

STATE OF VERMONT  
GREEN MOUNTAIN CARE BOARD

**MODIFICATION OF FY2024 HOSPITAL BUDGET DECISION AND ORDER**

In re: Northeastern Vermont Regional Hospital )  
Fiscal Year 2024 )  
\_\_\_\_\_ )  
Docket No. 23-009-H

**INTRODUCTION**

On September 15, 2023, the Green Mountain Care Board (GMCB or the Board) approved an FY24 budget for Northeastern Vermont Regional Hospital (NVRH). On October 1, 2023, GMCB issued a written budget order for NVRH's FY24 budget (Budget Order). The FY24 budget previously approved by the GMCB for NVRH, and reflected in the Budget Order, included approval of a change in charge and commercial rate increase of not more than 8%, reduced from 15%, and a net patient revenue (NPR) increase of not more than 9.0% from its FY22 actuals, reduced from 16.3%, with a commensurate reduction in operating expenses. Budget Order, Order, ¶¶ A, B.

On October 20, 2023, NVRH submitted a letter requesting that the NPR and operating expense reduction in its Budget Order be modified so that the NPR and operating expense reduction was equal to the dollar value of the reduction in the change in charge. See Letter from Shawn Tester, CEO of NVRH, to Owen Foster, GMCB Chair, 1 (October 20, 2023) (NVRH Budget Modification Letter).<sup>1</sup> Following review and discussion, the GMCB voted on October 27, 2023 to modify NVRH's Budget Order to approve NVRH's FY24 budget with an NPR growth of not more than 14% from its FY22 actuals, with a commensurate reduction in operating expenses.

The Board issues the following Findings, Conclusions, and Modification to the Budget Order:

**FINDINGS**

1. On October 1, 2023, the Board issued its Budget Order for NVRH, approving a FY24 NPR/FPP budget at a growth rate of 9.0% over its FY22 actual, with a total NPR/FPP of \$115,178,726 for FY24, with a reduction of \$8,381,484 to NPR/FPP and operating expenses from NVRH's submitted budget. See Budget Order, ¶ A. NVRH's budget was approved with an overall change in charge and commercial rate increases at not more than 8% over current approved levels. See Budget Order, ¶ B. NVRH's change in charge and commercial rate increase was reduced to 8.0% from a submitted 15.0%, and its NPR/FPP growth from FY22 actuals was reduced to 9.0% from a submitted 16.3%. See Budget Order, Conclusions.

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<sup>1</sup> Available at:  
<https://gmcboard.vermont.gov/sites/gmcb/files/documents/NVRH%20Budget%20Order%20Request%20-%2010.20.2023.pdf>.

2. On October 20, 2023, NVRH submitted a request to modify its approved budget by changing the reduction to its budgeted NPR/FPP from \$8,381,484 to \$3,237,031, which would result in modifying its NPR/FPP growth from 9.0% over FY22 actuals to 14.0% over FY22 actuals. *See* NVRH Budget Modification Letter, 1-2. NVRH’s letter stated that “[w]e believe the intent of the [B]oard is to reduce NPR by \$3,237,031 consistent with the reduction in rate request.” NVRH Budget Modification Letter, 2. NVRH stated in its letter that a 1% change in charge equates to \$462,433 in NPR, and therefore the 7% reduction in change in charge ordered by the GMCB equates to \$3,237,031 in NPR. *See id.*
3. On October 27, 2023, GMCB staff presented NVRH’s request to the Board at a public meeting. The Board reviewed and deliberated on the request at that meeting, and then voted to approve NVRH’s request to modify its Budget Order.

### **CONCLUSIONS**

We conclude that a reduction to NVRH’s FY24 NPR/FPP and operating expenses of an amount equal to the dollar value of the reduction to NVRH’s FY24 charge increase is consistent with our decision on September 15, 2023, establishing NVRH’s FY24 budget. Based on our review of NVRH’s submitted calculation of the value of the 7% reduction in change in charge imposed by the Board, we approve NVRH’s request and modify the Budget Order accordingly.

### **ORDER**

Based on our findings and conclusions detailed above and the authority granted by Chapter 221, Subchapter 7 of Title 18, NVRH’s Budget Order is modified by replacing Condition A therein with the following:

- A. NVRH’s FY24 NPR/FPP budget is approved at a growth rate of not more than 14.0% over its FY22 actual, with a total NPR/FPP of not more than \$120,323,179 for FY24, reflecting a reduction of \$3,237,031 from NVRH’s submitted budget. NVRH’s FY24 operating expenses must also be reduced by \$3,237,031.

The findings and orders contained in this decision do not constrain the Board’s decisions in future hospital budget reviews, future certificate of need reviews, or any other future regulatory or policy decisions.

**So ordered.**

Dated: October 31, 2023  
Montpelier, Vermont

s/ Owen Foster, Chair )  
 ) GREEN MOUNTAIN  
s/ Jessica Holmes ) CARE BOARD  
 ) OF VERMONT<sup>2</sup>  
s/ Robin Lunge )  
 )  
s/ David Murman )

Filed: October 31, 2023

Attest: s/ Jean Stetter  
Green Mountain Care Board  
Administrative Services Director

*NOTICE TO READERS: This document is subject to revision of technical errors. Readers are requested to notify the Board (by email, telephone, or in writing) of any apparent errors, so that any necessary corrections may be made.*

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<sup>2</sup> Board Member Walsh was not able to attend the deliberations or vote on the modification.