Southwestern Vermont Medical Center
Budget Fiscal Year 2023

H. SUPPLEMENTAL DATA MONITORING –

i. Market Share Report. This will be a snapshot which will show the change in market share for "key service lines" over the past 5 fiscal years as reported by the state's hospital discharge database, VUHDDS. Market share will be defined as the percentage of service line charges from local residents (within a hospital's service area) versus non-local residents (outside a hospital's service area). Market share will be disaggregated by primary payer. See Patient Origin dashboard/"Patient Origin by Hospital" tab for an example.
a. Does this report reflect material changes in your NPR actuals over this time period?
b. If not, how does the market share report distort or omit components of NPR?

The market share report provided by the Green Mountain Care Board (GMCB) does not reflect material changes in SVMC's NPR. Although directionally similar, the year-to-year percent change is quite different.

	Change from		
	2017 to 2018	2018 to 2019	2019 to2020
From GMCB Market Share Report			
Discharge	1.4%	5.0%	-14.4%
Charges for care	1.5%	6.8%	-7.1%
From SVMC financials			
Net Patient Services Revenue (NPR)	5.6%	1.8%	-6.0%

It is likely the difference between the GMCB market share report and SVMC's NPR arises from differences in the definition of SVMC's service area. SVMC's service area includes significantly more zip codes, in particular zip codes in New York and Massachusetts (see table below).

Considered as part of SVMC's Service Area

zip code	Recognized by SVMC	Recognized by GMCB
01267	✓	
05148	✓	
05152	✓	
05155	✓	
05201	✓	✓
05250	✓	✓
05251	✓	✓
05252	✓	✓
05253	✓	✓
05254	✓	
05255	✓	✓
05257	✓	✓
05260	✓	✓
05261	✓	✓
05262	✓	✓
05340	✓	
05341	✓	✓
05342	✓	✓
05343	✓	
05350	✓	✓
05352	✓	✓
05356	✓	✓
05358	✓	
05360	✓	
05361	✓	✓
05363	✓	✓
05739	✓	
05761	✓	
05768	✓	✓
05775	✓	
05776	✓	✓
12022	✓	
12028	✓	
12057	✓	
12089	✓	
12090	✓	
12094	✓	
12138	✓	
12816	✓	
12873	✓	

ii. Reimbursement Analysis. This will outline patterns in the cost to deliver care for Vermont residents as reported to the state's all-payer claims database, VHCURES. Cost will be assigned at a claim level as specified in Medicare's cost reporting. Service lines will be reported by Medicare Diagnosis Related Group for inpatient services and by Ambulatory Payment Classifications for outpatient services. Note that only services with Medicare costs associated with them will be included in the report. (See links 1 and 2 for details about the methodology.) All results will be summarized in hospital-specific comparison tables broken down by primary payer group (Medicare, Medicaid, commercial). In addition, the report will highlight providers with exceptionally low or high costs, reimbursements, and/or proportion of costs covered.

a. For any service lines in which your hospital is highlighted, comment on any observations about this service line and how it may be reimbursed differently from other service lines you provide.

b. Are there any errors in the data as shown? Cite your own data where possible.

a. Inpatient

The reimbursement analysis indicates that SVMC does not exhibit values either below or above the reference range for;

- Case-mix adjusted payments per service roll-up (FY23 Reimbursement analysis page 3)
- Case-mix adjusted Medicare-allowable cost per service roll-up (FY23 Reimbursement analysis page 3)
- Case-mix adjusted payment to Medicare-allowable cost ratio roll-up (FY23 Reimbursement analysis page 4)

Thereby SVMC's payments and costs are reasonable and comparable to other Vermont institutions.

SVMC does exhibit the following service-line specific and payer values below the reference range;

- Case-mix adjusted payment to Medicare-allowable cost ratio (FY23 Reimbursement analysis page 7)
    - Medicare, digestive system, musculoskeletal, and infections

Thereby SVMC is a good value for patients

SVMC does exhibit one service-line specific and payer value above the reference range;

- Case-mix adjusted payment to Medicare-allowable cost ratio (FY23 Reimbursement analysis page 7)
    - Medicaid infections

It is difficult to ascertain why this single value for inpatient care might exceed the reference range. For all other service lines and payers, including the general roll-up on page 4, SVMC's case-mix adjusted payment to Medicare-allowable cost ratio is within the reference range, indicating that SVMC's inpatient costs and payments are reasonably comparable to other intuitions in VT.

Outpatient

The reimbursement analysis indicates that SVMC does not exhibit values either below or above the reference range for;

- Case-mix adjusted payments per service roll-up (FY23 Reimbursement analysis page 8)
- Case-mix adjusted Medicare-allowable cost per service roll-up (FY23 Reimbursement analysis page 8)
- Case-mix adjusted payment to Medicare-allowable cost ratio roll-up (FY23 Reimbursement analysis page 9)

Thereby SVMC's outpatient payments and costs are reasonable and comparable to other Vermont institutions.

SVMC does exhibit the following service-line specific and payer values below the reference range;

- Case-mix adjusted payment per service (FY23 Reimbursement analysis page 10)
  - Medicaid, imaging with contrast
  - All Payer, minor procedures
- Case-mix adjusted payment to Medicare-allowable cost ratio (FY23 Reimbursement analysis page 12)
  - All payer, GI procedures, urology, radiation, neurostimulator, ENT&eye
  - Commercial, radiation
  - Medicaid, cardiac procedures
  - Medicare, GI procedures, radiation, neurostimulator, drug administration

These findings reflect SVMC's continued effort to provide more care in the outpatient rather than inpatient setting and the shift of operations and expenses to outpatient services. The Medicare cost report does not capture expenses in the outpatient setting as effectively as it does for inpatient. Thereby the Medicare-allowable cost ratio can be highly variable between institutions not because of difference in reimbursement or operating costs to deliver care, but rather in how those costs are allocated in the cost report. Similarly, the regional wage Medicare index can impact the cost ratio. It is likely that difference in the expense allocations in the cost reports of different institutions and wage index difference underlie SVMC's higher than reference values for the specific service lines and payers listed above.

b. No errors in the data are readily apparent at this time.

iii. Demographic Report. This report will summarize demographic data from the 2020 Census. Particular attention will be paid to CDC/ATSDR Social Vulnerability Index measures that relate to age and socioeconomic disadvantage.

a. How does the current makeup of your service area affect your budget assumptions?
b. Does the makeup of other service areas affect your budget assumptions? Explain.

According to tabs 1 and 2 of Exhibit 3, the population in SVMC's service areas is progressively becoming more disabled and older, yet with an Area Deprivation index close to the median of Vermont hospitals.

The social vulnerability index (SVI) of Bennington County is the second highest across the state. The SVI includes a broader range of metrics than the ADI and reflects more parameters that

impact one's ability to access health care, adhere to care treatment regiments, and maintain lifestyles that support health.

County	SVI (higher is more challenging community)	Proportional SVI rank in VT (higher is more at risk community)
Grand Isle	3.5	0.0
Addison	5.9	0.1
Windsor	6.2	0.2
Washington	6.4	0.2
Lamoille	6.7	0.3
Rutland	6.7	0.3
Chittenden	6.7	0.5
Orange	7.5	0.5
Franklin	7.6	0.6
Essex	8.3	0.7
Caledonia	8.6	0.8
Windham	8.8	0.8
Bennington	8.8	0.9
Orleans	10.3	1.0

All of these metrics indicate that SMVC cares for a population with significant health challenges that are living in communities with systemic forces that increase the disease burden and decrease opportunities to maintain health. This is not a new phenomenon. SVMC's service area has exhibited these features that challenge the population's health for decades. The pandemic and associated economic strain has acerbated the situation. Current and projected inflationary pressures are likely to further harm vulnerable population segments resulting in increased disease, escalating healthcare utilization, and increasing total cost of care.

SVMC considers the makeup of its service area when constructing the budget. For example, strained populations typically use more acute health care services like the emergency department and urgent care than they use primary care. SVMC has anticipated scaled emergency department visits and urgent care visits in the 2023 budget submission. Strained populations also have higher incidences of cancer, heart disease and chronic obstructive pulmonary disease (COPD), and SVMC is making large investments in these areas to meet community demand. Meanwhile strained populations are insured by Medicaid or uninsured more often than unstrained populations, and SVMC has gauged the payer mix and bad debt accordingly. SVMC's 2023 budget submission is an attempt to match healthcare resources to the community's health and its demand for services.