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# VERMONT HOSPITAL COST SHIFT REPORT

January 2014

Green Mountain Care Board

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VERMONT HEALTH REFORM



# Purpose of this report

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- Develop an understanding of the cost shift
- Present information about the magnitude and trends of the cost shift
- Describe how the GMCB reviewed the cost shift as part of the 2014 hospital budget review

# History of the cost shift

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- The hospital cost shift has been examined since the late 1980's
- The legislature established a Cost Shift Committee to prepare a report in 2006
- The report provided information about the magnitude and trends of the cost shift
- The report provided recommendations including that the information be reported annually
- Examination of the effect of the cost shift continues as part of the annual hospital budget reviews

# Review of the hospital cost shift during the FY 2014 budget reviews

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- DVHA established a 3% inpatient rate increase effective for FY 2014
- The GMCB obtained the DVHA estimates for each hospital
- The GMCB adjusted hospital rate increases for five hospitals to ensure the rate increase was budgeted for FY 2014
- The GMCB monitors hospital ongoing actual performance

# Review of the hospital cost shift during the FY 2014 budget reviews

Hospital	Submitted Rate request	DVHA Medicaid Estimate	DVHA Estimate Higher (lower)	Final Approved Rate	
Brattleboro	6.20%	\$ 235,611	\$ (39,948)	5.80%	
Central Vermont	7.90%	\$ 546,258	\$ 4,114	6.90%	
Copley Hospital	6.00%	\$ 219,313	\$ 38,760	6.00%	
Fletcher Allen	4.50%	\$ 2,572,513	\$ (927,487)	4.50%	
Gifford Hospital	7.60%	\$ 170,664	\$ (117,872)	7.60%	
Grace Cottage	6.00%	\$ 21,574	\$ 21,574	6.00%	
Mt. Ascutney	5.00%	\$ 52,860	\$ (179,140)	5.00%	
North Country	8.00%	\$ 263,545	\$ 263,545	7.25%	*
Northeastern	5.80%	\$ 226,016	\$ 191,016	4.40%	*
Northwestern	4.64%	\$ 452,099	\$ 317,099	3.90%	*
Porter	6.00%	\$ 185,471	\$ (54,529)	6.00%	
Rutland Regional	4.75%	\$ 783,109	\$ 139,109	4.75%	
Southwestern	9.00%	\$ 459,781	\$ 459,781	7.17%	*
Springfield	6.00%	\$ 293,454	\$ 293,454	4.60%	*

\* Hospital budget adjusted for Medicaid revenue estimate change

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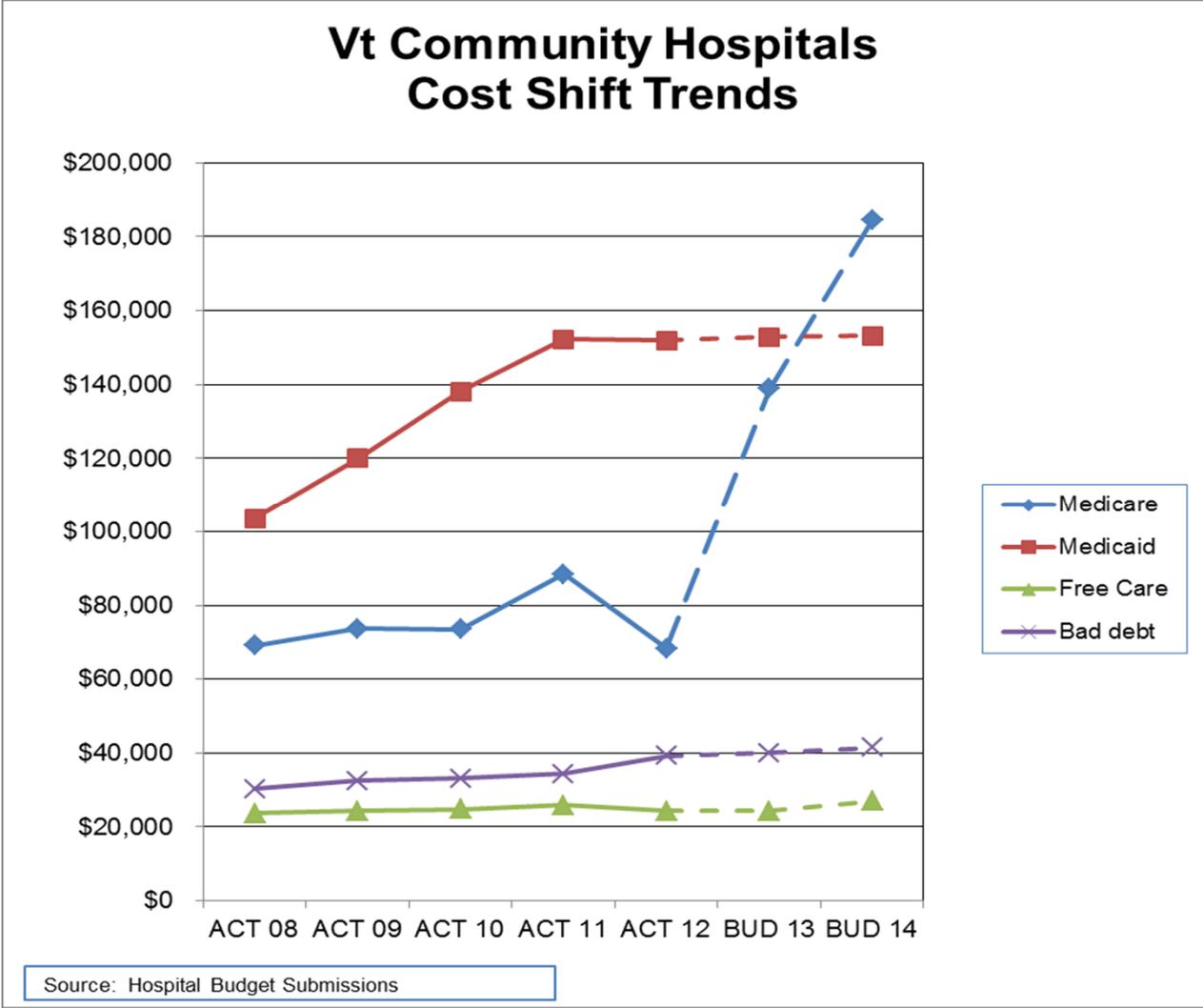


# What is the magnitude of the cost shift in dollars?

**Hospital Payers Shifting Costs (in thousands)**

Hospital Fiscal Year	Medicare	Medicaid	Free Care	Bad debt	Commercial Insurance & Other	
<b>ACT 08</b>	(\$69,004)	(\$103,569)	(\$23,624)	(\$30,253)	----->	\$226,450
<b>ACT 09</b>	(\$73,627)	(\$119,979)	(\$24,292)	(\$32,391)	----->	\$250,290
<b>ACT 10</b>	(\$73,516)	(\$138,017)	(\$24,806)	(\$33,077)	----->	\$269,416
<b>ACT 11</b>	(\$88,400)	(\$152,257)	(\$25,784)	(\$34,331)	----->	\$300,772
<b>ACT 12</b>	(\$68,335)	(\$151,932)	(\$24,347)	(\$39,265)	----->	\$283,879
<b>BUD 13</b>	(\$138,906)	(\$152,943)	(\$24,265)	(\$40,008)	----->	\$356,122
<b>BUD 14</b>	(\$184,443)	(\$153,210)	(\$27,016)	(\$41,398)	----->	\$406,067

# How has the cost shift changed over time?



# Questions

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If you have questions about this report, please contact Michael Davis at the GMCB: (802) 828-2177. The GMCB is solely responsible for the content of this report and any opinions expressed herein.

