

# VERMONT LEGAL AID, INC.

## OFFICE OF THE HEALTH CARE ADVOCATE

264 NORTH WINOOSKI AVE.  
BURLINGTON, VERMONT 05401  
(800) 917-7787 (TOLL FREE HOTLINE)  
(802) 863-7152 (FAX)

OFFICES:

BURLINGTON  
RUTLAND  
ST. JOHNSBURY

OFFICES:

MONTPELIER  
SPRINGFIELD

August 7, 2017

Thomas A. Dee, FACHE  
Chief Executive Officer  
Southwestern Vermont Medical Center  
100 Hospital Drive  
Bennington, VT 05201

Re: HCA Pre-Hearing Questions – Fiscal Year 2018 Hospital Budget Review

Dear Mr. Dee:

In accordance with our role in the Green Mountain Care Board's hospital budget review process under 18 V.S.A. §9456(d)(3)(A), the Office of the Health Care Advocate respectfully submits the following questions in advance of your upcoming hospital budget review hearing. Please submit all responses to the email addresses listed below by Friday, August 11 2017.

1. What are the hospital's goals for participation in payment reform initiatives in 2018 and in the next five years?
  - a. What steps will the hospital take to meet these goals?
2. As the hospital takes on financial risk, how is it planning to manage that risk while maintaining access to care, high quality care, and appropriate levels of utilization?
  - a. How much money will the hospital be at risk for in FY18?
  - b. What will happen if the hospital loses that money?
    - i. How will the hospital fill in this gap, if necessary, without increasing rates?
  - c. What will happen to the savings, if the hospital saves money?
    - i. Will it go towards increased provider or executive salaries, lower commercial rates, community investments, or something else?
  - d. Beyond the ACO-level quality measures, how will the hospital track access to care, utilization, and quality of care to ensure that new provider incentives do not have a negative impact on patient care?
    - i. Please list the specific metrics the hospital will use.
    - ii. For any metric(s) currently in use for this purpose, please provide results by year for 2014 to 2017 (to date).

3. Does the hospital participate in any capitated payment agreements directly with insurers? If yes, please describe:
  - a. Whether the capitated payments save the insurer money compared to fee for service payments;
  - b. Whether the hospital and/or its providers earn more profit under capitated payments or fee for service, on average;
  - c. How the hospital ensures that patients continue to receive appropriate services under capitated payments.
4. Please describe the financial incentives that the hospital currently includes in provider, coder, and other personnel salaries and/or contracts.
  - a. How has the use of incentives by the hospital changed over time?
5. Does the hospital or any of its departments or personnel receive financial or other benefits for using specific pharmaceuticals?
  - a. Please list all pharmaceuticals for which the hospital or provider receives payment when the drug is prescribed, administered, and/or when the prescription is filled.
6. With the various payment reform initiatives underway, shared decision-making is becoming increasingly important as an antidote to the potentially perverse incentives of risk-based payment models.
  - a. Do you commit to implementing shared decision-making throughout your hospital system in 2018?
  - b. Please describe your plan for doing so and how you will measure the plan's implementation progress.
7. What is the extent of your Choosing Wisely initiative(s), if any? Please describe the initiative(s), how you have chosen which departments participate, and which of these initiatives, if any, have led to identifiable cost savings and/or quality improvement.
8. Please provide copies of your financial assistance policy, application, and plain language summary as well as detailed information about the ways in which these three items can be obtained by patients.
  - a. Please provide the following data by year, 2014 to 2017 (to date):
    - i. Number of people who were screened for financial assistance eligibility;
    - ii. Number of people who applied for financial assistance;
    - iii. Number of people who were granted financial assistance by level of financial assistance received;
    - iv. Number of people who were denied by reason for denial.
9. As a nonprofit with a duty to benefit the community, how does the hospital ensure that its commercial rates are in the best interest of consumers? Please provide specific metric(s) that the hospital uses to determine this. For any metric(s) currently in use for this purpose, please provide results by year for 2014 to 2017 (to date).

10. We often hear from hospitals that they charge extra for a wide variety of services in order to fund core hospital services. In light of this business model, how does the hospital ensure that the prices of its services are set appropriately?
  - a. What factors are considered in setting prices?
  - b. What financial or quantitative metrics does the hospital use to ensure that its service pricing is appropriate? For any metric(s) currently in use for this purpose, please provide results by year for 2014 to 2017 (to date).
  
11. For the hospital's inpatient services, please provide your all-payer case mix index, number of discharges, and cost per discharge for 2014 (actual) through the present (2017 budget and projected) and 2018 (budget).

Thank you for taking the time to respond to our questions.

Sincerely,

\s\ Julia Shaw  
Health Care Policy Analyst  
[jshaw@vtlegalaid.org](mailto:jshaw@vtlegalaid.org)

\s\ Kaili Kuiper  
Staff Attorney  
[kkuiper@vtlegalaid.org](mailto:kkuiper@vtlegalaid.org)

\s\ Eric Schultheis  
Health Care Advocate  
[eschultheis@vtlegalaid.org](mailto:eschultheis@vtlegalaid.org)