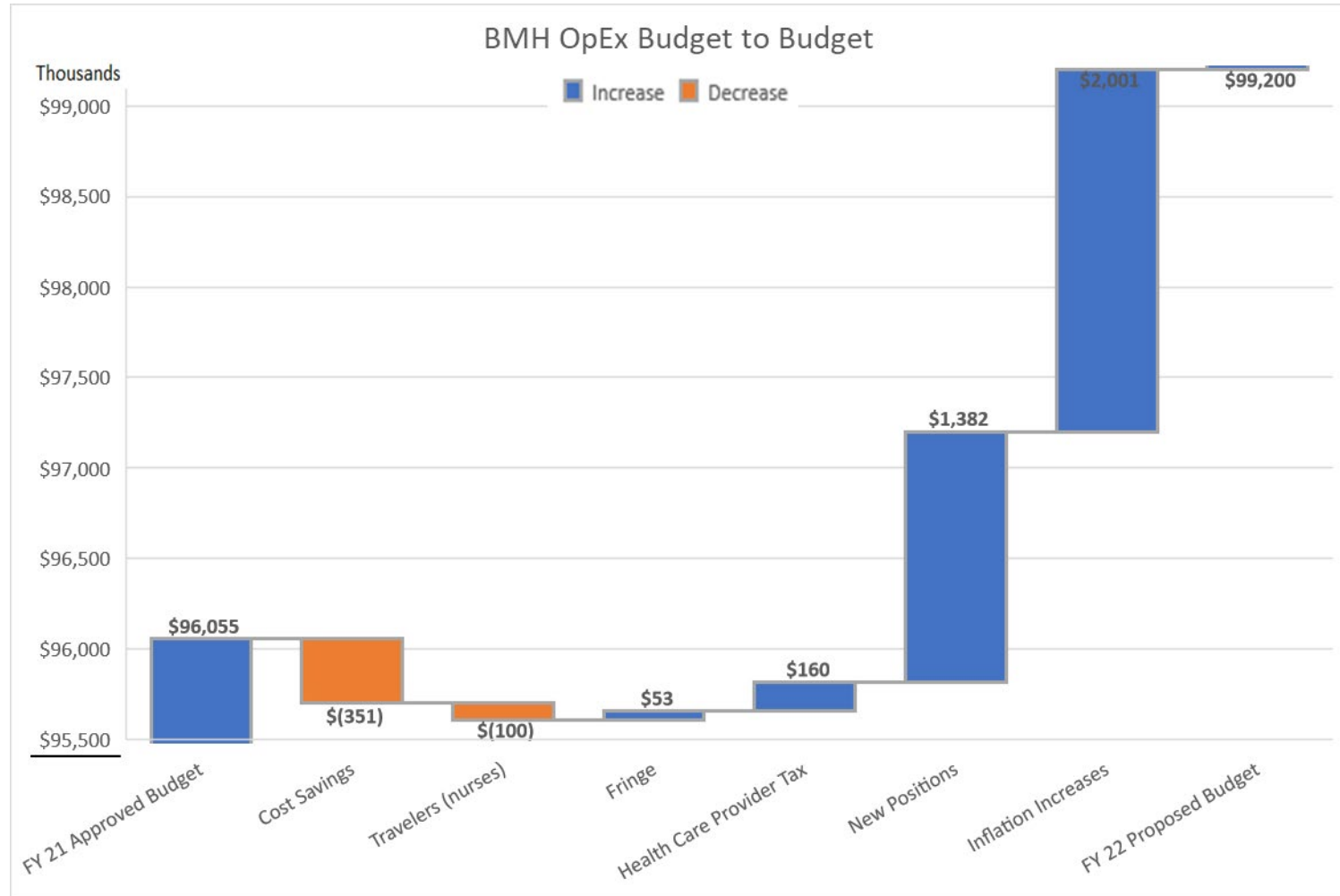
Hospital Justification:

- Volume increase after a slow start in FY21.
- Volume expected to return to FY19 levels.
- Successful recruitment efforts.
- “All-in” on payment reform efforts.
- Revenue Enhancement and Expense Reduction Plan.
 - Reduction of contract labor spend.

BMH NPR/FPP Drivers: FY2021B-FY2022B



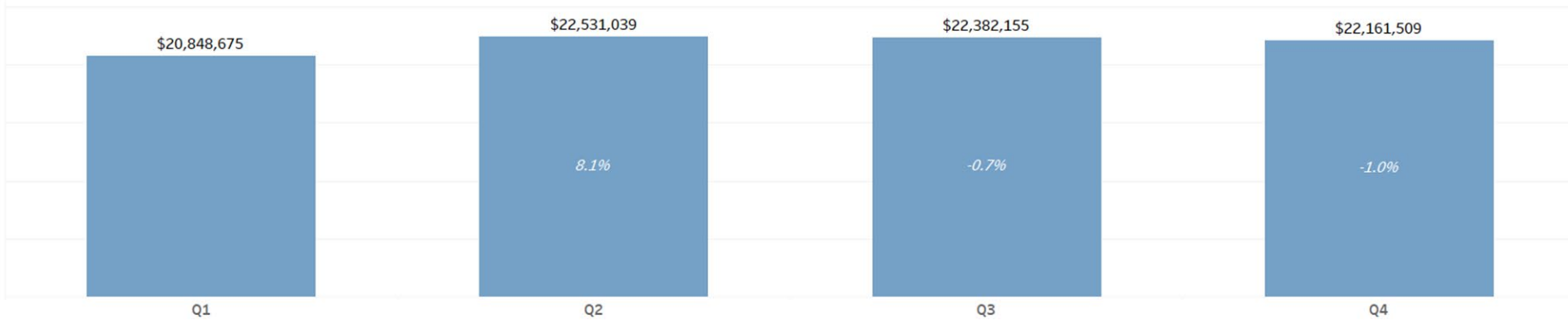
BMH Operating Expense Drivers: FY2021B-FY2022B



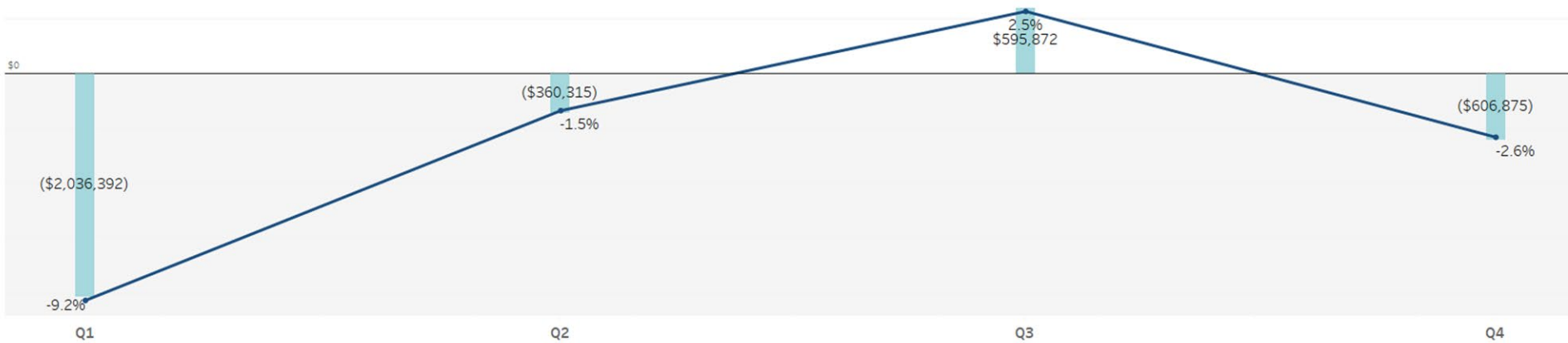
Brattleboro Memorial Hospital: FY2021 Operating Performance



Quarterly NPR/FPP and Growth (%)
Brattleboro Memorial Hospital

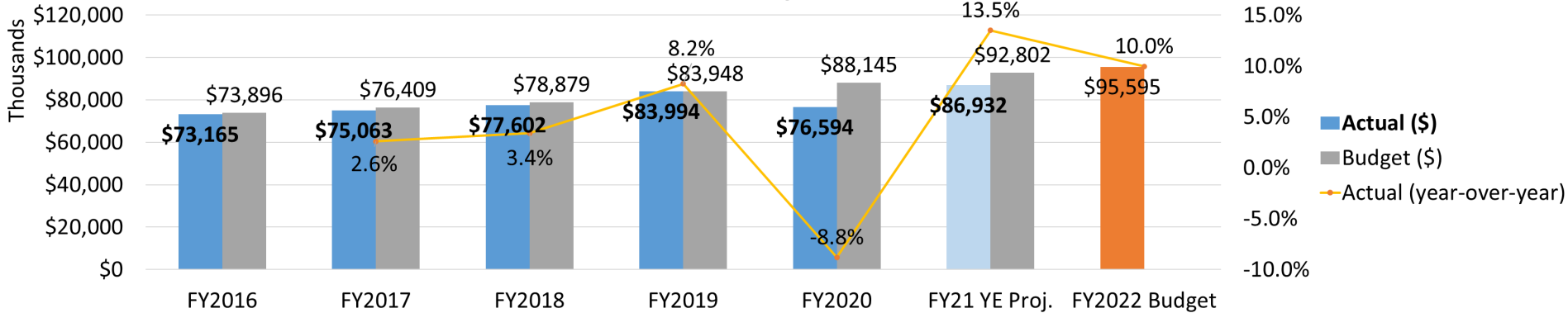


Operating Margin for Brattleboro Memorial Hospital

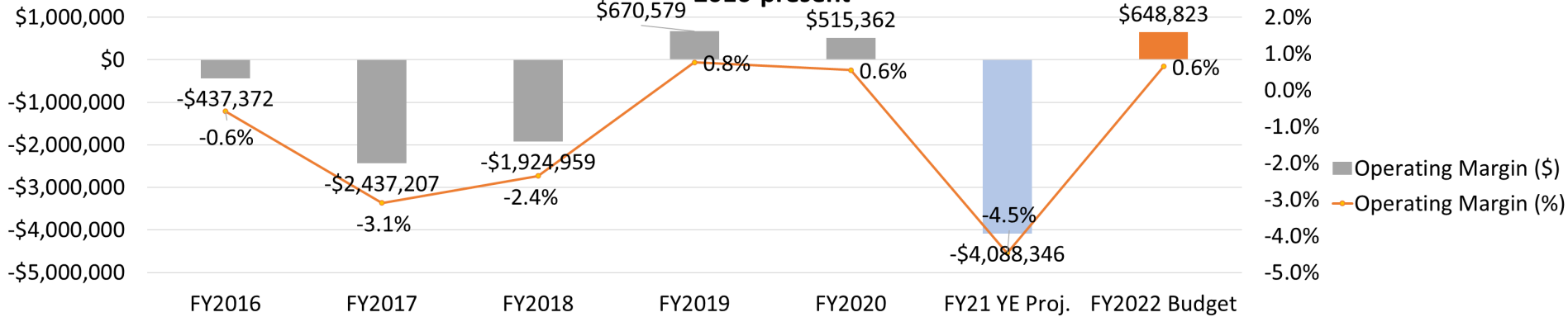


Brattleboro Memorial Hospital: Historical Operating Performance

**NPR/FPP
2016-present**



**Operating Margin
2016-present**

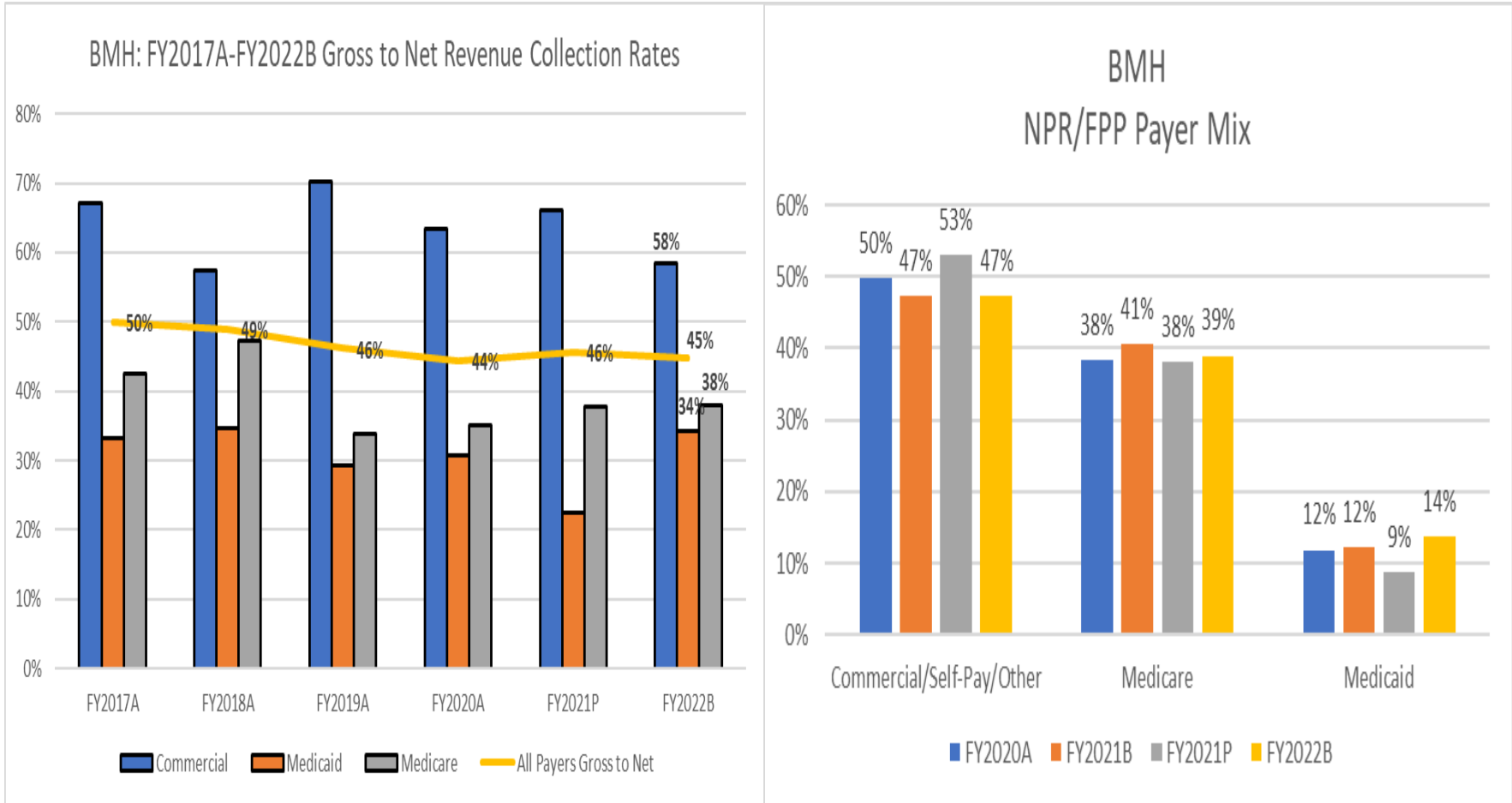


Brattleboro Memorial Hospital: Change in Charge



Request						
Overall Change in Charge %	5.10%					
NPR due to Change in Charge	\$2,205,932					
Value of 1% Change in Charge	\$435,036					
Service Category						
Hospital Inpatient Change in Gross	6.2%					
Hospital Outpatient Change in Gross Charges	5.8%					
Payer						
Commercial	\$2,053,300					
Medicaid	\$0					
Medicare	\$0					
Self-Pay/Other	\$152,632					
NPR/FPP & Change in Charge Increase						
FY22 Request (\$ change FY21B)	\$2,792,953					
Change in Charge (\$)	\$2,205,932					
	FY17	FY18	FY19	FY20	FY21	5-year average
Approved	3.5%	5.7%	3.9%	3.4%	4.9%	4.3%
Submitted	3.5%	8.9%	4.9%	3.4%	4.9%	5.1%

Brattleboro Memorial Hospital: NPR/FPP Payer Mix and Gross to Net Revenue (%)



Springfield Hospital (SPR)



NPR/FPP

FY21 Budget-to-Projection Variance	-10.6%
FY21 Budget (\$)	\$50,600,310
FY21 Projection (\$)	\$45,212,644
FY22 Request (\$)	\$54,568,589
FY22 Request (% change FY21B)	7.8%
FY22 Request (% change FY21P)	20.7%

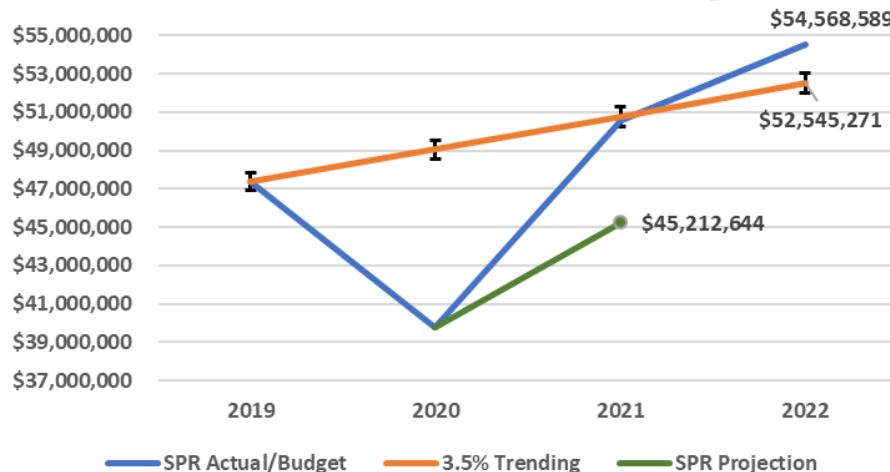
Springfield's 7.8% request is over the 3.5% growth rate guidance.

Change in Charges

Commercial	\$2,819,693
Medicaid	\$1,467,383
Medicare	\$1,721,438
Self-Pay/Other	\$95,190

8.30% Overall Charge Master Increase

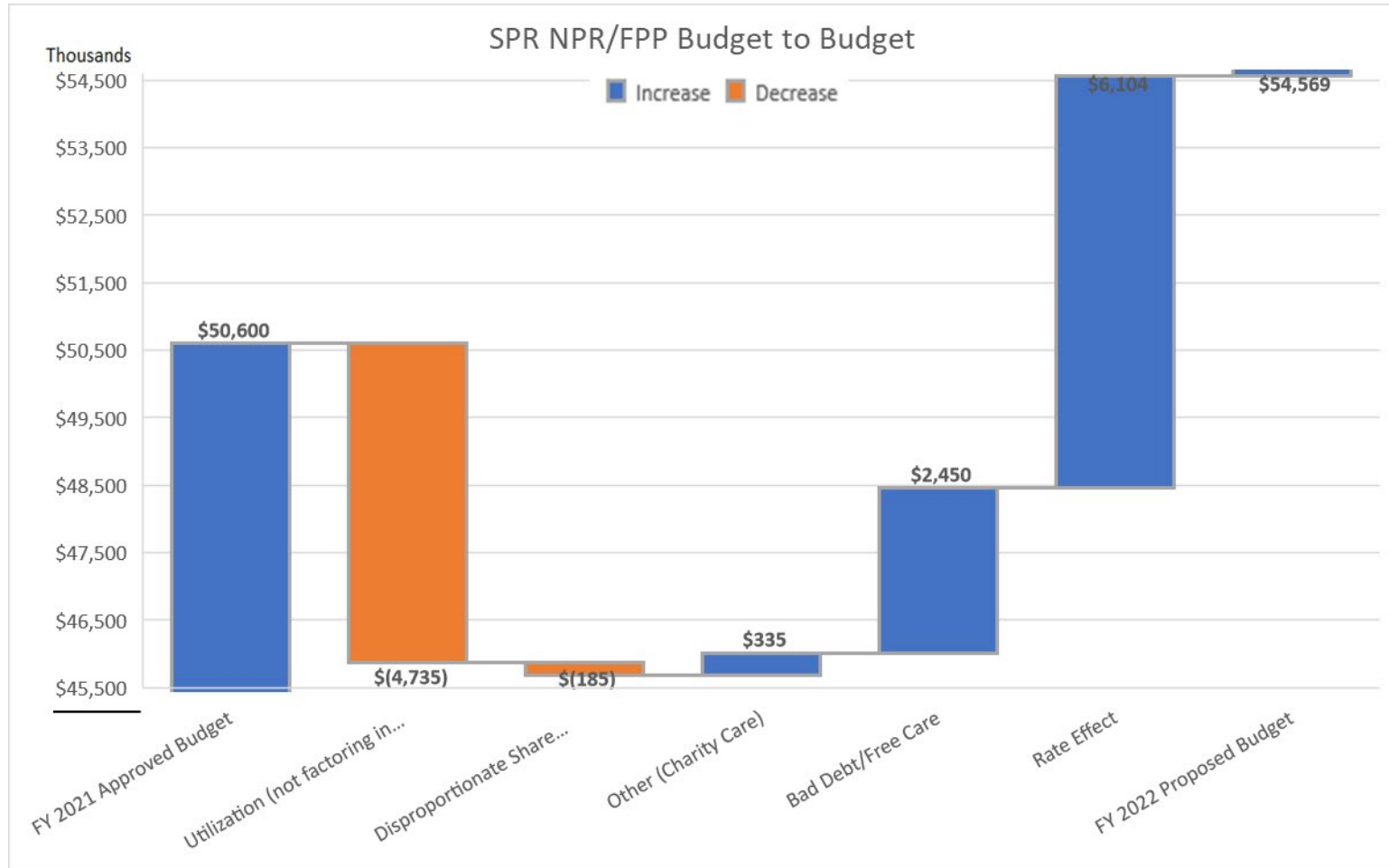
SPR Performance vs. 3.5% Trending



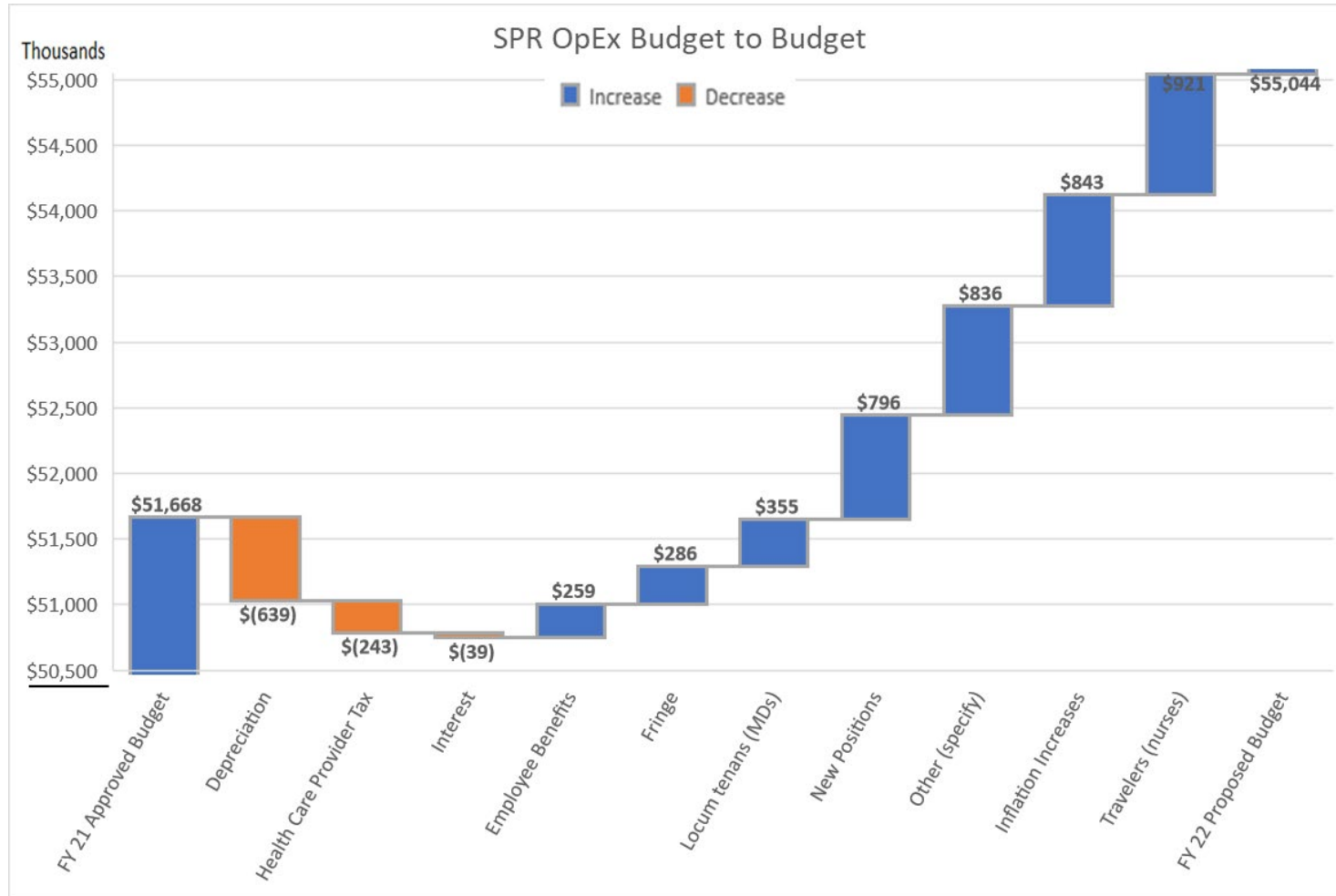
Hospital Justification

- NPR and rate increases are needed to continue the SPH's recovery
- Ensure operations remain sustainable in 2022,
- Continue to ensure access to essential community hospital services
- Rate request will prevent the exhaustion of cash instead of increasing cash
- Workforce volatility
- Allows SPH to fund high priority capital needs

SPR NPR/FPP Drivers: FY2021B-FY2022B

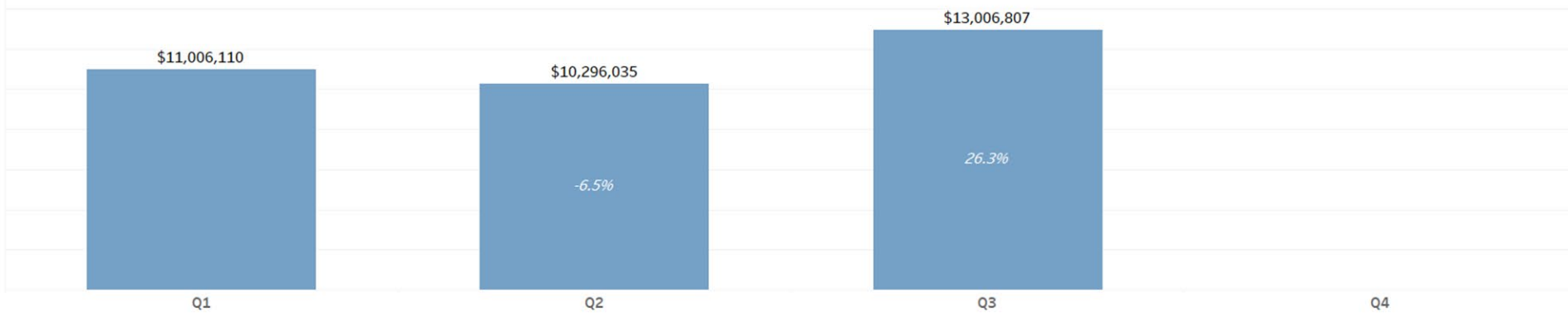


SPR Operating Expense Drivers: FY2021B-FY2022B

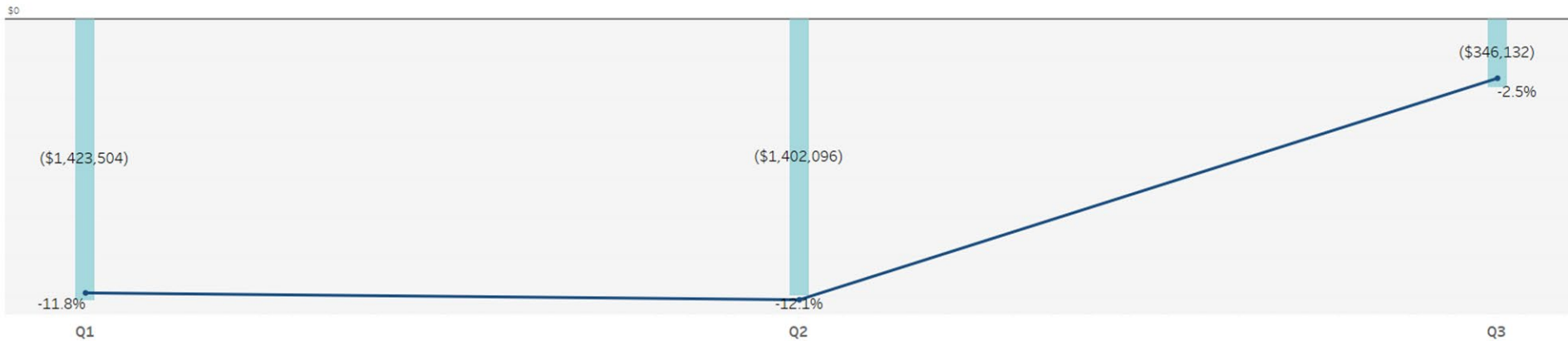


Springfield Hospital: FY2021 Operating Performance

Quarterly NPR/FPP and Growth (%)
Springfield Hospital

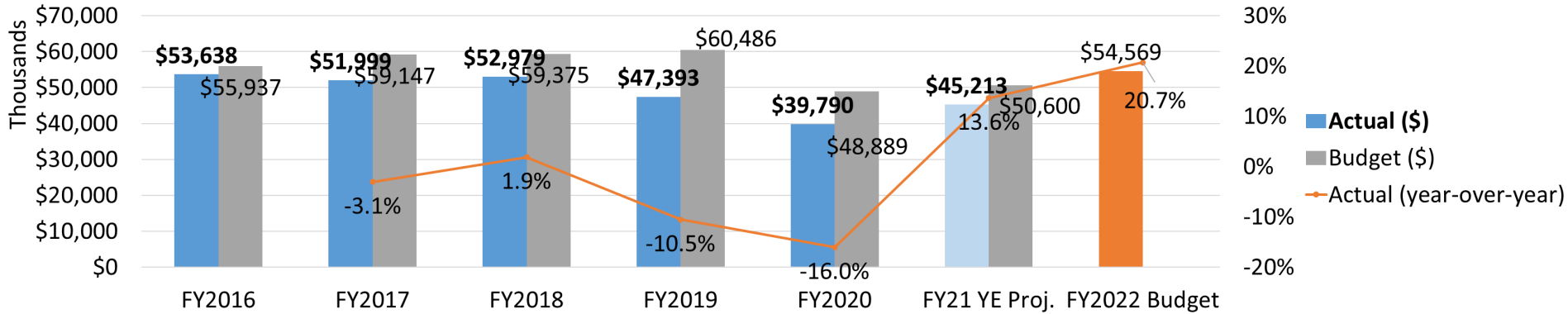


Operating Margin for Springfield Hospital

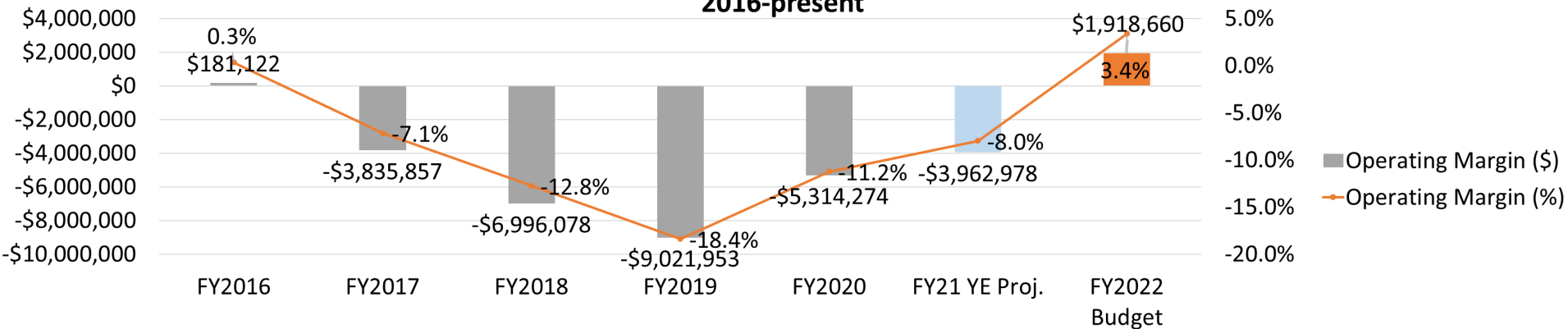


Springfield Hospital: Historical Operating Performance

**NPR/FPP
2016-present**



**Operating Margin
2016-present**

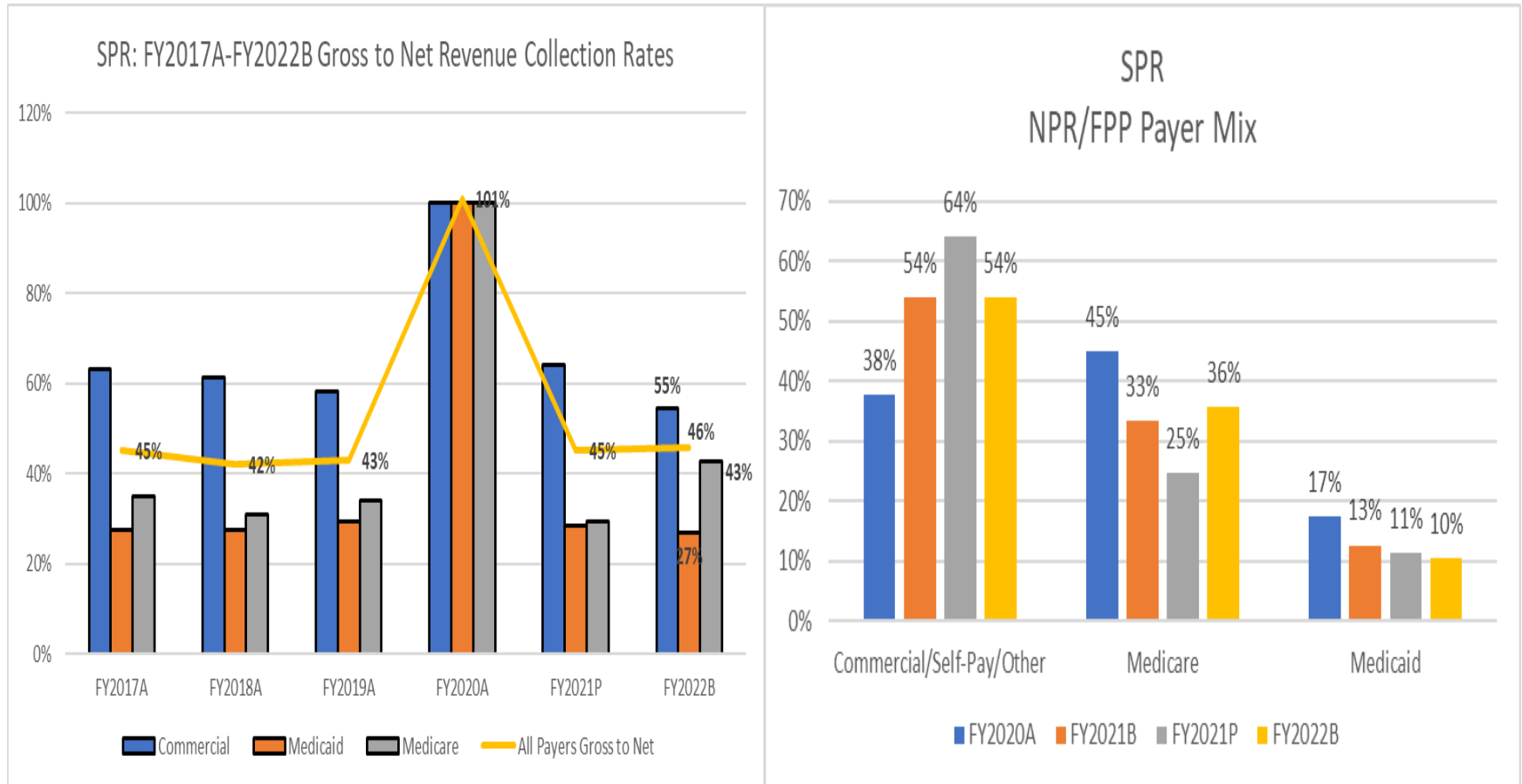


Springfield Hospital: Change in Charge



Request						
Overall Change in Charge %	8.30%					
NPR due to Change in Charge	\$6,103,704					
Value of 1% Change in Charge	\$512,676					
Service Category						
Hospital Inpatient Change in Gross	-2.2%					
Hospital Outpatient Change in Gross Charges	11.0%					
All Other Change in Gross Charges	0.0%					
Payer						
Commercial	\$2,819,693					
Medicaid	\$1,467,383					
Medicare	\$1,721,438					
Total Self-Pay/Other	\$95,190					
NPR/FPP & Change in Charge Increase						
FY22 Request (\$ change FY21B)	\$3,968,744					
Change in Charge (\$)	\$6,103,704					
	FY17	FY18	FY19	FY20	FY21	5-year average
Approved	0.0%	6.5%	10.0%	0.0%	4.0%	4.1%
Submitted	0.0%	6.5%	10.0%	0.0%	4.0%	4.1%

Springfield Hospital: NPR/FPP Payer Mix and Gross to Net Revenue (%)



NOTE: GMCB recognizes the inaccuracy of Springfield's FY2020 reporting. Springfield has not completed the full entry of FY2020 audited financial information.

Provider Transfer Requests

Copley Hospital
Central Vermont Medical Hospital
University of Vermont Medical Center

Hospitals requesting adjustments for provider transfers.

Copley Hospital (COP)



NPR/FPP

FY21 Budget-to-Projection Variance	5.5%
FY21 Budget (\$)	\$76,189,789
FY21 Projection (\$)	\$80,381,902
FY22 Request (\$)	\$86,390,520
FY22 Request (% change FY21B)	13.4%
FY22 Request (% change FY21P)	7.5%

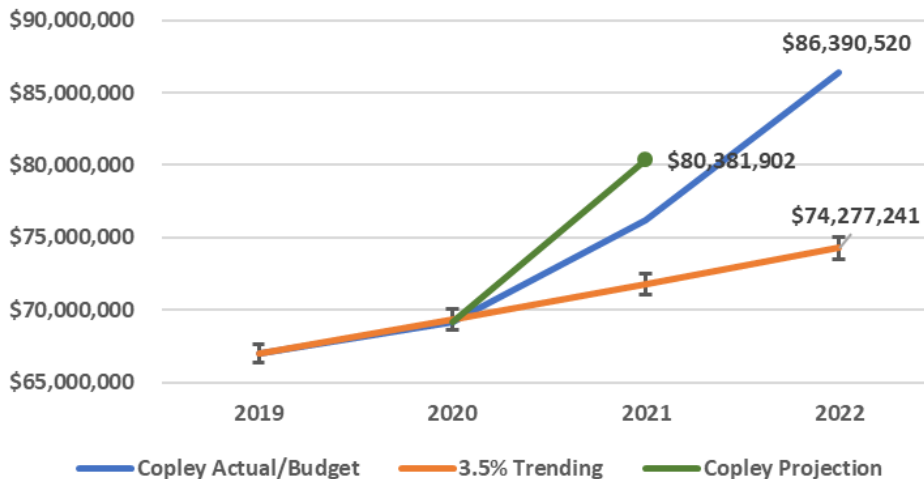
Copley's 13.4% request is over the 3.5% growth rate guidance.

Change in Charges

Commercial	\$1,937,636
Medicaid	\$0
Medicare	\$1,643,761
Self-Pay/Other	\$90,000

5.00% Overall Charge Master Increase

Copley Performance vs. 3.5% Trending



Hospital Justification:

- Need for reasonable margin to rebuild cash reserves and make overdue infrastructure improvements.
- Inflationary and staffing pressure.
- Shift to Medicare due to aging population.
- Added Neurology and Podiatry.
- Increased FTEs by 24 and pay increase of 4%.
- Adding participating in Commercial ACO plan.
- Volume resurgence comparable to 2019.
- Continued healthcare coordination with community partners.

Copley Hospital: Provider Transfer

Provider Transfers

Copley is requesting an NPR/FPP adjustment for one provider transfer:

Name of Acquisition or Transfer	NPR/FPP	Expenses	Net Profit/Loss	Effective Date	Adjustment to NPR/FPP
Multi Specialty Clinic	\$314,197	\$501,590	-\$187,393	4/01/2021	-0.47%

Copley Hospital: Provider Transfer



Copley has hired an independent Neurologist, on April 1, 2021

FY21 Impact	
Gross Patient Care Revenue	\$856,816
Deductions from Revenue	\$542,619
Net Patient Revenue	\$314,197
Provider Salaries	
Provider Fringe Benefits	
Staff Wages & Benefits	\$372,008
Malpractice	\$12,522
Depreciation/Amortization	
Rent	
Billing Service	
Medical/Surgical Supplies	\$3,489
Other Costs	\$113,571
Operating Expense	\$501,590
Net Operating Income/Loss	-\$187,393

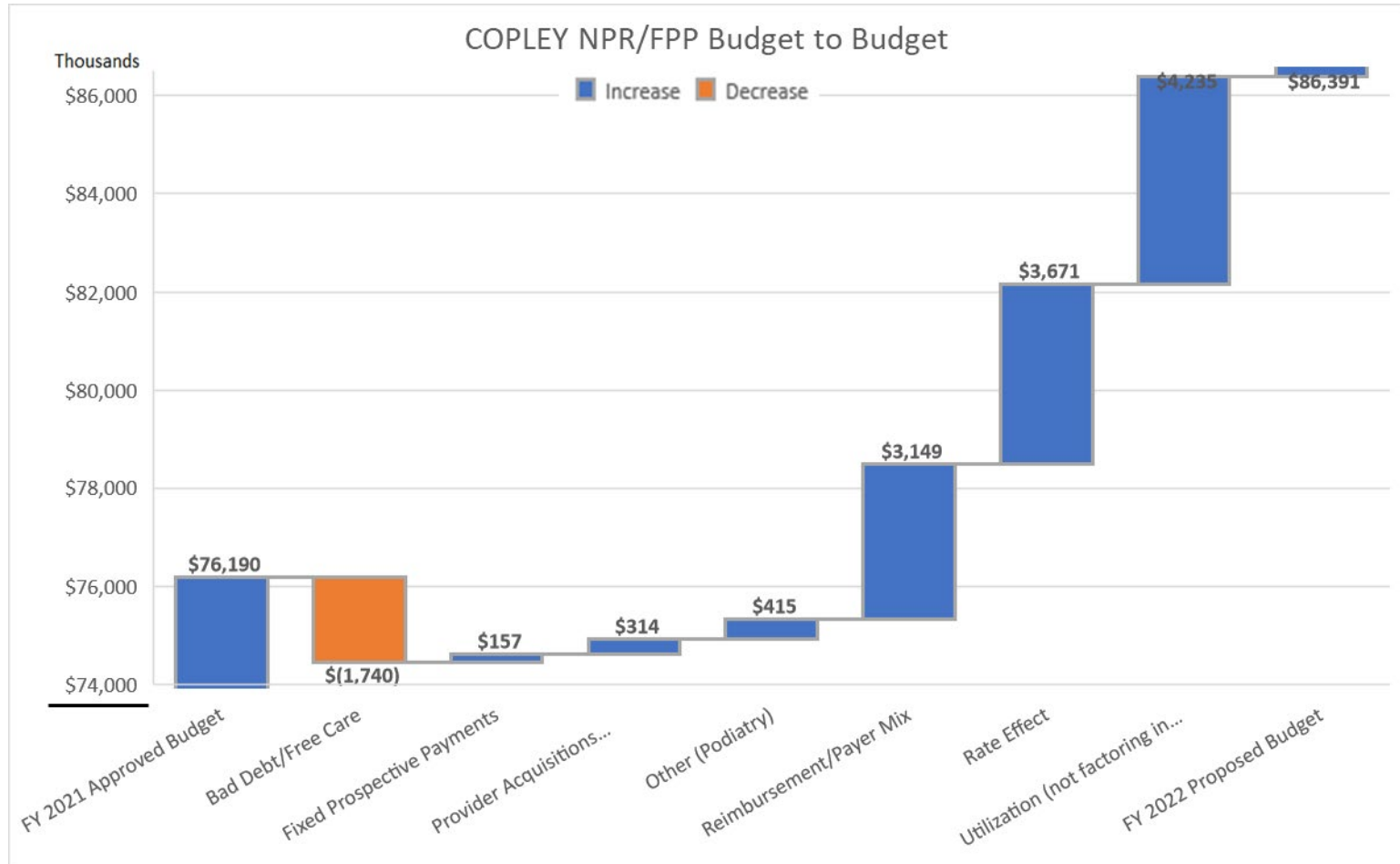
Jeanmarie Prunty, MD, Neurologist joins Copley Hospital from Community Health Services of Lamoille Valley so she can continue to serve her patients close to home. She was previously employed by Copley from 1991 to 2005.

FTEs and units of service:

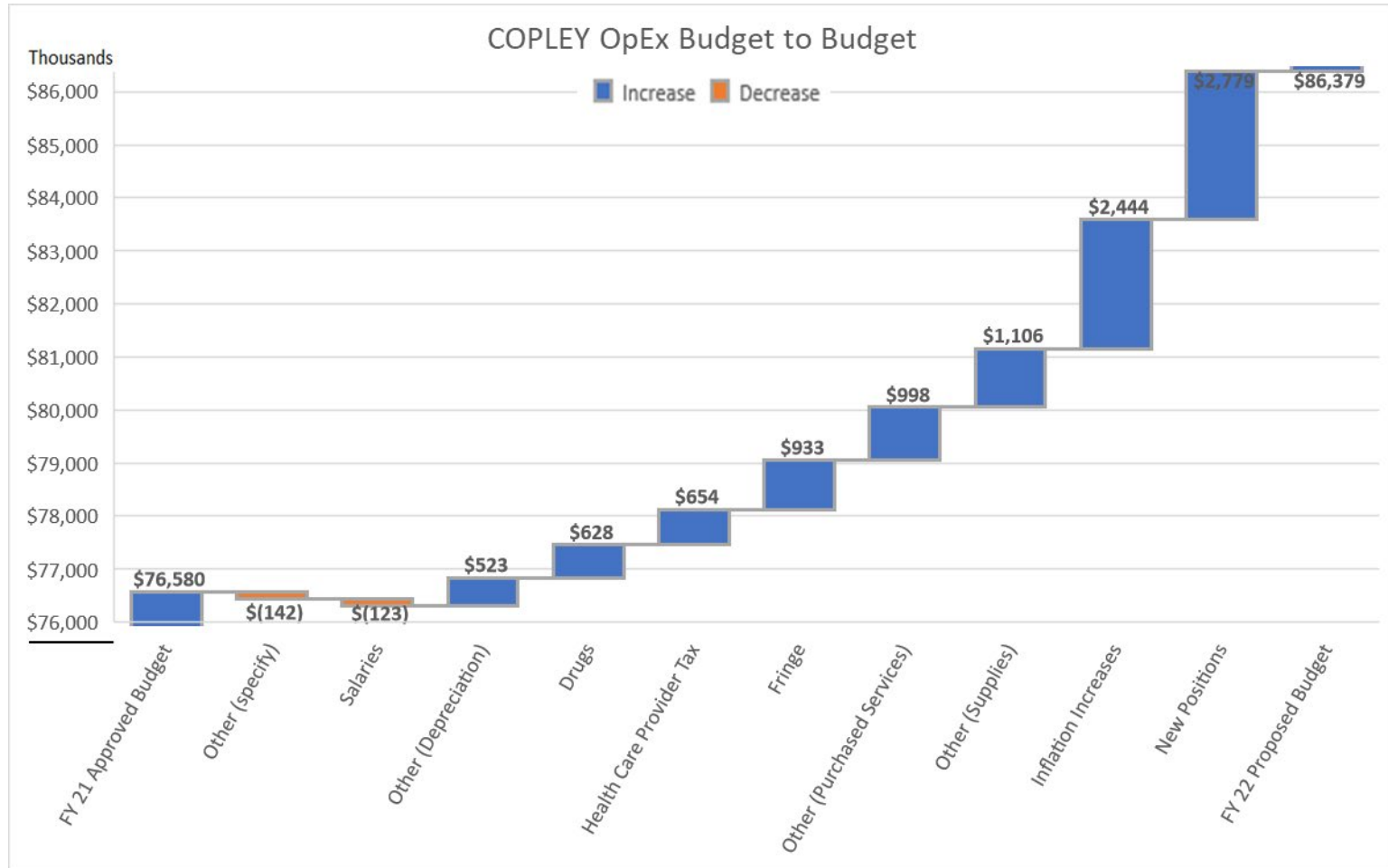
- 1 Provider FTE
- 1 non-provider FTEs

GMCB staff recommend acknowledgement by Board

COP NPR/FPP Drivers: FY2021B-FY2022B

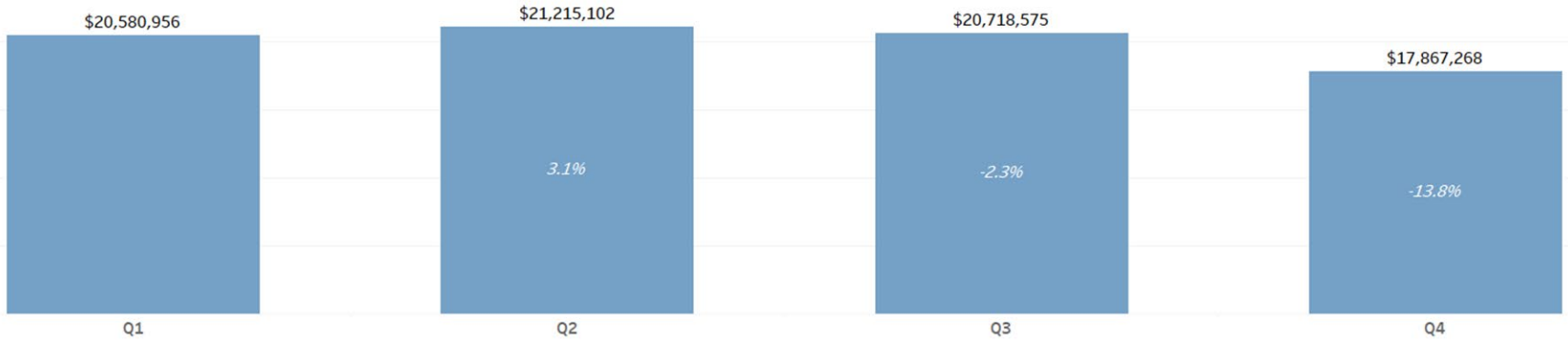


COP Operating Expense Drivers: FY2021B-FY2022B

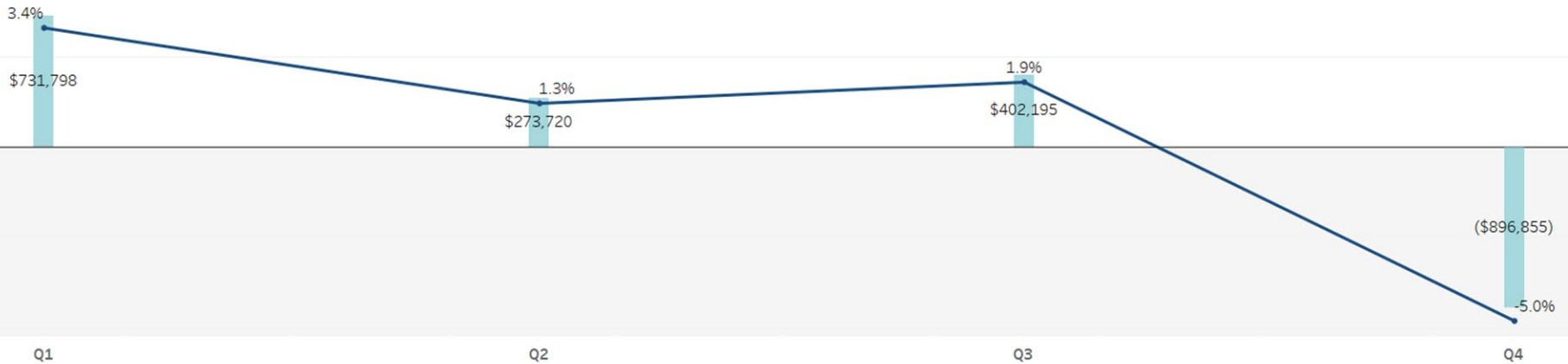


Copley Hospital: FY2021 Operating Performance

Quarterly NPR/FPP and Growth (%)
Copley Hospital

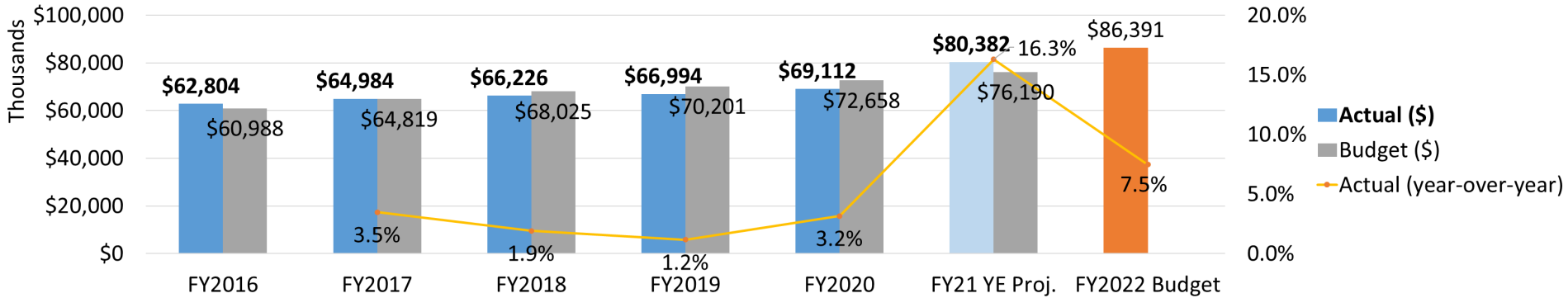


Operating Margin for Copley Hospital

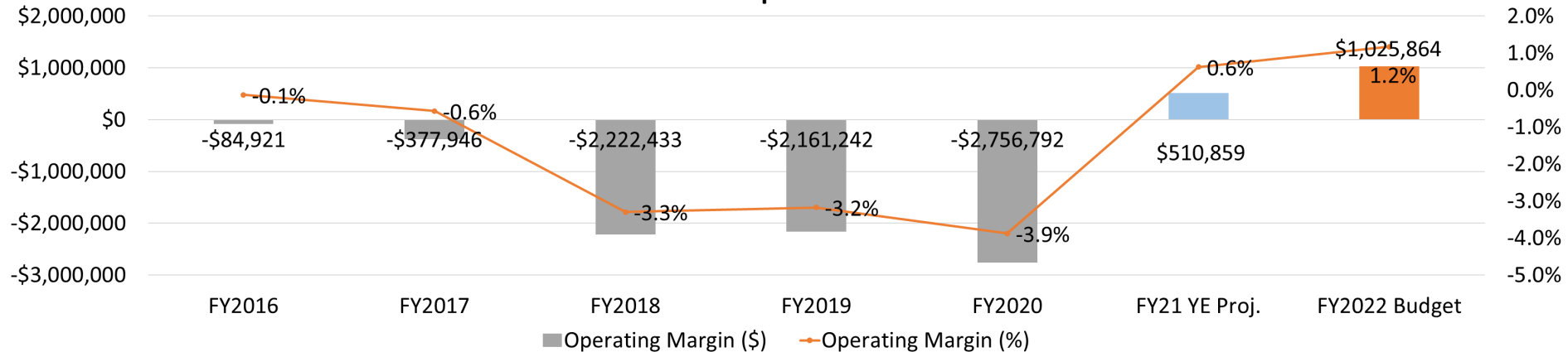


Copley Hospital: Historical Operating Performance

**NPR/FPP
2016-present**



**Operating Margin
2016-present**

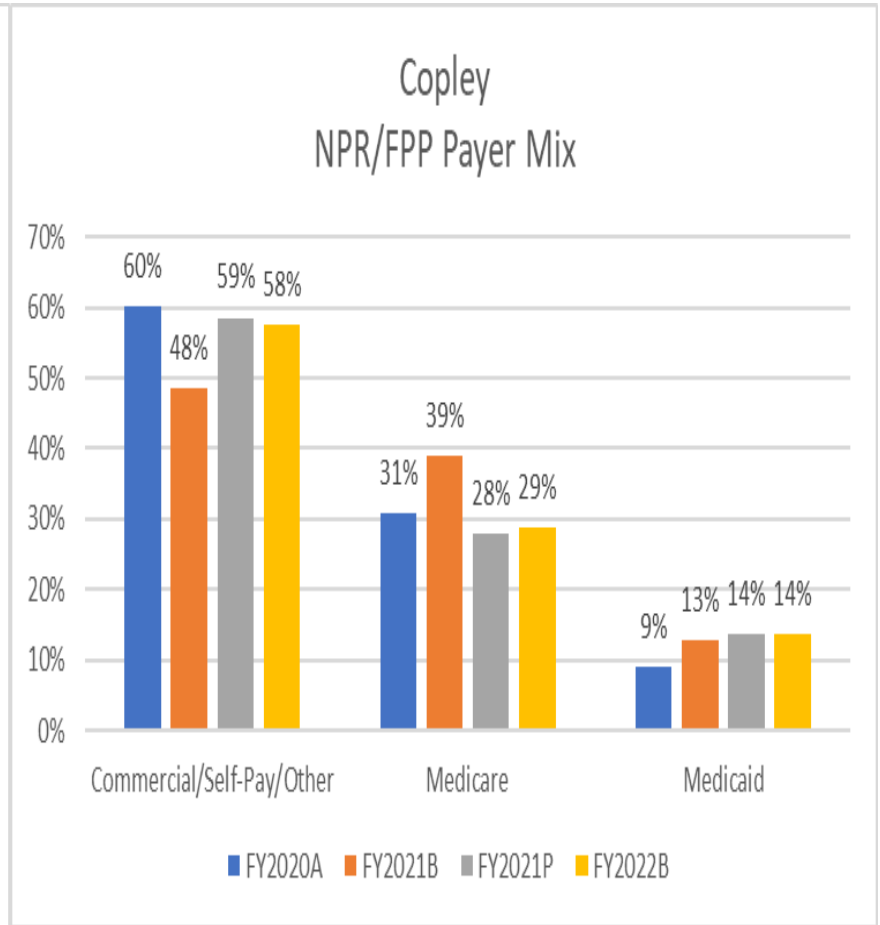
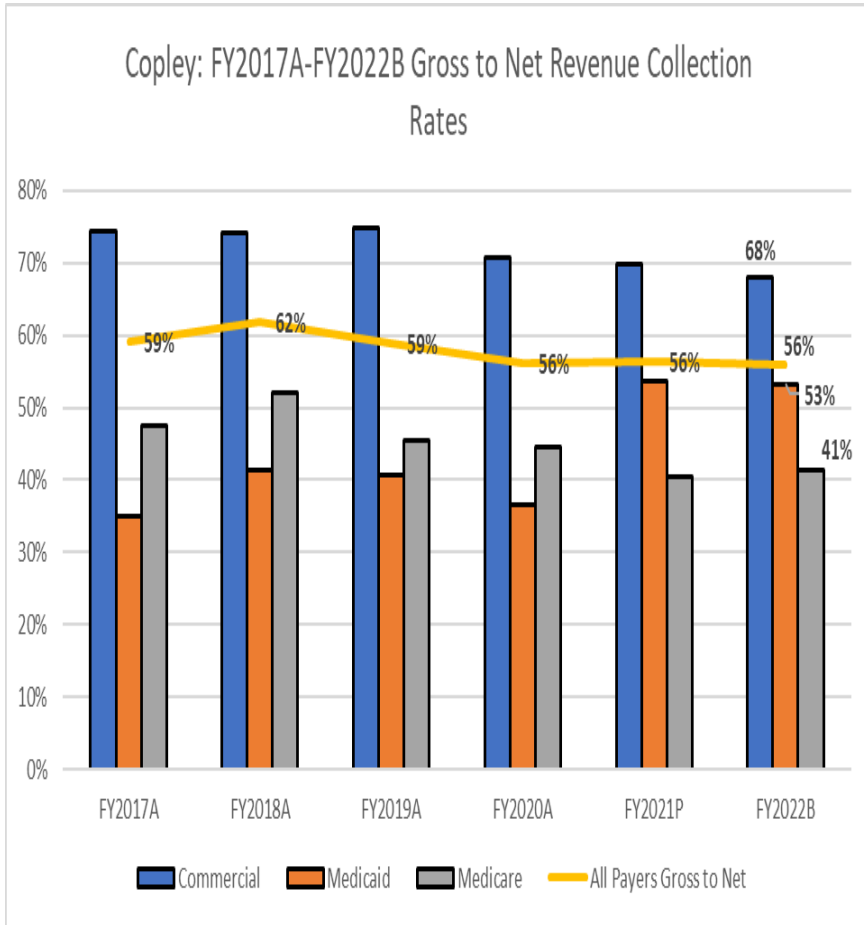


Copley Hospital: Change in Charge



Request						
Overall Change in Charge %						5.00%
NPR due to Change in Charge						\$3,671,397
Value of 1% Change in Charge						\$734,279
Service Category						
Hospital Inpatient Change in Gross						5.00%
Hospital Outpatient Change in Gross Charges						5.00%
Professional Services Change in Gross Charges						5.00%
Payer						
Commercial						\$1,937,636
Medicaid						\$0
Medicare						\$1,643,761
Self Pay/Other						\$90,000
NPR/FPP & Change in Charge Increase						
FY22 Request (\$ change FY21B)						\$10,200,734
Change in Charge (\$)						\$3,671,397
	FY17	FY18	FY19	FY20	FY21	5-year average
Approved	-3.7%	-3.4%	4.5%	9.8%	6.0%	2.6%
Submitted	0.0%	0.0%	7.9%	9.8%	8.0%	5.1%

Copley Hospital: NPR/FPP Payer Mix and Gross to Net Revenue (%)

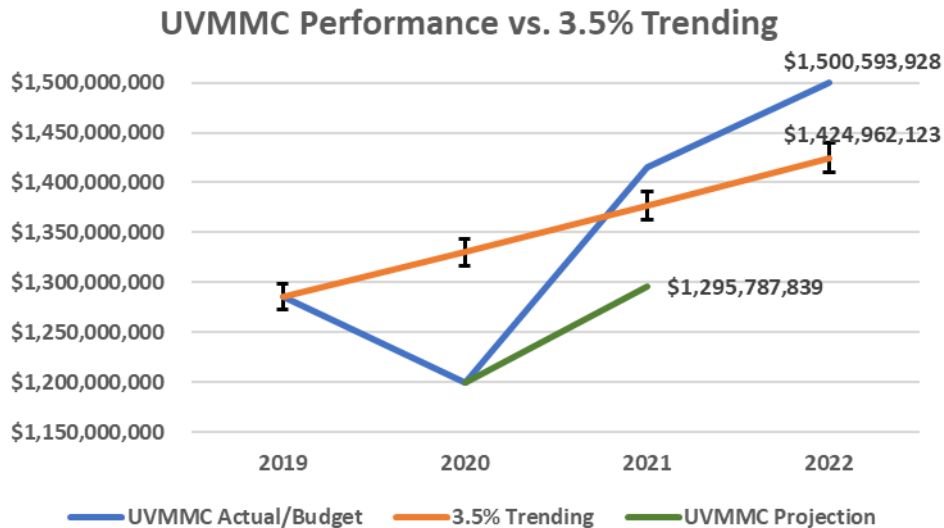


University of Vermont Medical Center (UVMMMC)



NPR/FPP	
FY21 Budget-to-Projection Variance	-8.5%
FY21 Budget (\$)	\$1,415,656,433
FY21 Projection (\$)	\$1,295,787,839
FY22 Request (\$)	\$1,500,593,928
FY22 Request (% change FY21B)	6.0%
FY22 Request (% change FY21P)	15.8%
UVMMMC's 6.0% request is over the 3.5% growth rate guidance.	

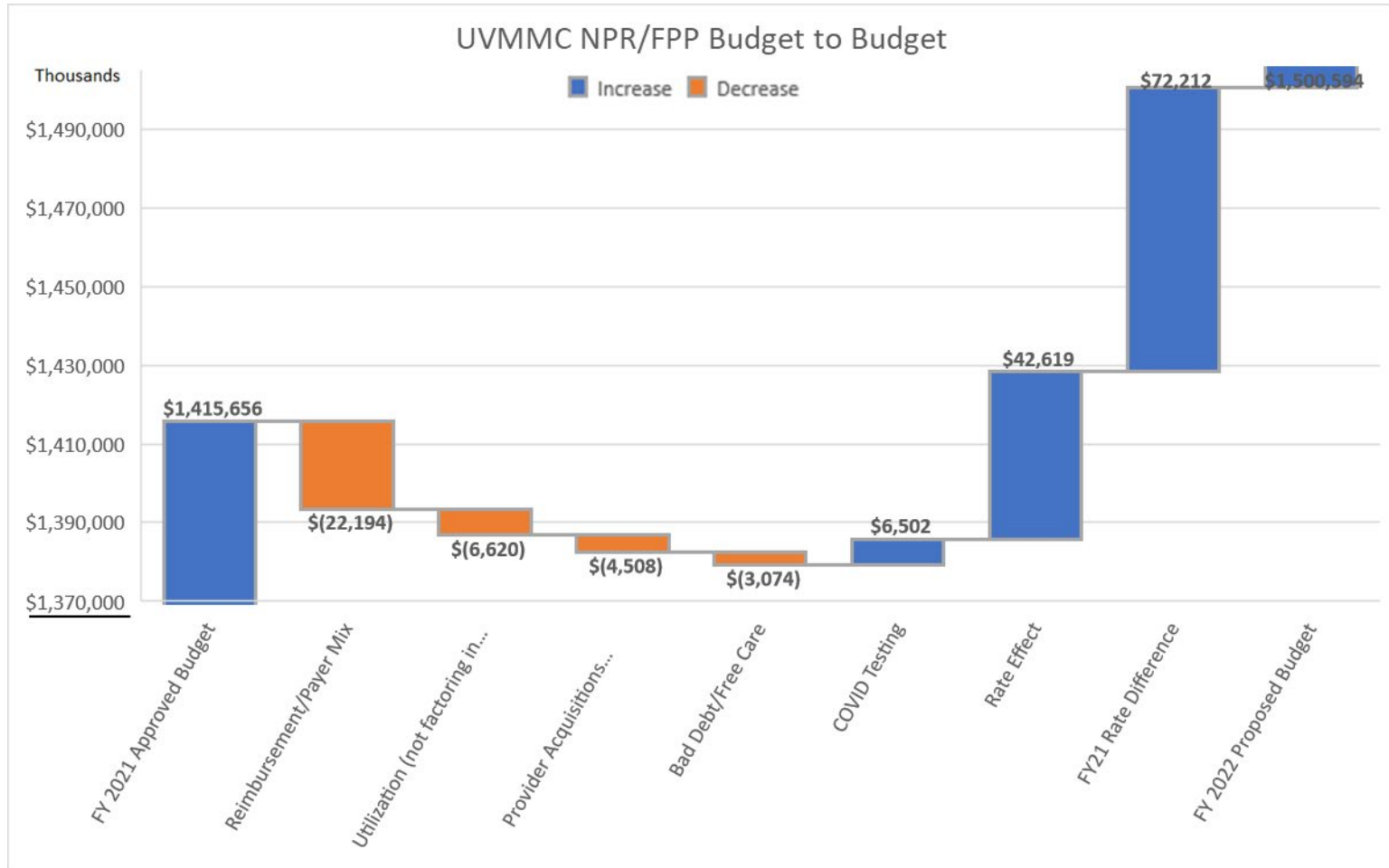
Change in Charges	
Commercial	\$39,519,903
Medicaid	\$(321)
Medicare	\$4,221,551
Self-Pay/Other	\$(1,122,548)
7.05% Overall Charge Master Increase	



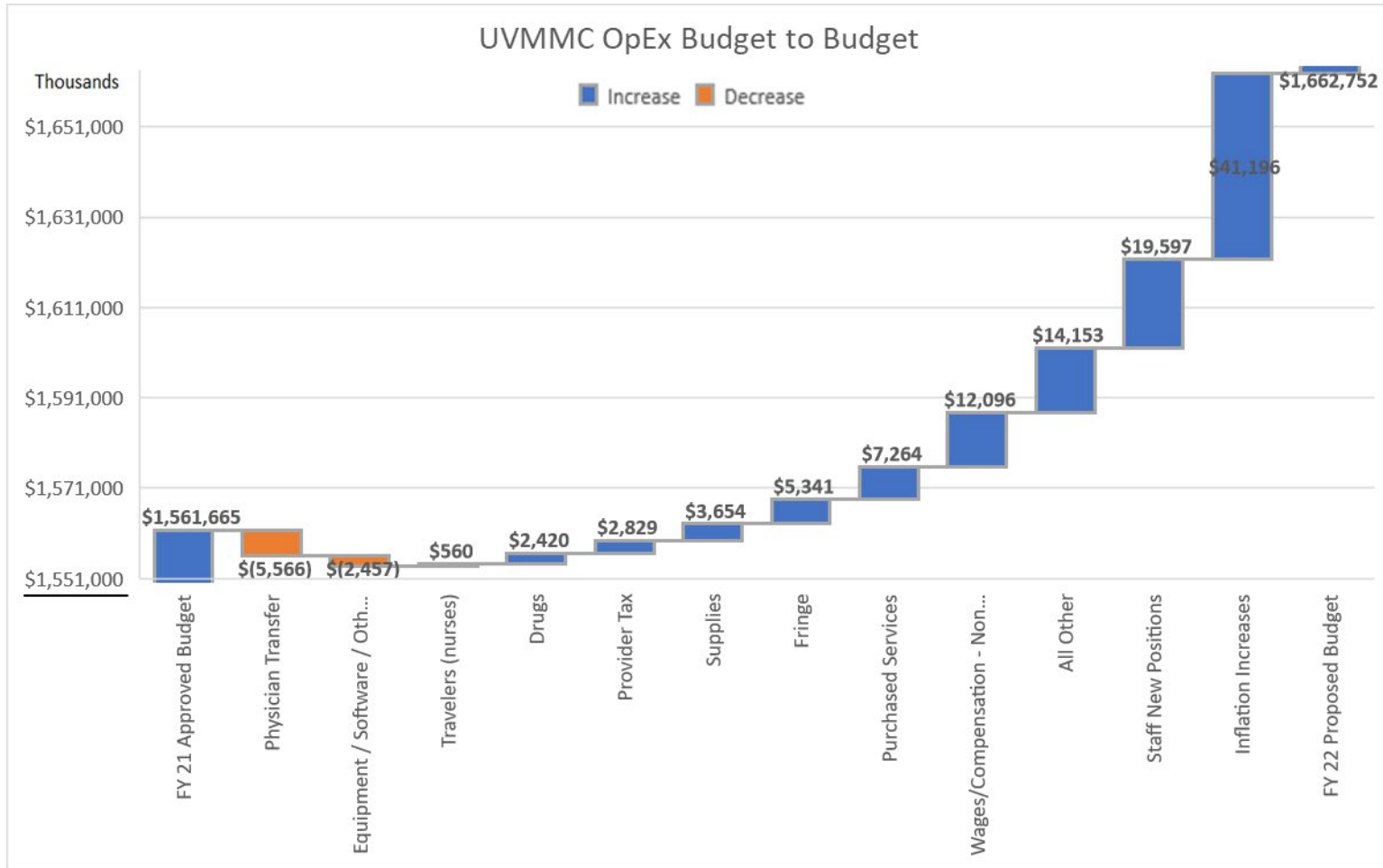
Hospital Justification:

- Volume surge, higher acuity of patients, & capacity.
- Staffing & capital investments to improve patient access.
- Inflationary pressures.
- Demographic changes and challenges.
- Sustainable and affordable.
- Stressed margins.
- 7.05% Rate for incremental inflation only.

UVMHC NPR/FPP Drivers: FY2021B-FY2022B



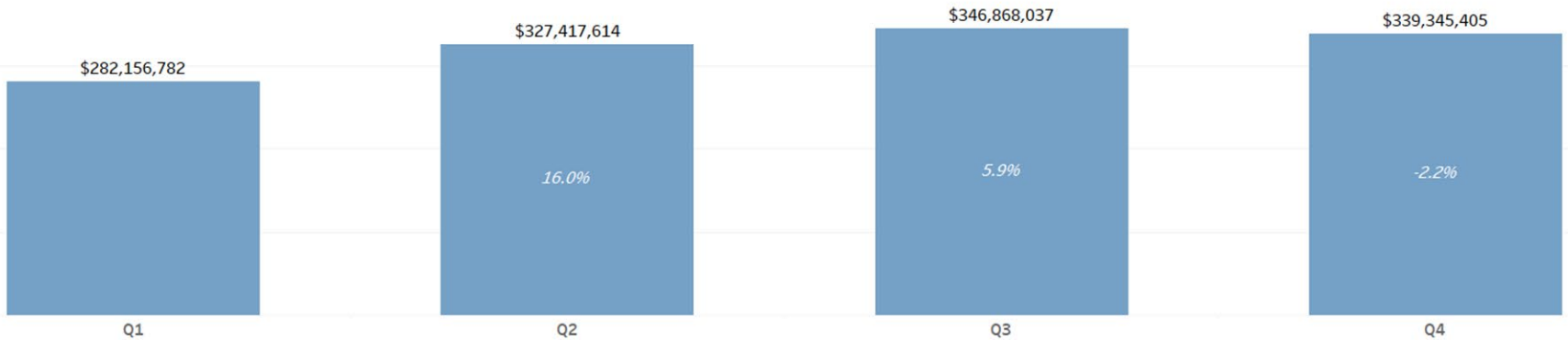
UVMHC Operating Expense Drivers: FY2021B-FY2022B



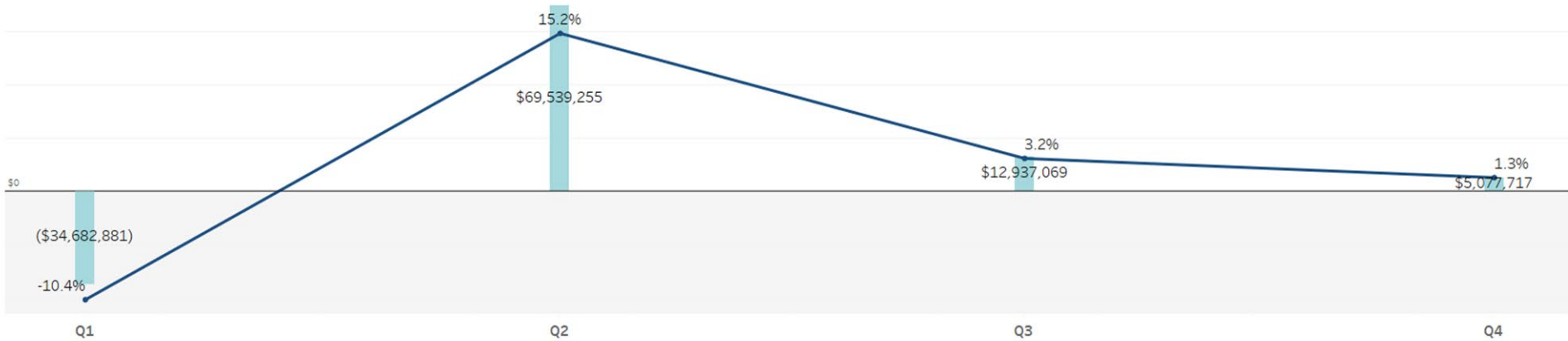
University of Vermont Medical Center: FY2021 Operating Performance



Quarterly NPR/FPP and Growth (%)
University of Vermont Medical Center



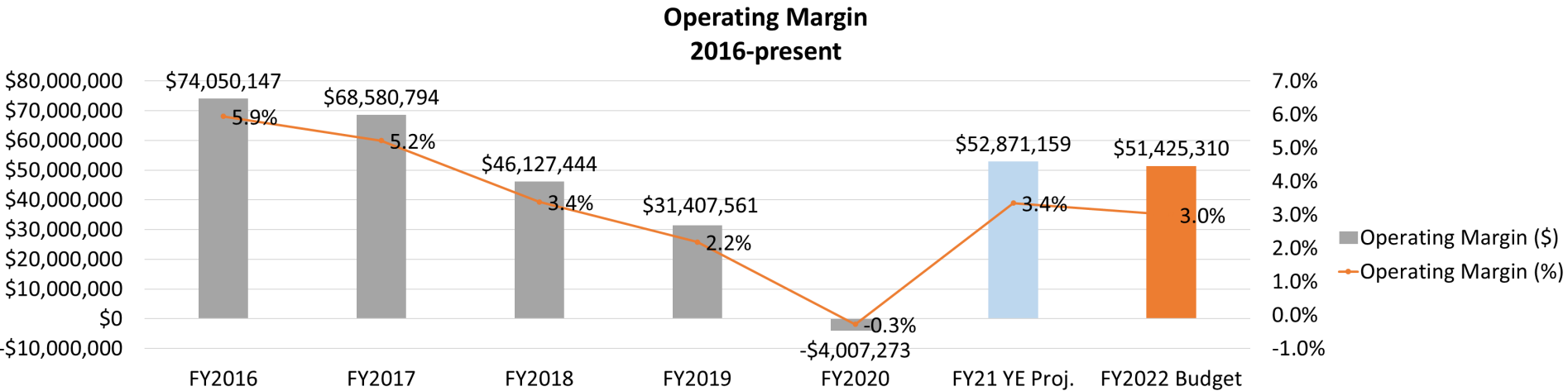
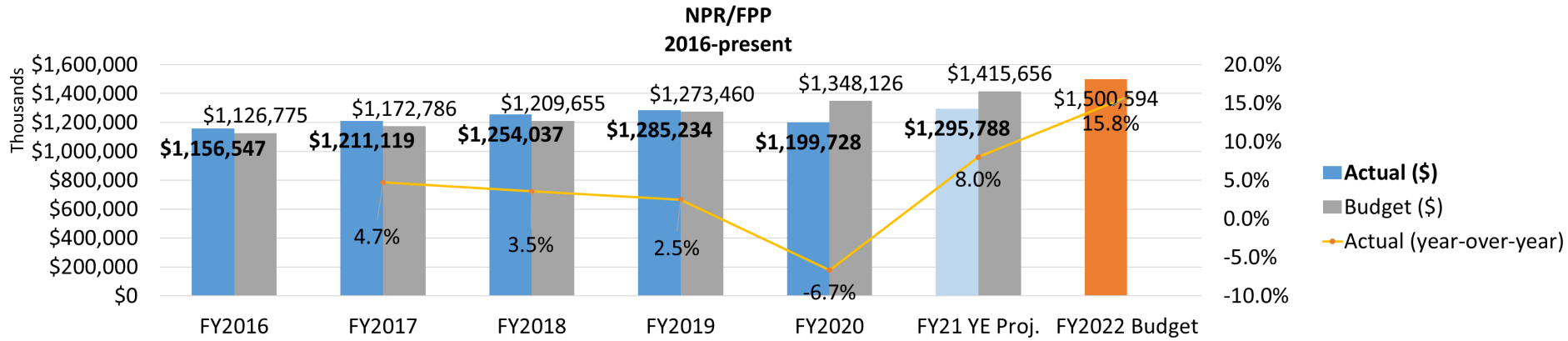
Operating Margin for University of Vermont Medical Center



Service	NPR/FPP	Expenses	Net Profit/Loss	Effective Date	Adjustment to NPR/FPP
ENT	\$ (827,403)	\$ (985,840)	\$ 158,437	09/18/2020	
Family Medicine	\$ (2,558,804)	\$ (3,379,783)	\$ 820,979	09/18/2020	
General Surgery	\$ (1,121,825)	\$ (1,199,928)	\$ 78,103	09/18/2020	
	\$ (4,508,032)	\$ (5,565,551)	\$ 1,057,519		0.34%

[Link to May 19th Board Meeting Presentation](#)

University of Vermont Medical Center: Historical Operating Performance

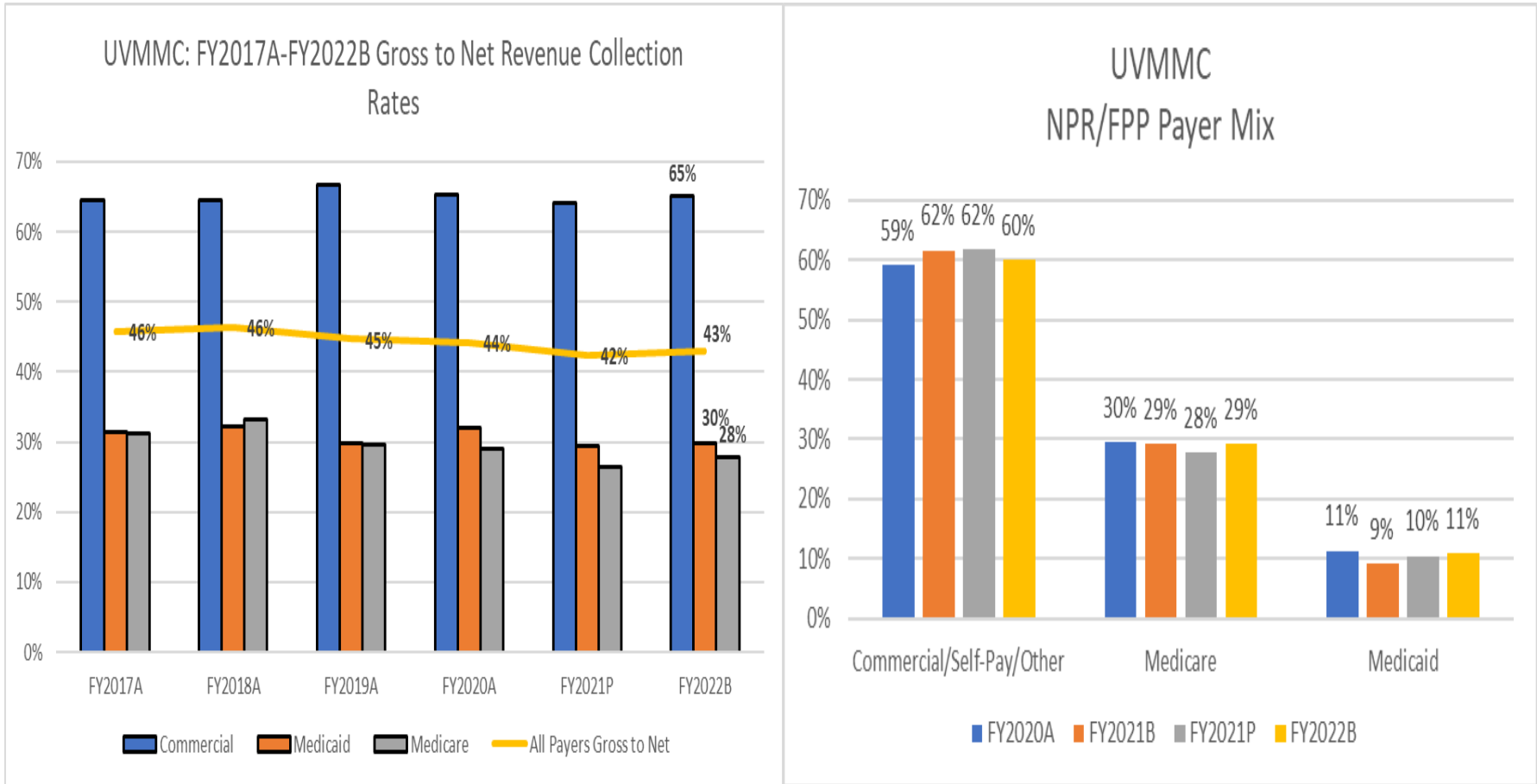


University of Vermont Medical Center: Change in Charge



Request						
Overall Change in Charge %	7.05%					
NPR due to Change in Charge	\$42,618,585					
Value of 1% Change in Charge Commercial	\$5,605,660					
Value of 1% Change in Charge Medicare	\$3,508,659					
Value of 1% Change in Charge Medicaid	\$784,762					
Hospital Outpatient Change in Gross Charges	7.05%					
Professional Services Change in Gross Charges	7.05%					
Payer						
Commercial	\$39,519,903					
Medicaid	-\$321					
Medicare	\$4,211,251					
Total Self-Pay/Other	-\$1,122,548					
NPR/FPP & Change in Charge Increase						
FY22 Request (\$ change FY21B)	\$84,937,495					
Change in Charge (\$)	\$42,618,585					
	FY17	FY18	FY19	FY20	FY21	5-year average
Approved Overall	0.0%	0.0%	2.5%	3.0%	6.0%	2.3%
Submitted Overall	0.0%	0.0%	3.0%	3.0%	8.0%	2.8%
Approved Commercial	2.5%	0.7%	2.5%	3.5%	6.0%	3.0%
Submitted Commercial	3.0%	0.7%	4.0%	4.0%	8.0%	3.9%

University of Vermont Medical Center: NPR/FPP Payer Mix and Gross to Net Revenue (%)



Porter Medical Center (PMC)

NPR/FPP

FY21 Budget-to-Projection Variance	-4.0%
FY21 Budget (\$)	\$89,810,557
FY21 Projection (\$)	\$86,218,427
<hr/>	
FY22 Request (\$)	\$94,168,035
FY22 Request (% change FY21B)	4.9%
FY22 Request (% change FY21P)	9.2%

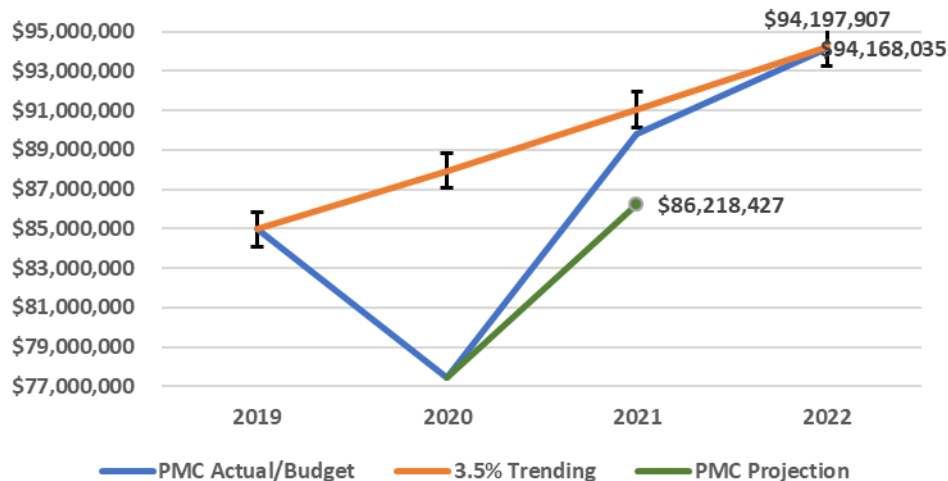
PMC's 4.9% request is over the 3.5% growth rate guidance.

Change in Charges

Commercial	\$1,884,054
Medicaid	\$0
Medicare	\$711,756
Self-Pay/Other	\$(10,579)

5.86% Overall Charge Master Increase

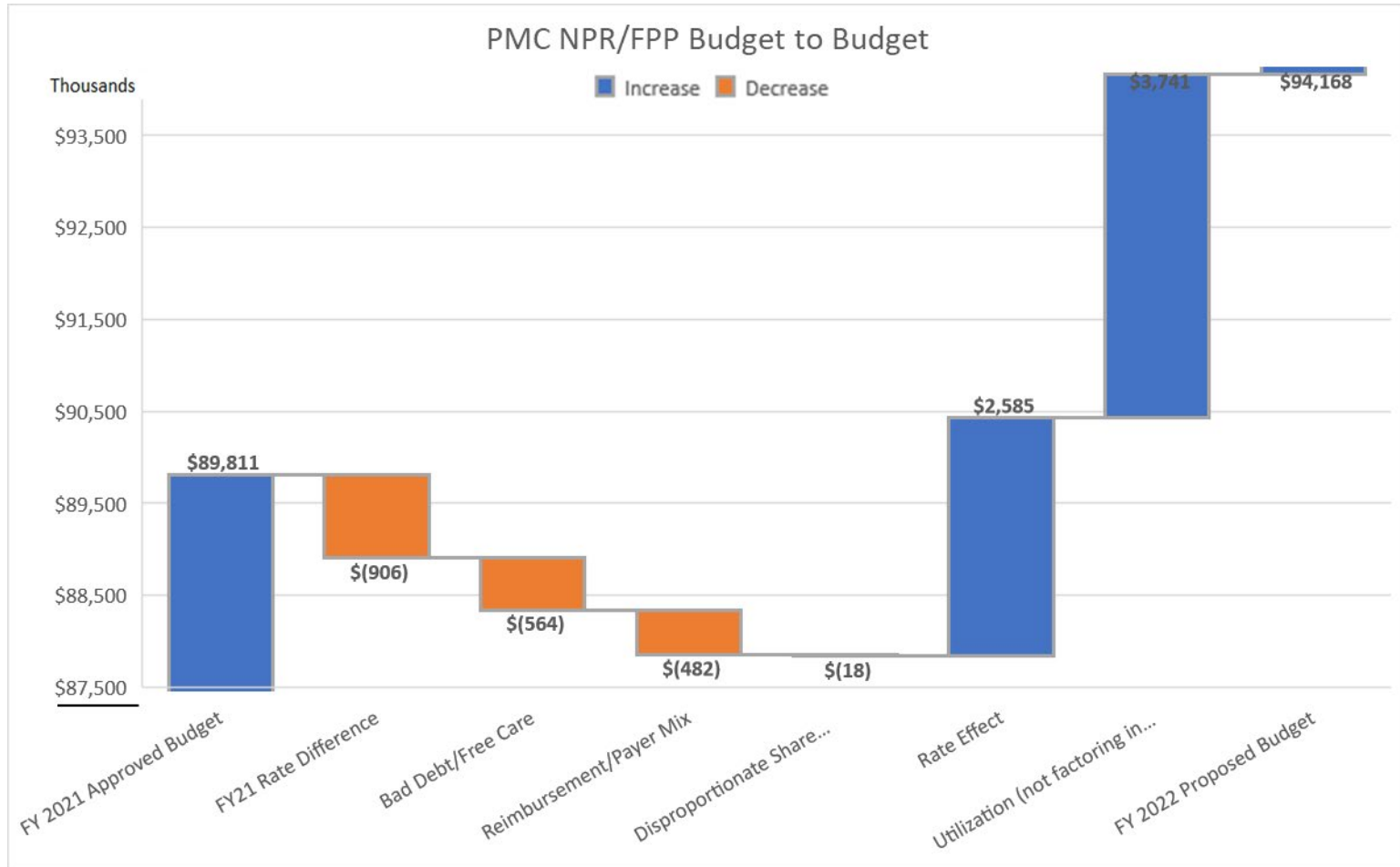
PMC Performance vs. 3.5% Trending



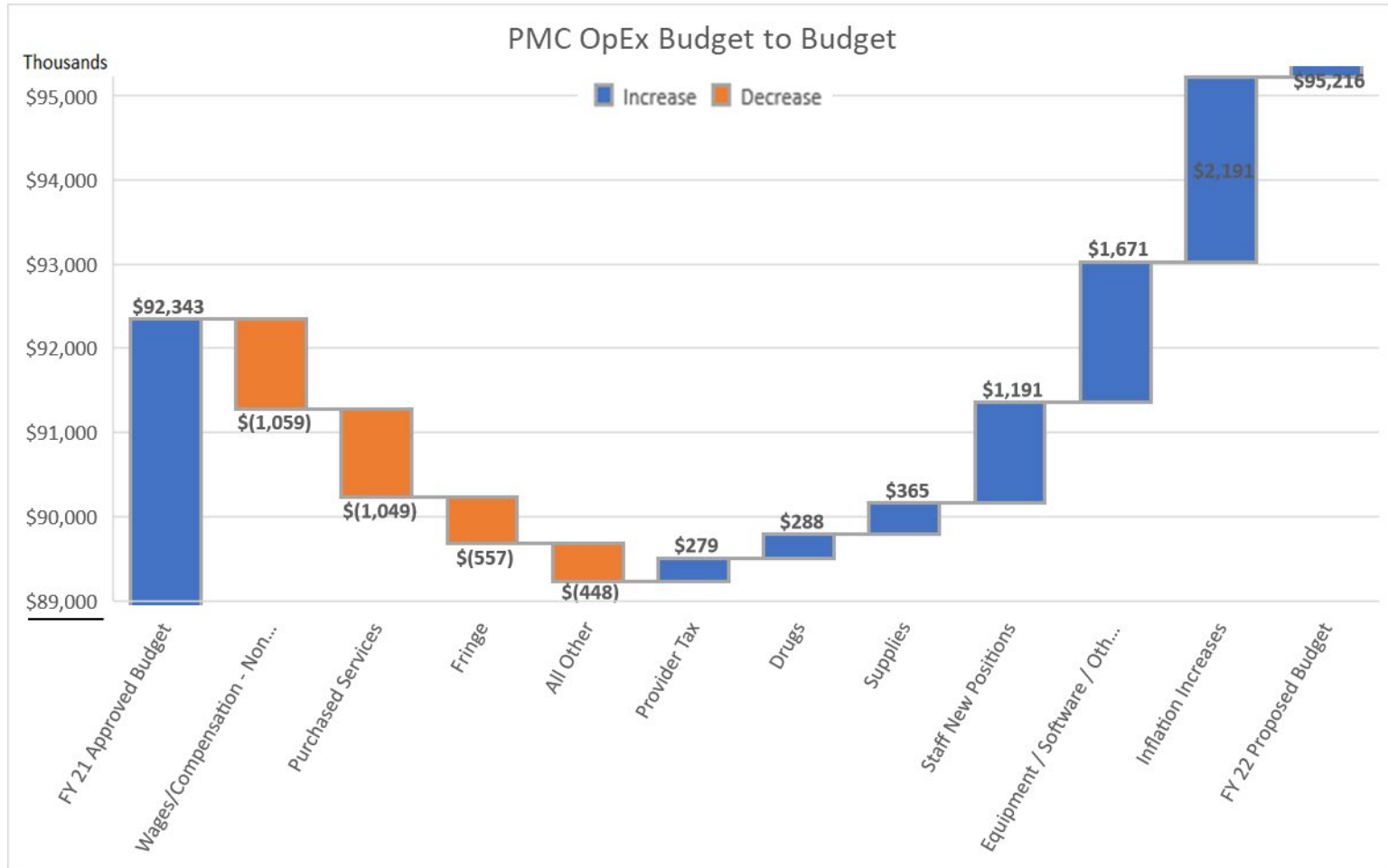
Hospital Justification:

- Staffing & capital investments to improve patient access such as a LNA training program.
- Sustainable and affordable.
- 5.9% Rate for incremental inflation only.

PMC NPR/FPP Drivers: FY2021B-FY2022B

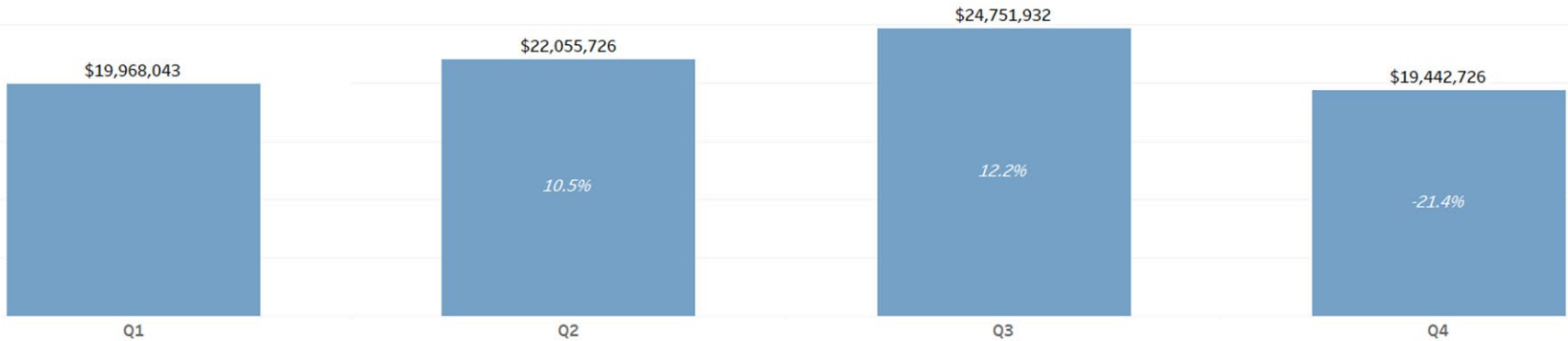


PMC Operating Expense Drivers: FY2021B-FY2022B

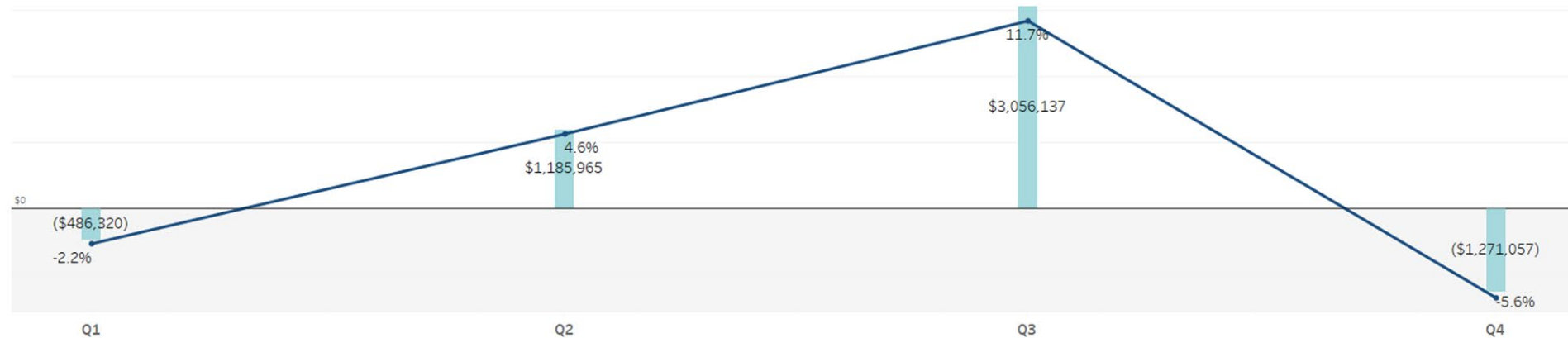


Porter Medical Center: FY2021 Operating Performance

Quarterly NPR/FPP and Growth (%)
Porter Medical Center

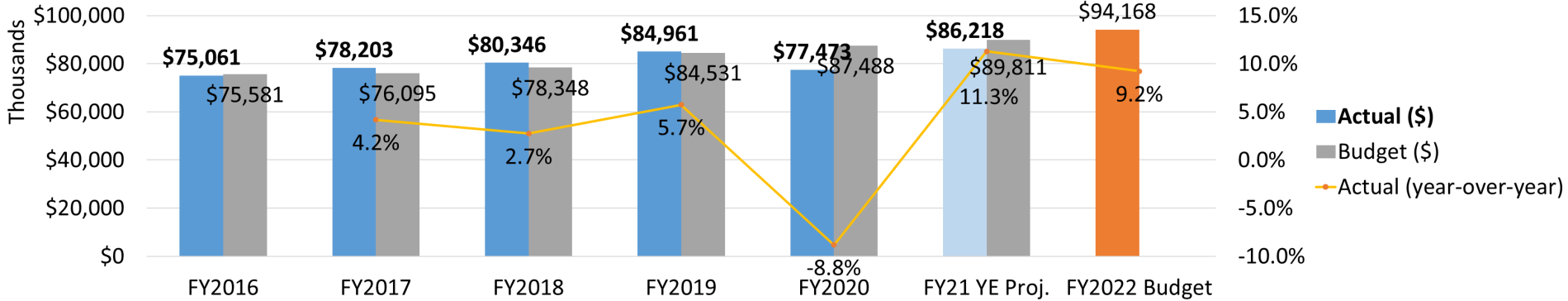


Operating Margin for Porter Medical Center

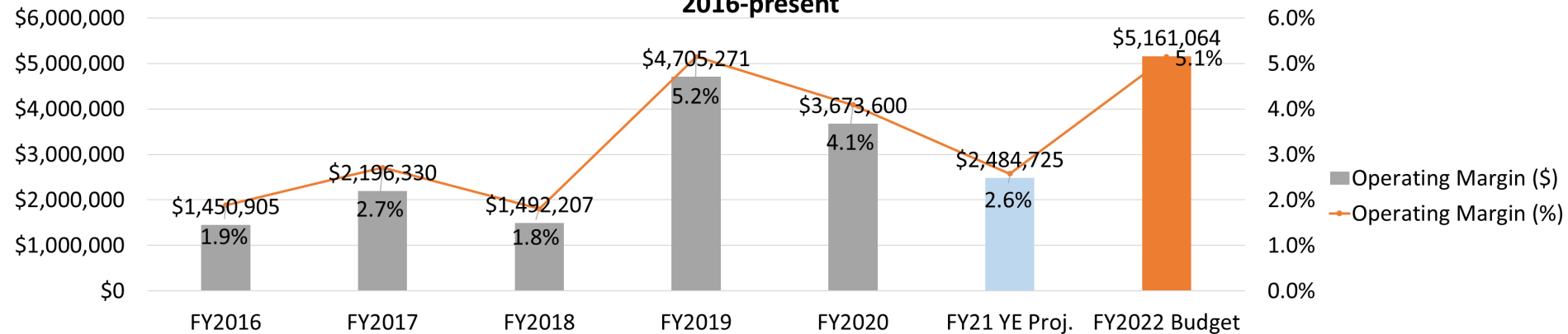


Porter Medical Center: Historical Operating Performance

**NPR/FPP
2016-present**



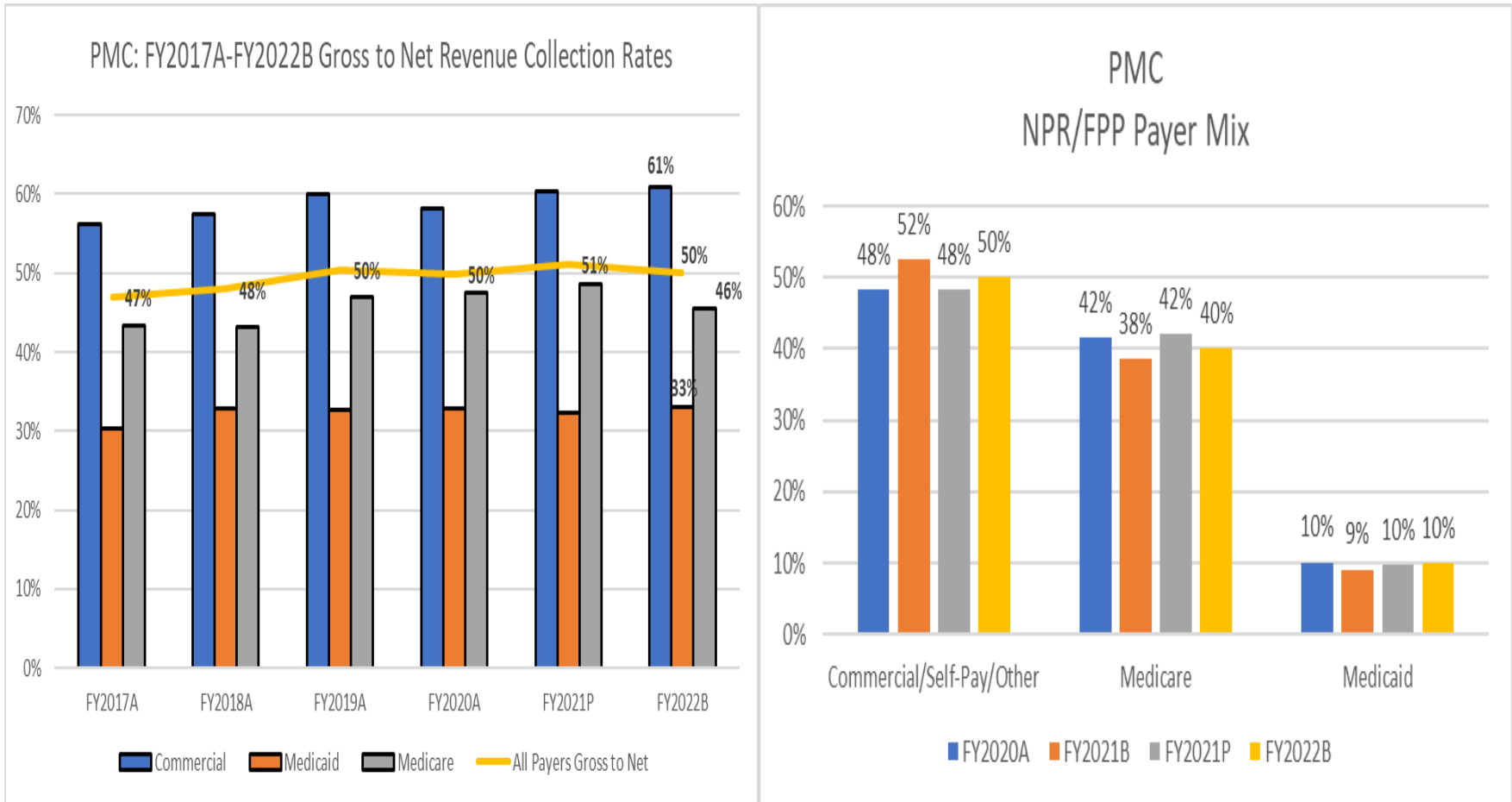
**Operating Margin
2016-present**



Porter Medical Center: Change in Charge

Request						
Overall Change in Charge %	5.86%					
NPR due to Change in Charge	\$2,585,230					
Value of 1% Change in Charge Commercial	\$321,511					
Value of 1% Change in Charge Medicare	\$379,363					
Value of 1% Change in Charge Medicaid	\$113,375					
Hospital Inpatient Change in Gross Charges	5.86%					
Hospital Outpatient Change in Gross Charges	5.86%					
Professional Services Change in Gross Charges	5.86%					
Payer						
Commercial	\$1,884,054					
Medicaid	\$0					
Medicare	\$711,756					
Total Self-Pay/Other	-\$10,579					
NPR/FPP & Change in Charge Increase						
FY22 Request (\$ change FY21B)	\$4,357,479					
Change in Charge (\$)	\$2,585,230					
	FY17	FY18	FY19	FY20	FY21	5-year average
Approved Overall	0.0%	0.0%	-1.0%	0.0%	0.0%	-0.2%
Submitted Overall	0.0%	0.0%	-1.0%	0.0%	0.0%	-0.2%
Approved Commercial	5.3%	3.0%	2.8%	2.6%	4.0%	3.5%
Submitted Commercial	5.3%	3.0%	2.8%	2.6%	5.8%	3.9%

Porter Medical Center: NPR/FPP Payer Mix and Gross to Net Revenue (%)



Central Vermont Medical Center (CVMC)



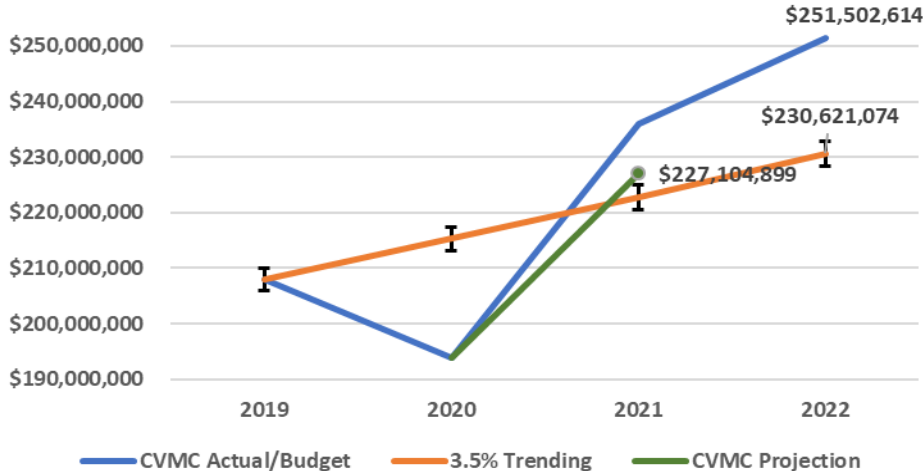
NPR/FPP	
FY21 Budget-to-Projection Variance	-3.8%
FY21 Budget (\$)	\$236,081,037
FY21 Projection (\$)	\$227,104,899
FY22 Request (\$)	\$251,502,614
FY22 Request (% change FY20B)	6.5%
FY22 Request (% change FY20P)	10.7%

Change in Charges	
Commercial	\$5,864,163
Medicaid	\$(178,653)
Medicare	\$1,232,823
Self-Pay/Other	\$(90,898)

CVMC's 6.5% request is over the 3.5% growth rate guidance.

7.41% Overall Charge Master Increase

CVMC Performance vs. 3.5% Trending



Hospital Justification:

- Staffing & capital investments to improve patient access
- Increase in complex acute admissions and high ED & ExpressCare volumes and boarders residing in ED.
- Margin improvement.
- Inflation pressures.

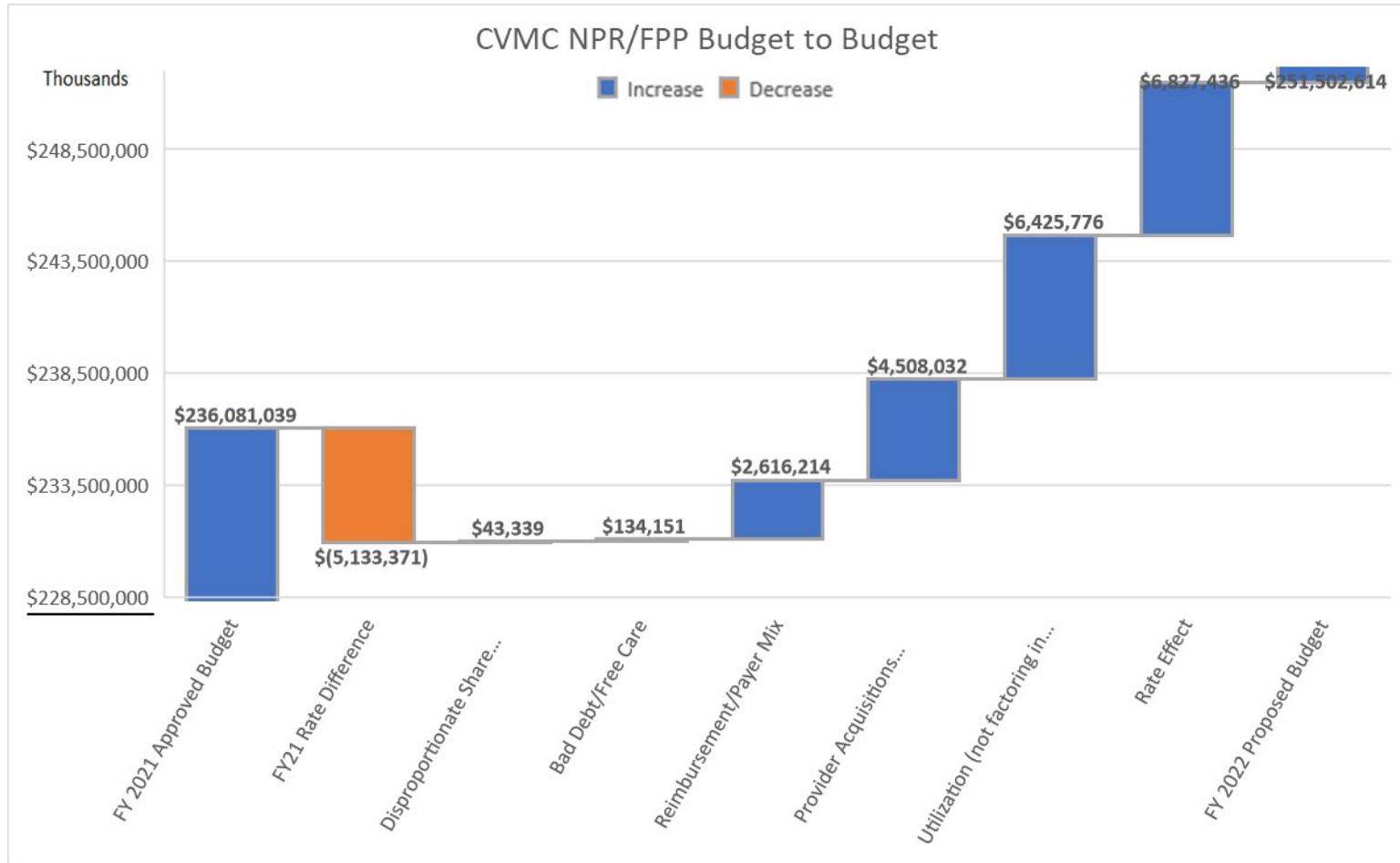
Central Vermont Medical Center



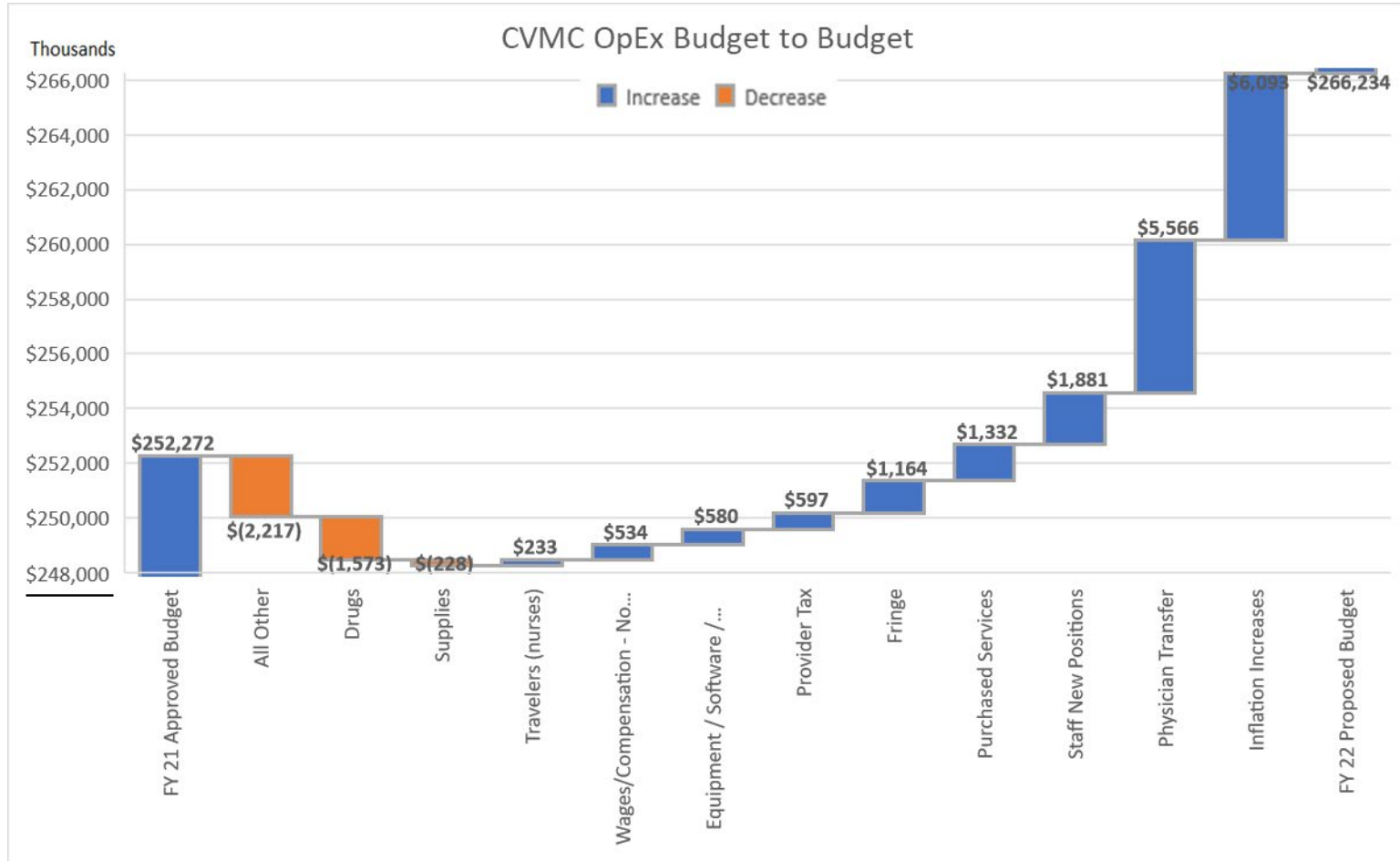
Service	NPR/FPP	Expenses	Net Profit/Loss	Effective Date	Adjustment to NPR/FPP
ENT	\$ 827,403	\$ 985,840	\$ (158,437)	09/18/2020	
Family Medicine	\$ 2,558,804	\$ 3,379,783	\$ (820,979)	09/18/2020	
General Surgery	\$ 1,121,825	\$ 1,199,928	\$ (78,103)	09/18/2020	
	\$ 4,508,032	\$ 5,565,551	\$ (1,057,519)		-2.00%

[Link to May 19th Board Meeting Presentation](#)

CVMC NPR/FPP Drivers: FY2021B-FY2022B



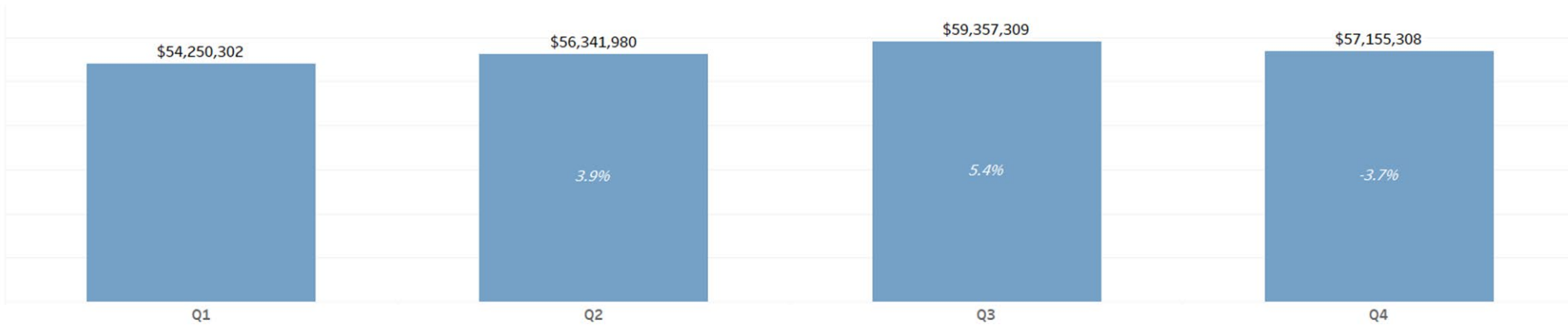
CVMC Operating Expense Drivers: FY2021B-FY2022B



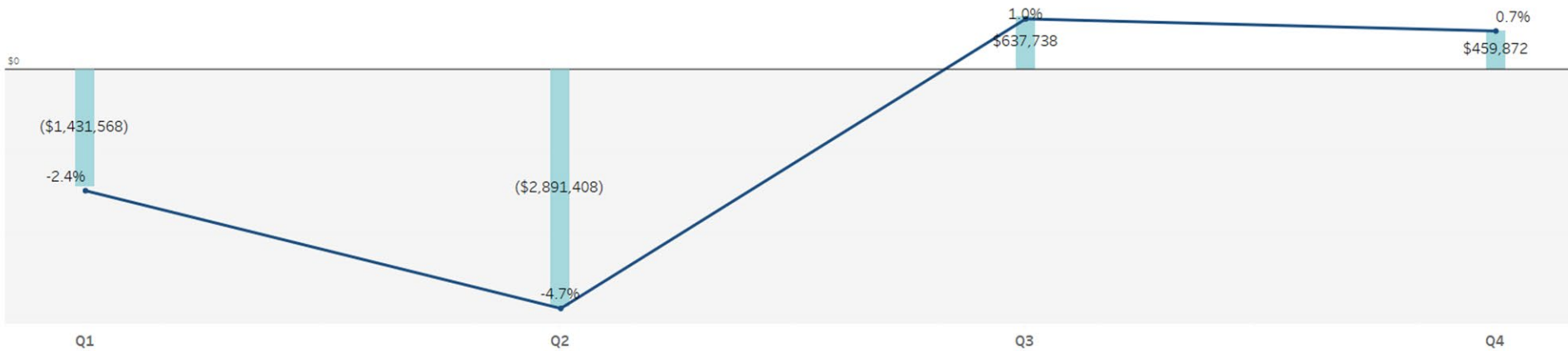
Central Vermont Medical Center: FY2021 Operating Performance



Quarterly NPR/FPP and Growth (%)
Central Vermont Medical Center

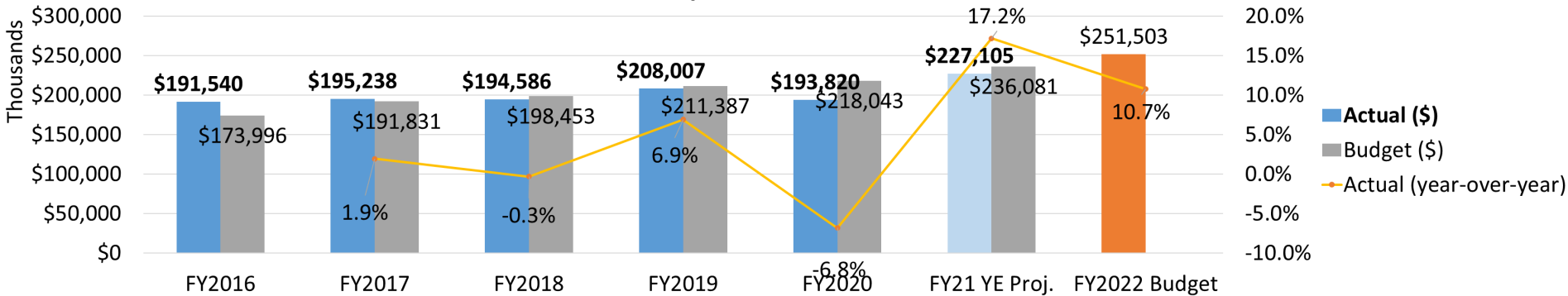


Operating Margin for Central Vermont Medical Center

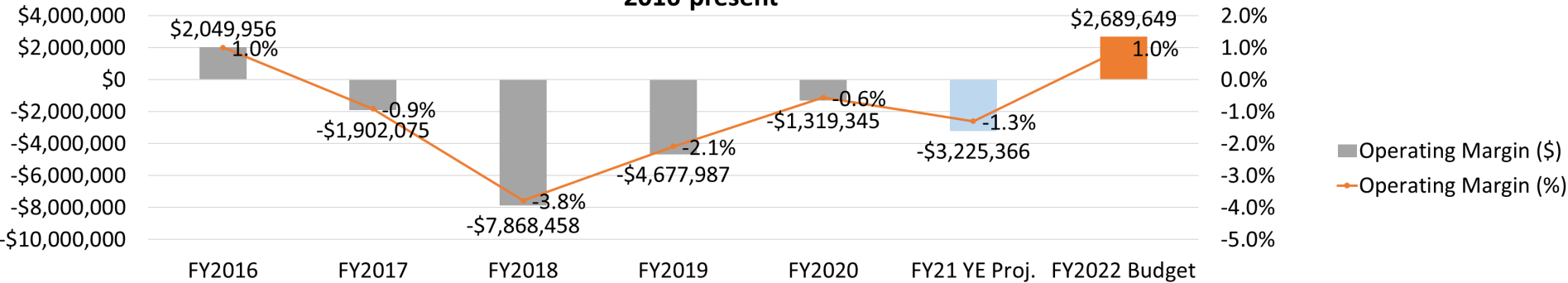


Central Vermont Medical Center: Historical Operating Performance

NPR/FPP 2016-present



Operating Margin 2016-present

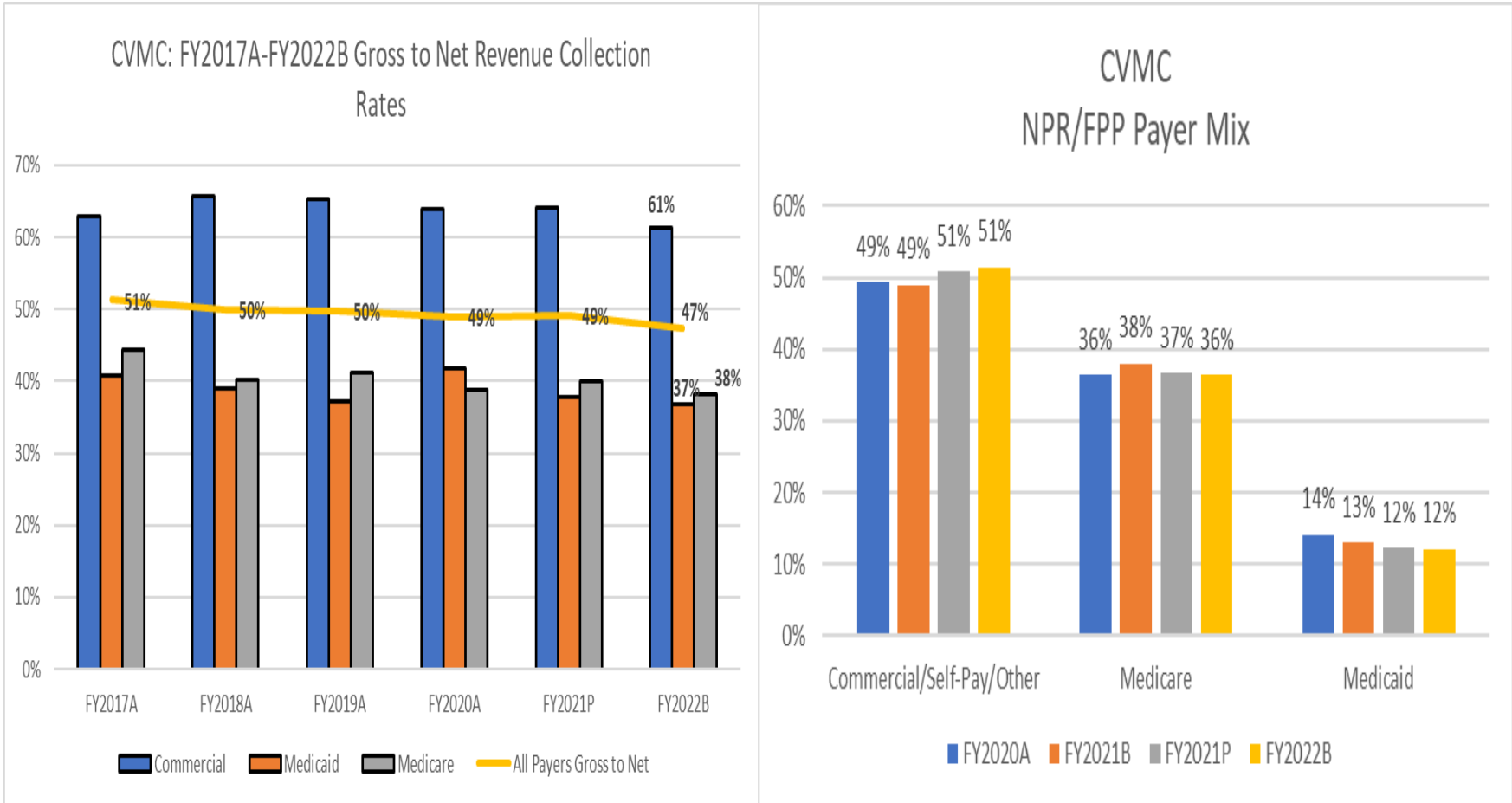


Central Vermont Medical Center: Change in Charge



Request						
Overall Change in Charge %	7.41%					
NPR due to Change in Charge	\$6,827,436					
Value of 1% Change in Charge Commercial	\$791,385					
Value of 1% Change in Charge Medicare	\$709,074					
Value of 1% Change in Charge Medicaid	\$171,513					
Service Category						
Hospital Inpatient Change in Gross Charges	7.41%					
Hospital Outpatient Change in Gross Charges	7.41%					
Professional Services Change in Gross Charges	7.41%					
Payer						
Commercial	\$5,864,163					
Medicaid	-\$178,653					
Medicare	\$1,232,823					
Total Self-Pay/Other	-\$90,898					
NPR/FPP & Change in Charge Increase						
FY22 Request (\$ change FY21B)	\$15,421,575					
Change in Charge (\$)	\$6,827,436					
	FY17	FY18	FY19	FY20	FY21	5-year average
Approved Overall	0.0%	0.20%	2.3%	3.0%	6.0%	2.3%
Submitted Overall	0.0%	0.20%	2.8%	3.0%	6.0%	2.4%
Approved Commercial	2.45%	0.72%	2.3%	5.9%	7.0%	3.7%
Submitted Commercial	3.0%	0.72%	2.8%	5.9%	8.5%	4.2%

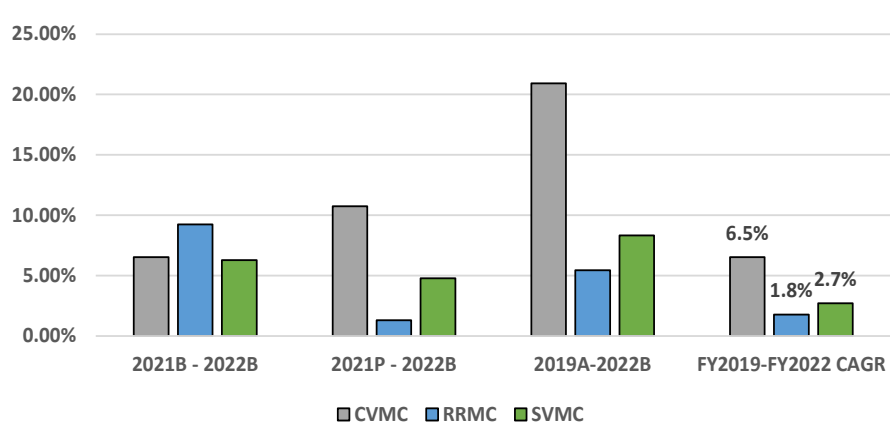
Central Vermont Medical Center: NPR/FPP Payer Mix and Gross to Net Revenue (%)



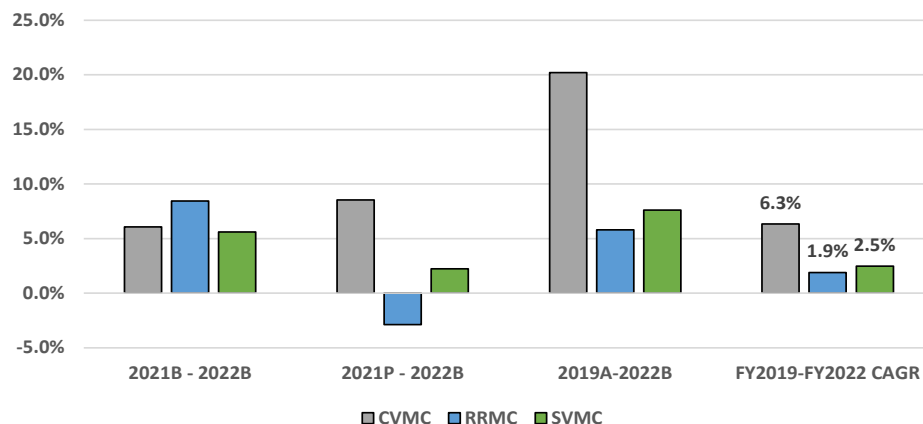
Additional Resources

PPS growth

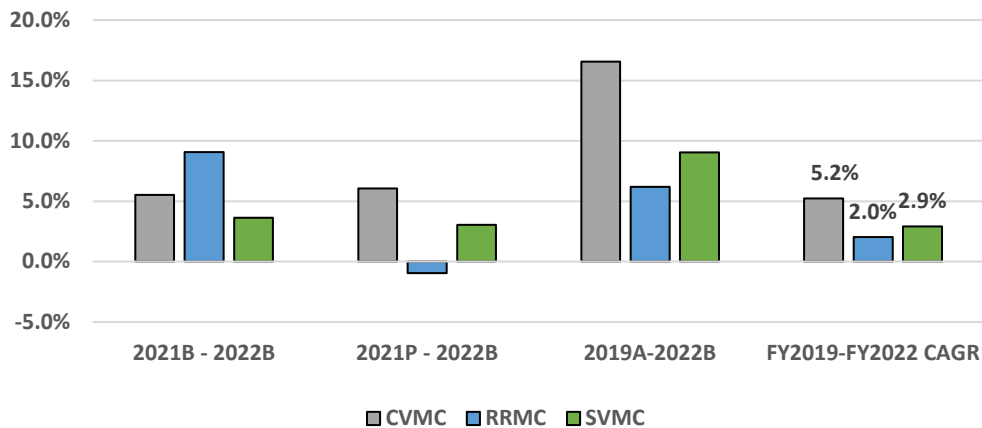
NPR/FPP Growth Select PPS



Operating Revenue Growth Select PPS

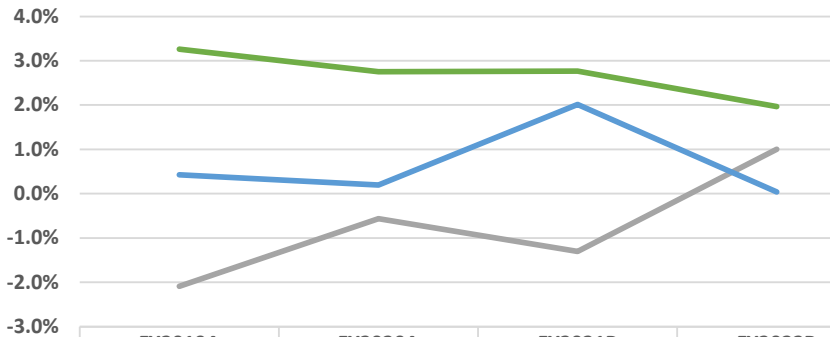


Operating Expense Growth Select PPS



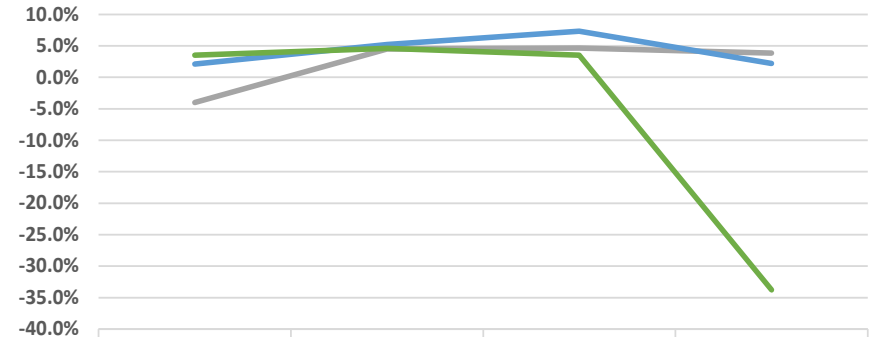
PPS Margins (%)

Operating Margins (%)
Select PPS



	FY2019A	FY2020A	FY2021P	FY2022B
CVMC	-2.1%	-0.6%	-1.3%	1.0%
RRMC	0.4%	0.2%	2.0%	0.0%
SVMC	3.3%	2.8%	2.8%	2.0%

Total Margins (%)
Select PPS



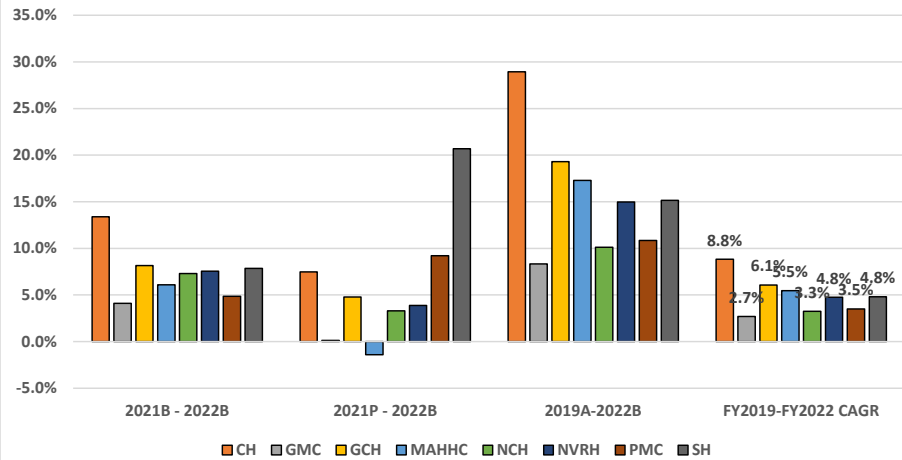
	FY2019A	FY2020A	FY2021P	FY2022B
CVMC	-4.0%	4.5%	4.7%	3.9%
RRMC	2.1%	5.2%	7.3%	2.2%
SVMC	3.5%	4.6%	3.5%	-33.7%

Change in Charge-PPS

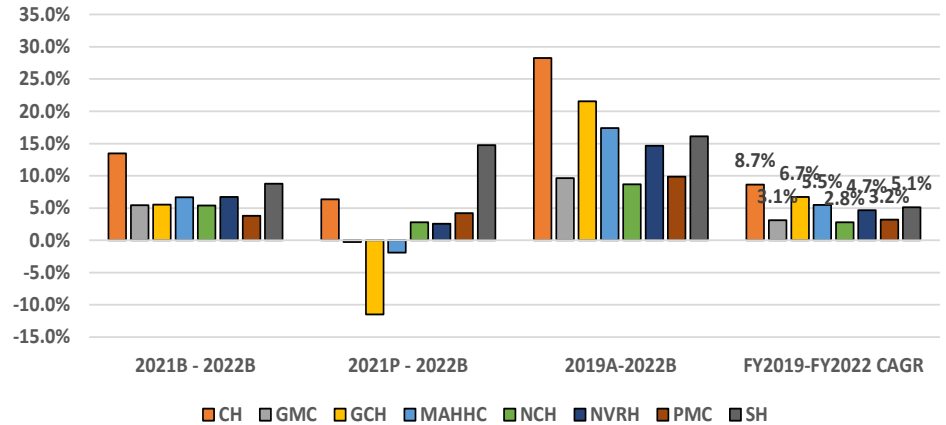
		FY17	FY18	FY19	FY20	FY21	5-year average
CVMC	Approved	0.0%	0.20%	2.3%	3.0%	6.0%	2.3%
CVMC	Submitted	0.0%	0.20%	2.8%	3.0%	6.0%	2.4%
RRMC	Approved	-5.1%	4.9%	2.6%	2.7%	6.0%	2.2%
RRMC	Submitted	-5.1%	4.9%	3.0%	2.7%	6.0%	2.3%
SVMC	Approved	3.4%	2.9%	3.0%	2.8%	3.5%	3.1%
SVMC	Submitted	3.9%	2.9%	3.2%	2.8%	3.5%	3.3%

CAH growth

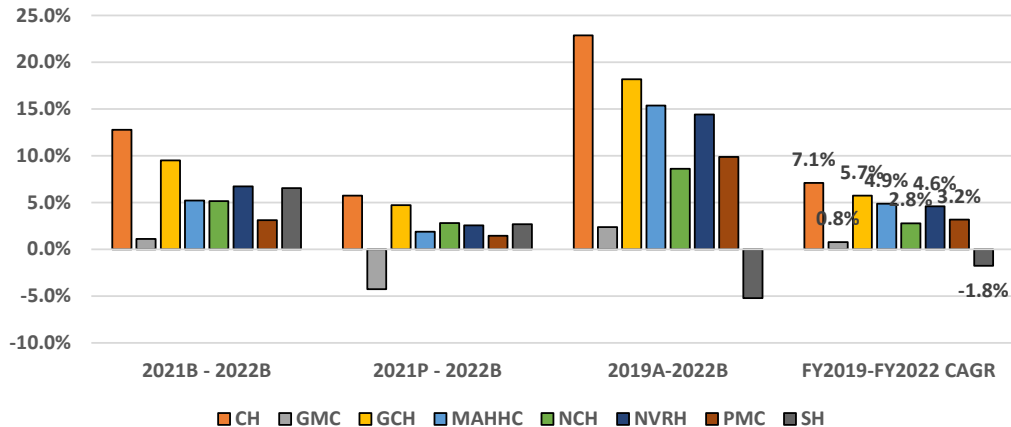
NPR/FPP Growth
CAH



Operating Revenue Growth
CAH

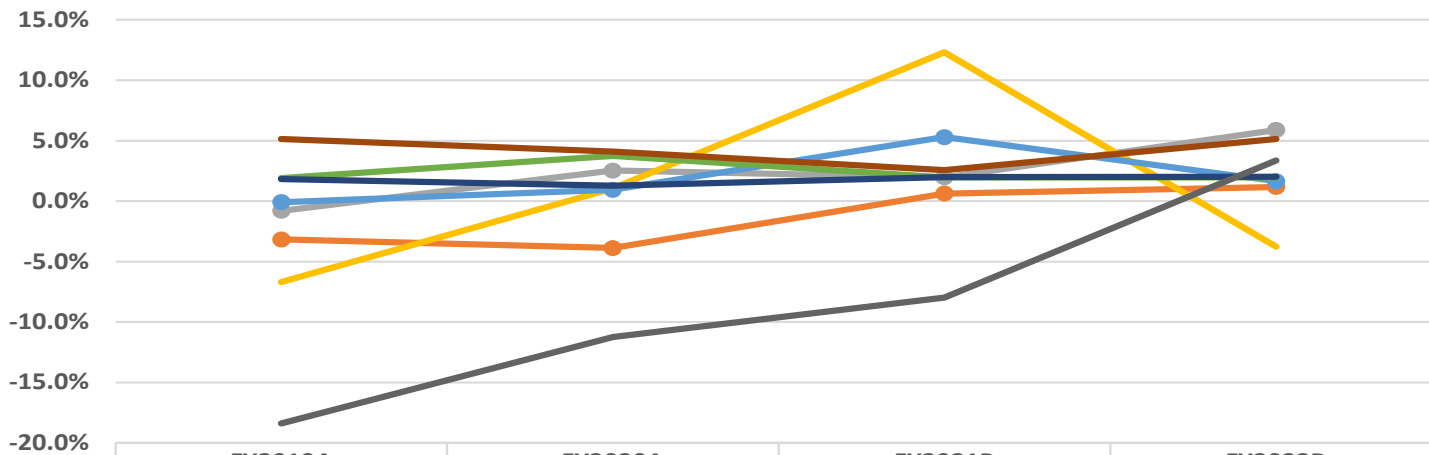


Operating Expenses
CAH



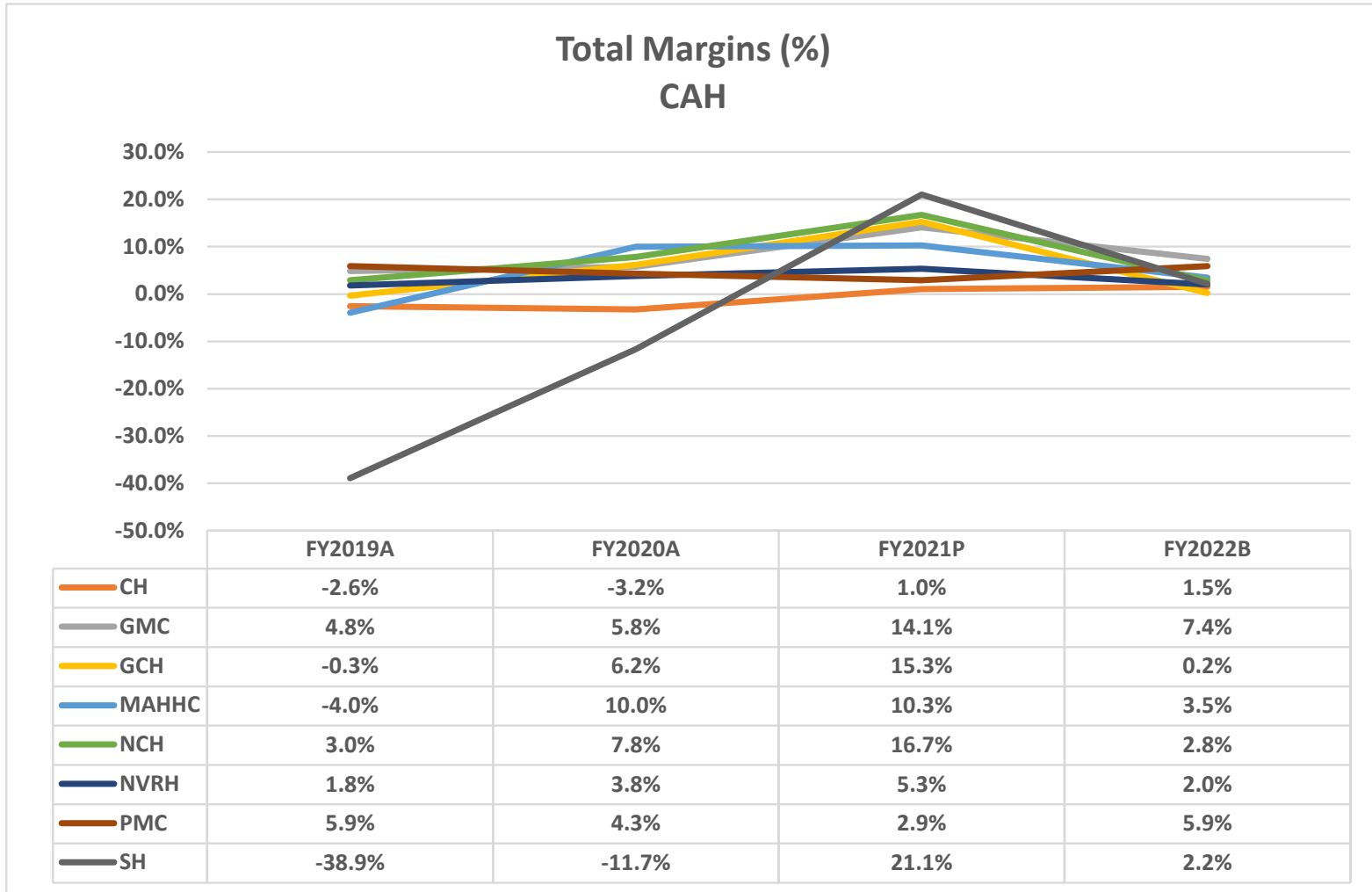
CAH Operating Margins (%)

Operating Margins (%)
CAH



	FY2019A	FY2020A	FY2021P	FY2022B
CH	-3.2%	-3.9%	0.6%	1.2%
GMC	-0.8%	2.5%	2.0%	5.9%
GCH	-6.7%	1.1%	12.3%	-3.8%
MAHHC	-0.1%	0.9%	5.3%	1.7%
NCH	1.9%	3.7%	2.0%	2.0%
NVRH	1.8%	1.3%	2.0%	2.0%
PMC	5.2%	4.1%	2.6%	5.1%
SH	-18.4%	-11.2%	-8.0%	3.4%

CAH Total Margins (%)



Key Indicators



	Days Cash on Hand			Long Term Debt to Capitalization			Days Payable		
	↑			↑			↓		
	FY21B	FY21P	FY22B	FY21B	FY21P	FY22B	FY21B	FY21P	FY22B
BMH	171	176	156	11%	15%	17%	70	86	56
CVMC	108	112	110	14%	13%	9%	63	75	63
CH	71	121	44	21%	23%	21%	47	120	51
GMC	252	317	298	20%	19%	18%	64	98	70
GCH	163	219	150	16%	31%	19%	133	72	48
MAHHC	142	205	187	38%	48%	44%	77	150	107
NCH	212	328	270	24%	25%	19%	53	68	68
NVRH	111	196	143	15%	13%	11%	53	106	56
NMC	209	306	322	22%	17%	17%	75	87	89
PMC	138	152	148	17%	20%	14%	54	74	55
RRMC	218	279	255	19%	15%	14%	37	43	40
SVMC*	37	51	43	25%	18%	14%	71	79	65
SH	32	20	20	-99%	89%	80%	224	66	55
UVMC	186	209	185	27%	27%	25%	52	71	47

↑ increasing values are favorable; ↓ decreasing values are favorable

*Southwestern's Days Cash on Hand does not consider the hospital's parent company.

Key Indicators

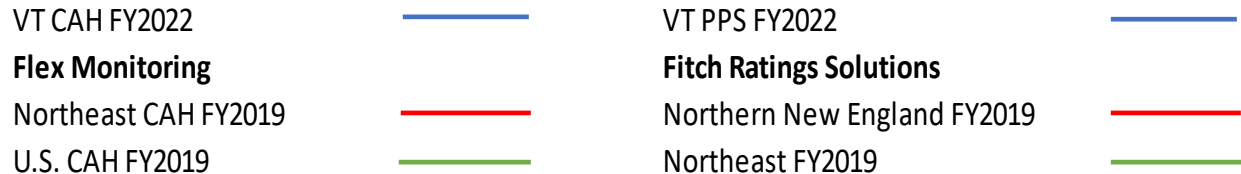
	Days Receivable ↓			Debt Service Coverage Ratio ↑		
	FY21B	FY21P	FY22B	FY21B	FY21P	FY22B
BMH	58	61	60	3.1	0.0	3.1
CVMC	35	65	39	16.0	1.0	2.4
CH	31	28	29	6.5	6.5	8.4
GMC	31	41	40	3.0	3.8	6.2
GCH	38	37	37	1.4	6.2	0.2
MAHHC	36	44	34	4.5	5.9	3.9
NCH	35	27	34	3.4	3.6	3.8
NVRH	42	41	44	5.2	4.8	5.4
NMC	39	39	39	2.1	3.7	3.6
PMC	63	59	54	27.3	6.6	10.3
RRMC	47	31	33	4.6	4.5	2.9
SVMC	38	33	34	6.6	12.5	9.3
SH	55	57	39	17.1	-1.3	2.5
UVMMC	49	58	49	7.1	3.6	3.6

↑ increasing values are favorable; ↓ decreasing values are favorable

Financial Metrics Key



	Vermont				Flex Monitoring		Fitch Solutions	
	CAH		PPS		Northeast CAH	U.S CAH	Northern NE	Northeast
	2021	2022	2021	2022	2019	2019	2019	2019
Operating Margin%	1.99%	2.00%	1.88%	1.48%	1.80%	0.70%	1.20%	0.80%
Total Margin%	12.18%	2.50%	5.10%	2.71%	3.40%	2.40%	2.00%	3.50%
DCOH	200.6	148.6	192.6	170.5	87.9	71.2	162.2	164.3
Days Payable	85.9	55.2	76.8	59.5	0	0	62.1	63.2
Days Recievable	41.3	38.2	48.2	39.2	41.2	50.5	41.1	43.1
DSCR :1	5.38	4.64	3.68	3.32	6.76	3.95	2.74	2.81
LTD to Capitalization	24%	19%	16%	16%	28%	30.0%	25.6%	34.8%
Age of Plant	16.2	15.6	15.1	15.6	14.6	12.3	12.5	12.6



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Glossary

Critical Access Hospital: designation given to eligible rural hospitals by the Centers for Medicare and Medicaid Services. CAH designation aims to reduce the financial vulnerability of rural hospitals and improve access to healthcare by keeping essential services in rural areas. To accomplish this goal, CAHs receive certain benefits, such as cost-based reimbursement for Medicare services.

Prospective Payment System: A Prospective Payment System (PPS) is a method of reimbursement in which Medicare payment is made based on a predetermined, fixed amount. The payment amount for a particular service is derived based on the classification system of that service (for example, diagnosis-related groups for inpatient hospital services).

Gross Patient Revenue: A hospital's total billed revenue for providing goods and services to patients. This is the total revenue amount billed before contractual allowances, commercial discount agreements, bad debts and free care are deducted.

Bad Debt: An expense billed and due but not received. Assumption is that individual has the ability to pay but will not pay or has disputed the bill. See free care definition that distinguishes bad debt from free care.

Free Care: Term used to recognize loss of revenue billed/due but not received. Considered "free" because individual has limited or no ability to pay, as established by the hospital or other provider. .

Net Patient Revenue (NPR): Revenue a hospital will receive for services rendered. It is the amount resulting after contractual allowances, commercial discounts, bad debt and free care are deducted from gross charges.

Glossary

Fixed Prospective Payment (FPP): fixed payments from the ACO that cover the cost of medical care provided to lives attributed to the ACO, net of value-based incentive program deductions. Participation fees are recorded in Operating Expenses.

Other Operating Revenue (OOR): Revenue earned by hospital that is indirectly related to patient care. Examples: income from cafeteria, parking, physician office rentals, etc.

Total Operating Revenue: NPR + FPP + Other Operating Revenue

Operating Expenses: All input costs required to provide goods and services to patients. This includes salaries, fringes, insurance, professional fees, depreciation, interest, etc.

Operating Surplus: (sometimes called Operating Margin or Profit) Operating revenues (NPR/FPP + Other Operating Revenue) less Operating expenses resulting in profit or surplus.

Non-Operating Revenue: Revenue earned by hospital that is not related to patient care. Examples: income from investments, investment unrealized gains/losses, general contributions, gain/loss from assets, rentals, and transfers from related organizations,

Total Margin: Excess (Deficit) of All Revenues over Expenses

Glossary: Metrics



Operating Margin %: $\text{Operating Surplus} / (\text{NPR} + \text{FPP} + \text{Other Operating Revenue})$

Total Margin %: $(\text{Operating Surplus} + \text{Non-Operating Revenues}) / (\text{NPR} + \text{FPP} + \text{Other Operating Revenue} + \text{Non-Operating Revenue})$

Days Cash on Hand (DCOH): $(\text{Cash} + \text{Investments} + \text{Unrestricted Funded Depreciation (Board Designated Assets)} + \text{Unrestricted Other Board Designated Assets}) * 365 / (\text{Total expense} - (\text{Depreciation} + \text{Amortization}))$

Days Payable: $\text{Current Liabilities} / (\text{Total Expenses} - (\text{Depreciation} + \text{Amortization} + \text{Interest}))$

Days Receivable: $\text{Net Patient Accounts Receivable} / \text{NPR} * 365$

Debt Service Coverage Ratio (DSCR): $(\text{Net Operating Income} + \text{Depreciation} + \text{Amortization} + \text{Interest}) / (\text{Current Portion of Long Term Debt} + \text{Interest})$

Long-Term Debt to Capitalization % : measures the percentage of total capital that is debt. $\text{Long Term Debt} / (\text{Long Term Debt} + \text{Net Assets})$

Average Age of Plant: measures the average age in years of the fixed assets of an organization. $\text{Accumulated Depreciation} / \text{Depreciation Expense} * (365/\text{days in period})$

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