



SENT VIA EMAIL

September 18, 2024

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

Re: Northwestern Medical Center FY2025 Hospital Budget Post-Judgement Objection

Dear Mark:

Northwestern Medical Center (“NMC”) respectfully submits the following Fiscal Year 2025 budget post-judgement objection.

NMC objects with the decision made by the Green Mountain Care Board (“GMCB”) to reduce our commercial rate growth to 3.4% from the originally submitted amount of 6.4%.

Per the GMCB FY 2025 Hospital Budget Guidance, hospitals proposing commercial rate growth above 3.4% *“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; measure 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.).”*

NMC provided sufficient and credible evidence of strong hospital efficiency and maximized productivity of resources. NMC not only provided information on the example provided in the budget guidance (average work RVUs per clinical FTE), but on many other metrics as well. When using the GMCB’s own independent data sources, it is clear and evident that **NMC has the lowest prices of any hospital in Vermont and that NMC’s expenses are lower than the Vermont and National median. The GMCB staff also reported the NMC’s expense growth has been managed and controlled better than any other hospital in Vermont.**

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

NMC does have room for improvement when looking at average work RVUs per clinical FTE. Every organization does. However, where NMC fell below the 50th percentile benchmark, NMC provided commentary within the rate decomposition workbook to explain. For example, our Pediatric Hospitalists fall below the 25th percentile benchmark, however, delivering newborns and caring for acute pediatric inpatients is an incredibly important program and resource for our community. Those providers are “price takers” not “price makers”. To provide another example, NMC’s Cariology and Urology providers fall below the 25th percentile benchmark, however, we explained in our submission that these FTEs have historically been contracted and we agree that their level of productivity is unacceptable, so we have terminated those contracts and hired our own. The FY 2025 budget includes improved performance. The same is true for Urgent Care, the FY 2025 budget includes improved performance. Lastly, NMC testified that we annually adjust provider compensation up AND DOWN in relation to their worked RVUs. Those adjustments mean that NMC does not have a disconnect between the budget request and the efficiency and productivity of our providers.

Please reconsider approving NMC’s FY 2025 budget with the full commercial rate growth requested of 6.4%. The full commercial rate growth is needed to maintain all of the critical services that we provide to our community. Thank you.

Respectfully,

Signed by:

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Peter Wright
Chief Executive Officer
Northwestern Medical Center, Inc.

Cc: Owen Foster, Chair

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