

# FY2022 Hospital Budget Guidance

March 24, 2021

# FY2022 Budget Guidance Board Meetings



March 24<sup>th</sup>

- Review Draft #3 Budget Guidance
- Final Vote

July 1<sup>st</sup>  
Submissions

# Public Comment Received (as of March 22, 2021)



- Dale Hackett, received March 10<sup>th</sup>
- Gifford Medical Center, received March 12<sup>th</sup>
- UVM Health Network, received March 15<sup>th</sup>
- VAHHS, received March 15<sup>th</sup>
- Health Care Advocate, received March 16<sup>th</sup>
- VAHHS, received March 18<sup>th</sup>
- UVM Health Network, received March 19<sup>th</sup>

# Guidance Changes from March 17, 2021

- Hospital Budget Guidance:
  - Changed wording in Section I to “In connection with establishing a hospital’s NPR/FPP growth limit, the Board may review and adjust the hospital’s proposed operating expenses commensurate with any adjustments made to the hospital’s NPR/FPP in order to protect margins.”
  - Added “Exemption from Public Budget Hearings” placeholder section with information to be added from Board decisions.
  - Added question “c” under Other Operating and Non-Operating Revenue to capture HCA question around potential amounts to be received by hospitals related to COVID-19.
- Appendices:
  - Part B Appendix 7: removed reference to amounts anticipated to be received and left as amounts received.
  - Part E: Approved HCA questions
    - Include question similar to HCA question 1 subject to work through with the VAHHS workgroup – parties to figure out right way to state it and revise it in time for hospital submissions.

# Board Decisions

- Value-Based Care Questions iii-v:
  - Keep in hospital budget guidance
  - Remove and include in sustainability
- Setting Net Patient Revenue/Fixed Prospective Payment (NPR/FPP) growth guidance
- Setting charge request growth guidance
- Setting public hearing exemption guidelines
  - Setting NPR/FPP growth ceiling
  - Setting charge request growth ceiling
- Enforcement
- Reduced guidance suggestions from staff

# NPR/FPP Growth Guidance: FY2022



- Option 1: 3.5% budget-to-budget NPR/FPP growth
  - Rationale:
    - Consistent with Vermont's economic growth and prior budget guidance
    - Point of reference for Board, Hospitals and GMCB Staff analysis
- Option 2: 3.0% budget-to-budget NPR/FPP growth
  - Rationale:
    - Based on staff analysis of actual growth in NPR/FPP
- Board establishes maximum NPR/FPP guidelines but will review and consider budgets and specific needs of hospitals.

# NPR/FPP Growth Guidance: 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) growth guidance of **X.X%** over the hospital's FY2021 approved budget for NPR/FPP.*

# Charge Request Growth Guidance: FY2022

- Option 1: no ceiling with exception of exempted from hearing parameters
  - Rationale:
    - Based on feedback from public comment
- Option 2: 4.0% charge request growth
  - Rationale:
    - Based on staff analysis of actual growth in charge
- Option 3: 3.5% charge request growth
  - Rationale:
    - Five-year average and median charge requests for 2017-2021 were 3.6% and 3.4%, respectively.
    - Five-year average and median charge requests for 2016-2020 were 3.2% and 3.0%, respectively.



# Charge Request Growth Guidance: Preliminary Vote



Potential Motion Language (for options 2 or 3 on previous slide):

*For the FY2022 hospital budget review process, the Green Mountain Care Board establishes charge request growth guidance of X.X% over the hospital's FY2021 approved charge increase.*

# Exemption from Public Hearing Criteria: FY2022



## Process

- ***Act 91 authority to open exemption from public budget hearings to all hospitals that meet criteria set by Board.***
- An exempted hospital will not have its budget adjusted by the Board (unless requested by the hospital) in the year for which it was exempted.

## Criteria for Hearing Waiver

- ***NPR/FPP rate request at or under growth guidance of X.X%***
- ***Charge increase request at or under X.X%***
- 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 decision deadline: 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.*

# 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].*

Potential Motion Language (waive FY2021):

*The Green Mountain Care Board waives enforcement with respect to FY2021 budgets due to uncertainty from the pandemic.*

# FY2022 Further Reduced Guidance Materials Proposal

Upon review, staff asks to consider removing:

- In the Hospital Guidance document:
  - Reduce narrative component in Capital Investment Cycle section
- In the Appendices:
  - Remove reconciliation (aka “bridges”) table
  - Remove utilization table
  - Remove inflation table
  - Remove value-based care table
- In Adaptive:
  - Keep as originally presented (including capital expenditure sheets)

# 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

July 1st

- Budget Submissions
- Appendices
- Other materials requested