



Choosing Health

NORTHEASTERN VERMONT REGIONAL HOSPITAL

September 3, 2024

Owen Foster, Chair
Green Mountain Care Board
144 State Street
Montpelier, VT

Dear Chair Foster:

During our August 26th FY25 budget presentation, Northeastern Vermont Regional Hospital (NVRH) was asked to provide supplement answers to certain questions asked by GMCB board members. Those questions, and our supplemental responses, follow.

1. Please provider the hospital's payer mix in terms of percentages of patients covered by Medicare, Medicaid, and Commercial.

We looked at our patient activity for the period January 1, 2024 through June 30, 2024 to determine the payer mix of unique patients. The results are presented in the following table.

NVRHPayer Breakdown 1/1/24-6/30/24		
Payer	# Patients	Percent
Other	2,102	8%
Medicaid	5,967	23%
TradMedicare	5,359	21%
Commercial	9,425	37%
MedicareAdvantage	2,899	11%
Total	25,752	100%

2. Please explain the marketing line item increase between FY24B and FY24P from \$50k to \$105k.

The amount allocated from our Marketing and Community Health Improvement department's total expenses to marketing is an estimate. Put simply, that estimate was prepared by different employees for the FY24 and FY25 budgets.

In FY24 the salary and non-salary budget for the department totaled \$354,877. The amount allocated to Marketing was \$50,000 or 14%. In FY25 the total budget is \$374,070. The amount allocated to Marketing was \$105,000 or 28% if the total.

After reviewing the Marketing and Community Health Improvement department's community outreach objectives, shown below, it's hard to determine if the correct allocation of expenses to marketing should be 14%, 28% or some other amount. Therefore, we believe the estimates of marketing expenses used in both FY24 and FY25 are reasonable.

OBJECTIVES:

Northeastern Vermont Regional Hospital (NVRH) will maintain a media presence that aims to achieve the following objectives:

- Engage the public to keep them informed of evidence-based treatments, strategies, and other population and clinical health trends and time-sensitive information.
- Establish the health system as a high-quality, patient-centered healthcare organization that strives to provide services and resources across the lifespan that prevent, treat, and manage illness.
- Ensure brand awareness through use of brand guidelines and standards.
- Establish patient trust as the local healthcare system by humanizing NVRH and promotion of patient/family experiences and testimonials.
- Promote workforce and department achievement, advancement, and other successes to affirm efforts to continuously acquire new skills, information, and technology to ensure innovative, quality care.
- Promote career opportunities, depict system culture, and share employee engagement activities to achieve greater workforce recruitment and retention.

3. Please explain what has changed between the CON estimate of 0.25-0.5% commercial rate increase to the FY25 budget submission estimate of 0.9% commercial rate increase for the CON project.

There hasn't been any change between the CON estimate of .25%-.5% commercial rate increase. When the CON projects are completed in FY27 annual operating expenses will increase by approximately \$900,000. Our goal is to find cost savings to offset the increased costs. However, if cost savings fall short of \$900,000 an additional rate increase of .25%-.5% may be required.

NVRH is asking for an additional .9% of commercial rate to achieve a breakeven from operations for FY24 and FY25 combined. We are projecting an FY24 operating loss of approximately \$900,000. Therefore, a FY25 operating gain of \$900,000 is required. The calculus supporting our 4.5% rate increase request is detailed below.

FY24 Approved NPR	120,323,179
FY24B to FY25B NPR growth before rate	2,524,920
FY25 NPR before rate	122,848,099
FY24B OOR	5,710,499
FY24B to FY25B OOR growth(340B mostly)	1,490,720
FY25B OOR	7,201,219
FY25 total operating revenue before rate	130,049,318
FY24B operating expenses	124,847,634
FY24B to FY25B expense increases	8,266,695
FY24B to FY25B cost reductions	(1,800,958)
FY25B operating expenses	131,313,371
FY25B operating margin before rate	(1,264,053)
FY25B required operating margin	900,000
FY25B operating margin required from rate	(2,164,053)
NPR Increase per 1% rate (net of UC increase)	482,816
% increase necessary	4.5%

4. How does NVRH's staff turnover rate compare to other hospitals?

NVRH's staff turnover rate compares very favorably to other hospitals. The turnover information obtained from the 2024 Gallagher surveys, which is sponsored by the Maine, New Hampshire and VT hospital associations shows a 17% average turnover for 47 hospitals. NVRH's turnover rate is 12%.

5. If NVRH wishes to work with GMCB staff regarding RAND's standard pricing data, please let us know and we can facilitate this.

NVRH would like to work with GMCB staff regarding RAND's standard pricing data. We will contact the GMCB staff to help facilitate the review process.

Please contact me if NVRH can provide an additional information to supplement answers to certain questions from GMCB board members during NVRH's August 26th FY25 budget presentation.

Sincerely,



Shawn Tester, CEO

CC: GMCB Board Members
Alena Berube, Director of Health Systems Finances
Noah Montemarano, Health Policy Analyst
Andre Bissonnette, CFO
Leslie Walker, Controller
Bob Hersey, Finance Projects Manager