

# VERMONT HOSPITAL COST SHIFT

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Green Mountain Care Board

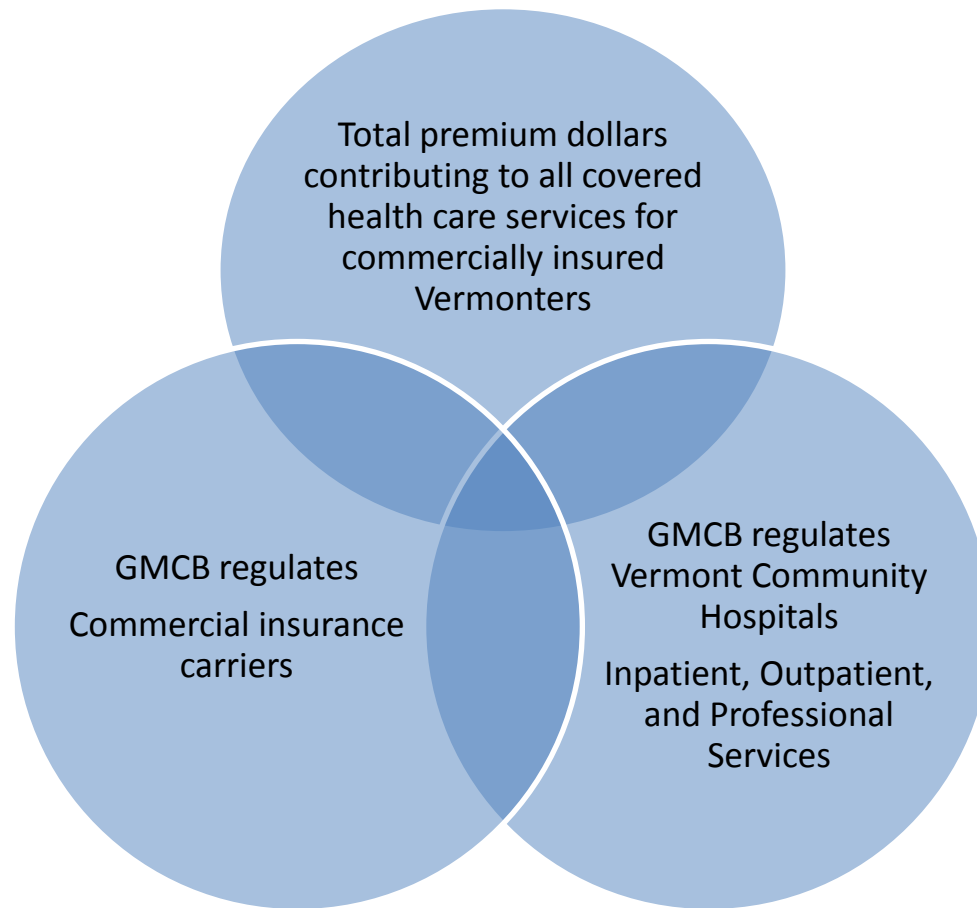
# Purpose of this report

- Explain GMCB role with respect to cost shift
- Present legislative history around the cost shift
- Develop an understanding of the cost shift
- Present information about the magnitude and trends of the cost shift

# GMCB Role with Respect to the Cost Shift

- GMCB tracks the cost shift through the hospital budget process
- GMCB does not track the cost shift for services that are delivered by hospitals and physicians that are not included in the hospital budget review
- GMCB reviews rate requests for major medical health insurance plans

# GMCB Current Regulatory Authority to Address Cost Shift



# History of the cost shift

- 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 GMCB's FY 2015 budget reviews

- DVHA had plans to increase Medicaid payments to hospitals as part of their 2015 Budget
- However, the final state budget did not include any increase in Medicaid
- As a result, the GMCB did not need to consider any adjustments to the 2015 hospital budget rate requests

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

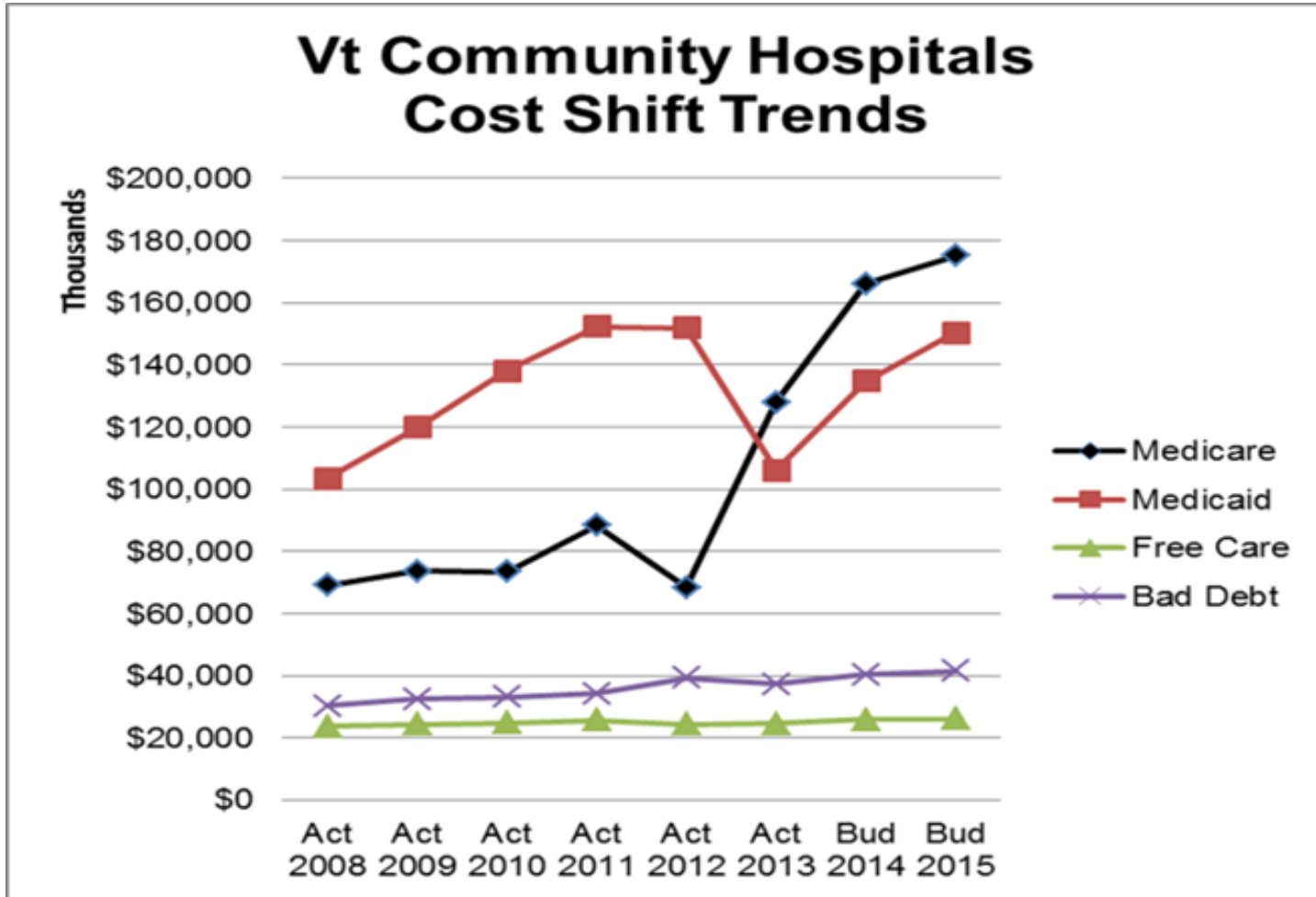
Fiscal Year	Medicare	Medicaid	Free Care	Bad Debt		*Commercial Insurance & Other
Actual 2008	\$ 69,003,712	\$ 103,569,366	\$ 23,623,972	\$ 30,252,980	→	\$ 226,450,033
Actual 2009	\$ 73,627,496	\$ 119,979,398	\$ 24,292,187	\$ 32,391,214	→	\$ 250,290,295
Actual 2010	\$ 73,515,988	\$ 138,016,619	\$ 24,806,398	\$ 33,076,863	→	\$ 269,415,868
Actual 2011	\$ 88,399,861	\$ 152,256,740	\$ 25,784,124	\$ 34,331,093	→	\$ 300,771,818
Actual 2012	\$ 68,334,861	\$ 151,931,648	\$ 24,347,367	\$ 39,264,676	→	\$ 283,878,552
Actual 2013	\$ 128,033,776	\$ 105,998,937	\$ 24,685,204	\$ 37,386,222	→	\$ 296,104,139
Budget 2014	\$ 166,065,165	\$ 134,778,449	\$ 25,982,503	\$ 40,263,981	→	\$ 367,090,098
Budget 2015	\$ 175,171,362	\$ 150,394,735	\$ 26,137,170	\$ 41,464,624	→	\$ 393,167,892

Payer values include all hospital and employed physician services.

Medicaid values include non-Vermont Medicaid of approximately 5%.

\* The amount shifted to commercial insurance and self-pays.

# How has the cost shift changed over time?





# Questions

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.