

September 10, 2024

Mr. Owen Foster, Chair
Green Mountain Care Board
144 State Street
Montpelier, Vermont 05633

Subject: Written Public Comment – Proposed Standard Budget Conditions

Dear Chair Foster,

Rutland Regional Medical Center (RRMC) respectfully submits written public comment in response to the FY 2025 proposed standard budget order conditions, as presented in the afternoon on September 9, 2024. We wish to offer specific feedback on the following conditions:

1. **Condition B** – Commercial Change in Charge & Negotiated Rate Increase
2. **Condition G** – Payer Specific Data Collection
3. **Condition K** – Six Month Reporting
4. **Condition R** – Methodology Adjustments

1. Condition B

RRMC must emphasize the critical importance of precise language in the budget order conditions to avoid misunderstanding and ensure regulatory alignment. As RRMC has highlighted, there is a distinct difference between a change in price or charge versus commercial rate growth. These terms cannot be used interchangeably. It is crucial to define and distinguish between the two as these factors often create disconnects in financial expectations between the parties. Additionally, it is critical to isolate that this budget order condition language is only applicable to the rate and price relationship and does not include other factors that impact the commercial payers overall estimated claim experience.

To mitigate this ongoing confusion, RRMC advocates for the inclusion of specific language in the budget order conditions that specifies the impact of the GMCB approved commercial rate growth and associated NPR due to a price change, which does not include other components of commercial rate growth. Payers often calculate growth rates by factoring in utilization, new services, and shifts in payer mix, while hospitals focus on the commercial rate impact from a change in charge. This discrepancy leads to confusion, with payers interpreting rate changes as including all factors, resulting in higher estimates than those provided by hospitals. Such clarity will prevent misunderstandings between hospitals and payers and ensure that the budget orders accurately reflect each party's financial and operational realities.

Lastly, a generalized approval, such as a 2.8% approved change in charge and negotiated commercial rate cap increase for any payer, would overlook variations among individual payers. The budget order should incorporate a "not to exceed" commercial rate growth, with a maximum of 3.05%, in RRMC's case, as that is the highest rate impact due to a change in charge for one particular payer. The budget order as written, capped at 2.8% is not in alignment with our submitted budget and will continue to impede negotiations. GMCB's approved NPR condition would prevent the hospital from negotiating a blanket 3.05%, as an example, with all payers as the hospital is held to the approved NPR.

2. Condition G

The implementation of this requirement involves significant operational and IT changes, particularly as it pertains to the front-end registration process. Developing the necessary infrastructure for accurate data capture will require an IT build, changes in workflow, and staff training, which cannot be achieved immediately. Moreover, as this adjustment also depends on external payers, it is essential to recognize that their systems may need to be updated to provide the necessary information.

Additionally, if the definitions of payer types are provided on October 1, 2024, it will not allow sufficient time to fully implement these changes in a manner that ensures accuracy throughout the fiscal year. We are concerned that the timing of this provision could prevent the hospital from capturing and reporting the required data accurately from the start of the reporting period.

Lastly, an additional complexity tied to this requirement involves very clear guidance on the classification of Vermont-specific versus non-Vermont commercial plans. For example, local businesses that provide out-of-state commercial insurance plans for their in-state employees. We would need clear guidance on how such cases should be categorized to ensure compliance and avoid any unintended impact on the accuracy or reporting of claim-level data.

We respectfully request additional time for implementation and further dialogue with both GMCB and potentially our commercial partners to ensure this change can be operationalized effectively without unintended consequences.

3. Condition K

RRMC appreciates the Board's diligence in overseeing operational reporting. However, we seek clarification and suggest revisions to the proposed condition.

The requirement to file year-to-date operating results by April 30, 2025 for the period from October 1, 2024 through March 31, 2025 appears to overlap with the monthly reports we are already submitting under Condition H, which will include year-to-date information for the same period. To avoid redundancy and ensure efficiency, we request clarification on the necessity of this separate six-month report.

Additionally, we recommend a technical correction to specify FY 25 rather than FY 24 in the condition. If the intent of this condition is to provide additional clarity or fulfill a specific reporting need, we would appreciate further explanation. Otherwise, Condition J may be unnecessary given the comprehensive nature of the monthly reports.

4. Condition R

RRMC acknowledges the requirement to report changes in methods used for calculating and reporting information to the GMCB. However, we respectfully request a refinement to the proposed language.

Specifically, we suggest amending the condition to address "material changes" rather than "any" changes. As our organization frequently combines departments and undertakes other accounting adjustments throughout the year, many of these changes are minor and do not significantly impact our financial reporting or the overall data provided to the GMCB. Mandating detailed reports on any change, including those of an immaterial nature, could impose undue administrative burdens without substantial benefits.

To ensure clarity and practical implementation, we recommend that GMCB either redefine this section to specify the types of changes that should be reported or clearly define what constitutes a material change. This adjustment would provide hospitals with a more manageable framework for compliance while focusing attention on changes that have a significant impact on the data reported.

Thank you for considering our feedback, we welcome the opportunity to work collaboratively with Green Mountain Care Board Members and Staff.

Respectfully,

J. Bertrand

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Rutland Regional Medical Center

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