GMCB FY 2023 Supplemental Data Monitoring
UVM Health Network
UVM Medical Center, Central Vermont Medical Center and Porter Hospital

1. Market share report

- Does Exhibit 1 reflect material changes in your Net Patient Revenue (NPR) actuals over this time period?
- If not, explain how Exhibit 1 distorts or omits components of NPR.

Exhibit 1 does not show the effect of changes in payer mix, which are significant. We have seen a shift in payer mix from commercial to Medicare and Medicaid, and that has had a negative impact on our NPR and margin.

As an example, please see the UVMMC data below, which reflects the shift to government payers and away from commercial or private payers. This shift reduces our NPR substantially.

UVMMC Inpatient Payor Mix			
Year	2020	2019	2018
Medicare	47%	43%	42%
Medicaid	16%	16%	15%
Private/Commercial	33%	38%	39%
Total Govt Payor Mix	**63%**	**59%**	**57%**

UVMMC			
Outpatient Payor Mix			
Year	**2020**	**2019**	**2018**
Medicare	61%	56%	54%
Medicaid	7%	7%	8%
Private/Commercial	29%	33%	35%
Total Govt Payor Mix	**68%**	**63%**	**62%**

2. Reimbursement analysis

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

Our Network hospitals are not highlighted per se in the initial report, but we are highlighted as higher than benchmark with inpatient for UVMMC and Porter in several categories.

Without detail into each of the inpatient categories, it is difficult to explain the difference or identify inconsistencies, but as a whole, our Network hospitals are within the inpatient reference ranges. At a service level, we may be above a reference or benchmark at UVMMC and Porter and as such may be appropriate due to the cost structure to provide services.

- For example, inpatient for infections includes a wide range of services.
- Case mix is not the same as risk adjusted, and to evaluate the cost to provide a service and charges to commercial payers to account for the cost shift, we need to look at risk.
- There can be a cost shift between service lines, which is why a service line may be reimbursed higher than others.
- Academic medical centers often generate higher levels of reimbursement due to the level of services provided, academic mission and need to provide services that others in the state do not.

For outpatient, comments are similar to above. When including Medicare as an allowable cost, we do not move around as much, but there is some variation. We may provide more outpatient services in certain areas compared to other hospitals.

It is important to note that it is insufficient to look at reimbursement as a proxy for cost. Health care cost is reimbursement multiplied by utilization, divided by the population served; the proper measure to gauge cost is total cost of care.

Regarding any errors in the data, it is important to note that the data is limited as to what is reported.

3. Demographic report

- How does the current makeup of your service area affect your budget assumptions and planning?
- Does the makeup of other service areas affect your budget assumptions and planning? Explain.

In our FY 2023 budget narrative, we provided a per capita revenue model that utilizes 2020 census data as a base, and projects population growth from there. The 2020 census data revealed a significant change in the population of Vermont, so it is important to use that data to highlight the impact it has had, and will continue to have, on our budget and planning.

The data in Exhibit 3 is directionally the same as the 2020 census data in terms of trends in age groups and service areas, but the 2020 census data reflects the increase in population that Vermont has experienced the last few years. The exhibit 3 data has the total Vermont population at 618,266 versus the 2020 census figure of 643,077. This difference in population is important, as it impacts our NPR growth and investments we need to make to keep up with demand.

Our primary service area has been growing for several years, and is projected to continue to grow. Service areas that are not part of our primary area still impact the UVM Health Network, specifically UVMMC, as we are the tertiary and quaternary referral center for the region. Those other areas have also been growing and are projected to continue growing, but at a slower rate than our primary area.

In our per capita model we highlighted the impact that people over the age of 65 have on health care utilization. Those over 65 utilize health care services at 2.20 times the rate of those between 45 and 65, and 4.45 times more than those under 45. As the over 65 population segment grows, which is the case for our primary service area and the rest of Vermont, it has an even greater impact on our NPR and investment needs.

Our per capita model highlighted that our NPR growth when measured against the population growth and the aging of that population is at a very reasonable level, however, our financial position needs to improve in order for us to be able to make the investments needed to support our service area and region. We will need more providers, more facilities, more equipment, and

upgrades to our current facilities and equipment to continue meeting health care needs. We have planned to make those investments, and our budget assumptions, including the required revenue rate increase, are what is needed to actually follow through on those investments.