1. *If you included a rebasing in your proposed budget, why do you believe the Green Mountain Care Board should agree to rebase your budget? How do you plan to contain your growth going forward?

Response: During the period January 1, 2010 to December 31, 2014 patients in NVRH's service area spent over $10 million (patients with private insurance only) at NH hospitals for orthopedic services. In July, 2015 NVRH added a third orthopedic surgeon to meet the community need and increased NVRH's net patient revenue by over $3.6 million. We believe this is a significant onetime event and our approved FY 2016 net patient revenue should be adjusted accordingly. NVRH has taken many steps to contain avoidable use of our services. A few examples include: We achieved one of the first NCQA recognized medical homes in the country. Our providers were early adopters of the Choosing Wisely concepts. NVRH just hired a care manager in the ED to reduce overutilization of the ED by patients with no primary care provider.

2. What is your expected All-Payer and/or Medicare case mix index for FY17?

Response: As a Critical Access Hospital we don't use the DRG system and therefore don't maintain information on our mix index.

a. Please also provide your case mix index for FY14 (actual), FY15 (actual) and FY16 (budget and projected) along with any drivers (e.g. demographic shifts, product line additions, payer mix changes, etc.) that explain increases or decreases over time.

Response: See response to 2.

b. Please explain the basis for anticipated changes to your case mix index going forward from FY16, if any.

Response: See response to 2.

3. Please explain the basis of any anticipated changes in your payer mix for FY17. What are the changes you expect to see going forward?

Response: See response to 2.

4. As a nonprofit with a duty to benefit your community, please explain any policies your hospital has, if any, to put a reasonable cap on executive pay and on the percentage of your overall budget that is made up of administrative costs.

Response: NVRH uses external data as a guideline for reasonableness for executive pay. Specifically, information for hospitals of our size in NH and VT is gathered from Form 990 schedules and used as a guideline at NVRH. For other management positions, the guideline used for reasonable compensation levels is the annual NH/VT Wage and Salary Survey prepared by the New Hampshire Hospital Association and the Vermont Association of Hospital and Health Systems.

5. If you have varied your commercial rate increases by program or service, how do you determine these increases? Are they based on projected cost increases by program or service or based on something else?

Response: Yes, the commercial rate increases vary by service. Hospital services will increase by approximately 4% and only minimally increasing rates for physician services. Virtually all physician services are reimbursed on a fixed-fee schedule; raising rates does not produce any additional net revenue. Conversely, based on existing contracts with commercial payers, every dollar of rate increase for hospital services yields approximately $.66 of additional net revenue. Based on our payer mix the 3.8% overall rate increase will yield a net patient revenue increase of approximately 1.9%

6. What is your margin target, and how was it determined?

Response: Our margin target is 1.9%. NVRH targets a margin of 1.5% - 2.5% annually with an average of about 2%. The 2% margin is based on our need to reinvest in staff, keep current with technological advances and maintain safe facilities for our patients and staff.

a. Is this a long-range target for your hospital?

Response: Yes, the 1.9% is close to our long-range target margin of 2%

7. Please describe how your budget process would differ if a 3- or 5- year net patient revenue cap were used rather than a yearly cap.

Response: NVRH would prefer a 3 or 5 year cap to a yearly cap. Our projected NPR growth from budget 2016 to budget 2017 is 4.8%. However, during the period a NPR rate cap has been in place, NVRH's growth is actually 1% below the aggregate cap. The table below illustrates this point.

Budget Year	Authorized Growth	Authorize	Requested NPR
FY 2013 Approved Budget - Net Patient		62,276,1	
FY 2013 - FY2014 Allowable NPR Growth	2,491,044	64,767,1	
FY 2014 - FY2015 Allowable NPR Growth	2,461,151	67,228,2	
FY 2015 - FY2016 Allowable NPR Growth	2,420,219	69,648,5	
FY 2016 - FY2017 Allowable NPR Growth	2,368,049	72,016,5	71,339,400
Total Growth Rate		15.6%	14.6%

8. What is your budgeted amount for Medicaid underpayment for FY17?

Response: Our estimated Medicaid underpayment for FY 17 is $7.5 million

9. What is the extent of your Choosing Wisely initiative(s), if any?

Response: NVRH has loosely adopted the Choosing Wisely initiative. An independent reviewer found that NVRH providers have been following Choosing Wisely concepts without the initiative and continue to do so.

a. Please describe the initiative(s) and how you have chosen which departments participate.

Response: NVRH joined teams from seven other Vermont hospitals and the Vermont Medical Society in an initiative aimed at pursuing high value care for Vermonters by optimizing the use of laboratory tests for patients. A collaborative of Vermont physicians carefully reviewed the latest scientific evidence when deciding which laboratory tests could be reduced or eliminated. Working collectively in a learning collaborative model, 70 + physicians from NVRH and other Vermont hospitals quickly achieved 20% reductions in unnecessary laboratory testing

b. Which of these initiatives, if any, have led to identifiable cost savings and/or quality improvement?

Response: See response to 9a

10. Please explain how the federal regulations on nonprofit hospital financial assistance policies and billing practices that go into effect on October 1, 2016 affect your budget proposal for FY17 as compared to FY16.

a. Include how you anticipate the regulations affecting your bad debt and charity care.

Response: NVRH anticipates the new regulations will increase our level of charity care. We are expanding eligibility for our patient assistance (charity care) program to include those making up to 400% of federal poverty level. Currently, eligibility stops at 300% of the FPL. Also, those receiving less than 100% assistance will receive higher discounts than our current program offers.

b. Which charges did you base your financial assistance discounts upon in FY16?

Response: At gross charges for those receiving less than 100% financial assistance.

11. *For all community benefits that you listed on your Form 990 Schedule H, what is the dollar amount you are budgeting for each benefit by year (FY14 Actual, FY15 Actual, FY16 Budget, FY16 Projection, and FY17 Budget)?

Response: Below are the actual community benefits for fiscal years 2014 and 2015. NVRH doesn't budget specifically for all of these community benefit categories.

Category	FY2014	FY 2015
Financial Assistance at Cost	$987,598	$1,,008,924
Unfunded Medicaid Cost	5,967,761	6,126,143
Community Health Improvement	1,088,265	323,784
Health Professions Education	161,262	165,949
Subsidized Health Services	4,225,504	4,092,230
Cash and In-Kind Contributions	191,401	166,683
Total	$12,621,791	$11,883,713

12. *What is your current level of community benefit as a percentage of revenues?

Response: Historically our community benefits have averaged 18% of revenues

a. What percentage level are you willing to commit to on an ongoing basis?

Response: We are committed to providing at least the same level of community benefits going forward.

b. Please provide a detailed breakdown of the programs and other components you include in your community benefit calculation.

Response: See Question 11.

13. How does the money you plan to spend on community benefit align with the top five issues identified in your most recent Community Health Needs Assessment (CHNA)? If your assessment of your top five issues has changed since your last Community Health Needs Assessment, please explain the change as part of your answer.

Response: NVRH is funding a variety of community health initiatives to address our 3 identified health priorities: obesity and obesity-related chronic conditions; poverty related issues; mental health and substance abuse. These include, but are not limited to:

- Providing Bridges Out of Poverty training for community based agency staff
- Working with the St Johnsbury School District on preventing adverse childhood events through their Promise grant initiatives
- Working with community leaders to address poverty issues such as housing and living wage jobs

- Supporting training programs on mental health issues for area professionals
- Providing meeting and office space for the Kingdom Recovery Center
- Providing non-motorized user amenities for the newly created rail trail running from St Johnsbury to W. Danville
- Expanding our No Sugar Added campaign to reduce consumption of sugary drinks to a teen audience

14. Do you anticipate needing to replace your electronic health records system in the next five years?

Response: NVRH does not anticipate replacing our electronic health record system in the next five years, but, will be upgrading our existing system in 2018.

15. Do you use any of the services offered by VITL (Vermont Information Technology Leaders)?

Response: Yes, NVRH provides data to the health information exchange and use Medicity reports to attest for meaningful use

a. If so, which services? Soon, will be using VITLAccess

b. To what extent are VITL's services integrated into the hospital's care delivery?

Response: Services will be highly integrated after implementation

c. Has the hospital experienced any cost savings or quality improvement from VITL's services?

Response: Not yet but both time and accuracy improvements will result from use of VITLAccess

d. Do VITL's services compliment your other health information technology initiatives? If so, how?

Response: Yes, VITL's services help us reach our interoperability goals, our work to achieve HIMSS stage 7 and our goal to be to paperless

16. What percent of your employed primary care providers are participating in the Hub and Spoke program?

Response: 34% of NVRH employed providers participate in the Hub and Spoke program.

a. What is the average number of substance abuse patients that those providers treat?

Response: The average number of patients treated is 6.

b. How many additional providers would be required to fully meet your community's needs in a reasonable amount of time? Please take into consideration any waitlists for treatment.

Response: Currently and for quite some time there is no waitlist at BAART for either methadone or suboxone treatment. That said we are still committed to increasing the number of both prescribers and patients treated by their primary care physician with the additional support provided by MAT staff. It would be helpful if commercial insurers and Medicare also paid for the MAT staff level of services (currently only paid by Medicaid)

c. If your hospital is involved in any medication assisted treatment programs, do you have any information on your costs for these programs versus savings to your hospital?

Response: NVRH is not involved in any MAT programs therefore there are no MAT associated expenses.

17. Please explain to what extent mental health patients presenting at your Emergency

Department impacts your budget?

Response: NVRH hasn't done a complete financial review of costs for treating mental health patients in our Emergency Department. NVRH does provide 24/7 security coverage under contract with the Caledonia Sheriff Department at an annual cost of $250,000. Mental health patients are triaged in the ED and as soon as possible transferred to our medical surgical patient unit. NVRH provides a cadre for mental health patients and when necessary another sheriff. For some patients two sheriffs stay near the patient at all times. This coverage is provided by Northeast Kingdom Human Services under a contract with the Lamoille County Sheriff Department.

a. **Please explain how mental health patients are handled when they present to your Emergency Department or other triage location, including a description of any holding or isolation areas that you use, and how often you expect to use this type of area in FY17.**

Response: See Question 5a.

b. **How do you train your security staff, contracted or in-house, on handling situations involving people experiencing mental health crisis? If some security staff members have been trained but not all, please explain which ones and why.**

Response: All security staff are required to attend a "Management of Aggressive Behavior" training program.