

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?

Porter Hospital did not include a rebasing in our proposed budget.

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

	FY 2014	FY 2015	FY 2016	FY 2016
	Actual	Actual	Budget	Projection
Medicare Case Mix Index	N/A	1.24	1.34	1.34
All Payers Case Mix Index	1.03	1.03	1.12	1.12

We are unaware of any specific drivers causing a year to year change in mix.

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

We do not anticipate any significant change in case mix for the remainder of FY 2016 or Budget FY 2017. As a reminder, Porter Hospital qualifies as a Critical Access Hospital and therefore is not reimbursed by Medicare based on case mix or DRGs.

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?

Year over year, Porter has experienced particularly stable outcomes as it pertains to its payer mix. The hospital does not experience large shifts within any payer group and certainly nothing greater than a 1 - 1.5% fluctuation. Projections would suggest that Porter would maintain the current stable experience and does not foresee any significant changes to its payer mix in the future.

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.

Porter Hospital has employed the services of an outside consulting firm to ensure executive salaries are within reasonable market thresholds and are tiered based on years of experience. For each grade, there is a maximum range that may be met, but not exceeded.

Budgeted administrative costs are closely managed to ensure reasonable and customary expenses are incurred and receive an annual CPI increase where applicable.

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?

In the current fiscal year budget, essentially all increases are across the board.

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

Porter Hospital's margin target is \$3.8M, which was determined based on the need to fund all of the following:

- **Cash Required to Maintain DCOH**
- **Cash Required to Grow DCOH by 5 days.**
- **Debt Principal Payment**
- **Pension Funding**
- **Capital Spending**
- **Transfer to Affiliate (Helen Porter Nursing Home)**

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

Porter Hospital has set its margin target on a year to year basis similarly considering factors as per the list above.

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.

Porter Hospital has complied with the annual 3% net revenue growth requirement for the past several years and so if either a 3 or 5 year cap were set at a trend rate, similarly at or near 3%, Porter Hospital's approach to its budget would remain unchanged with one exception: a capitated revenue system might encourage Porter Hospital to look more creatively at population health and wellness solutions.

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

Medicaid reimbursement is substantially lower than Medicaid's fair share of costs by approximately \$5.6M, our calculation is as follows: Based on charges, Porter Hospital's Medicaid payor mix is 17.3%, therefore the Medicaid share of FY 2017 budgeted total expenses would equate to 17.3% of \$77.3M or \$13.4M. Medicaid's net revenue budget for FY 2017 for Porter Hospital is \$7.8M, therefore resulting in an underpayment of \$5.6M.

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

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

Porter Hospital participated in a statewide laboratory collaborative in addition to developing a Radiology task force.

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

As a result of our participation, we were able to decrease the number of blood draws on our Medical Surgical patients while maintaining a high level of quality of care. Additionally, the Radiology task force has been able to ensure the most appropriate exam is performed to achieve the best results, which ultimately decreases the need for repeat and/or unnecessary exams.

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.

Porter Hospital does not anticipate the new regulation to have a material impact on our bad debt or charity care estimations.

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

Porter bases our discounts on one hundred percent of the patient's portion of gross charges.

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)?

	FY 2014	FY 2015	FY 2016	FY 2016	FY 2017
	Actual	Actual	Budget	Projection	Budget
Total Financial Assistance	3,249,061	3,378,105	3,674,529	4,134,346	4,304,698
Total Other Benefits	444,180	397,575	397,575	397,575	397,575
Community Benefit Amount	3,693,241	3,775,680	4,072,104	4,531,921	4,702,273
% Of Total Expense	5.15%	5.04%	5.25%	5.76%	6.08%

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

5.04%

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

Porter is willing to commit up to 5.25% toward its community benefit on an ongoing basis.

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

Porter includes as part of its calculations, the cost of providing the following programs: Diabetic Education, Community Health Outreach, Wellness Services, Breast Cancer Screening, Prenatal & Breast Feeding

Classes, CPR Courses, Nurse Shadow Programs, Medical Student Programs, and Pharmacy Intern Programs.

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.
- a. Are there needs identified in your CHNA that you would like to address, but feel that additional cooperation by outside entities is required for an effective solution?

The Porter Hospital Community Health Needs Assessment identified “Access” to local primary care as the most pressing local issue, followed by opiate addiction and mental health services. Relative to the issue of Access and our community benefit expenditures, Porter has provided both administrative and clinical space to our local “Open Door Clinic” for more than a decade, and for the past 20 years we have provided “vouchers” for their uninsured or underinsured patients that allow these individuals to access ancillary services and follow-up care at Porter Hospital at no charge. Additionally, dozens of our employed physicians, nurse practitioners, and other health care providers volunteer at the “Open Door Clinic” providing access to primary care for these individuals at no cost. Porter also provides a significant amount of charity care for our traditional patients who receive services in either our primary care network or within the hospital. Additionally, we have made a significant investment in our Bristol Internal Medicine practice and the MAT program that serves patients suffering from opiate addiction. Finally, Porter Hospital is meeting the needs of those in our community suffering from serious mental illness who are brought to our Emergency Department and, unfortunately, remain as “boarders” for hours and sometimes days awaiting placement in an appropriate psychiatric facility. Porter devotes many financial and human resources to the care of these individuals.

In terms of issues that require additional cooperation from other agencies, there is a serious need for additional inpatient psychiatric beds throughout Vermont that is affecting every hospital in our state including Porter. The issue of Dental services for adult Medicaid recipients and Homelessness are two additional issues identified in our CHNA that cannot be addressed by Porter Hospital at this time, but which remain serious needs in our community.

14. Do you anticipate needing to replace your electronic health records system in the next five years?
- Yes.**
15. Do you use any of the services offered by VITL (Vermont Information Technology Leaders)?

Not at this time, however Porter does send information to the Health Information Exchange for Blueprint and the ACO to use.

- a. If so, which services?

Not applicable at this time.

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

Not applicable at this time.

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

No, not currently.

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

Not applicable at this time.

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

Of our 18 primary care providers, 2 participate in the program (11.1%).

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

Porter Hospital has approximately 100 patients participating in the program.

- 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.

Porter Hospital would need approximately an additional 5 primary care providers to participate in the program, overseeing 10 patients each in order to possibly meet the community's needs.

- 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?

Porter Hospital has not performed this level of analysis to date.

17. *Please explain to what extent mental health patients presenting at your Emergency Department impacts your budget?

- 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.

When a patient is identified in Triage as having a mental health related emergency, the patient will receive a safety assessment. If it is ascertained that the patient is a potential danger to them self or others, they are immediately assigned a one-on-one sitter. Security is then contacted and the patient is moved to our secure psych dedicated room. The holding area

consists of high ceilings, bare cordless walls, an outward opening door with only an outside door handle to prevent self-injury.

In the event the secure psych room is not available, Porter provides an alternative room and has a policy that dictates the room must be void of all harmful implements.

Porter Providers work in conjunction with an Emergency Consult from the E-team at CSAC (Counseling Service of Addison County) to best serve the patient and their mental health needs.

If a patient is under involuntary admission and awaiting placement, they will remain in the ER until placement occurs. A sheriff will typically stay with the patient if there is any history, threat of violence, or elopement.

The following table depicts the current trend of necessary psych related emergency room hours:

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug to Date</u>	<u>Total</u>
CY 2016 Psych Related ED Hours	66	98	221	143	207	114	554	370	1773

- 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.**

Porter Hospital staff and contracted security officers have or receive MOAB (Management of Aggressive Behavior) training. Additionally, our Director of Security possesses a Bachelor's degree in Psychology, is MOAB trained, and has over twenty years of experience in Federal Law Enforcement.