

Green Mountain Care Board
89 Main Street
Montpelier, VT 05620

[phone] 802-828-2177
www.gmcboard.vermont.gov

Cornelius Hogan
Jessica Holmes, PhD
Robin Lunge, JD, MHCDS
Susan Barrett, JD, Executive Director

March 31, 2017

Dear Hospital CEO:

This letter is to inform you about the Green Mountain Care Board's (GMCB) FY 2018 hospital budget review process. Like last year, we recognize the need for a careful balance of the concerns of Vermonters and the financial health of our hospitals. Accordingly, the FY 2018 budget review process will continue to focus on restraining health care costs and improving quality outcomes, as the State moves forward with payment and delivery reform and implementation of the All-payer Model Agreement.

The attached budget instructions are designed to provide Vermont hospitals with parameters and guidance as they construct their annual budgets with an eye towards containing costs, improving quality, and maintaining access to services. Key changes for this year's process include:

1. A FY 2018 net patient revenue (NPR) cap of 3.0% over FY 2017 budgets.
 - A. Hospitals may designate an additional 0.4% for **new** (may not have been included in prior budgets) health care reform activities, investments and initiatives related to the following:
 - Support for Accountable Care Organization (ACO) infrastructure or ACO programs;
 - Support of community infrastructure related to ACO programs;
 - Building capacity for, or implementation of, population health improvement activities identified in the Community Health Needs Assessment, with a preference for those activities connected with the population health measures outlined in the All-payer Model Agreement;
 - Support for programs designed to achieve the population health measures outlined in the All-payer Model Agreement.The Board encourages the hospitals to consider implementing evidence-based strategies found in the Clinical Guide to Preventive Services developed by the U.S. Prevention Services Task Force, or in the Guide to Community Preventive Services developed by the U.S. Department of Health and Human Services.
 - B. The hospital must provide a detailed description of each new health care reform activity, investment or initiative included within the designated 0.4%, provide any available data or evidence-based support for the activity's effectiveness or value, and identify the benchmark or measure by which the hospital can determine that the activity reduces costs, improves health, and/or increases Vermonters' access to health care.
2. Updated policies for physician transfers and acquisitions, Community Health Needs Assessment reporting, and enforcement of the NPR targets.



3. Budget narratives must address how the hospital is responding to mental health and substance abuse needs and care shortages.
4. Hospitals must provide specific information about their participation and investment in value-based payment reform and preparation for implementation of the All-payer Model.
5. Criteria for exemption from participation in public budget hearings. (Attachment III). Note that hospitals qualifying for the exemption may still choose to present their budgets to the Board at a public budget hearing.

Also new this year, the Board will incorporate key performance indicators (KPIs) into a “dashboard” to provide a more comprehensive view of each hospital’s financial status, and will review available data and reports from CMS and the Vermont Department of Health relating to quality of care (*e.g.* Hospital Compare; Hospital Report Cards) and pricing (inpatient admissions, outpatient procedures, and physician and hospital pricing) to assist in its decision-making.

We appreciate your cooperation with the budget review process, and understand that there may be some areas (for example, disproportionate share hospital payments) that will affect your budget that are currently uncertain. Over the course of the next two months, we will provide additional instructions for reporting on bad debt and free care, the approved Medicaid rate, and other information that may be deemed relevant as a result of development and implementation of the All-payer Model.

If you have questions about the hospital budget process, please contact me, Lori Perry or Janeen Morrison at (802) 828-2177.

Sincerely,

s/ Michael D. Davis
Director of Health System Finances
Green Mountain Care Board

cc: Green Mountain Care Board Members
VAHHS
Vermont Office of the Health Care Advocate

