



August 21, 2024

Attn: Ms. Alena Berube, Director
Green Mountain Care Board
89 Main Street, Third Floor, City Center
Montpelier, Vermont 05620

Re: Hospital Budget Hearing Follow-Up Questions - MAHHC

Dear Ms. Berube,

The following are responses to our hospital budget hearing follow up questions:

1. Your referral lags sheet in the workbook seemed to have missing data. Why is that? If you cannot track that data for this year, is that something you are implementing for the future?

We believe the data submitted to be correct. If I recall correctly, the heart of the question was "why is the new patient referral data in table 1 not equal to the new patient visit lag data in table 3, particularly around Primary Care?"

We had 0 in table 1 and 57 in table 3. We have not historically considered the new patients in table 3 as referrals, because they were not referred to by another department in the hospital, or an outside 3rd party. They were patients who called themselves for new patient appointments, or placed themselves on a list rather than referred by provider. Additionally, a move to the EPIC electronic health record system would improve the tracking and reporting of the data as it is the same system that UVM and its affiliates use, aligning the methodology, definitions, and reporting.

2. Could you provide a list of steps you are taking to reduce the bad debt to free care ratio and overall work with Act 119?

Below is a list of steps we have either already implemented or are in process to reduce the bad debt to free care ratio and overall work with Act 119:

- a. Updated our Financial Assistance Policy with the following recommended changes:
 - i. Calculating household income and size using the advance premium tax credit methodology, and utilizing the Modified Adjusted Gross Income.
 - ii. For insured or uninsured patients whose income is between 250%-400% of the Federal Poverty guidelines, will now receive a discount of 40%, increased from 25%.
 - iii. Added Catastrophic financial assistance definition.
 - iv. Changes on which documents can be requested for Proof of Income documentation.
 - v. Liquid Assets definition updated.
 - vi. Residency requirements updated, including NH residents within a 50-mile radius.
 - vii. Updated Covered and Not Covered Services.
 - viii. Policy elements including eligibility criteria, basis for calculating amounts charged, process for applying for assistance, steps hospital takes to determine eligibility,

billing and collections policy, appeals process and plain language have been updated in the policy.

- b. Updated Financial Assistance Policy brochure.
- c. Updated Financial Assistance poster, and displayed prominently throughout the organization.
- d. Installed document holders, and prominently placed applications, brochures and copies of the Financial Assistance Policy in public registration and patient areas throughout the organization, to include off site locations.
- e. Option for oral or written copies made available through our interpreter services resources.
- f. Provided outreach to the community for patients who may qualify for financial assistance, such as patients presenting to the Emergency Department or Registration desks who may need financial assistance.
- g. Clinical administrative staff are including copies of the policy in any new patient packets.
- h. Provided outreach through social medial platforms and internal digital signage.
- i. Collection agencies have been updated on Medical Debt and Patient's Rights requirements and written/oral collection debt attempts to include information about financial assistance policy.
- j. Conspicuous notices provided on billing statements and debt collector notices.
- k. Future plan to conduct quarterly audits throughout organization for policy compliance, and review of policy (to update Federal Poverty Guidelines) on a yearly basis.

3. Can you please resubmit your budget excluding all unapproved CON projects?

See below financial statement with and without the project, as well as detailed P&L implications from the CON.

MT. ASCUTNEY HOSPITAL & HEALTH CTR PROFIT AND LOSS STATEMENT		
	2025 BUDGET SUBMITTED	2025 BUDGET W/O CON
GROSS PATIENT CARE REVENUE	\$148,673,268	\$147,935,926
DEDUCTIONS FROM REVENUE	-\$76,993,088	-\$77,019,383
NET PATIENT CARE REVENUE	\$71,680,180	\$70,916,543
FIXED PROSPECTIVE PAYMENTS & RESERVES & OTHER	\$1,670,000	\$1,670,000
TOTAL NPR & FPP & RESERVES & OTHER	\$73,350,180	\$72,586,543
OTHER OPERATING REVENUE	\$4,411,698	\$4,411,698
TOTAL OPERATING REVENUE	\$77,761,878	\$76,998,241
TOTAL OPERATING EXPENSE	\$77,232,044	\$76,782,915
NET OPERATING INCOME (LOSS)	\$529,834	\$215,326
NON-OPERATING REVENUE	\$3,365,180	\$3,365,180
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	\$3,895,014	\$3,580,506
OPERATING MARGIN %	0.68%	0.28%
TOTAL MARGIN %	5.01%	4.65%

*Variance from CON application includes shared service allocation credit of \$392K for consideration of a "member in transition" status, as opposed to an increased shared service expense of \$109K that was submitted. We would lose this additional benefit.

FY25:

* No changes to volume	737,342
* Increased rate request 0.5% on gross charges (net effect is ~ 0.25% pickup)	365,472
* Improvement in Medicare cost report reimbursement (OPEX & Depreciation)	(20,616)
* Salary and benefits of \$27k for training costs (replace staff for training)...one time expenses	(6,597)
* Purchased services/consulting for \$642k for implementation	(642,144)
* \$533k in consulting, training, etc. from DH and Epic, one time expense	
* \$109k in shared service allocation (DH Support/service costs), ongoing annual expense	
* Depreciation increase due to project is \$171k	(171,772)
* Net Assets Increase = DH CAPEX 75% share + Shared Service of \$109K	1,825,725

We hope this is answering the spirit the question, and will provide sufficient information to assist with your determination. We submitted this with the unapproved CON because we had received approval of the expedited review application in April 2024 and anticipated the CON would be finalized by the time our budget hearings were scheduled. We could find no indication in the FY25 Guidance Updated 041823_0 FINAL provided as to include or not include CON projects under review. Furthermore, we had consulted with the GMCB CON team on several occasions to make sure our application met all the standards and requirements of the GMCB and that all of their questions/concerns had been addressed, and were provided sufficient confidence as to its full compliance.

Resubmitting the budget includes reworking our internal models and workpapers as well as Adaptive's workpapers and data entry. If the CON gets approved, we would then need to complete the work a third time. Over the past year the Mt. Ascutney Finance Team has had 100% turnover at the every level, along with three different CFO's and we have been valiantly trying to catch up with our workload, especially with year-end coming up quickly. This would place an additional administrative burden on an already over-taxed staff.

This CON project currently in review will be transformative for the DH healthcare system, Vermont healthcare system, and will contribute positively to your efforts regulating the system. A lesser, but still meaningful immediate concern is that our existing payroll/HR platform will be unsupported and inoperable in March 2025. We believe this is a best practice, industry standard IT model, same as UVM and its affiliates, and not a new line of business impacting other facilities. Lastly, with DH paying 75% of the cost, and cost-based Medicare reimbursement, the net cost to the system is immaterial compared to the overall benefits. Mt. Ascutney has traditionally asked for modest operating margins and even with this additional cost, we still fall within those guidelines. We humbly request you approve our CON and budget as submitted.

If you have further questions, please reach out to both myself and Andrew Garami.

Sincerely,

A handwritten signature in cursive script that reads "Celeste K. Pitts". The signature is written in black ink and is positioned below the word "Sincerely,".

Celeste K. Pitts
Interim Chief Financial Officer