


The Cost Shift

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Chair, Green Mountain Care Board
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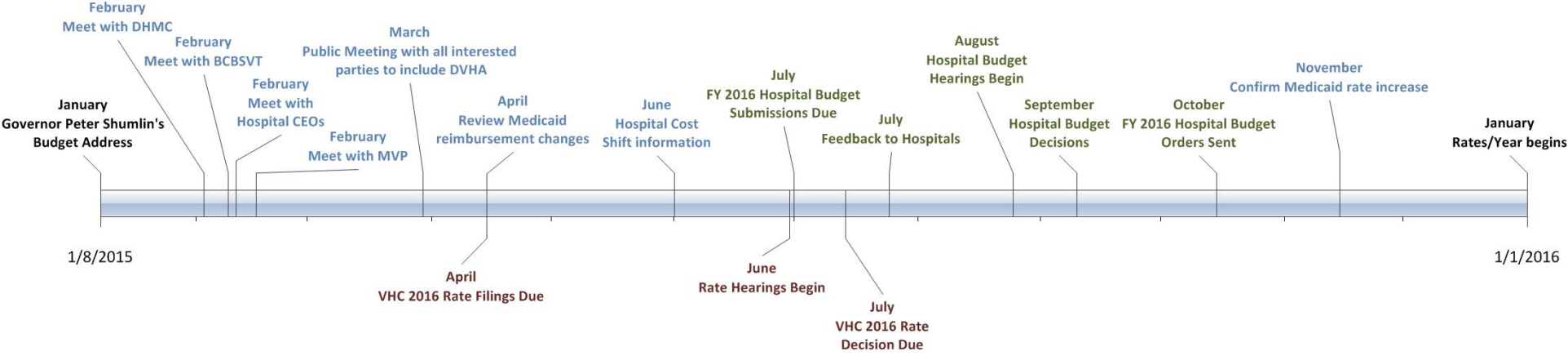
**A \$90 Million reduction in commercial
healthcare costs is a 5% reduction in the
\$1.7 Billion commercial spend**

\$1.7 Billion total commercial spending
-\$90 Million (portion of the Governor's total proposed \$141 Million)
= 5% reduction in commercial health care costs

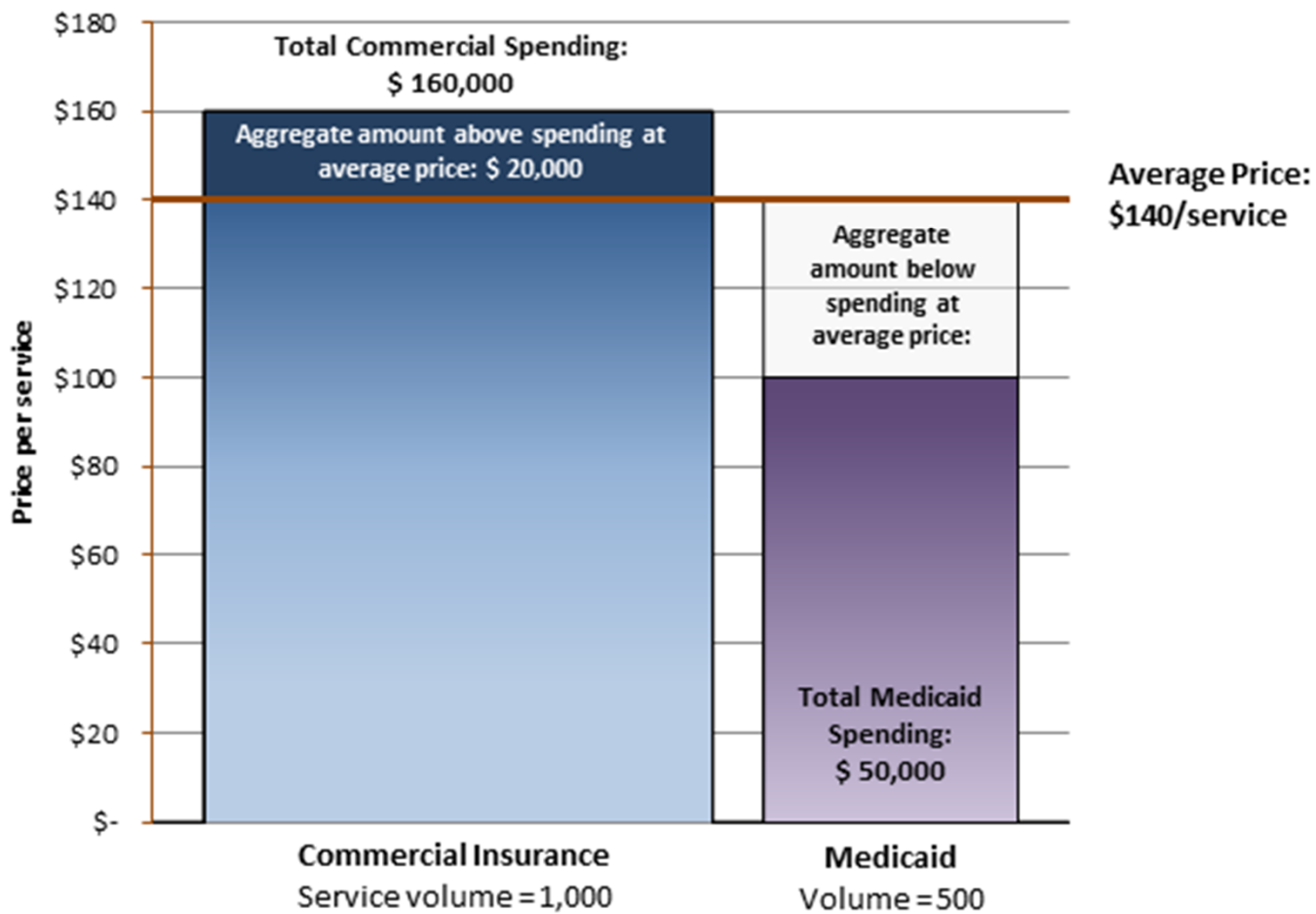


Premiums are only a portion of these costs

Cost Shift Reconciliation



Example of cost shift for a hypothetical service



Cost Shift Example, Selected CPTs

2013 average full payment amounts and count of all 2013 claims for the selected CPTs.

Source: VHCURES, 3Q2014 Extract

CPT	Description	Medicaid Changes					Commercial Changes				
		Claim Count	Original Amounts		Adjusted Amounts		Claim Count	Original Amounts		Adjusted Amounts	
			Allowed Amount	Total Spending	Allowed Amount	Total Spending		Allowed Amount	Total Spending	Allowed Amount	Total Spending
11100	Biopsy Skin Lesion	824	\$ 69	\$ 57,171	\$ 87	\$ 71,748	7,978	\$ 137	\$ 1,091,026	\$ 135	\$ 1,076,448
17000	Remove Skin Lesion	521	\$ 48	\$ 24,911	\$ 60	\$ 31,263	5,777	\$ 95	\$ 549,316	\$ 94	\$ 542,964
20610	Joint Injection	2,930	\$ 38	\$ 112,260	\$ 48	\$ 140,885	11,401	\$ 138	\$ 1,573,009	\$ 135	\$ 1,544,384
45378	Colonoscopy	1,628	\$ 81	\$ 132,398	\$ 102	\$ 166,157	11,122	\$ 1,141	\$ 12,687,254	\$ 1,138	\$ 12,653,495
97110	Therapeutic exercise	43,501	\$ 26	\$ 1,132,310	\$ 33	\$ 1,421,032	182,268	\$ 80	\$ 14,525,380	\$ 78	\$ 14,236,658
98941	Chiropractic manipulative treat	17,464	\$ 28	\$ 492,815	\$ 35	\$ 618,475	135,124	\$ 34	\$ 4,580,721	\$ 33	\$ 4,455,061
99203	E&M visit, new patient	14,993	\$ 81	\$ 1,208,982	\$ 101	\$ 1,517,255	49,355	\$ 145	\$ 7,170,525	\$ 139	\$ 6,862,253
99212	E&M visit: 10 minutes	28,881	\$ 26	\$ 764,094	\$ 33	\$ 958,926	59,365	\$ 58	\$ 3,438,348	\$ 55	\$ 3,243,516
99213	E&M visit: 15 minutes	249,301	\$ 48	\$ 12,001,284	\$ 60	\$ 15,061,433	413,404	\$ 88	\$ 36,462,762	\$ 81	\$ 33,402,614
99214	E&M visit: 25 minutes	150,843	\$ 73	\$ 10,971,270	\$ 91	\$ 13,768,780	255,089	\$ 138	\$ 35,194,689	\$ 127	\$ 32,397,179
99396	E&M visit: patients ages 40-64	6,969	\$ 80	\$ 555,093	\$ 100	\$ 696,633	62,629	\$ 161	\$ 10,072,709	\$ 159	\$ 9,931,169
Totals		517,855		\$27,452,588		\$ 34,452,588	1,193,512		\$ 127,345,742		\$ 120,345,742

Adjusted minus Original \$ 7,000,000

Adjusted minus Original \$ (7,000,000)

Notes:

CPT = Current Procedure Terminology. These are the codes used to describe procedures and services for billing purposes. This code set was designed to report and bill for professional services.

E&M = Evaluation and Management. These codes are used to bill for office visits.

Hospital	Net Patient Rev Growth	Net Patient Rev % change	Commercial rate request	Medicaid 3% in Budget?	DVHA Hospital Estimate	DVHA Estimate Higher (lower)	Catamount Estimate	Medicare reductions	Estimated value of each 1% increase in rate	Hospital 3% estimate	Phys 3% estimate			
Brattleboro	\$ 4,067,448	6.2%	6.20%		\$ 275,559	\$ 235,611	\$ (39,948)	\$1,289,000	\$ 2,000,000	\$ 376,995	168,715	23,223	191,939	ok
Central Vermont	\$ 5,803,288	3.7%	7.91%		\$ 542,144	\$ 546,258	\$ 4,114	\$890,000	\$ 753,838	617,639	102,945	720,584		
Copley Hospital	\$ 1,460,192	2.6%	6.00%		\$ 180,553	\$ 219,313	\$ 38,760	\$84,000	\$ 333,082	173,351	9,502	182,852	ok	
Fletcher Allen	\$ 48,425,212	4.8%	4.49%		\$ 3,500,000	\$ 2,572,513	\$ (927,487)	\$5,900,000	\$ 5,733,593	2,296,218	1,092,112	3,388,330	ok	
Gifford Hospital	\$ 1,140,903	1.8%	7.60%		\$ 288,536	\$ 170,664	\$ (117,872)	\$0	\$ 350,000	\$ 321,804	257,739	68,757	326,496	ok
Grace Cottage	\$ (2,162,058)	-11.5%	6.00%	NO	\$ -	\$ 21,574	\$ 21,574	\$0	\$ 49,935	19,960	24,573	44,533	ok	
Mt. Ascutney	\$ (19,073)	-0.04%	5.00%		\$ 232,000	\$ 52,860	\$ (179,140)	\$0	\$ 191,132	109,849	20,667	130,516	ok	
North Country	\$ (790,995)	-1.0%	8.00%	NO	\$ -	\$ 263,545	\$ 263,545	-\$723,000	\$ 343,255	221,834	101,895	323,729	ok	
Northeastern	\$ 2,411,070	3.9%	5.80%		\$ 35,000	\$ 226,016	\$ 191,016	\$0	\$ 332,533	165,624	84,288	249,912	ok	
Northwestern	\$ 4,208,763	5.0%	4.64%		\$ 135,000	\$ 452,099	\$ 317,099	\$0	\$ 441,995	346,894	40,961	387,855	ok	
Porter	\$ 960,960	1.4%	6.00%		\$ 240,000	\$ 185,471	\$ (54,529)	\$150,000	\$ 354,800	136,157	47,424	183,580	ok	
Rutland Regional	\$ 6,344,162	3.0%	4.75%		\$ 644,000	\$ 783,109	\$ 139,109	\$1,300,000	\$ 1,067,607	761,758	56,370	818,127	ok	
Southwestern	\$ (9,603,214)	-6.4%	9.00%	NO	\$ -	\$ 459,781	\$ 459,781	\$0	\$ 1,700,000	\$ 811,182	430,755	83,893	514,649	ok
Springfield	\$ 104,109	0.2%	6.00%	NO	\$ -	\$ 293,454	\$ 293,454	\$0	\$ 206,264	208,134	15,731	223,865	ok	
Totals	\$ 62,350,767	3.0%			\$ 6,072,792	\$ 6,482,268	\$ 409,476	\$8,890,000	\$ 4,050,000	5,914,626	1,772,341	7,686,967		

DVHA estimates were received after hospital budgets were filed.

Medicare sequestration has been built in budget for all hospitals. SVMC and BMH amounts include other Medicare reductions (see narratives).

Gifford Medicare budget reflects disproportionate share disallowance.