

From: Steven R. Gordon [<mailto:sgordon@bmvhvt.org>]
Sent: Monday, September 11, 2017 11:46 AM
To: Pallito, Andy <Andy.Pallito@vermont.gov>
Subject: Re: BMH Rate Request

Andy,

I am responding to the Board's request that we submit an impact statement for a reduction of our 8.9% requested rate increase to 5.7%, effectively removing the portion of our budget request building in a hedged reserve for participating in all three OneCare VT risk programs in 2018. Our 8.9% rate request was designed to give BMH financial resilience in the event that care provided to our attributed lives exceeds our budget targets.. The 8.9% rate request also anticipated that BMH may suffer serious financial challenge as a result of the sunset of its status as a designated Medicare Dependent/Low Volume hospital (MDH/LV) if it is not accepted as a Rural Community Hospital Demonstration Project (RCHDP)—essentially a loss of \$2.5 million in revenue. If, however, BMH's risk exposure proves to be limited, and it is accepted as RCHDP, we believe that a 5.7% rate increase will support the other initiatives that BMH has built into its budget.

Please note that BMH has requested that OneCare Vermont provide a mechanism to cap BMH's ACO program risk. In response, OneCare is actively working on a methodology and funding mechanism to offer a 50% risk limitation in 2018 for community hospitals participating in all three risk arrangements- Medicare, Medicaid and Commercial. If that occurs, as it appears that it will, BMH believes it should be able to operate efficiently with a lower rate increase of 5.7%, so long as it is part of the RCHDP and is not subject to other unexpected significant financial challenges.

I ask that if BMH's FY 18 budget order reduces BMH's rate request to 5.7%, that the order also anticipate that BMH will need to seek a rate adjustment if either of the following exceptional circumstances occur: 1) BMH needs to offset more than 50% of its contracted risk, or 2) BMH is not accepted in the RCHDP after its MDH/LV designation has sunset.

I greatly appreciate the opportunity to comment on this impact and look forward to our continued discussions. Steve

Steven R. Gordon
CEO /PRESIDENT
Brattleboro Memorial Hospital