

Fiscal Year 2021 Hospital Budget Debrief

December 2, 2020

GMCB Health Systems Finance Team

Agenda

- Common themes
- Short-term considerations
 - Board controlled
- Long-term considerations
 - Involves third parties (e.g. legislature, consultants, research, etc.)
- Ease of implementation analysis
- Other Comments

Common Themes

- Change in Charge
- What is the Best Measurement of Growth?
- Transparency in Decision Making Process

Change in Charge

- More specific guidance related to components of the change in charge request
 - Specifically, impact of the cost shift
- Consider nature of the COVID component
- Standardizing measurement of change in charge
 - Understanding the commercial effective rates
 - Adding guardrails, if necessary
- Capturing Medicare and Medicaid payment policies
 - Consideration of Medicare and/or Medicaid payment changes on the commercial rate increases
- Price transparency
 - Federally mandated January 1, 2021

What is the Best Measurement of Growth?

- Using total cost of care (TCOC) Per Member Per Month (PMPM) in conjunction with NPR growth
- Using growth of operating expenses in conjunction with NPR growth
 - Expense growth appears to drive NPR (and change in charge)
- Improving comparison of hospital benchmarks (to peers)

Transparency in Decision Making

- Grouping of hospitals into critical access, prospective payment system, and academic
 - Understanding the cost structure of hospitals (based on designation)
 - Fixed versus variable costs
- Reducing administrative burden by streamlining guidance requirements
 - Delineating “need” versus “want” information
 - Example: 2021 Budget Guidance and process
 - Non-financial reporting – use of readily available reports/data
- Clarity into the “why” behind the Board’s budget decisions for hospitals
 - Ease of understanding for subject matter experts as well as general public

Short-Term Considerations: Change in Charge

- More specific guidance related to components of the change in charge request
- Consider nature of the COVID component
- Standardizing measurement of change in charge
- Capturing Medicare and Medicaid payment policies

Long-Term Considerations: Change in Charge



- Price transparency
 - Longer term due to hospital experts/subject matter experts weighing in on impact and value
 - Uncertainty around industry impact

Short-Term Considerations: What is the Best Measurement of Growth?



- Improving comparison of hospital benchmarks (to peers)
- Explore using total cost of care (TCOC) Per Member Per Month (PMPM) in conjunction with NPR growth
- Explore using growth of operating expenses in conjunction with NPR growth

Long-Term Considerations: What is the Best Measurement of Growth?



- Using total cost of care (TCOC) Per Member Per Month (PMPM) in conjunction with NPR growth
- Using growth of operating expenses in conjunction with NPR growth

Short-Term Considerations: Transparency in Decision Making



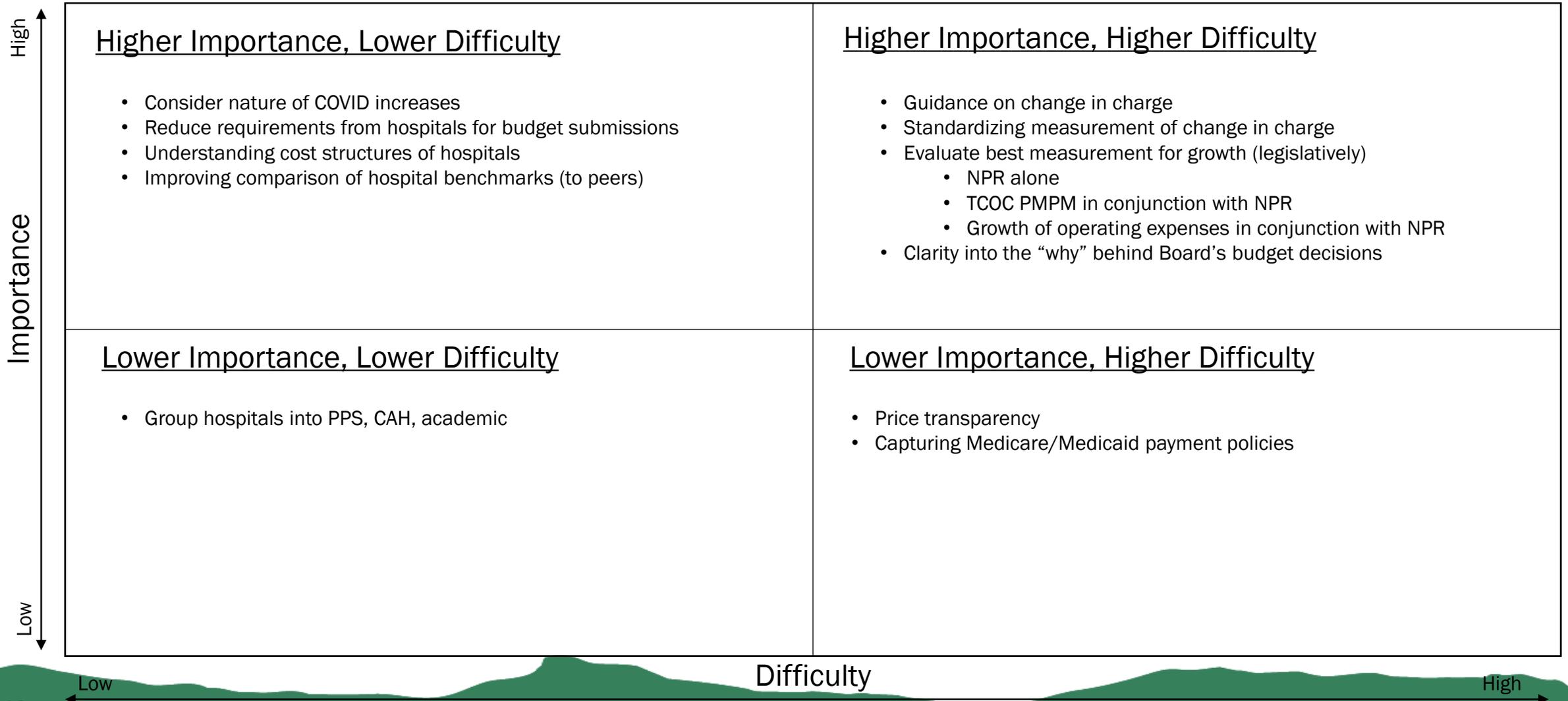
- Grouping of hospitals into critical access, prospective payment system, and academic
 - Understanding the cost structure of hospitals
- Reducing administrative burden by streamlining guidance requirements

Long-Term Considerations: Transparency in Decision Making



- Clarity into the “why” behind the Board’s budget decisions for hospitals

Ease of Implementation Analysis



Other Comments

- Reconciling hospital rates to rate review process
- Addressing racial disparity in process
- Take a step back and look at bigger picture – every Vermonter needs to have access to high quality care at the most affordable rate possible