

Northeastern VT Regional Hospital

Fiscal Year 2024 Budget

Northeastern VT Regional Hospital

Questions

1) When do you expect to see results from the regional capacity and needs assessment? Will those findings be publicly available?

Response: The results from the regional capacity and needs assessment are expected in October. We do not have a plan to make these findings publicly available, but plan on sharing the results with the state as they have been a partner with this initiative.

2) Are there any concerns about the ability to staff the new mental health support area in your emergency department? How do you plan to address each concern identified.

Response: NVRH does not have any concerns with staffing the new mental health support area in our emergency department. The need for staffing of this area is primarily LNA/tech staffing of which 50% of the positions have been filled.

3) Vermont's FY24 budget indicates an increase in Vermont Medicaid's RBRVS fee schedule to 110% of Medicare for primary care providers and a 3.8% inflation increase to specialty care providers. Have these increases been factored into your budget? If not, indicate what effect that would have on the submitted commercial rate increase.

Response: The adjustment to the Medicaid RBRVS fee schedule for primary care providers and the 3.8% inflation increase to specialty care providers were not factored into NVRH's FY 2024 budget. However, the effect of these changes on our requested commercial rate increase would not be material, approximately \$50,000. This is due to the fact that a majority of NVRH patients with Medicaid as their primary insurance are covered by the OneCare Vermont Alternative Payment Model. Reimbursement for services provided is part of the Fixed Prospective Payments and not based on the fee schedules.

4) Provide contracts that exist to collect payments from patients. Hospitals may reach out to the GMCB to request confidential treatment of materials that are exempt from public inspection and copying under Vermont's Public Records Act.

Response: The file has been uploaded to the adaptive site. NVRH requests that this document be treated as confidential.

5) In exhibits 9 and 10, it appears that workers' compensation (WC) is included in the commercial revenue information provided. What assumptions were made related to rate changes for WC for net revenue?

Response: In exhibits 9 and 10 workers' compensation revenue is included with commercial revenue. The patient revenue budget assumes the rate change will apply to workers compensation. The net patient revenue budget assumes NVRH will receive an average of 75% of charges billed for workers compensation claims

6) In exhibit 10, the gross revenue changes associated with rate from FY22 to FY23 to date appear quite high. Are these total revenue numbers? Correct the exhibit, if reporting is erroneous.

Response: Exhibit 10 has been corrected. The revised version was uploaded into Adaptive on July 27th.

7) "The FY2024 budget includes an overall rate increase request of 15%. The actual rate increase will be 16.75% for hospital-based services and 0% for the NVRH medical practices." Provide an explanation for how this charge request was developed, and why (if approved) it would only be realized on hospital-based services and not medical practices?

Response: The requested rate increase was developed as follows:

- **We identified a target operating margin of 1%**
- **Expenses, net of identified savings, were finalized**
- **NPR based on budgeted volume assumptions was calculated**
- **Changes in Medicare NPR based on volume assumptions and expense increases was calculated.**
- **Other Operating Revenue was calculated**
- **The above steps yielded an operating loss of \$5,454,000**
- **We determined NPR will increase by \$446,600 per 1% of rate increase**
- **A 15% rate increase yielded an NPR increase of \$6,699,000 and an operating margin of \$1,245,000, or 1% of total revenue**

Medical practice reimbursement is based on fixed fee schedules and, therefore, is not effected by rate increases. Approximately 33% of hospital-based services are effected by rate increases.

8) Explain the 291% increase in estimated third party settlements (Balance Sheet).

Response: The FY 2023 budget for estimated third party settlements was incorrect, resulting in the 291% increase. The due to third party liability has actually declined by \$3 million from FY21 actual to FY 2024 budget. This change is due to final settlement of several years of Medicare cost reports during this period.