



November 4, 2024

VIA EMAIL:

Mark Hengstler, Staff Attorney
 Green Mountain Care Board
 144 State Street
 Montpelier, Vermont 05620

Re: Submission re: GMCB Request for Briefing Regarding Hospital Requests to Amend Condition B of Order

Dear Mr. Hengstler, please find responses to your questions posed via email on 10/31/24 below:

- 1) Was your hospital’s FY25 commercial rate request (A) a percentage increase over your FY24 approved commercial rate amount or (B) a percentage increase over your FY24 gross charges? For an example of Item (B), see chart from MAHHC below.**

MAHHC’s reported FY25 commercial rate request was a percentage increase over FY24 gross charges.

- 2) What was the rate increase your hospital requested? Was your hospital’s anticipated chargemaster increase different than your requested rate increase? If so, explain why.**

MAHHC’s gross price increase, or rate increase, request was 3.5%, same as the chargemaster increase. The rate the GMCB published was 2.2% which was the net realized commercial payment calculated from the 3.5% chargemaster increase.

- 3) If your chargemaster and rate requests were different, please demonstrate the calculation used to arrive at these two figures.**

The chargemaster and rate request was 3.5%. The rate request that was interpreted by the GMCB was 2.2%, which was the net commercial impact as a percentage of gross charges.

| | 2024 | 2025 | 2025 | Var \$ | Var % | |
|-------------------|-----------|-----------|-----------|---------|-------|----------|
| Rate Increase | Ref Yr | 0% | 3.5% | | | |
| Commercial Gross | \$ 159.09 | \$ 159.09 | \$ 164.66 | \$ 5.57 | 3.5% | |
| Payment | 63% | 63% | 63% | | | |
| Commercial NPR | \$ 100.00 | \$ 100.00 | \$ 103.50 | \$ 3.50 | 3.5% | =E19/C19 |
| | | | | | 2.2% | =E19/C17 |
| Gross Rate Change | 3.50% | | | | | |
| Payment Rate | 63% | | | | | |
| NPR Impact | 2.2% | | | | | |

4) Please show (e.g. with a sample calculation) the reason that Condition B’s cap on change in charge necessarily causes a lower rate than Condition B’s cap on commercial negotiated rate.

MAHHC is fortunate that the sample calculation is the same situation it currently faces. MAHHC shared with Matthew Sutter similar information on 10/14/24 via email.

| Commercial Rate Increase Impact Analysis | 2024 Charge (current) | Requested increase of 3.5% | Budget order increase of 2.2% | Loss of NPR to MAHHC |
|---|-----------------------|----------------------------|-------------------------------|----------------------|
| Original Gross Charge | \$100.00 | \$100.00 | \$100.00 | |
| Gross Charge Increase | | 3.5% | 2.2% | |
| Updated Gross Charge | | \$103.50 | \$102.20 | |
| Increase to Gross Charge | | \$3.50 | \$2.20 | |
| Current Insurance discount | 63.0% | 63.0% | 63.0% | |
| Net Commercial Payment | \$63.00 | \$65.21 | \$64.39 | (\$0.82) |
| Increase in Commercial Payment | | \$2.21 | \$1.39 | |
| Negotiated rate increase (Increased commercial payment divided by original Gross charge) | | 2.2% | 1.4% | -0.8% |

5) Please demonstrate why your hospital cannot achieve a higher rate by negotiating more favorable discounts off charges with commercial payers.

MAHHC’s contractual agreement with several commercial payers are benchmarked/tied to the figure GMCB approves. Given the terms of our contracts no adjustments can be made, unless MAHHC exceeds the approved GMCB rate. Commercial insurers will historically only adjust discounts downward and reaching the full amount needed would require a significant increase upwards in our discount rate – to 100% of charge in order to realize the full 2.2% rate. The payers have not been willing to do that and indeed, informed us if we did increase our chargemaster to the 3.5% submitted, they would increase our discount rate to bring it back down to the 2.2%.

6) For how many commercial payers have you not yet completed contracts for FY25. How many of these commercial payers are currently holding claims?

All contracts have been and are complete. No contracts were up for renewal this year. As noted above, our payers insisted the published rate was our charge limit. Therefore, in order to realize any increases pending these conversations, we were forced to increase our chargemaster by the 2.2% per current GMCB language. We submitted this change to our payers, with the caveat that it is subject to further GMCB deliberations and decisions.

We request the GMCB amend the budget order to the submitted 3.5% at which point we would update our chargemaster accordingly. We delayed implementing the 2.2% due to the rate language debate with a payer, which caused some cash flow disruption, but these have since been addressed.

Sincerely,
/s/ Celeste K. Pitts,
 Interim Chief Financial Officer