

# Requests to Amend Condition B of FY 2025 Hospital Budget Orders (MAHHC, NMC, SVMC, and Springfield)

NOVEMBER 6, 2024

# FY 2024 Hospital Budget Order



## ORDER

Based on our findings and conclusions and the authority granted by Chapter 221, Subchapter 7 of Title 18, NMC's budget is approved as submitted for FY24 subject to the following terms and conditions:

- A. NMC's FY24 NPR/FPP budget is approved at a growth rate of not more than 10.32% over its FY22 actual, with a total NPR/FPP of not more than \$126,180,653 for FY24.
- B. NMC's overall change in charge and commercial rate increases are approved at not more than 6.0% over current approved levels, with no commercial rate increase for any payer at more than 6.0% over current approved levels. The commercial rate increase overall or with respect to any payer may be less than 6.0% as negotiated between the hospital and payer.
- C. The commercial rate increase cap in Paragraph B. is a maximum and is subject to negotiation between NMC and commercial insurers. NMC shall not represent the maximum commercial rate increase approved by the GMCB in Paragraph B. or the expected commercial NPR based on that rate increase as the amounts set or guaranteed by the GMCB in the hospital's negotiations with insurers.
- D. NMC's expected commercial NPR, based on its budget as adjusted in this Order, is \$85,710,156. NMC shall report its actual expected commercial NPR not later than March 15 or such later date as specified by the Board Chair and explain any variations from the expected commercial NPR.

# FY 2025 Hospital Budget Guidance



- (2) *Commercial Rate Growth*: Commercial rate growth by payer shall be no more than the PCE price index plus 1% as of January 2024, over FY24 approved budget, which amounts to **3.4%** for FY25. The GMCB anticipates establishing a cap on any commercial rate increases for each hospital, which will also apply as a cap on the increase that the hospital may receive from any individual commercial payer. Any GMCB approved rate increase is a cap subject to negotiation between a hospital and commercial insurers and is not an amount set or guaranteed by the GMCB. Hospitals proposing budgets that exceed this growth rate will be required to justify this request with sufficient and credible evidence of hospital efficiency and maximized productivity of resources (e.g. average work RVUs per clinical FTE by department, both the level and the associated percentile of national benchmarks, or similar; measures of hospital cost and efficiency used by leadership to assess operational efficiency, both the level and the associated percentile of national benchmarks, or similar; etc.).

# Rate Decomposition Sheet



- *FY 2025 Hospital Budget Guidance, pgs. 18-19:*

## *Rate Decomposition*

The Rate Decomposition sheet collects Net Patient Revenue due to rate (i.e. charges less discounts) versus Net Patient Revenue due to non-rate changes (i.e. utilization, payer mix, case mix, service etc.), by core service line (inpatient, outpatient, and professional services) and payer, where payer is broken out by payer category and major commercial payers as defined previously in this guidance... This sheet will be used to assess budget assumptions due to non-rate changes.

# FY 2025 Rate Decomposition Sheet



Column	Description
NPR FY24 Budget	FY24 Approved Budget for Net Patient Revenue and Fixed Prospective Payments (NPR).
NPR FY24 Projected	FY24 Annual Projected NPR.
NPR FY25	FY25 Proposed Budget for NPR.
NPR YOY	FY25 Proposed Budget for NPR less FY24 Budgeted NPR.
W	Weight of line item relative to total NPR YOY.
NPR FY24 @FY25 Comm. Prices	FY25 NPR due to changes in Commercial Price; estimate FY24 @ FY25 commercial prices, holding all else constant.
NPR FY25 due to Comm. Price	Difference of FY25 NPR and FY24 Budgeted NPR that can be attributed to changes in commercial price.
NPR FY25 due to Comm. Price (FY24 Proj. to Budget)	Identify the component of "NPR FY25 due to Comm. Price" that is associated with differences between FY24 projected
NPR FY25 due to Comm. Price (FY25 Budget to FY24 Proj.)	Identify the component of "NPR FY25 due to Comm. Price" that is associated with differences between FY25 proposed
NPR FY24 @FY25 Utiliz.	FY25 NPR due to changes in utilization; estimate FY24 @ FY25 utilization, holding all else constant.
NPR FY25 due to Utiliz.	Difference of FY25 NPR and FY24 Budgeted NPR that can be attributed to changes in utilization.
NPR FY24 @FY25 Public Payer Prices	FY25 NPR due to changes in public payer prices; estimate FY24 @ FY25 public payer prices, holding all else constant.
NPR FY25 due to Public Payer Prices	Difference of FY25 NPR and FY24 Budgeted NPR that can be attributed to changes in public payer prices.
NPR FY24 @FY25 Payer Mix	FY25 NPR due to changes in payer mix; estimate FY24 @ FY25 payer mix, holding all else constant.
NPR FY25 due to Payer Mix	Difference of FY25 NPR and FY24 Budgeted NPR that can be attributed to changes in payer mix.
NPR FY25 due to all other	Difference of FY25 NPR and FY24 Budgeted NPR that can be attributed to any other changes not captured elsewhere.
FY25 Comm Rate NPR Impact	The estimated commercial price growth as measured by impact on NPR.
FY25 Estimated Annualized Comm Rate	Uses the month of implementation for rate changes to estimate an annualized increase.
FY25 Comm Rate (WAVg)	Weighted average commercial rate changes for FY25 by payer and core service line; ie the contribution of the comm
FY25 NPR Growth	FY25 Budgeted NPR to FY24 Budgeted NPR.
FY25 NPR Growth(WAVg)	Weighted average growth in NPR by payer and core service line; i.e. the contribution of the volume and price increase

# FY 2025 Rate Decomposition Sheet



## Abridged Rate Decomposition Sheet (NMC)

	NPR FY24 Budget	NPR FY24 Proj.	NPR FY25 Budget	NPR YOY (Budget to Budget)	W	NPR FY24 @FY25 Comm. Prices	NPR FY25 due to Comm. Price	FY25 Comm Rate NPR Impact	FY25 Estimated AnnualizedC omm Rate	FY25 Comm Rate (WAvg)	FY25 NPR Growth	FY25 NPR Growth (WAvg)
Medicaid	1,024,878	3,124,086	\$ 12,684,355	11,659,477	0.01	1,024,878	-	0.0%	0.0%	0.0%	1137.6%	9.2%
Medicare - Traditional	22,492,908	29,991,823	\$ 35,222,502	12,729,594	0.18	22,492,908	-	0.0%	0.0%	0.0%	56.6%	10.1%
Medicare - Advantage	12,069,106	15,669,992	\$ 15,912,110	3,843,004	0.10	12,069,106	-	0.0%	0.0%	0.0%	31.8%	3.0%
Commercial	76,244,958	80,974,473	\$ 87,175,750	10,930,792	0.60	81,106,823	4,861,865	6.4%	6.4%	3.9%	14.3%	8.7%
Fixed Prospective Payments	24,647,969	15,128,157	\$ 4,880,997	(19,766,972)	0.20	24,647,969	-	0.0%	0.0%	0.0%	-80.2%	-15.7%
FPP - Medicare	9,734,586	7,061,579	\$ 1,925,389	(7,809,197)	0.08	9,734,586	-	0.0%	0.0%	0.0%	-80.2%	-6.2%
FPP - Medicaid	14,913,383	8,543,185	\$ 1,955,608	(12,957,775)	0.12	14,913,383	-	0.0%	0.0%	0.0%	-86.9%	-10.3%
Risk/Reserves	-	-	\$ -	-	0.00	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
Other (Bad Debt, Free Care, DSH)	(10,299,166)	(17,803,025)	\$ (21,150,207)	(10,851,041)	-0.08	(10,299,166)	-	0.0%	0.0%	0.0%	105.4%	-8.6%
Overall Total	126,180,653	127,085,506	\$ 134,725,507	8,544,854	1.00	131,042,518	4,861,865	3.9%	3.9%	3.9%	6.8%	6.8%

# FY 2025 Hospital Budget Order



## ORDER

Based on our findings and conclusions and the authority granted by Chapter 221, Subchapter 7 of Title 18, NMC's budget is approved for FY25 subject to the following terms and conditions:

- A. NMC's FY25 NPR/FPP ("NPR") budget is approved at a growth rate of not more than 6.8% over its FY24 budget, with a total NPR of not more than \$134,725,507 for FY25.
- B. NMC's overall change in charge and commercial negotiated rate increase are approved at not more than 3.4% over current approved levels, with no commercial negotiated rate increase for any payer at more than 3.4% over current approved levels. The commercial negotiated rate increase overall or with respect to any payer may be less than 3.4% as negotiated between the hospital and payer.
- C. The commercial rate increase cap in Paragraph B is a maximum and is subject to negotiation between NMC and commercial insurers. NMC shall not represent the maximum commercial rate increase approved by the GMCB in Paragraph B or the expected commercial NPR based on that rate increase as the amounts set or guaranteed by the GMCB in the hospital's negotiations with insurers.
- D. The commercial negotiated rate cap in Paragraph B shall not apply to Medicare Advantage plans.
- E. NMC's expected commercial NPR, based on its budget as adjusted in this Order, is \$84,906,213. NMC shall report its actual expected commercial NPR not later than March 15, 2025, or such later date as specified by the Director of Health Systems Finance and explain any variations from the expected commercial NPR.

# Template Motion Language



# Suggested Motion Language

## *Motion to Deny Request for Amendment*

“Move to deny the requests to amend Condition B of the FY25 Budget Decision and Orders for each of the following hospitals:

1. [MAHHC]
2. [NMC]
3. [SVMC]
4. [Springfield]”

# Suggested Motion Language



*Motion to Approve Request for Amendment by Striking Reference to Change in Charge*

“Move to approve [Hospital]’s request to amend Condition B of its FY25 Budget Decision and Order by striking the cap on ‘overall change in charge.’”

# Suggested Motion Language



*Motion to Approve Request for Amendment by Increasing Cap on Change in Charge*

“Move to approve [Hospital]’s request to amend Condition B of its FY25 Budget Decision and Order by increasing the cap on overall change in charge to [X]%, to be distinguished from its commercial negotiated rate cap of [X]%.”