

RUTLAND REGIONAL MEDICAL CENTER

STATE QUESTIONS DUE AUGUST 12TH, 2022

- 1) FEMA recently extended the time period applicable for COVID-related relief in its public assistance program. What is the approximate magnitude of any potential relief and what considerations have you made in pursuing this potential fund source? If you have already applied indicate any known timing or estimated funds you may receive.

To date, we have submitted two FEMA applications and were awarded a total of \$1.5 million for both applications. The window for eligibility for FEMA funding has been extended indeterminately. Eligible costs incurred between 1/20/2020 and 7/1/2022 will be federally reimbursed at 100%. Eligible costs incurred on or after 7/2/2022 will be federally reimbursed at 90%. FEMA has not yet set an end date for the 90% federal cost share period or the incident period of the COVID-19 disaster. Given this extension we will plan to submit a 3rd application for funding but will wait to do so until the early fall 2022. This will be the third FEMA application and we expect this request for funding to be similar to our first two applications. Given the amount of our first two awards we would anticipate funding of less than \$1 million. Due to the timing of the eligibility extension this has not been included in our 2023 Budget.

- 2) Describe the method(s) used to estimate the effect of inflation on your expenses. Include how the calculations are applied to expense categories (e.g. wage and salary, pharmaceuticals).

Inflation is estimated using a number of inputs and sources of information to include:

- *Agreed upon wage increases in the Union Contract*
- *Actual and forecasted spend for our specific drug formularies*
- *Actual contract pricing schedules established with Vizient, our group purchasing partner*
- *Market studies for wages*
- *Available catalog pricing for medical and office supplies*
- *Purchase contracts for fuel oil, gas and electricity*
- *Multi-year/period contractual obligations for services and staffing*
- *Actuarial analysis for health and welfare benefits*

- 3) How does your organization evaluate the affordability of services for patients?

We evaluate affordability in terms of patients access to care. Balancing the cost of healthcare with ensuring access to care requires a delicate balance. We have made deliberate decisions to ensure patients have access to care regardless of ability to pay. In terms of preventative care, Rutland has made decisions to limit charges and rate increases, particularly charges related to testing and diagnostic services. And, for those patients that do not have a health benefit or who are enrolled in a high deductible plan, our financial assistance program is one of the most

generous in the State. We provide full free care up to 300% of the Federal Poverty Level and partial free care for up to 500% of the Federal Poverty Level. In 2021 we provided \$5.1 million in free care.

The Rutland Regional Board of Directors includes the senior management of several businesses that struggle to provide health insurance for their employees. They clearly understand the impact of rate increases, however, they voted unanimously to approve this budget because they recognize that the system will incur even greater costs if we are not able to cover inflation and are forced to reduce access to critical healthcare services. The pandemic has demonstrated this very clearly: reduced access to care in 2020 is resulting in more patient morbidity and mortality and higher costs in 2022. We feel that this budget reflects the appropriate balance of services and costs.

4) Do you anticipate any changes to your budgeted fixed prospective payments for FY23?

We do not anticipate any changes to our fixed prospective payments for fiscal year 2023. We expect our attribution to be similar to 2022 and will continue to receive fixed payments for Medicaid services and advanced payments for Medicare services.

We do however expect that the risk corridors will increase for each of the OneCare programs. While not finalized we expect risk levels to be set within a range of 3% to 5%. Given the range our maximum exposure for all programs could be as much as \$7 million. We have not budgeted any of this risk in our 2023 Budget.