



Vermont Hospital Budgets

FY 2016 Budget to Actual Reviews

March 2017

Hospital Budget to Actual Reviews

Update of plans for FY 2016 Actuals

- In June after completing FY 2015 budget reviews, GMCB staff began reviewing policy for hospital budget performance in June
- Staff received input from VAHHS and hospital CFOs
 - Hospitals want consistency of review and a focus on the overall hospital performance
 - Hospitals need to better understand how the Board defines “success”
- Staff presented the GMCB with updates on the discussions and proposals for change in review procedures in December and February
- Staff proposes a more comprehensive presentation of hospitals’ financial information that includes key benchmarks in addition to NPR
- Physician acquisition policy was identified as needing to better align reporting with budget process

Hospital Budget Review Process

Status of current work

- Physician acquisition policy was updated and approved by the Board in December
- Staff prepared a series of schedules to reflect scope and approach to reviewing FY 2016 actuals
- Staff prepared a “Decision Dashboard” to highlight Key Performance Indicators (KPIs)
- Staff presented this information to the GMCB at its public meeting on February 16th
- Staff has collected updated schedules and information from hospitals
- An overview of hospitals’ budget review performance, based on FY 2016, is scheduled beginning March 30th (staff presentation); April 4th (hospitals under review) and April 6th (board discussion and possible vote)

Hospital Budget Review Process
GMCB Enforcement Policy excerpt

The following language was taken from the Enforcement Policy adopted by the GMCB in 2013 for FY14-16. The full policy description is available on page 12 of the Hospital Budget Reporting Requirements at the following link:

http://gmcboard.vermont.gov/sites/gmcb/files/files/hospital-budget/GMCB%20Hosp%20Bud%20Submission%20Rptng%20Req%20FY17%20with%20Phys%20Policy%201_17_WEB.pdf

Enforcement Mechanism

- 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.