



SENT VIA EMAIL

September 11, 2024

Mark Hengstler
Staff Attorney
Green Mountain Care Board
144 State Street
Montpelier, VT 05602

Re: Hospital budget review – written objections

Dear Mark:

Northwestern Medical Center (“NMC”) respectfully submits the following objections for the record, arising from the September 9, 2024, Green Mountain Care Board (“GMCB”) deliberative hearing and presentation.

We present the following objections for inclusion in the public record, aiming for correction and explanation in part, but also for the purpose of providing the GMCB the opportunity to respond while preserving NMC’s right to appeal.

1. Insufficient Rationale and Lack of Evidence: Review of Hospital Budget Requests & Key Metrics, Slide 30 – “Suggested Motion Language”, related deliberations and action

NMC objects to the approval of the motion language on Slide 30, which endorsed staff recommendations calling for a 6% NPR growth over the FY24 approved budget – a reduction of 0.8% from the requested 6.8%.

NMC also objects to the approval of the motion language on Slide 30, which endorsed staff recommendations calling for a 3.4% commercial change in charge and negotiated rate growth – a reduction of 3.6% from the requested 7%.

NMC met the burden of proof to justify its request. NMC provided credible and sufficient evidence in its written budget submission and during its budget presentation to justify its request.

NMC’s Mission is to Provide Exceptional Healthcare for our Community.

This decision was made by the GMCB without any sufficient rationale or evidence provided on the record to justify the reductions. Decisions made in an arbitrary manner, without transparency or explanation, undermine the trustworthiness of the deliberative process and do not allow stakeholders to meaningfully respond or understand the basis of the decision.

To uphold principles of transparency and accountability, we respectfully request a clear articulation of the factual basis and rationale, namely, the calculation used to arrive at this recommendation for the reduction. Without it, the decision-making process lacks legitimacy

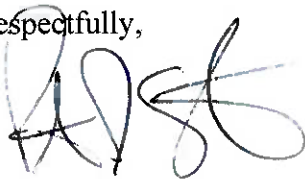
2. Plain Error and Lack of Rationale: Review of Hospital Budget Requests & Key Metrics, Slide 30 and Draft Budget Order Conditions and deliberation on September 9, 2024

NMC objects, due to plain error, to the motion language on Slide 30 and draft budget order's generalized approval of a 3.4% change in charge and negotiated commercial rate growth cap increase, as it fails to recognize that hospitals cannot possibly predict with certainty the adjudication and ultimate reimbursement of billed claims. This blanket cap overlooks the nuances of specific payer agreements, leading to misalignment between the budget order and NMC's submitted budget.

NMC provided the GMCB with suggested budget order language in a written letter dated August 8, 2024.

Clear and specific language addressing payer variations is essential to allow for effective negotiations and proper financial management. There will be a prejudicial effect of failing to correct this error. Specifically, the imposition of a blanket 3.4% cap in the budget order will lead to a further reduction in NMC's net revenue, beyond the significant reductions already being proposed. Therefore, if the error is not corrected, accordingly, NMC extends this objection to being arbitrary due to the lack of rationale which results in a prejudicial effect.

Respectfully,



Peter Wright
Chief Executive Officer
Northwestern Medical Center, Inc.

Cc: Owen Foster, Chair

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