

FY2022 Hospital Budget Guidance

March 17, 2021

FY2022 Hospital Budget Guidance Board Meetings

March 17th

- Review Draft #2 Budget Guidance
- Review Policies
- Potential Vote

March 24th

- Review Draft #3 Budget Guidance
- Final Vote

July 1st

Submissions

Public Comment Received (as of March 16th)



- Dale Hackett, received March 10th
- Gifford Medical Center, received March 12th
- UVM Health Network, received March 15th
- VAHHS, received March 15th
- Health Care Advocate, received March 16th

Guidance Changes from March 10, 2021



- Hospital Budget Guidance:
 - Value-Based Care Participation: expanded question 5
- Appendices:
 - Appendix 1 changes: functional and aesthetic changes
 - Appendix 2 changes: functional and aesthetic changes
 - Appendix 7 changes to stimulus table (added amounts received per fiscal year, added line for Paycheck Protection Program (PPP) funds)

Discussion Points for Consideration

- Due Date - returns to July 1st
- NPR/FPP Growth Ceiling
- Charge Request Ceiling
- Hospital Budget Guidance Policies
 - Exemption from Public Hearing
 - Enforcement
- Health Care Advocate Input
- Charge Request Table
- Inflation Table
- COVID-19 Vaccine Clinics and Testing
- COVID-19 Advances, Relief Funds, and Other Grants

NPR/FPP FY2019 Actual: Projected 3.5% Growth FY2022



Table below shows 3.5% year-over-year growth off of FY2019 actuals through to FY2022.

Hospital	Actual NPR/FPP	3.5% Growth	3.5% Growth	3.5% Growth
	FY2019	FY2020	FY2021	FY2022
Brattleboro Memorial Hospital	\$ 83,994,257	\$ 86,934,056	\$ 89,976,748	\$ 93,125,934
Central Vermont Medical Center	\$ 208,006,996	\$ 215,287,240	\$ 222,822,294	\$ 230,621,074
Copley Hospital	\$ 66,993,816	\$ 69,338,600	\$ 71,765,451	\$ 74,277,241
Gifford Medical Center	\$ 50,052,096	\$ 51,803,920	\$ 53,617,057	\$ 55,493,654
Grace Cottage Hospital	\$ 18,734,702	\$ 19,390,417	\$ 20,069,081	\$ 20,771,499
Mt. Ascutney Hospital & Health Ctr	\$ 50,849,386	\$ 52,629,114	\$ 54,471,133	\$ 56,377,623
North Country Hospital	\$ 80,634,917	\$ 83,457,140	\$ 86,378,139	\$ 89,401,374
Northeastern VT Regional Hospital	\$ 84,684,742	\$ 87,648,708	\$ 90,716,413	\$ 93,891,487
Northwestern Medical Center	\$ 106,529,464	\$ 110,257,995	\$ 114,117,025	\$ 118,111,121
Porter Medical Center	\$ 84,961,115	\$ 87,934,754	\$ 91,012,471	\$ 94,197,907
Rutland Regional Medical Center	\$ 256,402,902	\$ 265,377,004	\$ 274,665,199	\$ 284,278,481
Southwestern VT Medical Center	\$ 163,952,570	\$ 169,690,910	\$ 175,630,092	\$ 181,777,145
Springfield Hospital	\$ 47,392,824	\$ 49,051,573	\$ 50,768,378	\$ 52,545,271
University of Vermont Medical Center	\$1,285,234,193	\$1,330,217,389	\$1,376,774,998	\$1,424,962,123
All Vermont Community Hospitals	\$2,588,423,980	\$2,679,018,819	\$2,772,784,478	\$2,869,831,935

NPR/FPP Rollforward Comparison to FY2021 Approved Budget



Table below shows 3.5% year-over-year growth from FY2019 actuals through to FY2022 (previous slide) in comparison to the FY2021 approved budgets.

Hospital	Approved Budget NPR/FPP	3.5% Growth (Prior Slide 4)	Year-Over-Year Growth
	FY2021	FY2022	FY2021-2022
Brattleboro Memorial Hospital	\$ 92,802,429	\$ 93,125,934	0.3%
Central Vermont Medical Center	\$ 236,081,037	\$ 230,621,074	-2.3%
Copley Hospital	\$ 76,189,786	\$ 74,277,241	-2.5%
Gifford Medical Center	\$ 52,083,147	\$ 55,493,654	6.5%
Grace Cottage Hospital	\$ 20,666,695	\$ 20,771,499	0.5%
Mt. Ascutney Hospital & Health Ctr	\$ 56,211,391	\$ 56,377,623	0.3%
North Country Hospital	\$ 82,736,960	\$ 89,401,374	8.1%
Northeastern VT Regional Hospital	\$ 90,525,300	\$ 93,891,487	3.7%
Northwestern Medical Center	\$ 112,015,717	\$ 118,111,121	5.4%
Porter Medical Center	\$ 89,810,557	\$ 94,197,907	4.9%
Rutland Regional Medical Center	\$ 247,487,684	\$ 284,278,481	14.9%
Southwestern VT Medical Center	\$ 167,089,128	\$ 181,777,145	8.8%
Springfield Hospital	\$ 50,600,310	\$ 52,545,271	3.8%
University of Vermont Medical Center	\$1,415,656,433	\$1,424,962,123	0.7%
All Vermont Community Hospitals	\$ 2,789,956,574	\$2,869,831,935	2.9%

NPR/FPP FY2021 Approved Budget: Growth 3.5% FY2022



Table below shows 3.5% growth off of the FY2021 approved budgets to calculate FY2022.

Hospital	Approved Budget NPR/FPP	3.5% Growth
	FY2021	FY2022
Brattleboro Memorial Hospital	\$ 92,802,429	\$ 96,050,514
Central Vermont Medical Center	\$ 236,081,037	\$ 244,343,873
Copley Hospital	\$ 76,189,786	\$ 78,856,429
Gifford Medical Center	\$ 52,083,147	\$ 53,906,057
Grace Cottage Hospital	\$ 20,666,695	\$ 21,390,029
Mt. Ascutney Hospital & Health Ctr	\$ 56,211,391	\$ 58,178,790
North Country Hospital	\$ 82,736,960	\$ 85,632,754
Northeastern VT Regional Hospital	\$ 90,525,300	\$ 93,693,686
Northwestern Medical Center	\$ 112,015,717	\$ 115,936,267
Porter Medical Center	\$ 89,810,557	\$ 92,953,926
Rutland Regional Medical Center	\$ 247,487,684	\$ 256,149,753
Southwestern VT Medical Center	\$ 167,089,128	\$ 172,937,247
Springfield Hospital	\$ 50,600,310	\$ 52,371,321
University of Vermont Medical Center	\$ 1,415,656,433	\$ 1,465,204,408
<i>All Vermont Community Hospitals</i>	<i>\$ 2,789,956,574</i>	<i>\$ 2,887,605,054</i>

NPR/FPP Year-Over-Year Growth: FY2015 - FY2020



Fiscal Year	Budgeted Growth Ceiling	Actual Growth
FY2015	3.8%	5.0%
FY2016	3.6%	4.4%
FY2017	3.4%	2.8%
FY2018	3.4%	2.9%
FY2019	3.2%	2.8%
FY2020	3.5%	-6.3%
5-Year Look (Including and Excluding FY2020)		
FY2016 - FY2020 Average	3.4%	1.3%
FY2015 - FY2019 Average	3.5%	3.6%
FY2016 - FY2020 Median	3.4%	2.8%
FY2015 - FY2019 Median	3.4%	2.9%

NPR/FPP Growth: Staff Recommendation FY2022

- Staff recommendation: 3.0% budget-to-budget NPR/FPP growth ceiling
- Rationale:
 - Allows hospital system room for growth for utilization bounce back
 - 3.5% budget-to-budget growth from FY2021 approved budget may be too high considering utilization and budgeting challenges during pandemic
 - Maintain historical information from FY2020 – FY2021
 - Used median actual-to-actual growth for NPR/FPP to remove outliers

NPR/FPP Growth Ceiling: Preliminary Vote



Potential Motion Language:

For the FY2022 hospital budget review process, the Green Mountain Care Board establishes a net patient revenue/fixed prospective payment (NPR/FPP) ceiling of 3.0% over the hospital's FY2021 approved budget for NPR/FPP.

Change in Charge: Approved FY2017 – FY2021



Hospital	Designation	FY2017	FY2018	FY2019	FY2020	FY2021	5-year average (FY2017- FY2021)	5-year median (FY2017- FY2021)	
Brattleboro Memorial Hospital	Prospective Payment System	3.5%	5.7%	3.9%	3.4%	4.9%	4.3%	3.9%	
Central Vermont Medical Center	Prospective Payment System	2.5%	0.7%	2.3%	5.9%	7.0%	3.7%	2.5%	
Copley Hospital	Critical Access Hospital	-3.7%	-3.4%	4.5%	9.8%	6.0%	2.6%	4.5%	
Gifford Medical Center	Critical Access Hospital	3.9%	4.0%	4.0%	5.0%	4.0%	4.2%	4.0%	
Grace Cottage Hospital	Critical Access Hospital	5.0%	5.0%	3.2%	3.2%	3.2%	3.9%	3.2%	
Mt. Ascutney Hospital & Health Ctr	Critical Access Hospital	4.9%	4.9%	2.9%	3.2%	4.6%	4.1%	4.6%	
North Country Hospital	Critical Access Hospital	3.5%	5.0%	3.6%	4.2%	3.6%	4.0%	3.6%	
Northeastern VT Regional Hospital	Critical Access Hospital	3.8%	3.2%	3.0%	3.0%	3.9%	3.4%	3.2%	
Northwestern Medical Center	Prospective Payment System	0.0%	3.5%	2.0%	5.9%	13.0%	4.9%	3.5%	
Porter Medical Center	Critical Access Hospital	5.3%	3.0%	2.8%	2.6%	4.0%	3.5%	3.0%	
Rutland Regional Medical Center	Prospective Payment System	-5.1%	4.9%	2.6%	2.7%	6.0%	2.2%	2.7%	
Southwestern VT Medical Center	Prospective Payment System	3.4%	2.9%	3.0%	2.8%	3.5%	3.1%	3.0%	
Springfield Hospital	Critical Access Hospital	0.0%	6.5%	10.0%	0.0%	4.0%	4.1%	4.0%	
University of Vermont Medical Center	Prospective Payment System	2.5%	0.7%	2.5%	3.5%	6.0%	3.0%	2.5%	
					System	3.9%*	5.3%*	3.6%*	3.4%**

Note: Using commercial effective rates for UVMHN hospitals

*Average of column; **Median of column

Change in Charge: Approved FY2016 – FY2020



Hospital	Designation	FY2016	FY2017	FY2018	FY2019	FY2020	5-year average (FY2016- FY2020)	5-year median (FY2016- FY2020)
Brattleboro Memorial Hospital	Prospective Payment System	-1.4%	3.5%	5.7%	3.9%	3.4%	3.0%	3.5%
Central Vermont Medical Center	Prospective Payment System	4.7%	2.5%	0.7%	2.3%	5.9%	3.2%	2.5%
Copley Hospital	Critical Access Hospital	-4.0%	-3.7%	-3.4%	4.5%	9.8%	0.6%	-3.4%
Gifford Medical Center	Critical Access Hospital	5.8%	3.9%	4.0%	4.0%	5.0%	4.5%	4.0%
Grace Cottage Hospital	Critical Access Hospital	5.0%	5.0%	5.0%	3.2%	3.2%	4.3%	5.0%
Mt. Ascutney Hospital & Health Ctr	Critical Access Hospital	5.7%	4.9%	4.9%	2.9%	3.2%	4.3%	4.9%
North Country Hospital	Critical Access Hospital	4.8%	3.5%	5.0%	3.6%	4.2%	4.2%	4.2%
Northeastern VT Regional Hospital	Critical Access Hospital	5.2%	3.8%	3.2%	3.0%	3.0%	3.6%	3.2%
Northwestern Medical Center	Prospective Payment System	-8.0%	0.0%	3.5%	2.0%	5.9%	0.7%	2.0%
Porter Medical Center	Critical Access Hospital	5.3%	5.3%	3.0%	2.8%	2.6%	3.8%	3.0%
Rutland Regional Medical Center	Prospective Payment System	3.7%	-5.1%	4.9%	2.6%	2.7%	1.8%	2.7%
Southwestern VT Medical Center	Prospective Payment System	3.8%	3.4%	2.9%	3.0%	2.8%	3.2%	3.0%
Springfield Hospital	Critical Access Hospital	2.8%	0.0%	6.5%	10.0%	0.0%	3.9%	2.8%
University of Vermont Medical Center	Prospective Payment System	6.0%	2.5%	0.7%	2.5%	3.5%	3.0%	2.5%
System						3.9%*	3.2%*	3.0%**

Note: Using commercial effective rates for UVMHN hospitals

*Average of column; **Median of column

Change in Charge: Approved FY2017 – FY2021



Hospital	Designation	FY2017	FY2018	FY2019	FY2020	FY2021	5-year average (FY2017- FY2021)	5-year median (FY2017- FY2021)	
Brattleboro Memorial Hospital	Prospective Payment System	3.5%	5.7%	3.9%	3.4%	4.9%	4.3%	3.9%	
Central Vermont Medical Center	Prospective Payment System	0.0%	0.2%	2.3%	3.0%	6.0%	2.3%	2.3%	
Copley Hospital	Critical Access Hospital	-3.7%	-3.4%	4.5%	9.8%	6.0%	2.6%	4.5%	
Gifford Medical Center	Critical Access Hospital	3.9%	4.0%	4.0%	5.0%	4.0%	4.2%	4.0%	
Grace Cottage Hospital	Critical Access Hospital	5.0%	5.0%	3.2%	3.2%	3.2%	3.9%	3.2%	
Mt. Ascutney Hospital & Health Ctr	Critical Access Hospital	4.9%	4.9%	2.9%	3.2%	4.6%	4.1%	4.6%	
North Country Hospital	Critical Access Hospital	3.5%	5.0%	3.6%	4.2%	3.6%	4.0%	3.6%	
Northeastern VT Regional Hospital	Critical Access Hospital	3.8%	3.2%	3.0%	3.0%	3.9%	3.4%	3.2%	
Northwestern Medical Center	Prospective Payment System	0.0%	3.5%	2.0%	5.9%	13.0%	4.9%	3.5%	
Porter Medical Center	Critical Access Hospital	5.3%	3.0%	-1.0%	0.0%	0.0%	1.5%	0.0%	
Rutland Regional Medical Center	Prospective Payment System	-5.1%	4.9%	2.6%	2.7%	6.0%	2.2%	2.7%	
Southwestern VT Medical Center	Prospective Payment System	3.4%	2.9%	3.0%	2.8%	3.5%	3.1%	3.0%	
Springfield Hospital	Critical Access Hospital	0.0%	6.5%	10.0%	0.0%	4.0%	4.1%	4.0%	
University of Vermont Medical Center	Prospective Payment System	0.0%	0.7%	2.5%	3.0%	6.0%	2.4%	2.5%	
					System	3.5%*	4.9%*	3.4%*	3.4%**

Note: Using overall rates only

*Average of column; **Median of column

Change in Charge: Approved FY2016 – FY2020



Hospital	Designation	FY2016	FY2017	FY2018	FY2019	FY2020	5-year average (FY2016- FY2020)	5-year median (FY2016- FY2020)	
Brattleboro Memorial Hospital	Prospective Payment System	-1.4%	3.5%	5.7%	3.9%	3.4%	3.0%	3.5%	
Central Vermont Medical Center	Prospective Payment System	4.7%	0.0%	0.2%	2.3%	3.0%	2.0%	2.3%	
Copley Hospital	Critical Access Hospital	-4.0%	-3.7%	-3.4%	4.5%	9.8%	0.6%	-3.4%	
Gifford Medical Center	Critical Access Hospital	5.8%	3.9%	4.0%	4.0%	5.0%	4.5%	4.0%	
Grace Cottage Hospital	Critical Access Hospital	5.0%	5.0%	5.0%	3.2%	3.2%	4.3%	5.0%	
Mt. Ascutney Hospital & Health Ctr	Critical Access Hospital	5.7%	4.9%	4.9%	2.9%	3.2%	4.3%	4.9%	
North Country Hospital	Critical Access Hospital	4.8%	3.5%	5.0%	3.6%	4.2%	4.2%	4.2%	
Northeastern VT Regional Hospital	Critical Access Hospital	5.2%	3.8%	3.2%	3.0%	3.0%	3.6%	3.2%	
Northwestern Medical Center	Prospective Payment System	-8.0%	0.0%	3.5%	2.0%	5.9%	0.7%	2.0%	
Porter Medical Center	Critical Access Hospital	5.3%	5.3%	3.0%	-1.0%	0.0%	2.5%	3.0%	
Rutland Regional Medical Center	Prospective Payment System	3.7%	-5.1%	4.9%	2.6%	2.7%	1.8%	2.7%	
Southwestern VT Medical Center	Prospective Payment System	3.8%	3.4%	2.9%	3.0%	2.8%	3.2%	3.0%	
Springfield Hospital	Critical Access Hospital	2.8%	0.0%	6.5%	10.0%	0.0%	3.9%	2.8%	
University of Vermont Medical Center	Prospective Payment System	0.0%	0.0%	0.7%	2.5%	3.0%	1.2%	0.7%	
						System	3.5%*	2.9%*	3.0%**

Note: Using overall rates only

*Average of column; **Median of column

Change in Charge: Approved FY2021

Hospital	Base	Board Allowance
Brattleboro Memorial Hospital	2.9%	2.0%
Central Vermont Medical Center	4.0%	3.0%
Copley Hospital	4.0%	2.0%
Gifford Medical Center	4.0%	0.0%
Grace Cottage Hospital	3.2%	0.0%
Mt. Ascutney Hospital & Health Ctr	2.1%	2.5%
North Country Hospital	3.6%	0.0%
Northeastern VT Regional Hospital	3.9%	0.0%
Northwestern Medical Center	10.0%	3.0%
Porter Medical Center	3.0%	1.0%
Rutland Regional Medical Center	4.0%	2.0%
Southwestern VT Medical Center	3.5%	0.0%
Springfield Hospital	4.0%	0.0%
University of Vermont Medical Center	4.0%	2.0%

Note: Using commercial effective rates for UVMHN hospitals

Charge Overview: FY2017-FY2021

Overview (Using UVMHN Commercial Effective Rates): FY2017-FY2021		
	Median	Average
System	3.4%	3.6%
Critical Access Hospitals	3.8%	3.7%
Prospective Payment System Hospitals	2.8%	3.5%
Overview (Using Overall Rates Only): FY2017-FY2021		
	Median	Average
System	3.4%	3.4%
Critical Access Hospitals	3.8%	3.5%
Prospective Payment System Hospitals	2.8%	3.2%

Charge Request Ceiling: Staff Recommendation FY2022

- Staff recommendation: 4.0% charge request ceiling
- Rationale:
 - Considers rates approved in FY2021
 - Used median charge requests to remove outliers
- Option by hospital designation:
 - Critical Access Hospitals: 4.0%
 - Prospective Payment System Hospitals: 3.5%
- Option of making change in charge ceiling only for eligibility for exemption to public budget hearings.

Charge Request Ceiling: Preliminary Vote



Potential Motion Language:

For the FY2022 hospital budget review process, the Green Mountain Care Board establishes a ceiling of 4.0% over the hospital's FY2021 approved charge increase.

FY2022 Hospital Budget Guidance Policies



- Policy on Hospital Budget Enforcement
- Exemptions from Public Hearing Policy - no changes
- Budget Amendments and Adjustments Policy - no changes

FY2022 Hospital Budget Enforcement Policy

- Standing Enforcement Policy
- Applicability to FY21 budgets?
 - Board may adopt enforcement policy and still waive enforcement for FY21 at a later date.

FY2022 Enforcement Policy: Preliminary Vote



Potential Motion Language:

For the hospital budget review process, the Green Mountain Care Board approves the Hospital Budget Enforcement Policy in the form presented to the Board, to be effective starting for [FY2021 / FY2022].

Prior Year Exemption from Hearing Policy

- The hospital is not one of the four largest hospitals based on the prior fiscal year's Net Patient Revenue/Fixed Perspective Payment (NPR/FPP). (UVMHC, CVMC, RMMC, SVMC) (Rule 3.304)
- The budget complies with all content and submission requirements.
- The budget assumptions are reasonable.
- All related budget schedules can be reconciled.
- The hospital has not undergone significant organizational changes or restructuring during the prior fiscal year.
- The budget meets the NPR/FPP growth limits established by the Board.
- The hospital has met its approved NPR/FPP limit in two of the last three years.
- The hospital was not exempted from public hearing for both of the prior fiscal years.
- The hospital did not experience an operating loss during the past two complete fiscal years and is not projected to experience an operating loss during the current fiscal year.
- In any given year, no more than four hospitals may be exempted from that year's public hearing(s) (Rule 3.304).

Exemption from Public Hearing

Criteria: Staff Recommendations



Process

- Act 91 authority to waive budget hearings. Rule 3.304 and prior year policy include certain limitations:
 - Only 4 hospitals can have hearings waived in any year
 - None of the 4 largest hospitals can have hearings waived
- An exempted hospital will not have its budget adjusted in the year for which it was exempted.

Criteria for Hearing Waiver

- Consider whether exemption open to all hospitals, or whether largest hospitals should have hearings?
- NPR/FPP rate request under ceiling of 3.0%
- Charge increase request under ceiling of 4.0%
- Other metrics:
 - Days Cash on Hand at or above median for system (including parent company for SVMC)
 - Positive Budgeted Operating Margin within the NPR/FPP and Charge Ceilings above
- Continued involvement in value-based care reform (not limited to ACO participation)
- Budget assumptions are deemed reasonable
- Budget submission schedules reconcile
- Budget content complies with guidance
- Exemption Pre-Approval deadline of July 28th (Preliminary Budget Presentations)

FY2022 Exemption from Public Hearing: Preliminary Vote



Potential Motion Language:

For the FY2022 hospital budget review process, the Green Mountain Care Board, pursuant to its emergency authority under Act 91 (H. 742), establishes an exemption from the requirement for public budget hearings for hospitals that meet the criteria identified by the Board.

Accept Budget Guidance Preliminary Vote



Potential Motion Language:

For the FY2022 hospital budget review process, the Green Mountain Care Board approves the Hospital Budget Guidance effective March 31, 2021.



Next Steps

March 24th

- Final Vote

July 1st

- Budget Submissions
- Appendices
- Other materials requested