



VT Legal Aid, Inc. Office of the Health Care Advocate Questions

Re: HCA Follow-Up Questions FY2020 Hospital Budget Review

1. Please provide your budgeted changes in utilization by payer and service category (e.g. inpatient, outpatient, professional).

Grace Cottage does not budget utilization by specific payer and service category.

2. Commercial Charge / Rate Change and Net Patient Revenue

- a. Please explain in detail how you plan to implement your commercial charge or rate change, if applicable.

Grace Cottage applies the approved charge request across the board to all service areas.

- b. What is your anticipated commercial charge / rate change for each service area (e.g. inpatient, outpatient, professional)?

As above, Grace Cottage applies the approved charge rate request across the board to all service areas.

- c. What commercial utilization assumptions for each service area were used to determine how the commercial charge / rate change translates to the commercial net patient revenue change included in your budget?

As commercial utilization is not budgeted by service area there is no translation to the commercial net revenue change included in the budget.

- i. Do these utilization assumptions align with those in the Green Mountain Care Board's 2020 Vermont Health Connect rate filings? If no, please explain any differences.

As discussed, since there are no specific commercial assumptions by service area, it is not possible to discuss how they align with the Vermont Health Connect rate filings.

3. Pharmacy Costs

- a. Please provide your budgeted medical pharmacy trend for commercial payers, separated by unit cost and utilization.

As above, utilization, including pharmacy, is not budgeted by specific payers.

- b. Please separate any change in unit cost by expense (cost of obtaining the drug) and profit margin.

Drugs are not budgeted by specific units, nor are profit margins budgeted by specific drugs.

- c. How does the hospital determine its profit margin for each drug (e.g. flat fee, percent of cost)?

The hospital does not determine, nor does it have any way to determine, profit margins by specific drugs.

- 4. How would you approach splitting your expenses into medical, administrative, and other categories?

While some direct expenses could be split into such categories – such as supply accounts for some departments for instance – the majority of expenses, such as overhead expenses, utility expenses, etc. would not be able to be split into specific categories since they serve multiple areas.