

- 1) FEMA recently extended the time period applicable for COVID-related relief in its public assistance program. What is the approximate magnitude of any potential relief and what considerations have you made in pursuing this potential fund source? If you have already applied indicate any known timing or estimated funds you may receive.

***We will not be applying for additional FEMA funding. We drew down the maximum dollars available in the first two rounds. We currently have a reserve of \$2.5M for Provider Relief Funds because we recovered fairly quickly and have the VT ACO reporting anomaly relative to the justification of these funds. Therefore, we still have room for expenses/costs to offset this reserve. We cannot double dip from two funding sources.

- 2) Describe the method(s) used to estimate the effect of inflation on your expenses. Include how the calculations are applied to expense categories (e.g. wage and salary, pharmaceuticals).

***Our method for budgeting is outlined in the narrative and has not changed in many years:

'Our usual methodology for establishing the needed rate increase was followed. We determined how busy we will be. We determined the number of staff and amount of "stuff" required to provide those services. We established an operating margin goal based on GMCB expectations, D-HH expectations, and our Board's expectations. We review (and revise if necessary) our reimbursement model and apply a rate increase to deliver the desired margin.'

In order to get to the question, our inflation by expense category is determined by the following:

- Current/recent trend being experienced (wages, traveler costs, supplies, etc.)
- Actuarial studies (insurance, benefits, etc.)
- Actual bid/contracted pricing/negotiations (heating fuel, new supply contracts, etc.)
- Group Purchasing and market resources (supply, freight, interest expense, etc.)

These determined inflation rates are applied against our current rates at a category or specific item level depending on the item and the source of information. Heating fuel will be inflated at the line item level vs. all utilities. Wage inflation will be applied against specific wages. Pharmacy inflation is calculated at the drug category level (Chemo, non-chemo infusion, anesthesia, routine, etc.)

- 3) How does your organization evaluate the affordability of services for patients?

Healthcare is expensive and not very affordable to the average patient. MAHHC provides only community-based services and we do not offer nor market, boutique/niche services that would be priced with competition in mind. We periodically compare pricing based on publically available pricing information. We periodically, as financial performance allows, study and reduce pricing as we have done previously. We price/re-price based on cost and reimbursement with a mind to a 1%+ operating margin. We have been able to reduce price increases over time. Increasing deductibles, non-covered services, and new payment methodologies being rolled out from payers counteracts our ability to manage the ceiling on pricing. Whenever they reduce payment levels to the provider, the lost NPSR must be made up in the following year (cannot afford to absorb with small margins) with price increase or by additional volume (frowned upon in the current Vermont regulatory environment). It is impossible to survive and to provide the access, quality, and basic community with greater regulatory burden on a diminishing

reimbursement rate. Ultimately, the consumer and/or the employer, are stuck with the bill via premium or tax. We have a solid financial assistance program to minimize the impact.

4) Do you anticipate any changes to your budgeted fixed prospective payments for FY23?

Other than increases in the number of covered lives and the associated impact on the FPP dollars, we do not anticipate any changes budget to budget. The impact/change has been provided in the normal GMCB data requests. We will receive FPP for Medicaid and will not receive FPP for Medicare, as in 2021 and 2022. We will have an ACO footprint in commercial for the first quarter of the year but have not committed to this for the calendar/contract year.