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March 16, 2016

Dear Hospital CEO:

This letter is to inform you about the approach that the Green Mountain Care Board (GMCB) plans to follow in the FY 2017 hospital budget review process.

Like last year, we recognize the need for a careful balance of the concerns of Vermont citizens and businesses with the financial health of the hospital industry. Therefore, beginning with the attached budget instructions, the entire budget review process will continue to focus on restraining health care costs and improving quality outcomes.

The budget instructions are designed to provide guidance to limit costs at the delivery system level. We are requesting, as you prepare your budgets, that you strictly adhere to the limits and principles we have identified for FY 2017. The Board realizes that each hospital has unique circumstances and we will consider those circumstances as part of the overall budget review.

The Budget Reporting Requirements provide timelines and policy instructions for the FY 2017 budget process. The key changes for this year's process are summarized below:

- 1) The GMCB has established a system net patient revenue (NPR) cap of 3.0% over FY 2016 budgets.
- 2) The GMCB may allow individual hospitals up to 0.4% for health reform investments that adhere to our guidelines.
 - a. Any hospital requesting the increase must clearly delineate what the additional revenues will purchase and why the project/item is considered a health care reform investment;
 - b. The Board expects that expenses for the reform activity can be clearly monitored and attached to a specific reform activity or event.
- 3) The GMCB policies established for FY 2014 - FY 2016 for physician transfer/acquisitions, Community Health Needs Assessment reporting, and enforcement of the net patient revenue targets will continue for FY 2017.

- a. The legislature is currently contemplating additional reporting requirements. In the event that further reporting is required, we will provide additional, clarifying guidance at that time.
 - b. GMCB staff is reviewing Schedule H of the Community Health Needs Assessment reporting and will provide guidance, if necessary, in April.
- 4) Each hospital should plan to attend a hearing and provide testimony on its budget.
 - 5) The GMCB will provide further specific instructions as more information becomes available this spring, for the following:
 - a. Bad debt and free care (April);
 - b. Medicaid revenue rate increase (May);
 - c. The schedule and narrative instructions specific to the rate schedule (April).

In addition, some hospitals will receive a letter requesting further information based on findings related to their FY 2015 budget-to-actual results.

- 6) We will keep hospitals apprised of any reporting or other changes necessary as a result of the development of the All Payer Waiver.
- 7) The GMCB has determined that it would be useful to consider an examination with the hospital CFOs to:
 - a. Review opportunities for developing more robust and meaningful measures around administrative costs;
 - b. Review opportunities for examining reporting and review of hospital budgets that recognize the differences between Critical Access Hospitals (CAH) and Prospective Payment System (PPS) Hospitals.

Last, we continue to update the Adaptive Insights budget tool. Hospital staff should feel free to contact Michael Davis, Lori Perry, and Janeen Morrison with any questions about the budget policies, instructions, or the budget tool.

Sincerely,

s/ Al Gobeille, Chair

Green Mountain Care Board

Cc: Green Mountain Care Board Members
Michael Davis, GMCB staff
Lori Perry, GMCB staff
Janeen Morrison, GMCB staff

Hospital CFOs
VAHHS
Vermont Health Care Ombudsman

FY 2017 HOSPITAL BUDGET SUBMISSIONS

REPORTING REQUIREMENTS

March 2016
Timeline updated May 2016

Prepared by:

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Reporting Timeline

| | |
|-----------------------------|--|
| MAR | GMCB provides guidance on FY 2017 Hospital Budget Policy |
| APR/MAY | GMCB provides additional and updated reporting requirements |
| July 1st | Hospital's budget, oath, & narrative submission are due <ul style="list-style-type: none">• Hospital budget proposal includes requested rate increase |
| July-Aug | GMCB's questions, analysis and findings prepared by staff |
| July 21 | GMCB public hearing - Preliminary Budget Overview <ul style="list-style-type: none">• Staff will provide first overview of 2017 submitted budgets |
| Aug 17-18 | GMCB's hospital budget hearings |
| Aug 23-25 | GMCB's hospital budget hearings |
| Sept 8 | Board Vote on Budgets |
| Sept 15th | GMCB's FY 2017 Hospital Budget decisions <ul style="list-style-type: none">• GMCB staff informs hospitals of their approved rate |
| Oct 1st | GMCB's formal Budget Orders sent to hospitals |

REPORTING REQUIREMENTS

Narrative Instructions

The budget narrative is a key component of a hospital budget submission that provides the hospitals an opportunity to explain any changes in their budgets and highlight areas of interest for the GMCB. We ask hospitals to follow the template below and limit overall responses to this section to ten (10) pages.

- A. Executive Summary: Provide an executive summary of the changes in the hospital budget.** Include any information the GMCB should know about program, labor and operation changes.
- B. Health Reform Investments: Provide a description of any health reform investments sought in this budget.** Include return on investment information for any health reform investments made in the FY 2016 budget.
- C. Overall net patient revenue budget-to-budget increase.** Provide the budgeted net patient revenue increase over the FY 2016 approved budget. Provide additional detail about program, labor and operation changes that explain why they are included in the proposed budget. Explain why the revenue increase is required, and the assumptions used in determining the needed increase (*e.g.* change in law, utilization change, program change, etc.). Note that the GMCB is not providing inflation or utilization estimates for each hospital; each should fully explain how it determined its inflation and utilization estimates and why they are included in this section.
 - a. Describe any significant changes to your FY16 budget and how it affects the FY17 proposed budget. Significant changes include, but are not limited to: changes in anticipated reimbursements, physician acquisitions and CONs.
 - b. Describe any cost saving initiatives proposed in FY17 and their effect on the budget.
 - c. Explain the reasons for the increase or decrease in net patient revenue expected from each payer source. **Describe utilization, inflation, and payer mix and how they affect reimbursement assumptions.**
 - i. **Revenue assumptions: Medicare.** Medicare estimates should include assumptions based on the program's *current proposed CMS* reimbursement policy. Hospitals should also identify any significant changes to prior year Medicare reimbursement adjustments (*e.g.*

settlement adjustments, reclassifications) and their effect on revenues. Include a subsection identifying any anticipated revenues related to meaningful use and 340B funds in FY 2017.

a. Also, describe any major changes that occurred during FY 2016 that were not included in the FY 2016 budget.

ii. **Revenue assumptions: Medicaid.** Hospitals should budget for net patient revenues expected from utilization and/or changes in services.

Hospitals **should not** budget for any increase in net patient revenue expected from the Governor’s plan around the cost shift.

In addition, hospitals **should not** budget for net patient revenues expected from other health care reform payment incentives such as Medicaid primary care, the Blueprint, shared savings, etc.

iii. **Revenue assumptions: Commercial/self-pay/other.** Commercial insurance revenue estimates should include the latest assumptions available to the hospital and any other factors that may explain the change in net patient revenues.

D. Rate Request. Each hospital is required to provide its budgeted overall rate/price increase. The hospital will explain how the rate was derived and what assumptions were used in determining the increase.

The overall rate/price increase will be reported through the rate schedule to be provided by the GMCB in April. Included will be the rate/price for each major line of business, and the gross and net revenues expected from each payer as a result of the rate/price increase.

For each payer, if the net patient revenue budget-to-budget increase is different than the overall rate/price change, provide a narrative explaining the difference and the supporting rationale. For example, if the requested commercial “payer ask” differs from the rate/price change, an explanation for the difference should be provided.

E. For those hospitals who received a letter regarding their FY 2015 budget to actual overages results – please make sure you specifically address the issues and requirements outlined in the letter.

F. Capital budget investments. Describe the major investments that have been budgeted for FY 2017 and their effect on the FY 2017 operating budget.

- a. Provide a brief comment on anticipated major investments for FY 2018-FY 2020.
- b. Provide the estimated net patient revenue and expense effect for any proposed Certificate of Need (CON) that may be approved during FY 2017.

G. Technical concerns. Provide any technical concerns or reporting issues the GMCB should examine for possible changes in the future.

User Access to Adaptive Insights

Budget information should be provided through use of the Adaptive Insights (Adaptive) website. A maximum of two individuals (“users”) from each hospital are allowed to access Adaptive . To add or remove users, please use the following form found in the reports directory in Adaptive:

Reports>Shared Reports>FY 2017 BUDGET>HOSPITAL DIRECTORY>Hospital Budget Instructions
>User Access Request Form for Adaptive Insights

If you cannot access the directory, contact Janeen or Lori at the GMCB.

Budget Schedules and Input Instructions

You will find instructions on *how to input* your budget into Adaptive by logging into the website and going to: Reports>Shared Reports>FY 2017 BUDGET>HOSPITAL DIRECTORY>Hospital Budget Instructions.

In this directory you will find:

- FY 2017 Hospital Budget Submission Reporting Requirements (this document)
- GMCB-Import Guide
- GMCB-Reports Guide
- Oath APPENDIX II (also found in this document)

Documents 1 through 3 are the most helpful for input of your budget:

- 1) GMCB Hospital Budget Checklist (a quick list for input of each sheet, also found in User Guide)
- 2) GMCB User Guide (a complete step by step guide)
- 3) Data dictionary (explains the mapping of each account of the old Excel sheets to Adaptive Insights)

There are several reports that can be run (*e.g.* income statement, balance sheet, edits report) to review your input. There are several reports prepared for you to run (such as an These reports are located in the following directory: Reports>Shared Reports>FY 2017 BUDGET>HOSPITAL DIRECTORY>HOSPITAL REPORT PACKAGE.

POLICIES – As adopted in February 2016

**Green Mountain Care Board
Hospital Budget Policy:
Net Patient Revenue FY17**

At its [DATE], 2016 public meeting, the Green Mountain Care Board (GMCB) voted to extend its Net Patient Revenue Policy that governed hospital fiscal years 2014-2016 for one year, to cover hospital budgets for fiscal year 2017, with minor modifications as explained below.

Principles governing Net Patient Revenue growth for FY2014-FY2016

In 2013, the GMCB set a 3% limit for increases in hospital net patient revenue for the budget years of FY14 through FY16. See Green Mountain Care Board Hospital Budget Policy: Net Patient Revenue FY 14 – FY 16.

http://www.gmcboard.vermont.gov/sites/gmcboard/files/Hospital/Net_Patient_Review_Policy.pdf.

The GMCB permitted additional NPR growth for credible health reform proposals in the amount of 1.0% (above the base target of three percent) for FY14, 0.8% for FY15, and 0.6% for FY16. In order to avail itself of the allowance, a hospital must convince the GMCB that expenditures listed as health reform are credible investments in a reformed delivery system, for example:

- a. Collaborations to create a “system of care”
- b. Investments in shifting expenditures away from acute care
- c. Investments in population health improvement
- d. Participation in approved payment reform pilots
- e. Enhanced primary care and Blueprint initiatives
- f. Shared decision making and “Choosing Wisely” programs

The GMCB will use the hospital budget growth target described above as a guide in our monitoring of total system costs, in identifying areas of potential excess growth and in identifying priorities for data analysis.

We will also utilize the growth target described above to guide our review of health insurer rate increases, particularly our expectations about reasonable estimates of health care cost trend factors embedded in insurer rates.

The GMCB realizes that each hospital is a unique business entity with its own unique circumstances based on size, volume and financial health, and that small adjustments to budget targets are not, in themselves, the method to improve financial status or to correct for ongoing budget deficiencies. As a result, we reserve the right to place community need and/or hospital solvency as our primary concern above and beyond the growth target stated above.

The GMCB may modify the above principles if circumstances require it, and would do so with prior notice to and input from stakeholders and the public.

Principles governing Net Patient Revenue growth for FY2014-FY2016

The GMCB will apply the FY14-16 principles for FY 2017, with the modifications noted below.

- 1) Net patient revenue growth will be limited to 3%, except as explained below.**
- 2) Additional net patient revenue growth of 0.4% beyond the 3% limit will be permitted for credible health care reform investments, as described above.**
- 3) The GMCB will maintain the policy around physician transfer and acquisitions as outlined and modified in the updated document titled “Green Mountain Care Board Hospital Budget Policy: Physician transfer and/or Acquisitions”.**
- 4) The GMCB will maintain the policy around enforcement as outlined and modified in the updated document titled “Green Mountain Care Board Hospital Budget Policy: Enforcement for FY 2017 Hospital Budgets.”**
- 5) The GMCB will maintain and begin review of the filings as outlined and modified in the updated document titled “Green Mountain Care Board Hospital Budget Policy: Community Health Needs Assessments”.**

The GMCB again thanks all who participated in the process of developing the above principles and areas for further study. We look forward to continued, strong stakeholder and public participation in the hospital budget process as we implement these principles.

Effective February 25, 2016

**Green Mountain Care Board
Hospital Budget Policy:
Community Health Needs Assessment**

Introduction

Each year the Green Mountain Care Board (GMCB) provides the hospitals reporting instructions to complete their budget filing. The following will provide guidance to the hospitals to communicate to the Board the needs and priorities of their communities. This policy has been updated from the original policy adopted in May of 2013. See Green Mountain Care Board Hospital Budget Policy: Community Needs Assessment.

http://www.gmcboard.vermont.gov/sites/gmcboard/files/Hospital/Needs_Assessment_Policy.pdf

Background

The GMCB originally voted to include the Community Health Needs Assessment Policy when They adopted the “Guidance and Principles Governing the Green Mountain Care Board Hospital Budget Review Process for Fiscal Years 2014 through 2016.” In that document, GMCB indicated its intention to incorporate in the budget review process consideration of hospitals’ efforts to understand their communities’ needs and priorities. This consideration includes the review of such information as:

- For each hospital facility (where applicable), the most current version of Schedule H that has been submitted to the Internal Revenue Service (IRS) as part of the hospital organization’s Form 990 reporting obligations under Section 501(c)(3) of the Internal Revenue Code.

Schedule H provides guidance on how the IRS defines “community benefit”, and Schedule H provides facility-specific information regarding hospitals’ community benefit spending in relation to other costs they incur, such as costs related to bad debt expenses or the cost of participation in Medicare. Schedule H is part of hospitals’ tax reporting obligations and is designed to bring greater uniformity and transparency to defining, measuring, and reporting on hospitals’ community benefit investments.

- For each hospital facility (where applicable), the Implementation Strategy described in Section 501(r)(3)(A)(ii) of the Internal Revenue Code (as added by section 9007 of the Patient Protection and Affordable Care Act (Pub. L. 111-148)) that has been adopted by the hospital’s organization’s governing board pursuant to IRS guidelines. The Implementation Strategy as submitted shall conform to the requirements of Section 6033(b)(15) of the Internal Revenue Code as added by Section 9007 of the Affordable Care Act and shall describe (i) how the hospital organization is addressing the needs identified in each community health needs assessment conducted under

section 501(r)(3) of the Internal Revenue Code and (ii) any needs that are not being addressed, together with the reasons why such needs are not being addressed.

Section 9007 of the ACA calls for strengthening and clarifying the community benefit obligations of nonprofit hospitals that seek federal tax-exempt status. The ACA provisions add a Community Health Needs Assessment (CHNA) requirement to the Internal Revenue Code in order to promote hospital investments that reflect community health priorities. The ACA provisions also require all nonprofit hospitals to adopt an Implementation Strategy and describe how the Implementation Strategy meets the community health needs identified through the CHNA.

Reporting Instructions

Under the ACA, the CHNA must be made “widely available”. The IRS has indicated that at a minimum widely available means the CHNA must be posted to the hospital’s web site. The IRS has also encouraged hospitals to post the CHNA on other organizational websites along with clear instructions for obtaining the report from the hospital. Furthermore, a hospital organization and its facility must make the document available (in writing or electronically) to any individual who requests it. All of these requirements will make it easy for the GMCB to access a hospital’s CHNA.

Since the Implementation Strategy is essentially the document that links hospital community benefit expenditures to assessed community health needs, the GMCB expects that many hospitals will post their Implementation Strategies on the hospital web site along with their CHNA. However, the IRS has not explicitly required the same widely available standard for Implementation Strategies as it has for CHNA. Therefore, to assure easy access to a hospital’s Implementation Strategy, the GMCB requires all nonprofit hospitals to comply with the following requirements:

- 1) All hospitals shall file with the GMCB their CHNA report and Implementation Strategy (the one required to be completed by September 30, 2015). Any updated or new implementation strategies will continue to be submitted as part of the FY 2017 Budget Narrative.
- 2) In the budget narrative, the GMCB will require that each hospital identify any new expenditures that are being requested to address the hospital’s CHNA or Implementation Strategy.
- 3) The IRS requires all nonprofit hospitals to attach Schedule H to the 990 tax forms that all nonprofits file with the IRS annually. The GMCB is requiring all nonprofit hospitals to submit their Schedule H (the one filed during 2016) to GMCB as part of their FY 2017 budget filing.

4) The GMCB will review the 990 Schedule H filings and prepare a summary that establishes the status of each hospital's report and their responses to the questions posed by the IRS. The GMCB will require hospitals to respond in writing as part of their 2017 budget filing if it is determined that the questions in Schedule H have not been properly addressed or need clarification.

5) The GMCB review of the implementation strategy and the process used to obtain community feedback will require work and process outside of the budget review process. At this time, we will delay that work until resources are identified.

Taken together, the reporting obligations (Schedule H and hospitals' Implementation Strategies) offer transparent information regarding overall hospital expenditures on community benefit activities and other activities, as well as specific hospital expenditures whose specific purpose is to implement the CHNA. This data is essential to GMCB's hospital budget review process and commitment to advancing community health improvement and population health through all sectors of the Vermont health care system.

Effective February 25, 2016

**Green Mountain Care Board
Hospital Budget Policy:
Enforcement for FY 2017 Hospital Budget Submissions**

Introduction

On February 21, 2013, the Green Mountain Care Board (GMCB) voted to adopt “Guidance and Principles Governing the Green Mountain Care Board Hospital Budget Review Process for Fiscal Years 2014 through 2016.” In that document, the GMCB indicated its plan to “develop a more robust hospital budget enforcement process to ensure compliance with our policies.” On May 2, 2013, the Board adopted a Policy on Enforcement for FY14-16 Hospital Budget Submissions. See Green Mountain Care Board Hospital Budget Policy: Enforcement for Fiscal Years 2014 – 2016.

http://www.gmcboard.vermont.gov/sites/gmcboard/files/Hospital/Enforcement_Policy.pdf. In light of the significant potential changes to Vermont’s health care system currently in play, the Board will use the same Enforcement Policy for FY17.

Background & Justification for This Policy

Vermont law requires that “[e]ach hospital shall operate within the budget established under this section.” 18 V.S.A. § 9456(d). GMCB Rule 3.000 governs the hospital budget review process, including the parameters the GMCB uses to assess budget performance and adjustments. See GMCB Rule 3.000, § 3.401. In addition, the Board’s annual Uniform Reporting Manual Supplement lays out a methodology to compare actual results to budget.

In adopting this policy for FY14-16, the GMCB found that Vermont hospitals’ aggregate budget-to-actual performance improved since the early 2000s. Nevertheless, many hospitals exceeded net revenue thresholds over that time. Some of these budget-to-actual differences resulted from onetime events such as physician practice acquisitions or prior year Medicare settlements. However, several hospitals enjoyed greater reimbursement than forecasted. In such instances, prior to the Board’s adoption of an enforcement policy in 2013, no meaningful regulatory action was taken.

The decision to extend the existing policy through FY17 stems in part from the fact that it has worked by enabling budget-to-actual comparisons to trigger adjustments in future budgets designed to effectuate budget targets. In addition, the criteria in the policy have proven transparent, understandable, and readily administrable.

For example, the GMCB applied the Enforcement Policy after reviewing 2014 actual operating results in March 2015. The Board found that three hospitals’ actual performance exceeded their budgets to an extent triggering action under the Policy. The GMCB sent a letter to those hospitals requiring them to propose a remedy in their 2016 budgets. In each case, the hospital

did so by lowering its rate increase for the upcoming fiscal year. This enforcement mechanism enables the Board to initiate corrective action when a hospital's actual revenue diverges significantly from its budgeted revenue, whether the cause relates to free care, disproportionate share payments, the migration of uninsured Vermonters into insurance plans, or any of the myriad of factors that impact a hospital's revenue and expenses.

Enforcement Mechanism

The following enforcement mechanism, adopted in 2013 for FY14-16, has been re-adopted by the GMCB and will be used when examining the operating results of the FY 2017 budgets:

- 1) Net patient revenue (NPR) amounts as ordered will be enforced.
- 2) The GMCB will review hospitals whose year-end NPRs exceed the NPR requirement by 0.5% above or below their approved NPR. Such a review will not necessarily lead to action by the GMCB.
- 3) Budget reviews will compare each outlier to results of the total system.
- 4) Reporting requirements for the review will be determined by the GMCB.
- 5) The GMCB will afford the hospital the opportunity for a hearing, and may require a hearing if it deems one necessary.
- 6) If the GMCB determines that a hospital's performance has differed substantially from its budget, the GMCB may take actions including but not limited to (see GMCB Rule 3.000, § 3.401(c)):
 - a) Reduce or increase in a hospital's rates;
 - b) Reduce or increase net revenue and/or expenditure levels in current year budget;
 - c) Use finding as a consideration to adjust the hospital's budget in a subsequent year or years; and
 - d) Establish full budget review of actual operations for that budget year.

Effective February 25, 2016

**Green Mountain Care Board
Hospital Budget Policy:
Physician Transfer and/or Acquisitions**

Introduction

Each year the Green Mountain Care Board (GMCB) provides the hospitals reporting instructions to complete their budget filing. The following will provide reporting guidance for physician transfer information as part of the budget filings for FY 2017 and for any “off cycle” transfers that occur during the current year budget. This policy has been updated from the original policy adopted in May of 2013. See Green Mountain Care Board Hospital Budget Policy: Physician Transfer and/or Acquisitions.

http://www.gmcboard.vermont.gov/sites/gmcboard/files/Hospital/HospitalBudget_Guidance_Physician%20Transfer_Update.pdf

As noted, in 2013 the Green Mountain Care Board (GMCB) voted to adopt “Guidance and Principles Governing the Green Mountain Care Board Hospital Budget Review Process for Fiscal Years 2014 through 2016.” In that document, GMCB indicated its intention to “create an expedient process to review all physician transfers.”

As explained in this document, the GMCB will implement that intention by gathering information about physician transfers¹ in a systematic way. This information-gathering process will enable the GMCB to analyze physician transfers reflected in a hospital’s budget and any transfers that occur after the GMCB has approved the budget. This will allow the GMCB to understand the implications, if any, of those transactions on the hospitals’ current-year and prospective budgets. The GMCB is not imposing a requirement that each physician transfer be approved by the GMCB separate from or in addition to the hospital budget review process.

Background

The GMCB is charged with improving the health of Vermonters while controlling and managing costs in the Vermont health care system. Measuring the growth in costs is one means to evaluate the performance of the GMCB’s actions. In the hospital budget review process, the GMCB focuses on the budgeted year to year growth of the net patient revenues (NPR) in the hospital budgets. The underlying principle for this review is to limit growth to a pace comparable to the Vermont economy.

Vermont healthcare expenditures totaled \$5 billion in 2011, and the hospitals comprised \$2 billion of the total. In Vermont, the majority of practicing physicians are employed by hospitals. Approximately \$600 million of physician revenue remains outside of the hospital setting.

¹ All references to “physician transfers” mean “physician transfers and/or acquisitions.”

Independent practices are facing ever-increasing economic pressure to move into the hospital setting. Practices moving into the hospitals can create the impression of hyper-inflationary hospital budget growth, but may be, in whole or part, a simple transfer of dollars within the greater system. Further, physician transfers and acquisitions may occur independent of the budget review process, and by nature are time sensitive, and our reporting requirements need to recognize this reality. We also recognize that these transactions will affect the hospitals' NPR levels in the current and subsequent fiscal year.

Accordingly, the GMCB needs a consistent policy for examining hospital physician acquisitions and transfers to understand the net effect of these transactions on the growth in spending of the entire system, the extent to which the transaction will improve or maintain care to patients in the community, and the impact on the NPR, overall budget, and financial health of the hospital.

Confidentiality

The GMCB recognizes that, by gathering information about prospective transactions, it is placing hospitals in a sensitive position. Physician transfers, for a variety of reasons, generally cannot be made public while they are in the negotiation stage. Doing so would, for example, hamper the parties' ability to negotiate and would place the parties at a competitive disadvantage with respect to non-party hospitals or other providers. Vermont's Public Records Act exempts from public disclosure "information . . . which gives its user or owner an opportunity to obtain business advantage over competitors who do not know it or use it," 1 V.S.A. § 317(c)(9), and records related to contract negotiations, 1 V.S.A. § 317(c)(15). Accordingly, hospitals may request that the GMCB keep such information confidential and, assuming the information meets either or both of the above statutory exemptions, the GMCB will treat it as confidential.

Reporting documents

The GMCB will require hospitals to provide the following information when proposing a *physician transfer*. The schedules below reflect the GMCB's current view of its informational needs, and the GMCB looks forward to working with the hospitals to evolve these information-gathering tools over time. Both a full annualized effect and a partial year effect need to be completed for any mid-year physician acquisition/transfer that is being considered. The hospital may file any other information it deems appropriate to describe the transfer or will better inform the GMCB.

- 1) Annual Budget Submission – budget within the 3% cap
 - a. Neither budget schedule A or B will be required. These documents are found on pages 23-24 of this document.
 - b. Physician budget detail will be reported as described in the GMCB User's Guide for Adaptive Insights.
 - c. The narrative will include a brief description of the transfer as outlined on page 6 of this document.

- 2) Annual Budget Submission – budget above the 3% cap
 - a. Budget Schedule A will be required to provide financial information about why the transaction is budget neutral.
 - b. Physician budget detail will be reported as described in the GMCB User's Guide for Adaptive Insights.
 - c. The narrative will include a brief description of the transfer as outlined on page 6 of this document.

- 3) "Off cycle" Budget change - physician transfer/acquisition that occurs after the budget is approved
 - a. Budget Schedule A will be required to provide financial information about why the transaction is budget neutral.
 - b. Budget Schedule B will be required to provide financial information about the effect on the current year and the next projected budget.
 - c. A narrative will be completed to describe the physician transfer and any related issues.

Physician Practice Transfer and/or Acquisitions Worksheet - Budget Schedule A

| | | | |
|--|--|--|--|
| Hospital Name: | | | |
| Physician Practice Name: | | | |
| Effective Date of Transfer or Acquisition: | | | |

Note: This information should be submitted 30 days prior to the effective date of the transfer

Physician Practice Financial Information

| | A | B | C |
|--|----------------------|-----------------------------------|----------------------------------|
| | Prior Year 12 Months | Current Year Projection 12 Months | Partial Current Year Projections |
| Gross Patient Care Revenue | | | |
| Deductions from Revenue | | | |
| Net Patient Revenue - Physician | | | |
| Provider Salaries | | | |
| Provider Fringe Benefits | | | |
| Staff Wages & Benefits (Non MD) | | | |
| Malpractice | | | |
| Depreciation/Amortization | | | |
| Rent | | | |
| Billing Service | | | |
| Medical/Surgical Supplies | | | |
| Other Costs | | | |
| Total Operating Expense | \$ - | \$ - | \$ - |
| Net Operating Income/Loss | \$ - | \$ - | \$ - |
| Utilization | | | |
| Relative Value - Units of Service | | | |
| Total Physician FTEs Acquired or Transferred | | | |

A: The operations of the practice for the previous 12 months.

B: The operations of the practice for the projected year (12 months).

C: The operations of the practice from the beginning effective date of transfer to year end.

Physician Practice Transfer and/or Acquisitions Worksheet - Budget Schedule B

| | | | | | |
|--|--|--|--|--|--|
| Hospital Name: | | | | | |
| Physician Practice Name: | | | | | |
| Effective Date of Transfer or Acquisition: | | | | | |
| Note: This information should be submitted 30 days prior to the effective date of the transfer | | | | | |

| Hospital Budget and Physician Practice Financial Information | | | | | |
|--|-----------------------------|--|----------------------------------|--|---------------------------|
| Partial Year Effect | | | | | |
| | Prior Year 12 Months Actual | Current Year Approved Budget (12 Months) | Partial Current Year Projections | Final Current Year Budget Including Change | % Change from Orig Budget |
| Net Patient Revenue - Hospital | | | \$ - | \$ - | #DIV/0! |
| Net Patient Revenue - Physician | | | | \$ - | #DIV/0! |
| Total Net Patient Revenue | \$ - | \$ - | \$ - | \$ - | #DIV/0! |
| Other Operating Revenue | | | | | #DIV/0! |
| Expenses - Hospital | | | \$ - | \$ - | #DIV/0! |
| Expenses - Physician | | | | \$ - | #DIV/0! |
| Total Expenses | \$ - | \$ - | \$ - | \$ - | #DIV/0! |
| Surplus | \$ - | \$ - | \$ - | \$ - | #DIV/0! |

| Annualized Effect | | | | | |
|---------------------------------|------|--|------------|-------------------------------------|---------------------------|
| | | Current Year Approved Budget (12 Months) | Annualized | Budget for Next FY Including Change | % Change from Orig Budget |
| Net Patient Revenue - Hospital | \$ - | \$ - | \$ - | \$ - | #DIV/0! |
| Net Patient Revenue - Physician | \$ - | \$ - | \$ - | \$ - | #DIV/0! |
| Total Net Patient Revenue | \$ - | \$ - | \$ - | \$ - | #DIV/0! |
| Other Operating Revenue | | | | | #DIV/0! |
| Expenses - Hospital | \$ - | \$ - | \$ - | \$ - | #DIV/0! |
| Expenses - Physician | \$ - | \$ - | \$ - | \$ - | #DIV/0! |
| Total Expenses | \$ - | \$ - | \$ - | \$ - | #DIV/0! |
| Surplus | \$ - | \$ - | \$ - | \$ - | #DIV/0! |

For an Excel version of these schedules please visit our website at: http://www.gmcboard.vermont.gov/hospital_budgets/policies or call Janeen Morrison (802-828-2903).

Effective February 25, 2016

APPENDIX I

POLICY FOR CHANGES TO APPROVED BUDGET

A hospital requesting a modification to its approved budget before the end of that fiscal year must do the following:

- a. Obtain approval of the change from its Board of Directors.
- b. Submit a letter of intent regarding a revised budget. The submission should be delivered to the GMCB no less than 30 days prior to the date the budget adjustment or rate change will be effective.
- c. Submit to GMCB within a time to be determined by GMCB, a complete “modified” budget in the same form as required during the regular budgeting process, along with an explanation as to the purpose of any changes and variances.
- d. The hospital shall make available a staff member with knowledge of the budget to answer questions.

The GMCB will review the request within 15 days after the receipt of the detailed budget forms and will make its recommendations and forward them to the GMCB. A final decision will be provided within 14 days of the GMCB’s receipt of the recommendations.

Note: The GMCB will not act upon any interim rate changes with effective dates after May 1.

APPENDIX II

STATE OF VERMONT
Green Mountain Care Board

In re: FY 2017 Hospital Budget Submission [Hospital Name]

Exhibit A – Form of Verification Under Oath

[Officer or other deponent], being duly sworn, states on oath as follows:

1. My name is [name]. I am [title]. I have reviewed the [identify information/document subject to verification].
2. Based on my personal knowledge, after diligent inquiry, the information contained in [identify information/document subject to verification] is true, accurate and complete, does not contain any untrue statement of a material fact, and does not omit to state a material fact necessary to make the statement made therein not misleading, except as specifically noted herein.
3. My personal knowledge of the truth, accuracy and completeness of the information contained in the [identify information/document subject to verification] is based upon either my actual knowledge of the subject information or, where identified below, upon information reasonably believed by me to be reliable and provided to me by the individuals identified below who have certified that the information they have provided is true, accurate and complete, does not contain any untrue statement of a material fact, and does not omit to state a material fact necessary to make the statement made therein not misleading.
4. I have evaluated, within the 12 months preceding the date of this affidavit, the policies and procedures by which information has been provided by the certifying individuals identified below, and I have determined that such policies and procedures are effective in ensuring that all information submitted or used by [the hospital] in connection with the Hospital Budget program of the Green Mountain Care Board (GMCB) is true, accurate, and complete. I have disclosed to the [governing board of the hospital] all significant deficiencies, of which I have personal knowledge after diligent inquiry, in such policies and procedures, and I have disclosed to the [governing board of the hospital] any misrepresentation of facts, whether or not material, that involves management or any other employee participating in providing information submitted or used by [the hospital] in connection with the GMCB Hospital Budget program.
5. The following certifying individuals have provided information or documents to me in connection with [identify information/document subject to verification], and each such

individual has certified, based on his or her actual knowledge of the subject information or, where specifically identified in such certification, based on information reasonably believed by the certifying individual to be reliable, that the information or documents they have provided are true, accurate and complete, do not contain any untrue statement of a material fact, and do not omit to state a material fact necessary to make the statement made therein not misleading:

- (a) [1. identify each certifying individual providing information or documents pursuant to Paragraphs 3 and 4, above;
 - (b) 2. identify with specificity the information or documents provided by the certifying individual;
 - (c) 3. identify the subject information of which the certifying individual has actual knowledge, and identify the individuals and the information reasonably relied on by the certifying individual; and
 - (d) 4. in the case of documents identify the custodian of the documents]
6. In the event that the information contained in the [identify information/document subject to verification] becomes untrue, inaccurate or incomplete in any material respect, I acknowledge my obligation to notify GMCB and to supplement the [identify information/document subject to verification], as soon as I know, or reasonably should know, that the information or document has become untrue, inaccurate or incomplete in any material respect.

[Signature of the deponent]

On [date], [name of deponent] appeared before me and swore to the truth, accuracy and completeness of the foregoing.

Notary public

My commission expires [date]

[seal]