

Preliminary Review of FY2023 Hospital Budget Submissions*

July 27, 2022

FY2023 Hospital Budgets Schedule



Materials and Public Comment



- The Board is accepting public comment related to FY23 budgets for Vermont's hospitals. Comments must be submitted **prior to August 31** for the Board to consider in their deliberations.
- To make a comment:
<https://gmcboard.vermont.gov/board/comment>
- FY23 documents: <https://gmcboard.vermont.gov/node/3064>
- FY23 submissions: <https://gmcboard.vermont.gov/node/3183>
- Overview of the process:
<https://gmcboard.vermont.gov/document/hospital-budget-review-guide>

Current and Future State



- The State of Vermont continues to work to further health reform.
- **Act 167 of 2022**
 - Determine an allowable rate of growth for Vermont hospital budgets
 - Collaborate with AHS to:
 - Develop value-based payments
 - Promote the long-term stability of the Vermont health care system

Payer Reimbursements

	Process	FY23 Information
Medicare	Reimbursements are established by federal rule	<p><i>Proposed Rules</i></p> <ul style="list-style-type: none"> • IPPS: 3.2% (FFY23) • OPPS: 2.7% (CY23) • Physician fee schedule: -4.4% to conversion factor (CY23)
Medicaid	Reimbursements are established by DVHA and funds for reimbursement changes are appropriated in the state budget, which is enacted by the Vermont legislature	Changes for reimbursements would be tied to the SFY24, which begins in July of 2024 (i.e. Q4 of the FY23 VT hospital FY).
Commercial and Self-Funded Plans	Reimbursements are negotiated between hospitals and insurance companies/third party administrators, within NPR/FPP and charge changes approved by GMCB	The time periods of negotiated changes may vary by contract

NPR/FPP Growth Guidance



At its March 30, 2022, public meeting, the Board established a Net Patient Revenue/Fixed Prospective Payment (NPR/FPP) growth guidance of up to an aggregate of 8.6% for FY23 and FY24 combined (over each hospital's FY22 budget). The Board will consider a hospital budget with NPR/FPP growth of more than the growth guidance based on the specifics and support for that NPR/FPP growth provided by the hospital in its FY23 budget submission.

Considerations

- The financial metrics of the hospital, including days cash on hand and other routinely collected metrics or ratios.
 - May include year over year comparisons to other Vermont hospitals, as well as other benchmarks.
- Hospital's growth of operating expenses offset by expense reduction plans in conjunction with NPR/FPP growth.
- Hospital's other operating revenue in connection with operation expenses.
- The hospital's long-term strategic and financial plans for sustainability.
- Data and information provided by insurers and third-party administrators regarding actual and projected utilization and price changes.
- Impacts on Vermonters and employers in the commercial market, including self-funded employers, and considerations of Medicare and/or Medicaid payment changes on the commercial rate increases.

Considerations (continued)

- Impacts of Medicare and/or Medicaid payment changes and changes to rate of uninsured.
- The hospital's NPR/FPP and charge increases approved in prior budget years.
- Population or demographic data, including patient migration data, based on census data as determined by the Board to be relevant and applicable.
- Hospital reimbursement variation data, cost, and cost coverage data.
- Data relative to payments to similar hospitals, relative costs for similar hospitals, and payer mix. Generally accepted measures of medical inflation.
- Hospital's extraordinary labor costs and investments, as well as the impacts of those costs and investments on the affordability of health care per H.654 (2022).
- Other relevant factors proposed during the budget review process.

Common Budgeting Themes

- Concern for financial health and ability to provide necessary services
 - Focus on providing stability to Vermont's health care system
- Significant expense increases
 - Inflation increasing expense of necessary supplies
 - Workforce, including travelers, locums, and efforts to attract and retain high quality staff
- Operating revenue
 - Continued effects of COVID without relief funding
 - 340B revenue declines (-\$25 million from FY22 budgets)
 - Increasing revenue from specialty pharmacy (+\$99 million)
- Changes in case mix
 - Medicare Advantage
 - Aging
 - Medicaid redeterminations
- Increasing volume in ED/ER visits and imaging

Change in Charge%

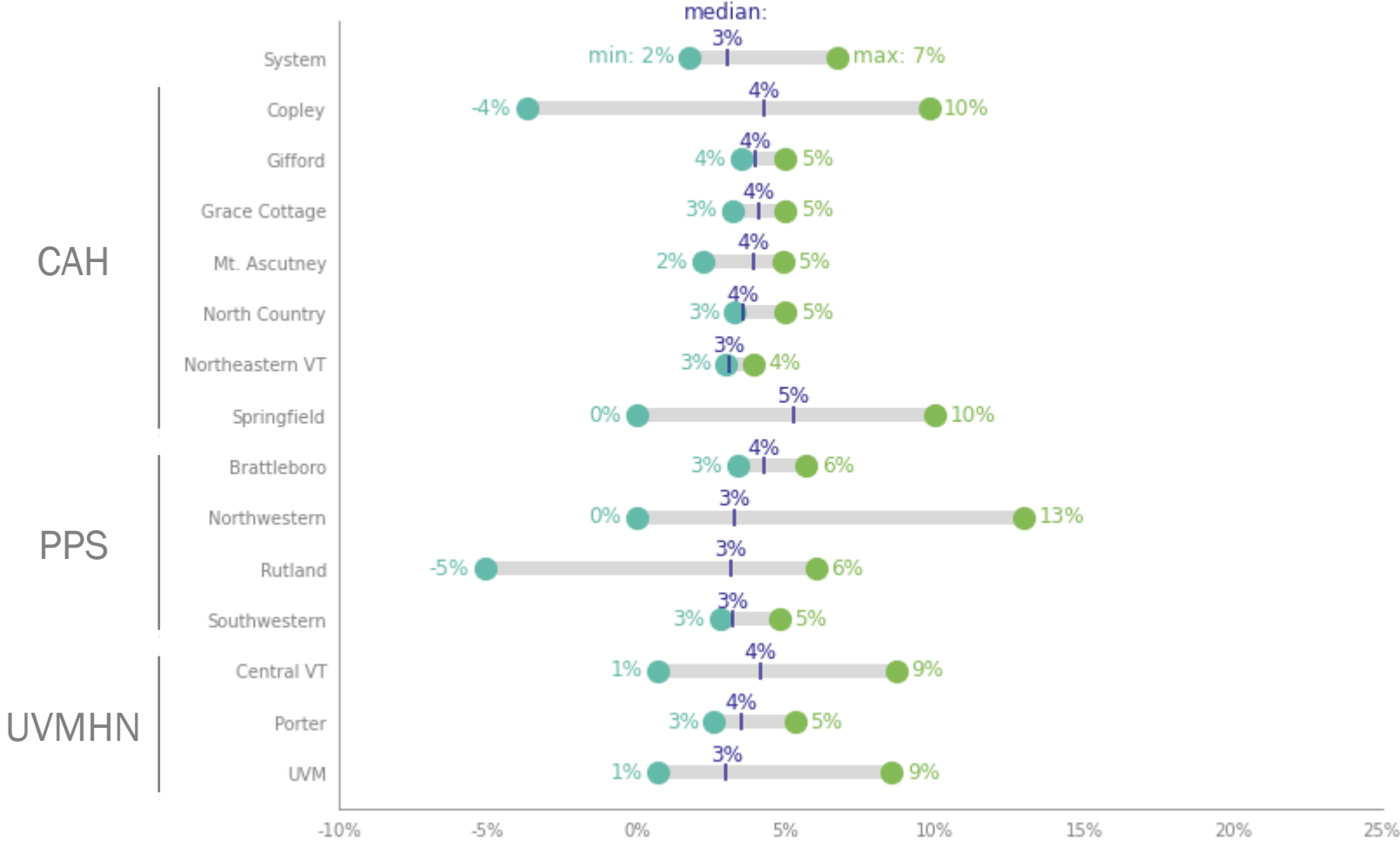


Vermont Community Hospitals History of Annual Increases in Charges

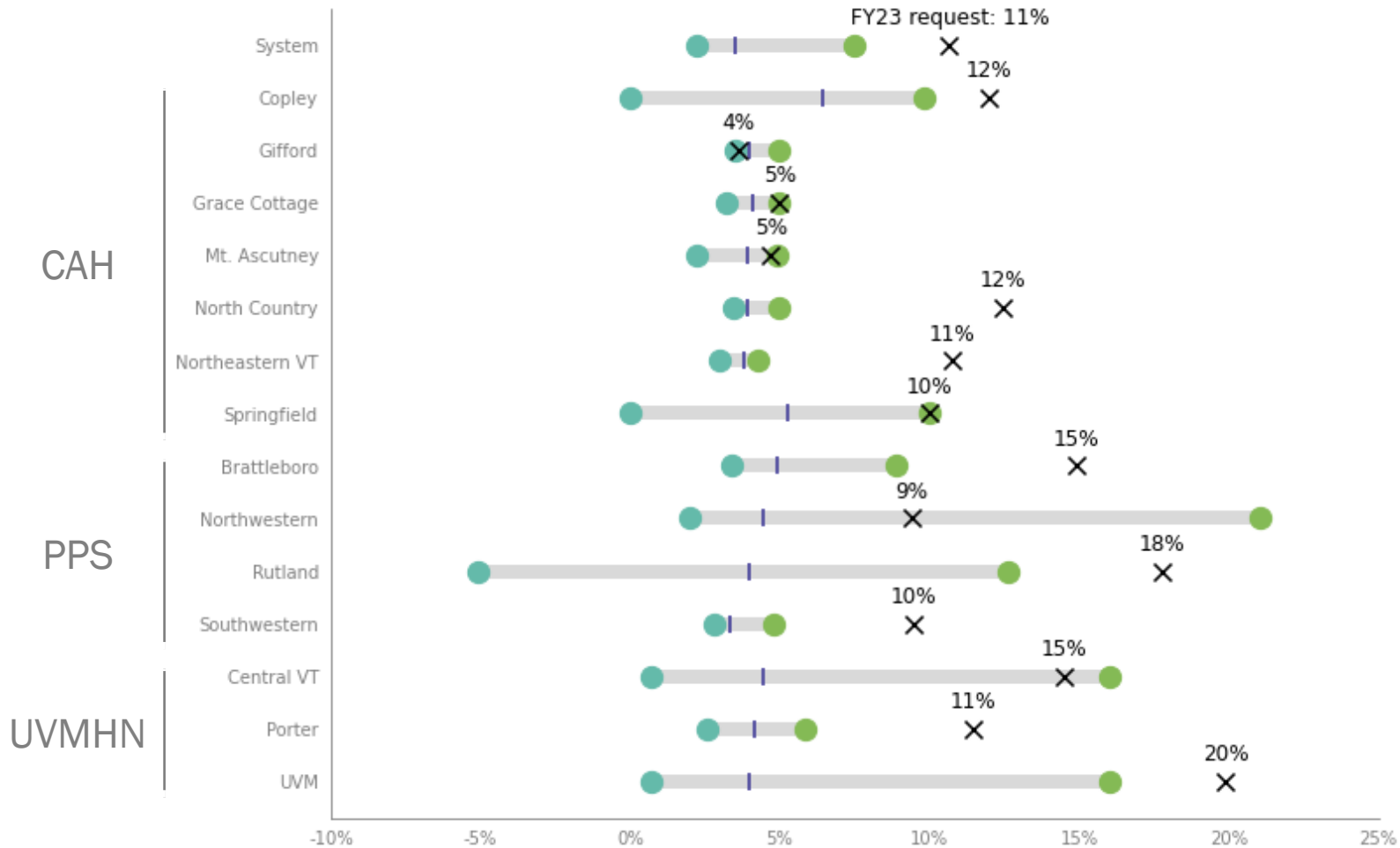
	2020	2021				2022			2023	
	Approved	Submitted	Commercial Effective Rate	Approved	Commercial Effective Rate	Submitted	Submitted Amend	Approved	Submitted	Commercial Effective Rate
Brattleboro Memorial Hospital	3.4%	4.9%		4.9%		5.1%	5.1%	4.6%	14.9%	
Central Vermont Medical Center	3.0%	6.0%	8.5%	6.0%	7.0%	7.4%	16.0%	8.7%	10.0%	14.5%
Copley Hospital	9.8%	8.0%		6.0%		5.0%	5.0%	4.0%	12.0%	
Gifford Medical Center	5.0%	4.0%		4.0%		3.5%	3.5%	3.5%	3.65%	
Grace Cottage Hospital	3.2%	3.2%		3.2%		5.0%	5.0%	5.0%	5.0%	
Mt. Ascutney Hospital & Health Center	3.2%	4.6%		4.6%		2.2%	2.2%	2.2%	4.7%	
North Country Hospital	4.2%	3.6%		3.6%		4.9%	4.9%	3.3%	12.5%	
Northeastern VT Regional Hospital	3.0%	3.9%		3.9%		3.0%	3.0%	3.0%	10.8%	
Northwestern Medical Center	5.9%	21.1%		13.0%		3.0%	3.0%	3.0%	9.4%	
Porter Medical Center	0.0%	0.0%	5.8%	0.0%	4.0%	5.9%	5.9%	4.0%	3.5%	11.5%
Rutland Regional Medical Center	2.7%	6.0%		6.0%		3.6%	12.6%	3.6%	17.8%	
Southwestern VT Medical Center	2.8%	3.5%		3.5%		4.8%	4.8%	4.8%	9.5%	
Springfield Hospital	0.0%	4.0%		4.0%		8.3%	8.3%	8.3%	10.0%	
The University of Vermont Medical Center	3.0%	8.0%	8.0%	6.0%	6.0%	7.1%	16.1%	8.6%	10.1%	19.9%
Estimated Weighted Average For All Hospitals**	3.1%	6.8%		5.6%		6.0%	12.2%	6.7%	10.7%	

**Estimated Weighted Average for All Hospitals is calculated by factoring in each hospital's proportion of gross revenue (FY22 Projected) to the change in charges (rate).

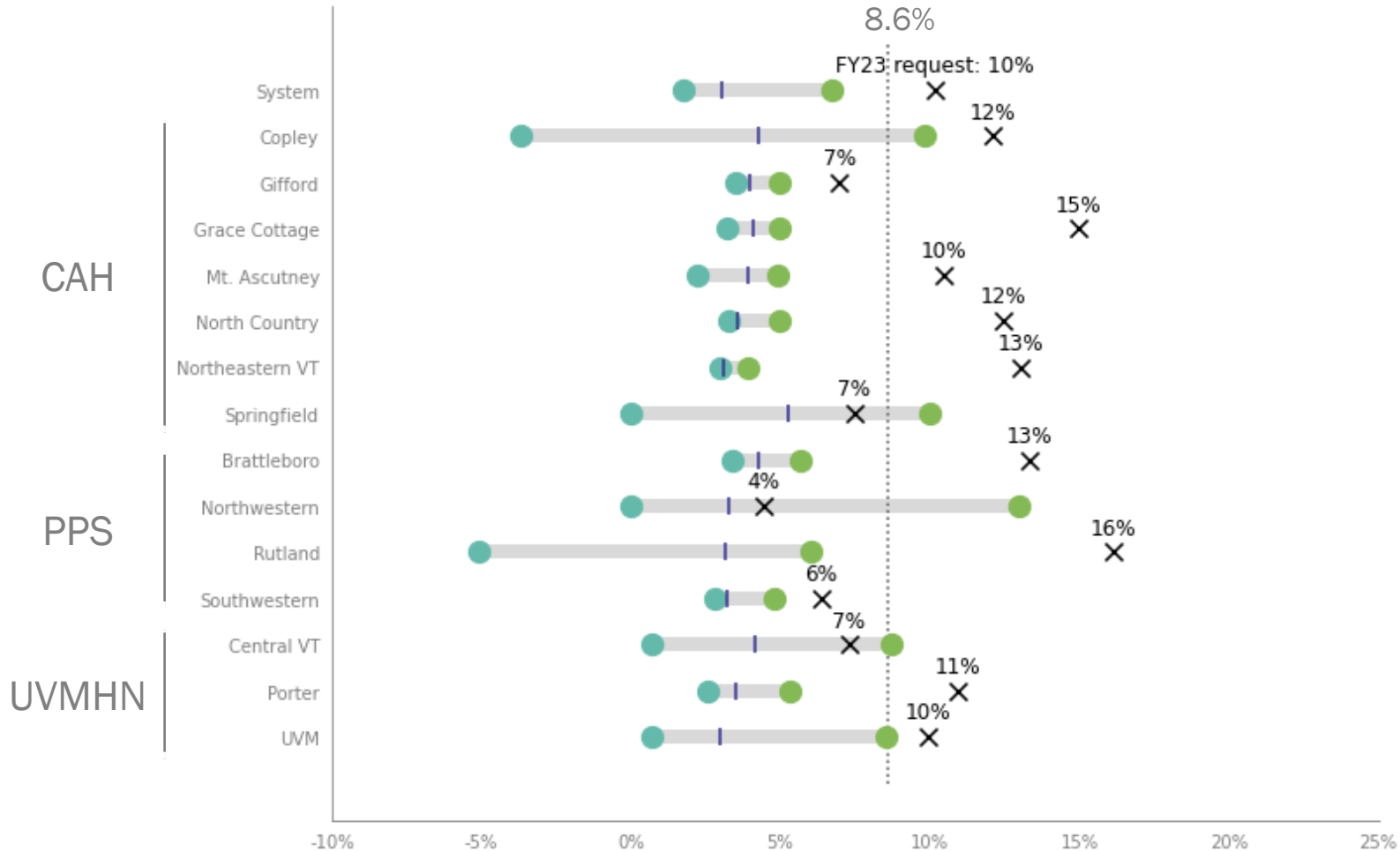
Approved Change in Charge (%, FY2017-2022)



Requested Change in Charge (%, FY2017-2023)



Approved Change in NPR/FPP (%, FY2017-2022)



NPR/FPP (%): FY2022-2023 and FY2020-FY2023 CAGR



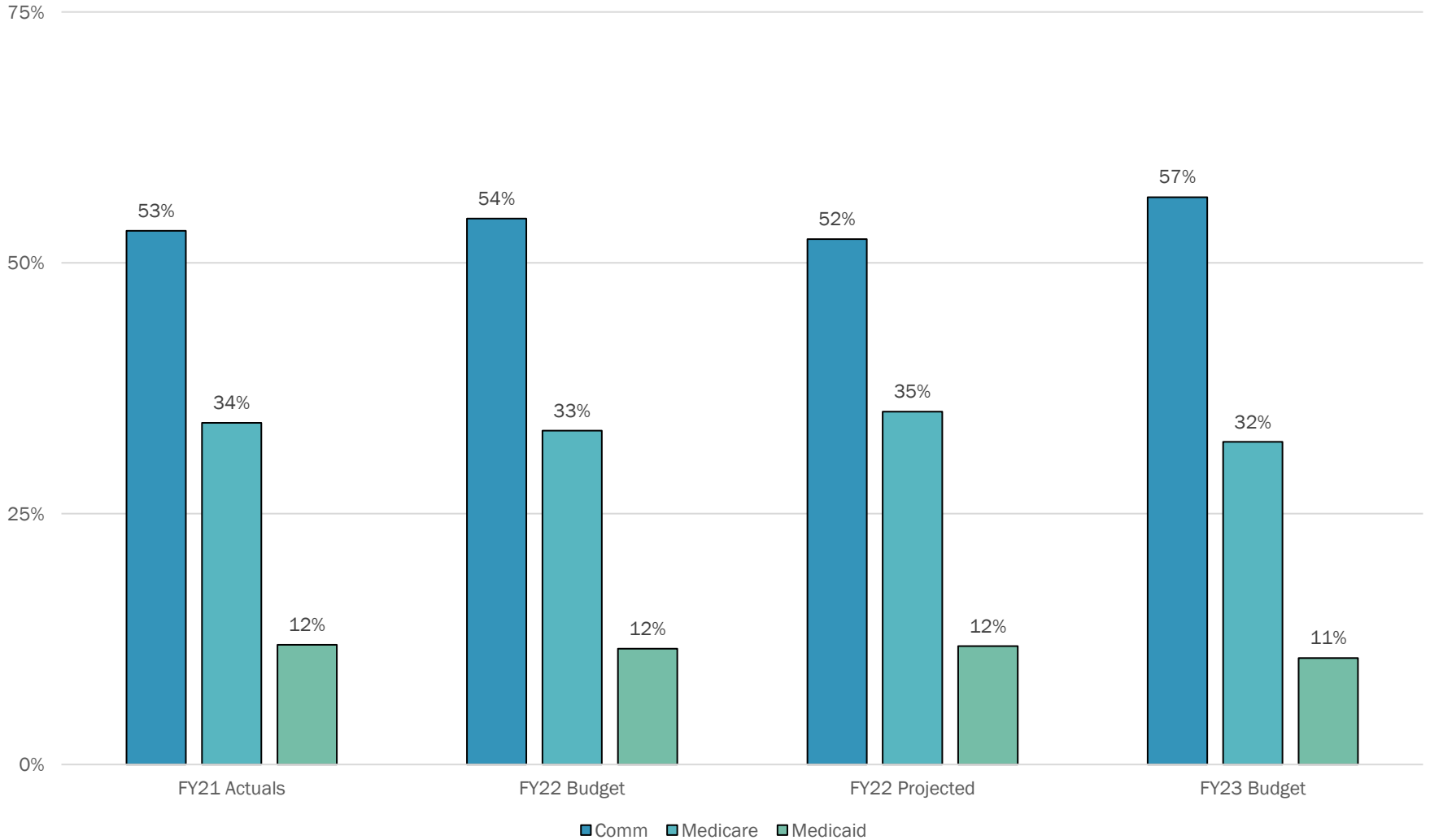
	FY22 Budget FY23 Budget	FY22 Projected FY22 Budget	FY22 Projected FY23 Budget	FY20 FY23 CAGR
Brattleboro Memorial Hospital	13.3%	2.5%	10.5%	5.9%
Central Vermont Medical Center	7.3%	-3.1%	10.7%	6.7%
Northwestern Medical Center	4.5%	3.0%	1.4%	3.3%
Rutland Regional Medical Center	16.1%	10.8%	4.8%	5.2%
Southwestern VT Medical Center	6.4%	3.9%	2.3%	3.6%
The University of Vermont Medical Center	10.0%	-5.0%	15.7%	6.6%
All PPS Hospitals	10.0%	-1.7%	11.9%	6.0%
Copley Hospital	12.1%	7.6%	4.2%	9.4%
Gifford Medical Center	7.0%	5.1%	1.8%	3.8%
Grace Cottage Hospital	15.0%	8.4%	6.1%	7.9%
Mt. Ascutney Hospital & Health Ctr	10.4%	5.1%	5.0%	6.7%
North Country Hospital	12.5%	2.3%	9.9%	5.2%
Northeastern VT Regional Hospital	13.0%	5.0%	7.6%	6.8%
Porter Medical Center	10.9%	6.2%	4.4%	5.3%
Springfield Hospital	7.5%	-5.4%	13.6%	5.5%
All Critical Access Hospitals	11.1%	4.3%	6.5%	6.3%
All Vermont Community Hospitals	10.2%	-0.6%	10.8%	6.1%

NPR/FPP: FY2020-2023



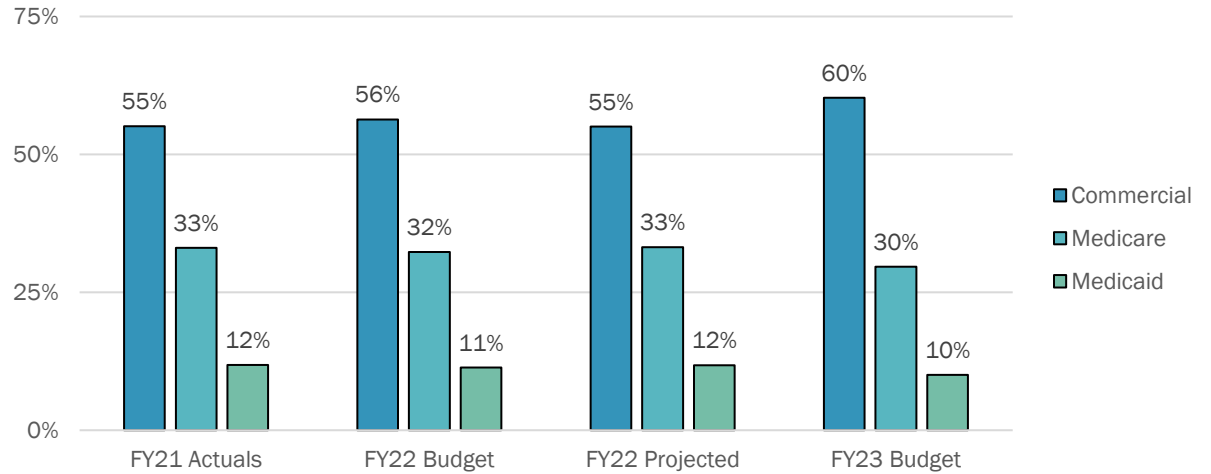
	FY2019 Actuals	FY2020 Actuals	FY2021 Actuals	FY2022 Budget	FY2022 Proj.	FY2023 Budget
Brattleboro Memorial Hospital	83,994,257	76,593,854	88,489,113	93,088,223	95,452,679	105,484,860
Central Vermont Medical Center	208,006,996	193,820,404	227,345,562	250,954,727	243,282,641	269,231,389
Northwestern Medical Center	106,529,464	98,555,639	118,590,140	115,925,533	119,365,274	121,093,673
Rutland Regional Medical Center	256,402,902	239,255,341	276,008,218	270,361,370	299,635,529	313,970,338
Southwestern VT Medical Center	163,952,570	154,068,253	176,337,632	177,594,439	184,557,483	188,872,209
The University of Vermont Medical Center	1,285,234,193	1,199,728,235	1,307,716,232	1,508,506,476	1,433,295,005	1,658,725,627
All PPS Hospitals	2,104,120,381	1,962,021,726	2,194,486,897	2,416,430,768	2,375,588,611	2,657,378,097
Copley Hospital	66,993,816	69,112,081	84,772,335	85,656,271	92,195,985	96,033,233
Gifford Medical Center	50,052,096	47,232,407	59,059,883	54,224,079	56,996,381	58,010,676
Grace Cottage Hospital	18,734,702	19,425,101	20,586,195	22,072,030	23,917,239	25,375,255
Mt. Ascutney Hospital & Health Ctr	50,849,386	49,880,775	62,332,171	59,640,912	62,703,350	65,869,470
North Country Hospital	80,634,917	76,811,293	90,555,276	87,889,674	89,945,768	98,854,190
Northeastern VT Regional Hospital	84,684,742	85,775,755	91,407,947	97,368,788	102,271,200	110,058,000
Porter Medical Center	84,961,115	77,472,728	91,520,953	94,168,035	100,050,181	104,464,068
Springfield Hospital	47,392,824	39,790,103	50,588,689	54,689,913	51,720,948	58,778,639
All Critical Access Hospitals	484,303,599	465,500,243	550,823,449	555,709,702	579,801,053	617,443,531
All Vermont Community Hospitals	2,588,423,980	2,427,521,969	2,745,310,346	2,972,140,470	2,955,389,664	3,274,821,628

NPR/FPP: Payer Mix

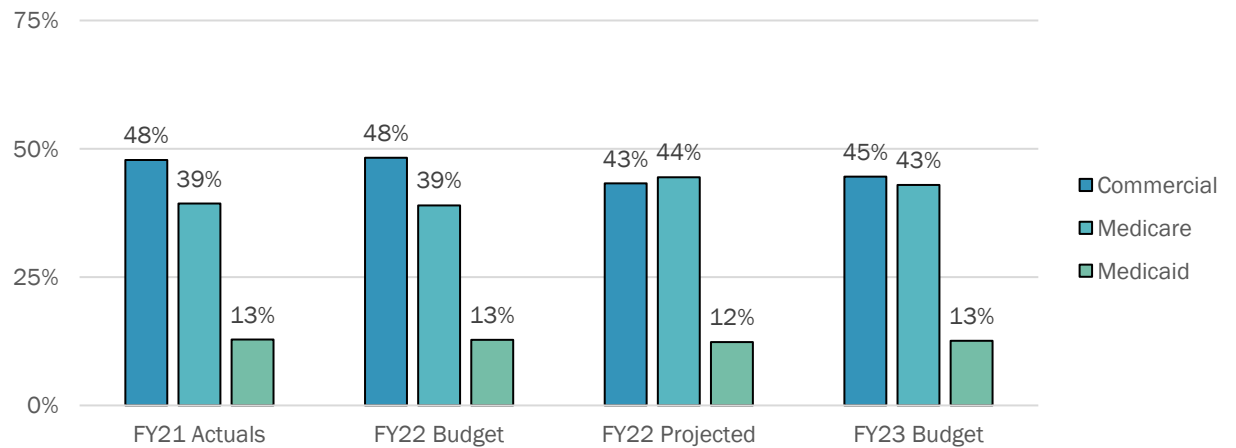


NPR/FPP: Payer Mix

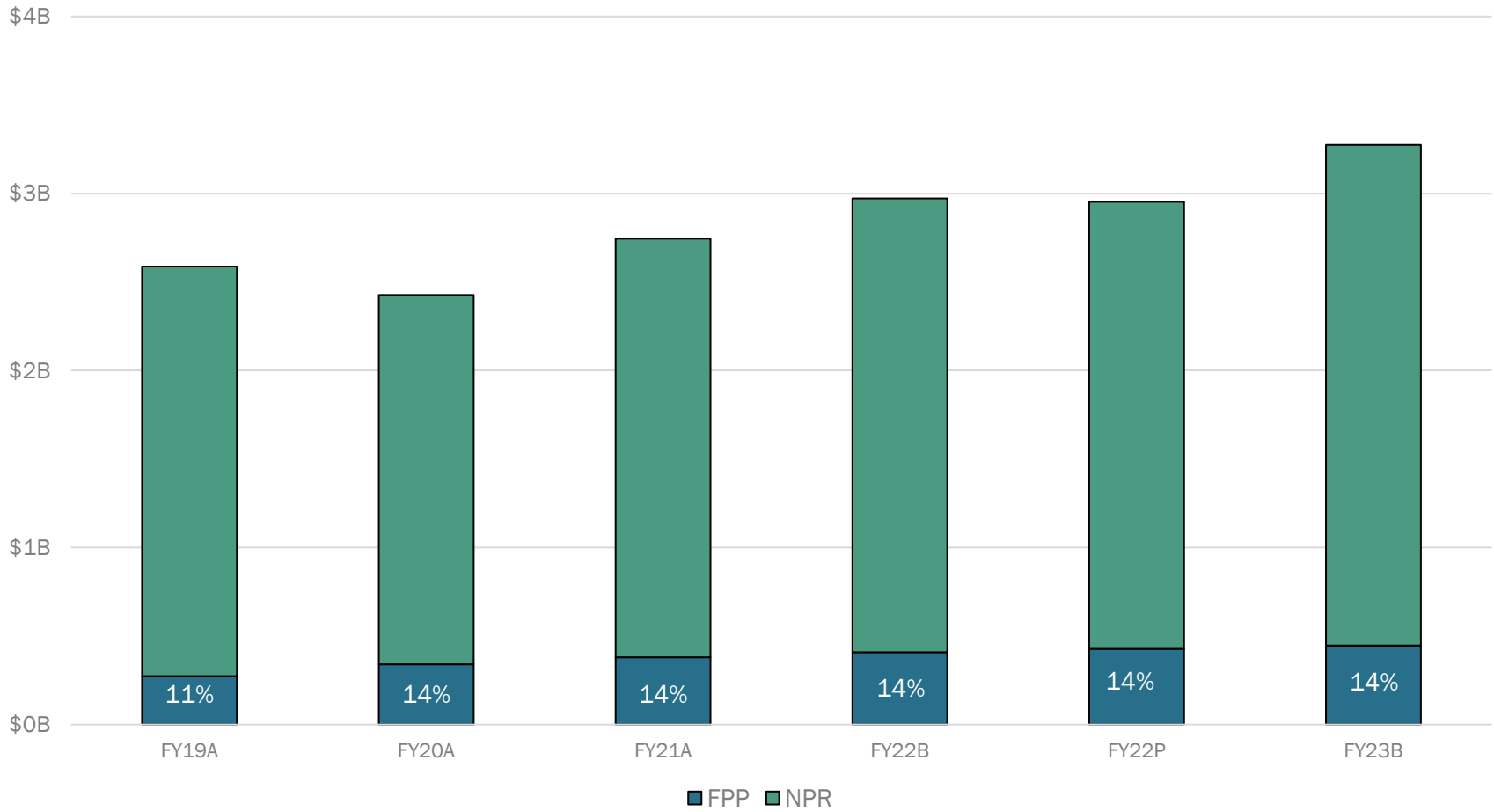
PPS Hospitals



Critical Access Hospitals



FPP as % of NPR/FPP: FY2019-2023

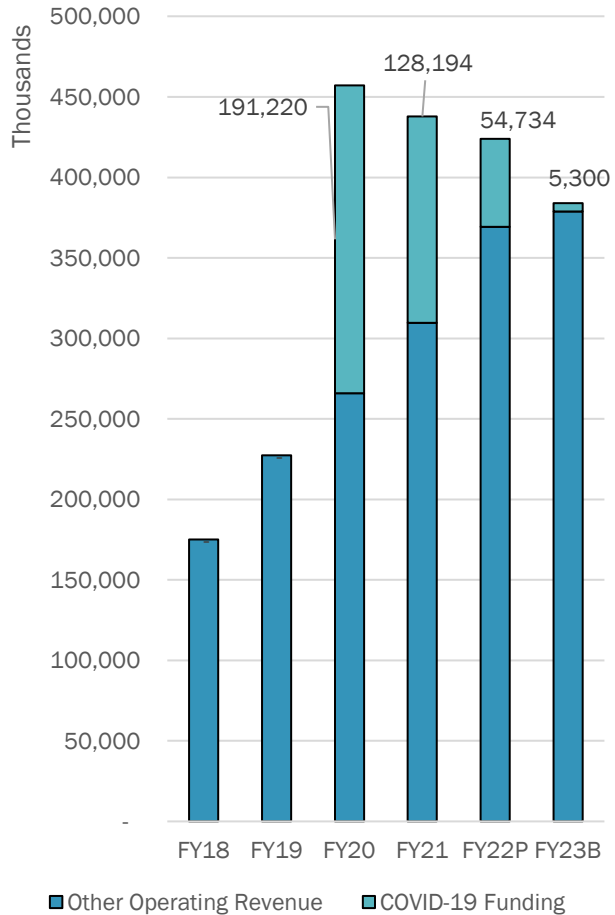


FPP as % of NPR/FPP: FY2023



	NPR/FPP	FPP	% FPP
Brattleboro Memorial Hospital	105,484,860	13,864,484	13.1%
Central Vermont Medical Center	269,231,389	58,431,148	21.7%
Northwestern Medical Center	121,093,673	18,602,517	15.4%
Rutland Regional Medical Center	313,970,338	(1,354,996)	-0.4%
Southwestern VT Medical Center	188,872,209	37,229,358	19.7%
The University of Vermont Medical Center	1,658,725,627	208,805,650	12.6%
All PPS Hospitals	2,657,378,097	335,578,161	12.6%
Copley Hospital	96,033,233	4,976,779	5.2%
Gifford Medical Center	58,010,676	3,300,000	5.7%
Grace Cottage Hospital	25,375,255	-	0.0%
Mt. Ascutney Hospital & Health Ctr	65,869,470	2,389,058	3.6%
North Country Hospital	98,854,190	11,312,272	11.4%
Northeastern VT Regional Hospital	110,058,000	8,780,527	8.0%
Porter Medical Center	104,464,068	18,066,702	17.3%
Springfield Hospital	58,778,639	-	0.0%
All Critical Access Hospitals	617,443,531	48,825,338	7.9%
All Vermont Community Hospitals	3,274,821,628	384,403,498	11.7%

Other Operating Revenues: \$384 million, FY2023



Total Operating Revenue: FY2020-2023



	FY20 Actuals	FY21 Actuals	FY22 Budget	FY22 Projected	FY23 Budget
Brattleboro Memorial Hospital	93,197,016	93,555,300	97,529,814	103,521,380	109,207,389
Central Vermont Medical Center	234,528,434	248,739,960	268,375,677	268,212,694	287,836,250
Copley Hospital	71,062,785	92,904,295	86,670,597	94,112,261	97,047,559
Gifford Medical Center	56,022,149	62,153,395	56,497,407	60,708,427	59,523,728
Grace Cottage Hospital	22,198,669	25,219,175	23,347,361	24,892,514	26,457,921
Mt. Ascutney Hospital & Health Ctr	56,758,326	67,185,613	64,009,031	66,021,902	69,457,325
North Country Hospital	89,180,463	98,545,159	94,387,634	96,802,071	104,848,992
Northeastern VT Regional Hospital	91,886,642	101,590,345	101,833,888	108,743,076	114,423,000
Northwestern Medical Center	119,686,824	129,746,697	121,615,826	125,641,712	126,929,346
Porter Medical Center	89,844,115	99,274,398	100,376,852	106,580,377	108,911,755
Rutland Regional Medical Center	281,894,987	311,355,898	291,107,104	326,483,805	334,666,827
Southwestern VT Medical Center	172,970,759	189,621,675	184,388,767	192,472,069	197,021,666
Springfield Hospital	47,281,150	54,614,786	57,083,913	57,639,692	61,624,639
<u>The University of Vermont Medical Center</u>	<u>1,458,094,545</u>	<u>1,608,746,674</u>	<u>1,722,089,536</u>	<u>1,748,170,987</u>	<u>1,960,914,981</u>
All Vermont Community Hospitals	2,884,606,865	3,183,253,371	3,269,313,408	3,380,002,968	3,658,871,379

Total Operating Expenses: FY2020-2023



	FY20 Actuals	FY21 Actuals	FY22 Budget	FY22 Projected	FY23 Budget
Brattleboro Memorial Hospital	92,681,654	95,153,892	96,860,486	102,758,929	108,480,389
Central Vermont Medical Center	235,847,778	251,279,114	264,316,173	281,712,694	284,962,279
Copley Hospital	73,819,577	88,188,411	86,378,982	96,016,719	95,478,463
Gifford Medical Center	54,604,423	56,697,232	53,172,793	55,758,537	52,765,594
Grace Cottage Hospital	21,961,124	23,195,664	24,518,885	25,653,252	27,444,247
Mt. Ascutney Hospital & Health Ctr	56,220,017	61,042,770	62,951,120	65,362,732	68,284,201
North Country Hospital	85,844,221	94,012,827	93,407,053	97,917,961	102,753,726
Northeastern VT Regional Hospital	90,705,424	98,663,273	99,768,850	110,282,983	114,173,000
Northwestern Medical Center	120,798,340	123,612,022	119,163,778	126,863,621	125,670,423
Porter Medical Center	86,170,515	91,604,670	95,215,788	103,232,148	102,735,157
Rutland Regional Medical Center	281,349,496	304,385,835	290,985,741	338,735,708	326,062,472
Southwestern VT Medical Center	168,204,278	181,093,942	180,760,242	193,397,028	196,117,138
Springfield Hospital	52,595,420	53,974,777	55,043,929	57,327,249	59,887,228
<u>The University of Vermont Medical Center</u>	<u>1,462,101,819</u>	<u>1,572,224,117</u>	<u>1,662,751,679</u>	<u>1,791,170,987</u>	<u>1,921,613,374</u>
All Vermont Community Hospitals	2,882,904,086	3,095,128,546	3,185,295,499	3,446,190,548	3,586,427,690

Total Operating Expense Growth: (\$10 millions)



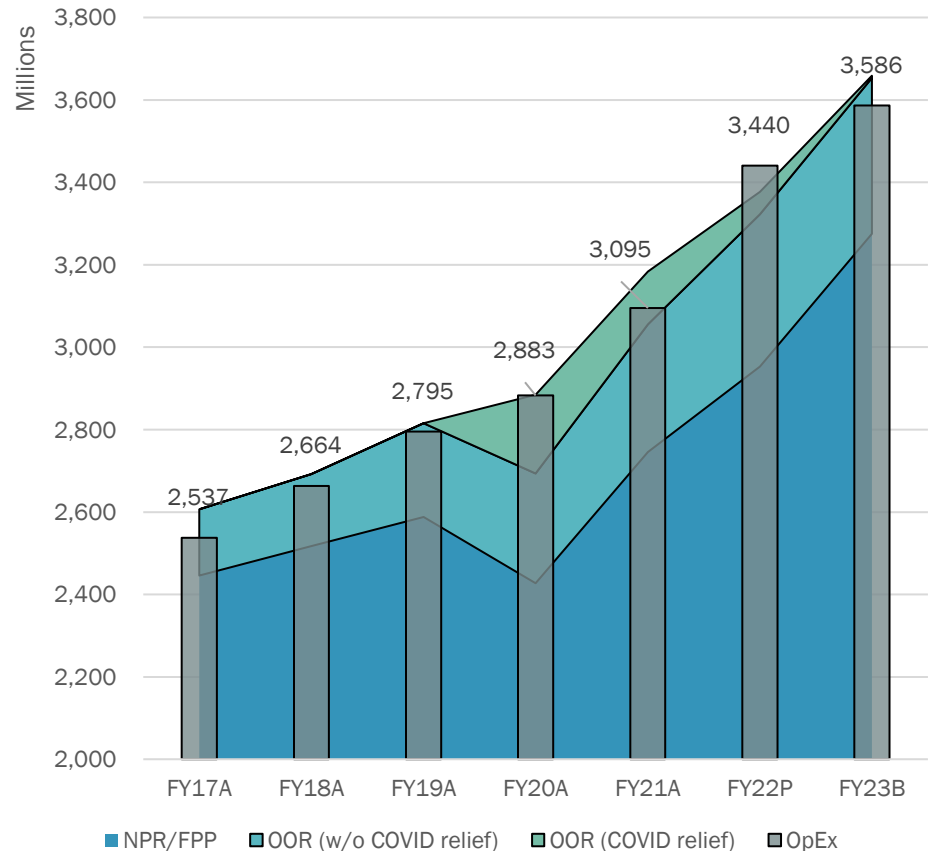
Expense	2021 Actual	2022 Budget	2022 Projection	2023 Budget
Wages and compensation	\$182	\$186	\$201	\$208
	% change from '21 actual	3%	11%	14%
		% change from '22 projection		4%
Pharmaceuticals	\$22	\$22	\$26	\$31
	% change from '21 actual	1%	20%	42%
		% change from '22 projection		18%
Medical/Surgical Drugs and Supplies	\$15	\$15	\$15	\$16
	% change from '21 actual	-3%	2%	6%
		% change from '22 projection		4%
Travelers & Other Purchased Services	\$3	\$1	\$5	\$3
	% change from '21 actual	-62%	58%	1%
		% change from '22 projection		-36%
TOTAL	\$310	\$319	\$345	\$359
	% change from '21 actual	3%	11%	16%
		% change from '22 projection		4%

Components of Net Operating Income: FY2017-2023

Other Operating Revenues (OOR) continues to be a source of subsidization for Vermont’s hospital system to achieve positive operating margins or mitigate loss on margin.

FY2023: Hospital system is budgeting a gap between NPR/FPP and operating expenses of (\$312) million.

System-wide budgets indicate nearly \$384 million OOR to contribute to budgeted margins totaling \$72.4 million.



Operating Margins (%): FY2019-2023



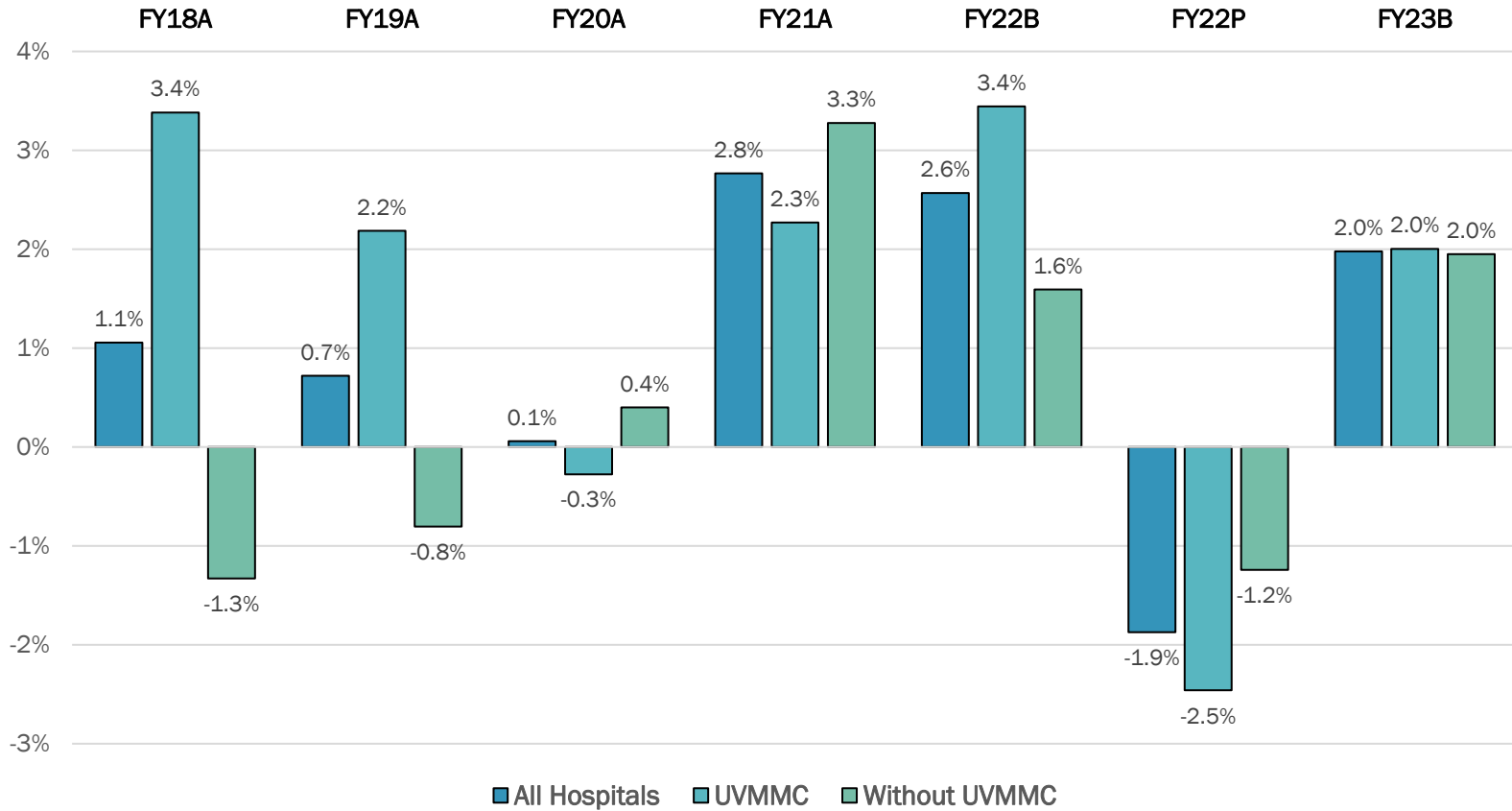
	FY19A	FY20A	FY21A	FY22B	FY22P	FY23B
Brattleboro Memorial Hospital	0.8%	0.6%	-1.7%	0.7%	3.7%	0.7%
Central Vermont Medical Center	-2.1%	-0.6%	-1.0%	1.5%	-5.0%	1.0%
Copley Hospital	-3.2%	-3.9%	5.1%	0.3%	-2.0%	1.6%
Gifford Medical Center	-0.8%	2.5%	8.8%	5.9%	8.2%	11.4%
Grace Cottage Hospital	-6.7%	1.1%	8.0%	-5.0%	-3.1%	-3.7%
Mt. Ascutney Hospital & Health Ctr	-0.1%	0.9%	9.1%	1.7%	1.0%	1.7%
North Country Hospital	1.9%	3.7%	4.6%	1.0%	-1.2%	2.0%
Northeastern VT Regional Hospital	1.8%	1.3%	2.9%	2.0%	-1.4%	0.2%
Northwestern Medical Center	-8.0%	-0.9%	4.7%	2.0%	-1.0%	1.0%
Porter Medical Center	5.2%	4.1%	7.7%	5.1%	3.1%	5.7%
Rutland Regional Medical Center	0.4%	0.2%	2.2%	0.0%	-3.8%	2.6%
Southwestern VT Medical Center	3.3%	2.8%	4.5%	2.0%	-0.5%	0.5%
Springfield Hospital	-18.4%	-11.2%	1.2%	3.6%	0.5%	2.8%
<u>The University of Vermont Medical Center</u>	<u>2.2%</u>	<u>-0.3%</u>	<u>2.3%</u>	<u>3.4%</u>	<u>-2.5%</u>	<u>2.0%</u>
All Vermont Community Hospitals	0.7%	0.1%	2.8%	2.6%	-1.9%	2.0%

Operating Margins (\$): FY2019-2023



	FY19A	FY20A	FY21A	FY22B	FY22P	FY23B
Brattleboro Memorial Hospital	670,579	515,362	(1,598,592)	669,328	3,718,648	727,000
Central Vermont Medical Center	(4,677,987)	(1,319,345)	(2,539,154)	4,059,504	(13,500,000)	2,873,971
Copley Hospital	(2,161,242)	(2,756,792)	4,715,884	291,615	(1,904,458)	1,569,096
Gifford Medical Center	(413,707)	1,417,726	5,456,163	3,324,614	4,949,890	6,758,134
Grace Cottage Hospital	(1,301,798)	237,545	2,023,511	(1,171,524)	(760,738)	(986,326)
Mt. Ascutney Hospital & Health Ctr	(42,885)	538,310	6,142,843	1,057,911	659,170	1,173,124
North Country Hospital	1,676,946	3,336,242	4,532,332	980,581	(1,115,890)	2,095,266
Northeastern VT Regional Hospital	1,627,193	1,181,218	2,927,072	2,065,038	(1,539,907)	250,000
Northwestern Medical Center	(8,905,148)	(1,111,516)	6,134,675	2,452,048	(1,221,909)	1,258,923
Porter Medical Center	4,705,271	3,673,600	7,669,728	5,161,064	3,348,229	6,176,598
Rutland Regional Medical Center	1,172,124	545,491	6,970,064	121,363	(12,251,903)	8,604,355
Southwestern VT Medical Center	5,583,044	4,766,481	8,527,733	3,628,525	(924,959)	904,528
Springfield Hospital	(9,021,953)	(5,314,270)	640,009	2,039,984	312,443	1,737,411
<u>The University of Vermont Medical Center</u>	<u>31,407,561</u>	<u>(4,007,273)</u>	<u>36,522,557</u>	<u>59,337,858</u>	<u>(43,000,000)</u>	<u>39,301,607</u>
All Vermont Community Hospitals	\$20,317,997	\$1,702,779	\$88,124,825	\$84,017,909	\$(63,231,383)	\$72,443,688

Operating Margins (%): FY2019-2022



Total Margins (%): FY2019-2023



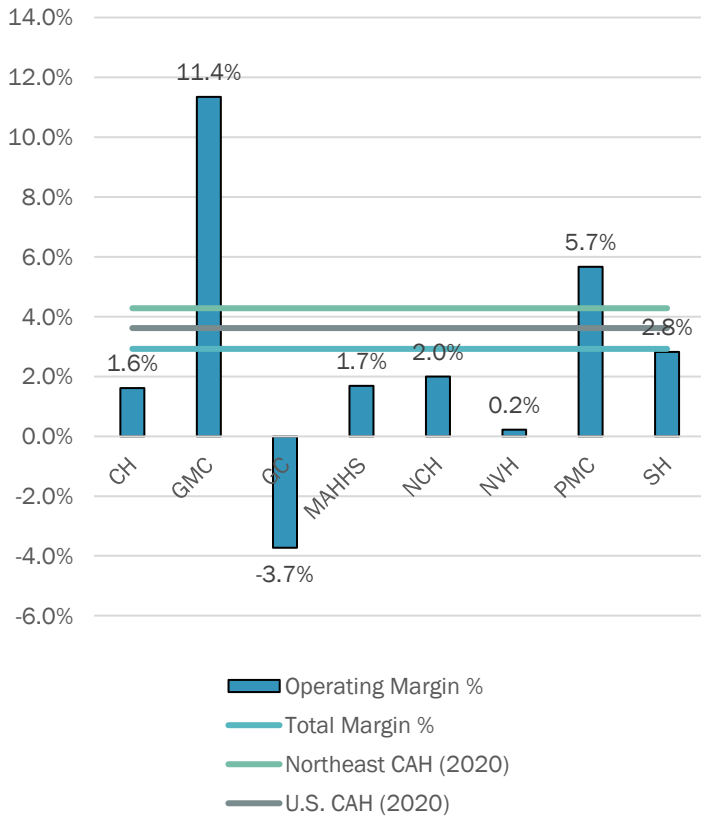
	FY19A	FY20A	FY21A	FY22B	FY22P	FY23B
Brattleboro Memorial Hospital	1.6%	9.5%	4.0%	1.2%	4.2%	0.7%
Central Vermont Medical Center	-4.0%	4.5%	9.7%	4.4%	-6.7%	2.8%
Copley Hospital	-2.6%	-3.2%	10.2%	0.7%	0.4%	1.9%
Gifford Medical Center	4.8%	5.8%	16.3%	7.4%	6.0%	13.1%
Grace Cottage Hospital	-0.3%	6.2%	17.0%	-1.0%	0.3%	0.7%
Mt. Ascutney Hospital & Health Ctr	-4.0%	10.0%	14.3%	3.5%	0.3%	3.8%
North Country Hospital	3.0%	7.8%	8.4%	1.9%	-7.2%	2.0%
Northeastern VT Regional Hospital	1.8%	3.8%	6.7%	2.0%	-1.2%	0.4%
Northwestern Medical Center	-7.6%	-1.1%	11.6%	3.2%	-2.8%	2.2%
Porter Medical Center	5.9%	4.3%	10.7%	5.9%	1.3%	6.1%
Rutland Regional Medical Center	2.1%	5.2%	10.5%	2.2%	-8.1%	2.7%
Southwestern VT Medical Center	3.5%	4.6%	4.4%	-33.7%	-0.7%	0.8%
Springfield Hospital	-38.9%	-11.7%	26.9%	2.4%	0.9%	2.8%
<u>The University of Vermont Medical Center</u>	<u>4.5%</u>	<u>-1.2%</u>	<u>7.1%</u>	<u>4.6%</u>	<u>-7.9%</u>	<u>2.8%</u>
All Vermont Community Hospitals	1.9%	1.5%	8.7%	2.3%	-5.4%	2.8%

Comparison of financial metrics

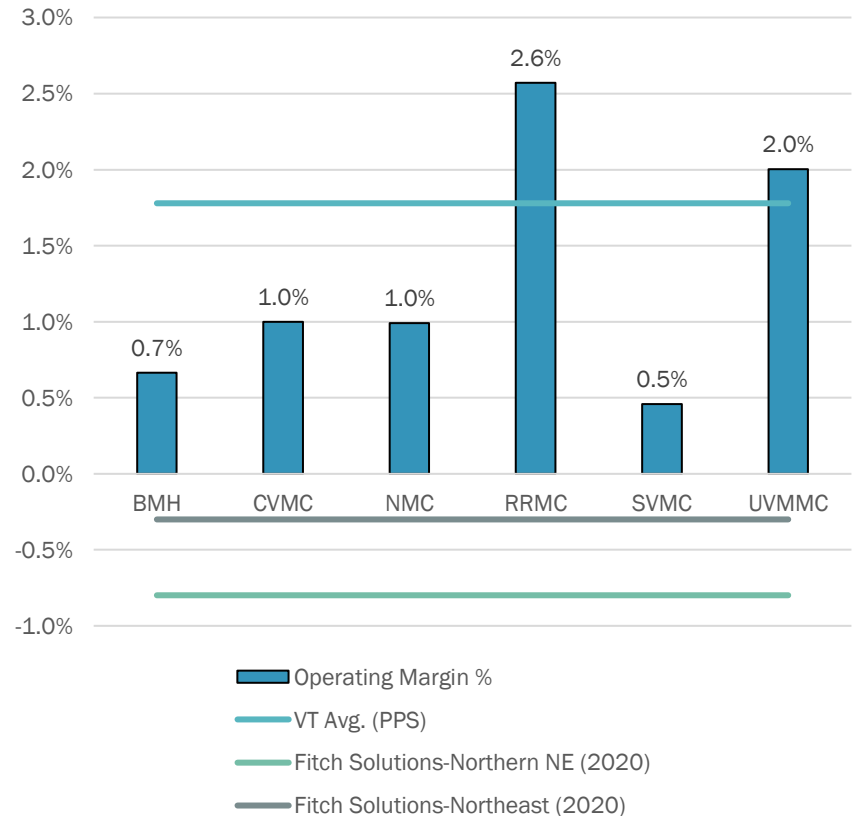
- The GMCB will be seeking additional information to put the current requests into context with what's happening regionally and/or nationally.
 - Seeking near-term forecast of medical cost inflation from state experts.
 - Summarizing price component of recent Qualified Health Plan insurance filings.
 - Using Medicare cost reports for comparative workforce information.
- As in the past, the financial metrics summarized in the next slides are designed to provide perspective for key financial metrics. Since the most recent reference data are for 2020, the relative performance is likely less easy to compare to current budget requests than in less volatile financial conditions.

Operating Margins (%): FY2023

Critical Access Hospitals



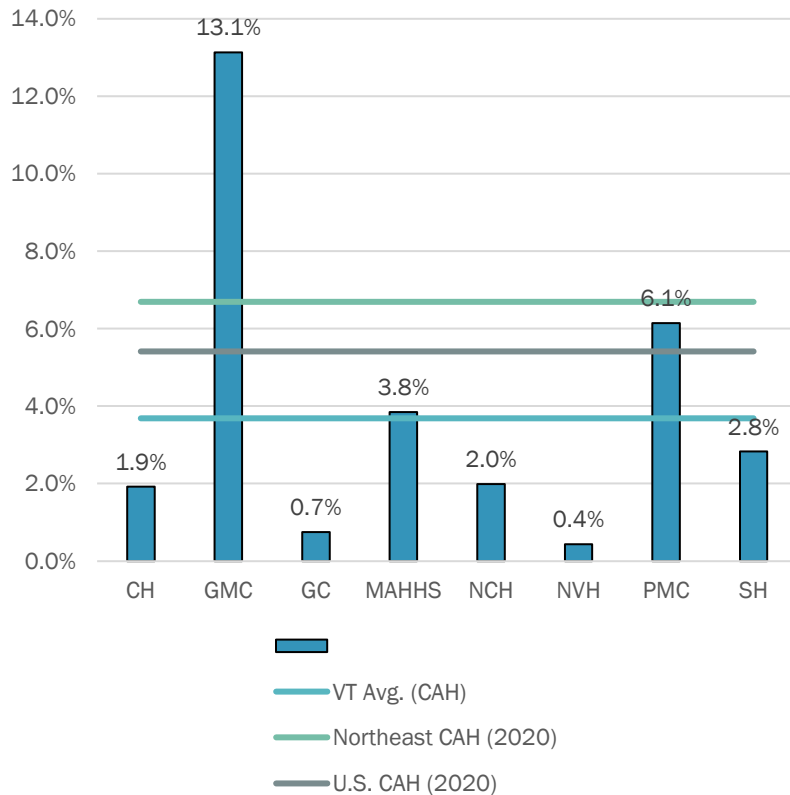
PPS Hospitals



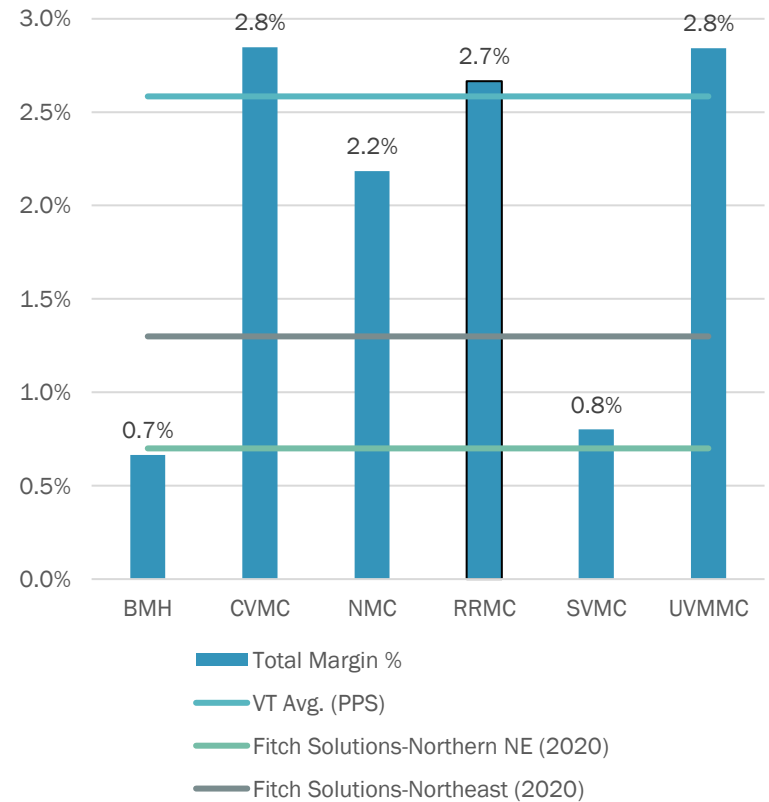
Total Margins (%): FY2023



Critical Access Hospitals

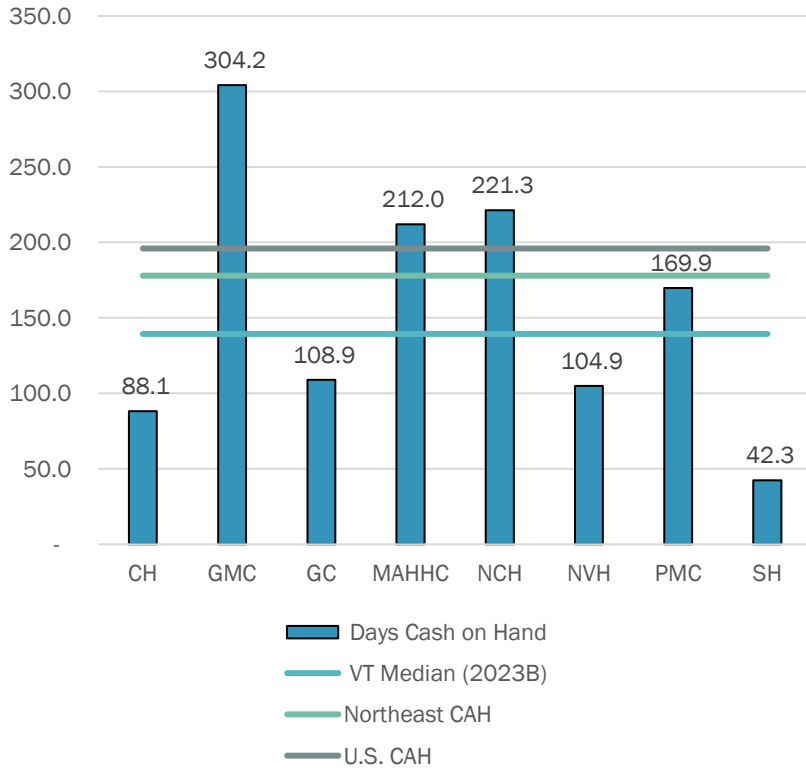


PPS Hospitals

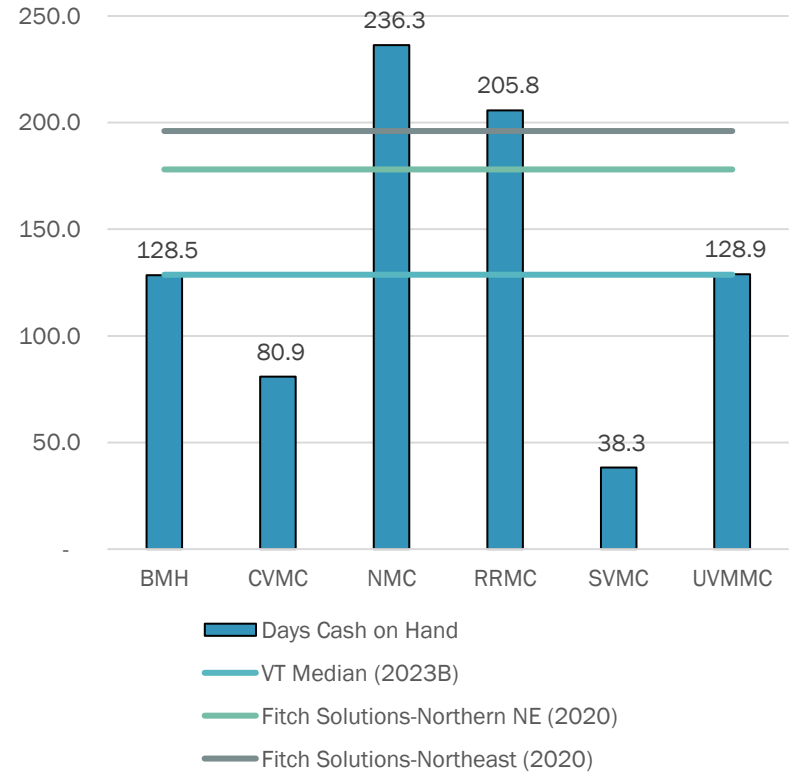


Days Cash on Hand: (DCOH): FY2023

Critical Access Hospitals

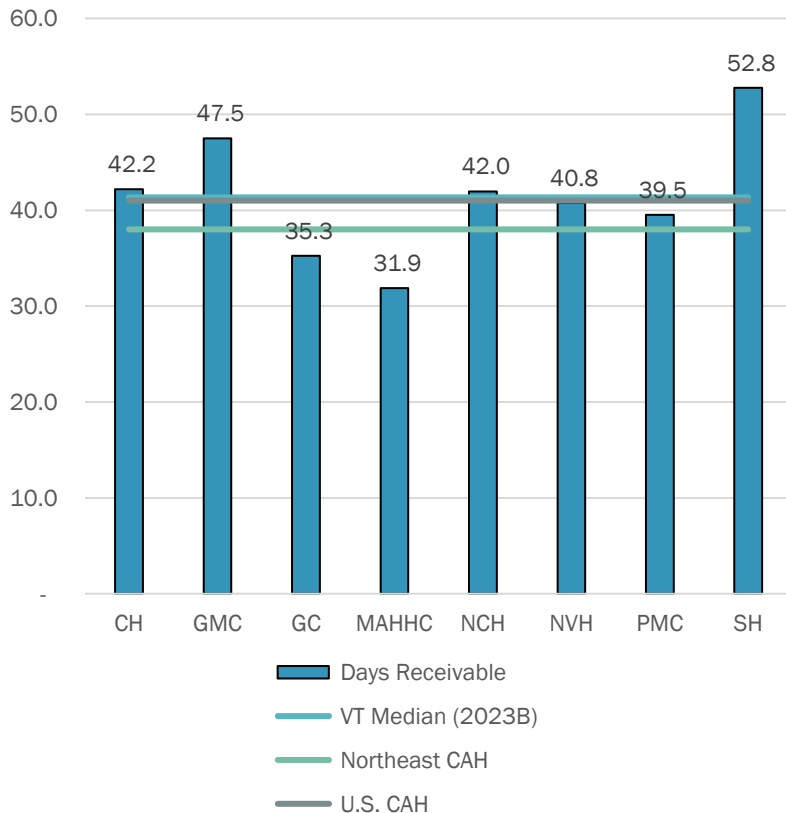


PPS Hospitals

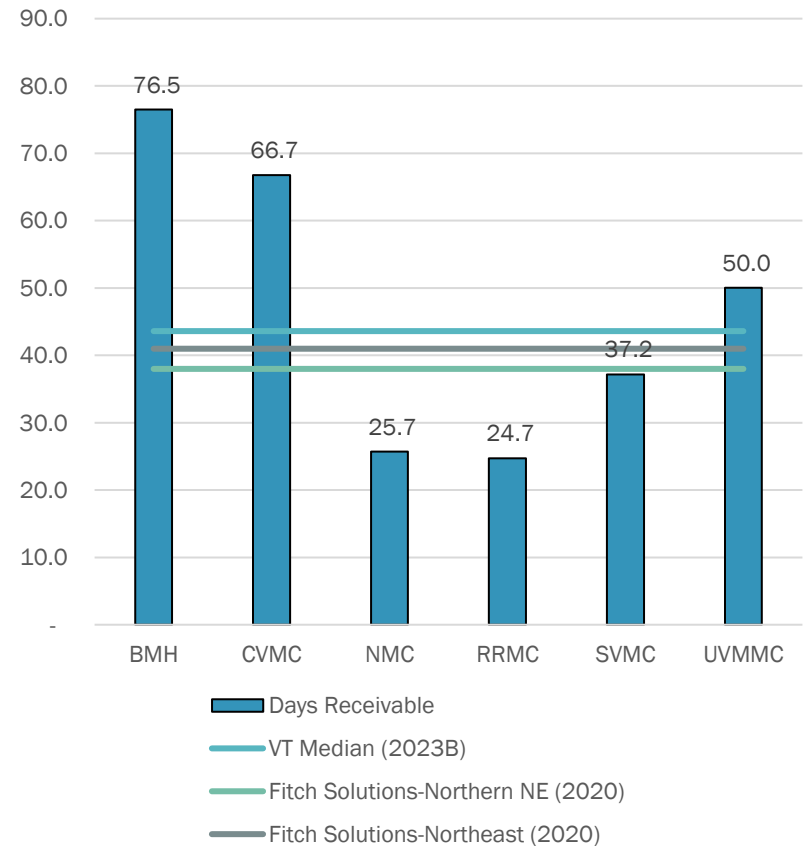


Days Receivable: FY2023

Critical Access Hospitals

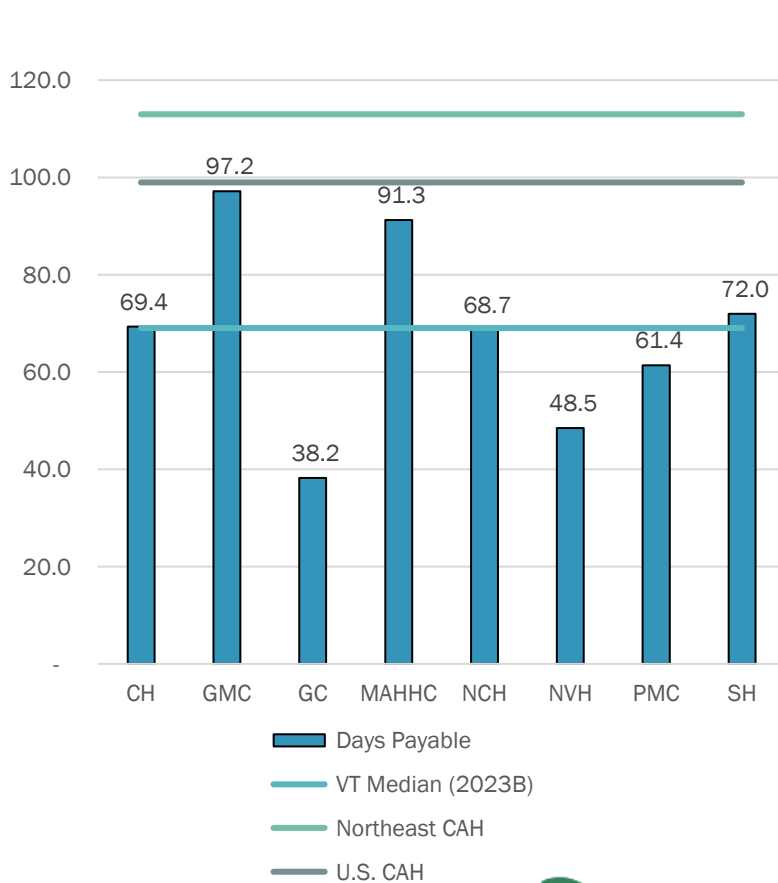


PPS Hospitals

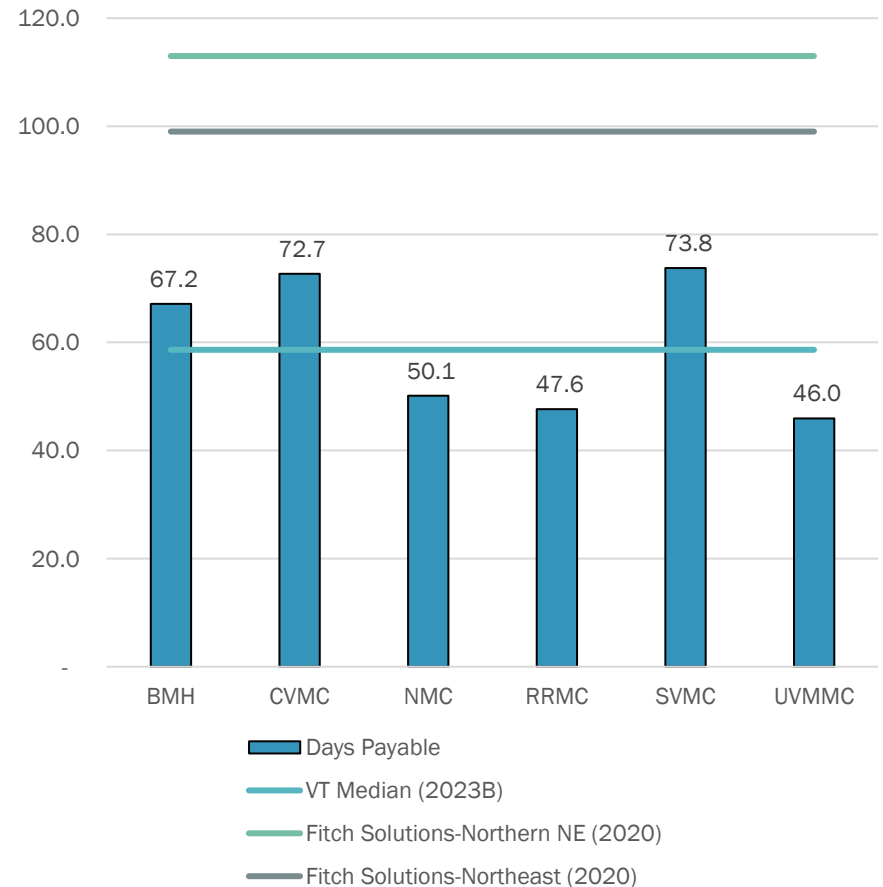


Days Payable: FY2023

Critical Access Hospitals

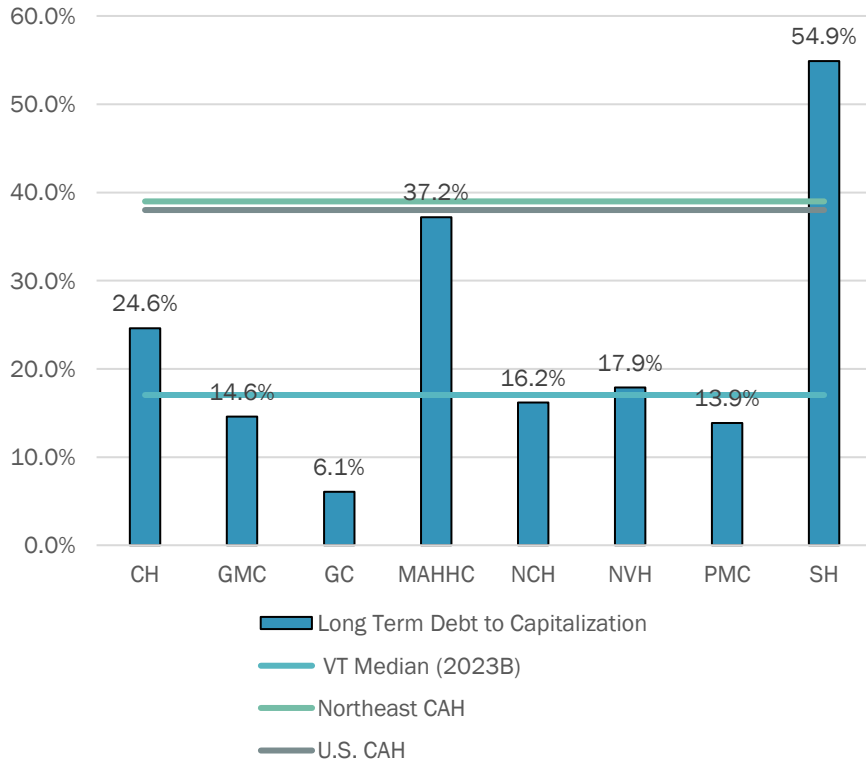


PPS Hospitals

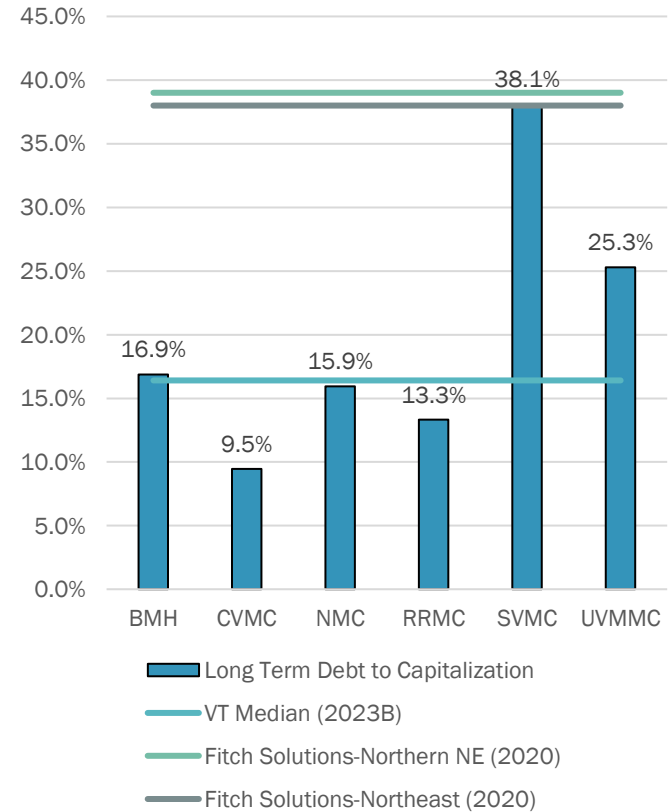


Long-Term Debt to Capitalization: FY2023

Critical Access Hospitals

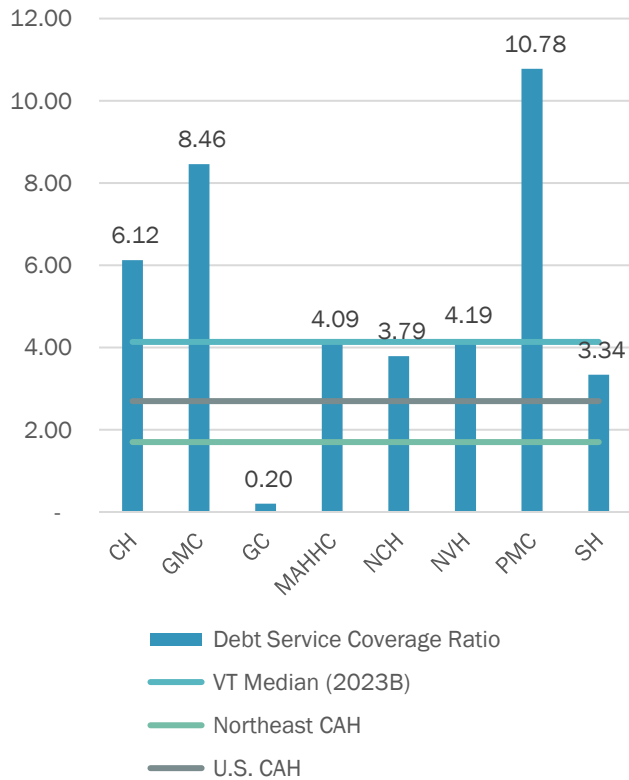


PPS Hospitals

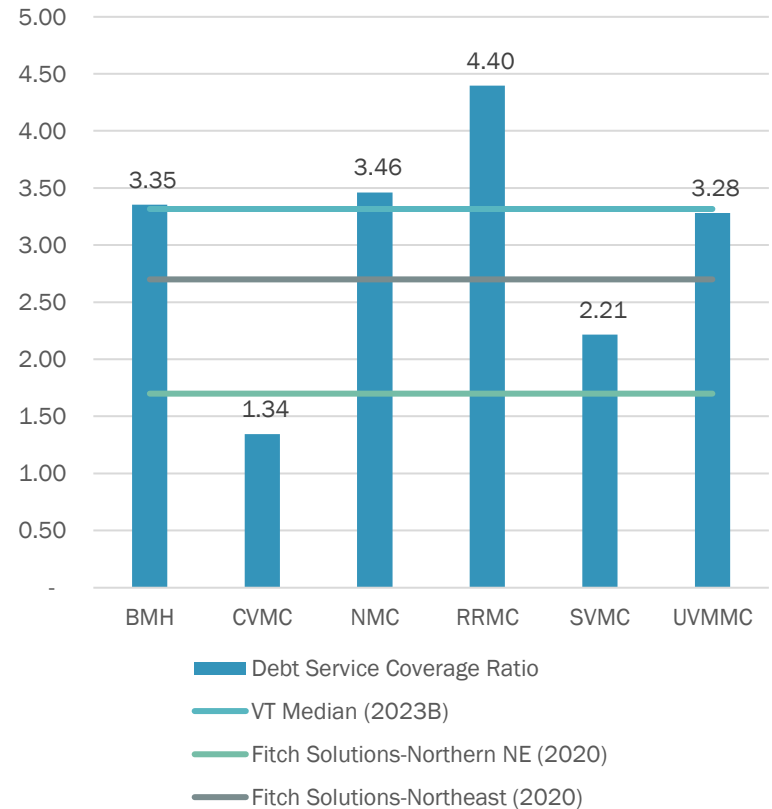


Debt Service Coverage Ratio (DSCR): FY2023

Critical Access Hospitals

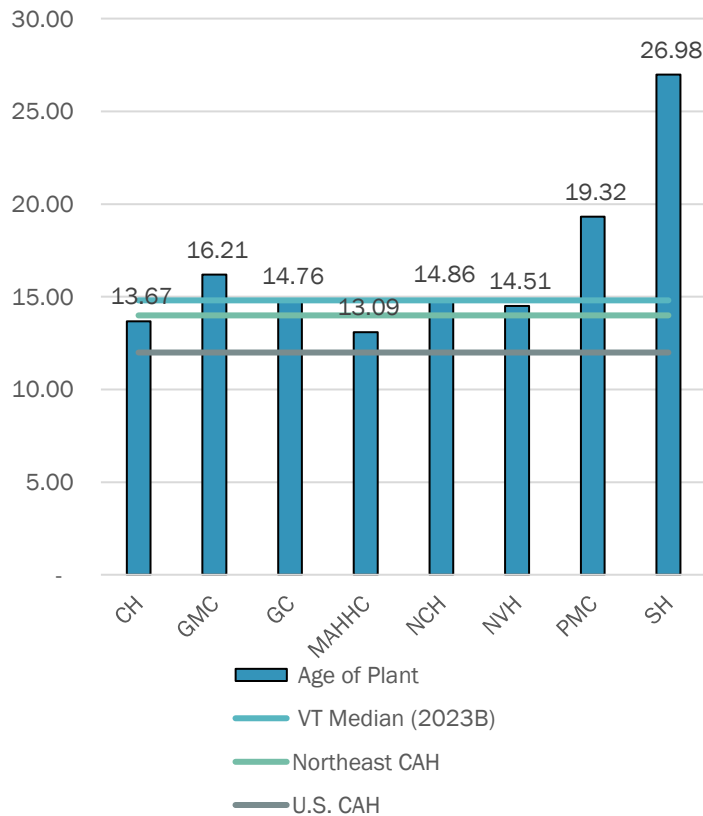


PPS Hospitals

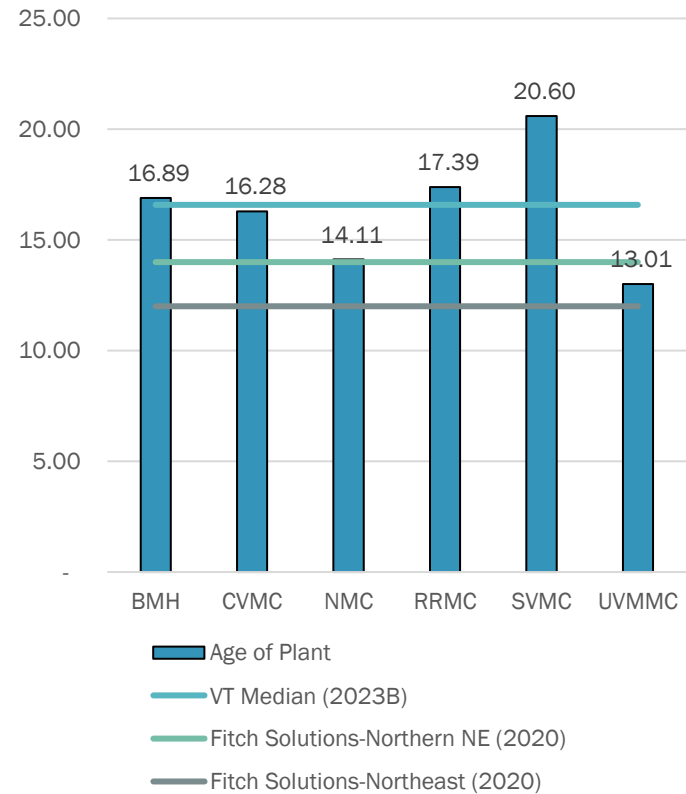


Age of Plant: FY2023

Critical Access Hospitals



PPS Hospitals

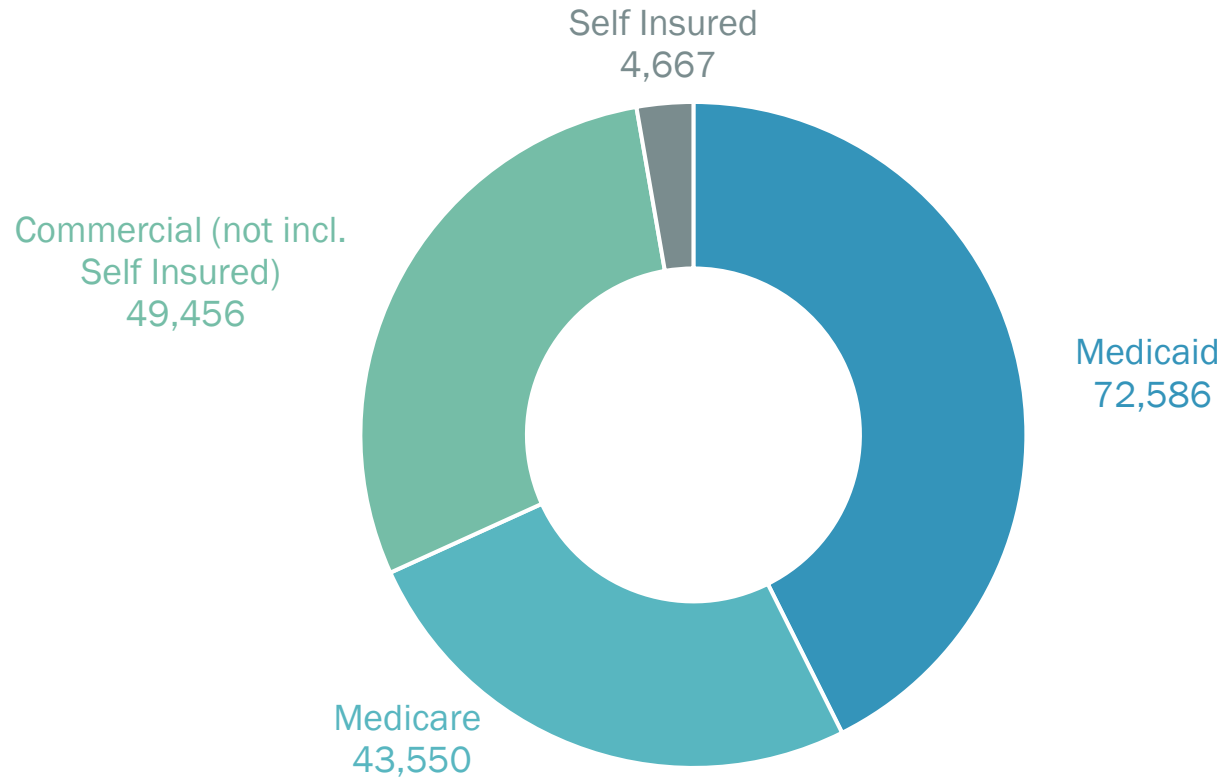


ACO Planned Participation: FY2023



Hospital	Medicaid	Medicare	Commercial (not incl. Self-insured)	Self-Insured	Does Not Participate
Brattleboro Memorial Hospital	X	X	X		
Central Vermont Medical Center	X	X	X		
Copley Hospital	X		X		
Gifford Medical Center	X		X		
Grace Cottage Hospital					X
Mt. Ascutney Hospital & Health Ctr	X	X	X		
North Country Hospital	X		X		
Northeastern VT Regional Hospital	X	X	X		
Northwestern Medical Center	X	X	X		
Porter Medical Center	X	X	X		
Rutland Regional Medical Center	X	X	X	X	
Southwestern VT Medical Center	X	X	X		
Springfield Hospital	X		X		
University of Vermont Medical Center	X	X	X		

ACO Planned Participation: Total Monthly Average Attributed Lives –Hospital System



Next Steps

Week of August 15

- Start of Hospital Budget Hearings

Schedule



GMCB 2022 Hospital Budget Hearings Schedule

Monday, August 15, 2022		Wednesday, August 17, 2022		Friday, August 19, 2022		Monday, August 22, 2022		Wednesday, August 24, 2022		Friday, August 26, 2022	
8:30 AM	Meeting and VAHHS Intro	8:30 AM	Meeting Intro	8:30 AM	Meeting Intro	8:30 AM	Meeting Intro	8:30 AM	Meeting Intro	8:30 AM	Meeting Intro
8:45 AM	Southwestern Vermont Medical Center	8:45 AM	Grace Cottage Hospital	8:45 AM	University of Vermont Health Network	8:45 AM	Rutland Regional Medical Center	8:45 AM	North Country Hospital	8:45 AM	Copley Hospital
10:00 AM	Board and Staff Questions/Comments	10:00 AM	Board and Staff Questions/Comments			10:00 AM	Board and Staff Questions/Comments	10:00 AM	Board and Staff Questions/Comments	10:00 AM	Board and Staff Questions/Comments
11:30 AM	HCA Questions	10:30 AM	HCA Questions			11:30 AM	HCA Questions	11:30 AM	HCA Questions	11:30 AM	HCA Questions
12:15 PM	Public Comment	10:40 AM	Public Comment			12:15 PM	Public Comment	12:15 PM	Public Comment	12:15 PM	Public Comment
12:30 PM	Lunch break	10:45 AM	Springfield Hospital	12:00 PM	Lunch Break	12:30 PM	Lunch Break	12:30 PM	Lunch Break	12:30 PM	Lunch Break
1:30 PM	Brattleboro Memorial Hospital	12:00 PM	Board and Staff Questions/Comments	1:00 PM	University of Vermont Health Network	1:30 PM	Mount Ascutney Hospital & Health Center	1:30 PM	Gifford Medical Center	1:30 PM	Northeastern Vermont Regional Hospital
2:45 PM	Board and Staff Questions/Comments	12:30 PM	HCA Questions	1:30 PM	Board and Staff Questions/Comments	2:45 PM	Board and Staff Questions/Comments	2:45 PM	Board and Staff Questions/Comments	2:45 PM	Board and Staff Questions/Comments
4:00 PM	HCA Questions	12:40 PM	Public Comment	3:00 PM	HCA Questions	4:00 PM	HCA Questions	4:00 PM	HCA Questions	4:00 PM	HCA Questions
4:30 PM	Public Comment	12:45 PM	Lunch Break	3:45 PM	Public Comment	4:30 PM	Public Comment	4:30 PM	Public Comment	4:30 PM	Public Comment
		1:45 PM	Northwestern Vermont Medical Center								
		3:00 PM	Board and Staff Questions/Comments								
		3:30 PM	HCA Questions								
		3:40 PM	Public Comment								

*These meetings will be held remotely, please see information on how to attend when the August schedule/agendas are posted here: <https://gmcboard.vermont.gov/board/meeting-information/2022-meetings>. The public can attend the meetings at 144 State St, Montpelier, VT 05602, through the Microsoft Teams application, or the call-in number. All times listed on this agenda are approximate and subject to change during the meeting. The Board will take up each item at the conclusion of the preceding item and not necessarily at the time listed.

Key Indicators



	DCOH			Long-term Debt to Capitalization			Days Payable		
		↑			↑			↓	
	FY22B	FY22P	FY23B	FY22B	FY22P	FY23B	FY22B	FY22P	FY23B
BMH	160	160	128	17%	17%	17%	58	58	67
CVMC	113	82	81	9%	13%	9%	63	78	73
CH	41	89	88	22%	26%	25%	51	63	69
GMC	298	265	304	18%	16%	15%	70	89	97
GCH	145	123	109	19%	10%	6%	48	44	38
MAHHC	187	215	212	44%	40%	37%	107	90	91
NCH	270	223	221	19%	18%	16%	68	73	69
NVH	143	108	105	11%	20%	18%	56	49	49
NMC	322	240	236	17%	16%	16%	89	43	50
PMC	148	153	170	14%	16%	14%	55	63	61
RRMC	255	198	206	14%	15%	13%	40	45	48
SVMC*	43	38	38	14%	41%	38%	65	78	74
SH	20	49	42	80%	62%	55%	54	85	72
UVMC	187	132	129	24%	28%	25%	47	48	46

*Southwestern's Days Cash on Hand does not consider the hospital's parent company.

↑ increasing values are favorable; ↓ decreasing values are favorable

Key Indicators



	Days Receivable			Debt Service Coverage Ratio		
	FY22B	↑ FY22P	FY23B	FY22B	↑ FY22P	FY23B
BMH	62	62	76	3	5	3
CVMC	39	74	67	3	-1	1
CH	29	42	42	7	2	6
GMC	40	51	48	6	8	8
GCH	38	36	35	0	0	0
MAHHC	34	32	32	4	3	4
NCH	34	55	42	3	2	4
NVH	44	40	41	5	2	4
NMC	39	28	26	4	2	3
PMC	54	41	40	10	8	11
RRMC	33	26	25	3	0	4
SVMC*	34	38	37	9	1	2
SH	39	64	53	3	1	3
UVMC	49	51	50	4	1	3

↑ increasing values are favorable; ↓ decreasing values are favorable

Financial Metrics Key



	Vermont CAH		Vermont PPS		Northeast CAH	U.S. CAH	Northern NE	Northeast
	2022P	2023B	2022P	2023B	2020	2020	2020	2020
Operating Margin %	-2.1%	2.0%	-2.1%	2.0%	4.3%	3.6%	-0.8%	-0.3%
Total Margin %	-5.6%	2.8%	-5.6%	2.8%	6.7%	5.4%	0.7%	1.3%
DCOH	137.58	135.79	137.58	135.79	174.81	192.28	178.00	196.00
Days Payable	55.44	54.33	55.44	54.33	-	-	113.00	99.00
Days Receivable	47.49	46.15	47.49	46.15	40.23	47.25	38.00	41.00
DSCR :1	1.09	3.32	1.09	3.32	9.53	4.16	1.70	2.70
LTD to Capitalization	24.2%	22.0%	24.2%	22.0%	33.1%	31.2%	39.0%	38.0%
Age of Plant	13.89	14.70	13.89	14.70	14.06	12.32	14.00	12.00

Glossary

Critical Access Hospital: designation given to eligible rural hospitals by the Centers for Medicare and Medicaid Services. CAH designation aims to reduce the financial vulnerability of rural hospitals and improve access to healthcare by keeping essential services in rural areas. To accomplish this goal, CAHs receive certain benefits, such as cost-based reimbursement for Medicare services.

Prospective Payment System: A Prospective Payment System (PPS) is a method of reimbursement in which Medicare payment is made based on a predetermined, fixed amount. The payment amount for a particular service is derived based on the classification system of that service (for example, diagnosis-related groups for inpatient hospital services).

Gross Patient Revenue: A hospital's total billed revenue for providing goods and services to patients. This is the total revenue amount billed before contractual allowances, commercial discount agreements, bad debts and free care are deducted.

Bad Debt: An expense billed and due but not received. Assumption is that individual has the ability to pay but will not pay or has disputed the bill. See free care definition that distinguishes bad debt from free care.

Free Care: Term used to recognize loss of revenue billed/due but not received. Considered "free" because individual has limited or no ability to pay, as established by the hospital or other provider. .

Net Patient Revenue (NPR): Revenue a hospital will receive for services rendered. It is the amount resulting after contractual allowances, commercial discounts, bad debt and free care are deducted from gross charges.

Glossary

Fixed Prospective Payment (FPP): fixed payments from the ACO that cover the cost of medical care provided to lives attributed to the ACO, net of value-based incentive program deductions. Participation fees are recorded in Operating Expenses.

Other Operating Revenue (OOR): Revenue earned by hospital that is indirectly related to patient care. Examples: income from cafeteria, parking, physician office rentals, etc.

Total Operating Revenue: NPR + FPP + Other Operating Revenue

Operating Expenses: All input costs required to provide goods and services to patients. This includes salaries, fringes, insurance, professional fees, depreciation, interest, etc.

Operating Surplus: (sometimes called Operating Margin or Profit) Operating revenues (NPR/FPP + Other Operating Revenue) less Operating expenses resulting in profit or surplus.

Non-Operating Revenue: Revenue earned by hospital that is not related to patient care. Examples: income from investments, investment unrealized gains/losses, general contributions, gain/loss from assets, rentals, and transfers from related organizations,

Total Margin: Excess (Deficit) of All Revenues over Expenses

Glossary-metrics

Operating Margin %: $\text{Operating Surplus} / (\text{NPR} + \text{FPP} + \text{Other Operating Revenue})$

Total Margin %: $(\text{Operating Surplus} + \text{Non-Operating Revenues}) / (\text{NPR} + \text{FPP} + \text{Other Operating Revenue} + \text{Non-Operating Revenue})$

Days Cash on Hand (DCOH): $(\text{Cash} + \text{Investments} + \text{Unrestricted Funded Depreciation (Board Designated Assets)} + \text{Unrestricted Other Board Designated Assets}) * 365 / (\text{Total expense} - (\text{Depreciation} + \text{Amortization}))$

Days Payable: $\text{Current Liabilities} / (\text{Total Expenses} - (\text{Depreciation} + \text{Amortization} + \text{Interest}))$

Days Receivable: $\text{Net Patient Accounts Receivable} / \text{NPR} * 365$

Debt Service Coverage Ratio (DSCR): $(\text{Net Operating Income} + \text{Depreciation} + \text{Amortization} + \text{Interest}) / (\text{Current Portion of Long Term Debt} + \text{Interest})$

Long-Term Debt to Capitalization % : measures the percentage of total capital that is debt. $\text{Long Term Debt} / (\text{Long Term Debt} + \text{Net Assets})$

Average Age of Plant: measures the average age in years of the fixed assets of an organization. $\text{Accumulated Depreciation} / \text{Depreciation Expense} * (365/\text{days in period})$

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