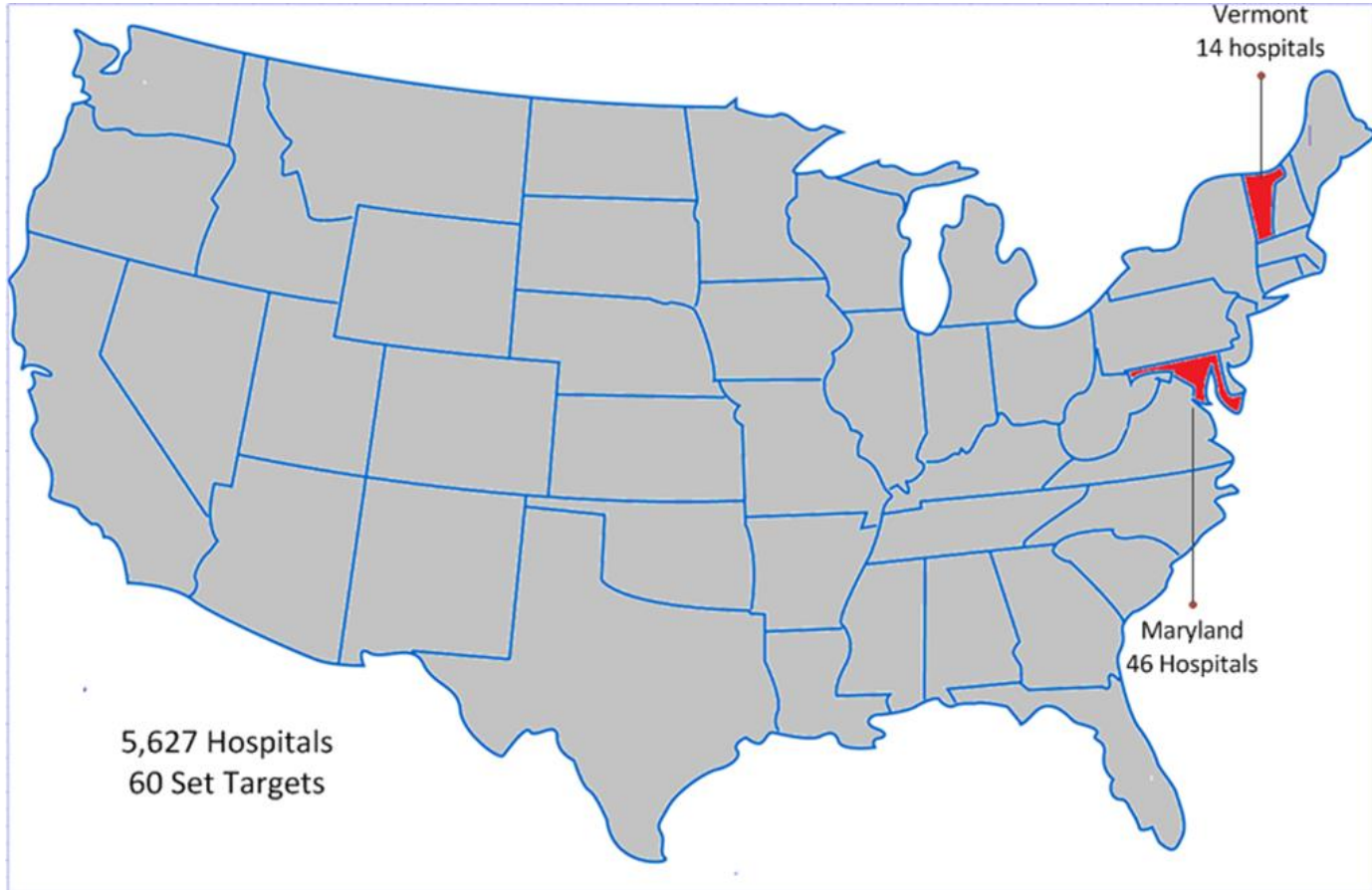


Senate Health and Welfare

Al Gobeille, Chair, Green Mountain Care Board
Hospital Budget Update
Wednesday, March 30, 2016



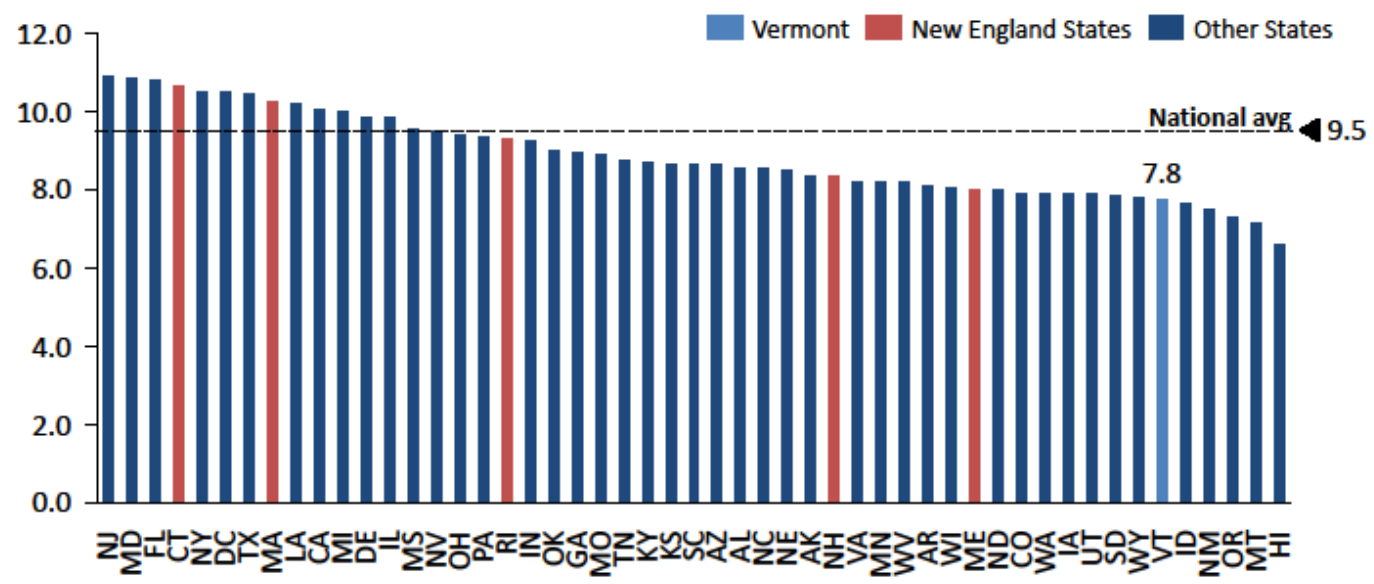
All Vermont Community Hospitals

MEDICARE	<u>Budget 2015</u>	<u>Actual 2015</u>	<u>A15-B15</u>	<u>what this means</u>
Gross Revenue	\$ 1,949,228,615	\$ 2,028,578,568	\$ 79,349,953	A positive # indicates more services
Contractual Allowances	\$ (1,257,917,998)	\$ (1,296,291,248)	\$ (38,373,250)	A negative number means lower reimb/service mix
Bad debt	\$ -	\$ -	\$ -	
Free Care	\$ -	\$ -	\$ -	
Disproportionate Share Payments	\$ -	\$ -	\$ -	
Graduate Medical Education Payments	\$ -	\$ -	\$ -	
Net Payer Revenue	\$ 691,310,617	\$ 732,287,320	\$ 40,976,703	A positive # means net patient revenue are higher than budget

PRELIMINARY

Vermont has amongst the lowest TCOC per bene in 2014, also beating New England states

Per bene total cost of care¹ (TCOC) by state
\$ Thousands; Medicare FFS, CY 2014



1 Excludes Part D drug spend, off-claim payments (inc. GME), and reconciliations of on-claim add-on payments (i.e., DSH, IME, outlier)
Source: Medicare Chronic Condition Warehouse



All Vermont Community Hospitals

MEDICAID	<u>Budget 2015</u>	<u>Actual 2015</u>	<u>A15-B15</u>	<u>what this means</u>
Gross Revenue	\$ 774,209,596	\$ 848,546,171	\$ 74,336,575	A positive # indicates more services
Contractual Allowances	\$ (532,288,359)	\$ (603,465,583)	\$ (71,177,224)	A negative number means lower reimb/service mix
Bad debt	\$ -	\$ -	\$ -	
Free Care	\$ -	\$ -	\$ -	
Disproportionate Share Payments	\$ 38,289,419	\$ 37,420,325	\$ (869,094)	A negative means less revenues received
Graduate Medical Education Payments	\$ 29,954,640	\$ 30,000,000	\$ 45,360	A positive means more revenues received
Net Payer Revenue	\$ 310,165,296	\$ 312,500,914	\$ 2,335,618	A positive # means net patient revenue are higher than budget

All Vermont Community Hospitals

COMMERCIAL	<u>Budget 2015</u>	<u>Actual 2015</u>	<u>A15-B15</u>	<u>what this means</u>
Gross Revenue	\$ 2,011,807,265	\$ 1,946,807,067	\$ (65,000,198)	A negative # indicates less services
Contractual Allowances	\$ (638,942,397)	\$ (614,571,862)	\$ 24,370,535	A positive number means higher reimb/service mix
Bad debt	\$ -	\$ -	\$ -	
Free Care	\$ -	\$ -	\$ -	
Disproportionate Share Payments	\$ -	\$ -	\$ -	
Graduate Medical Education Payments	\$ -	\$ -	\$ -	
Net Payer Revenue	\$ 1,372,864,868	\$ 1,332,235,205	\$ (40,629,663)	A negative # means net patient revenue is lower than budget

All Vermont Community Hospitals

Medicare change in net pat revenue	\$ 40,976,703
Medicaid change in net pat revenue	\$ 2,335,678
Commercial change in net patient revenue	<u>(\$ 40,629,663)</u>
Total change in NPR before bad debt/free care	\$ 2,682,718

All Vermont Community Hospitals

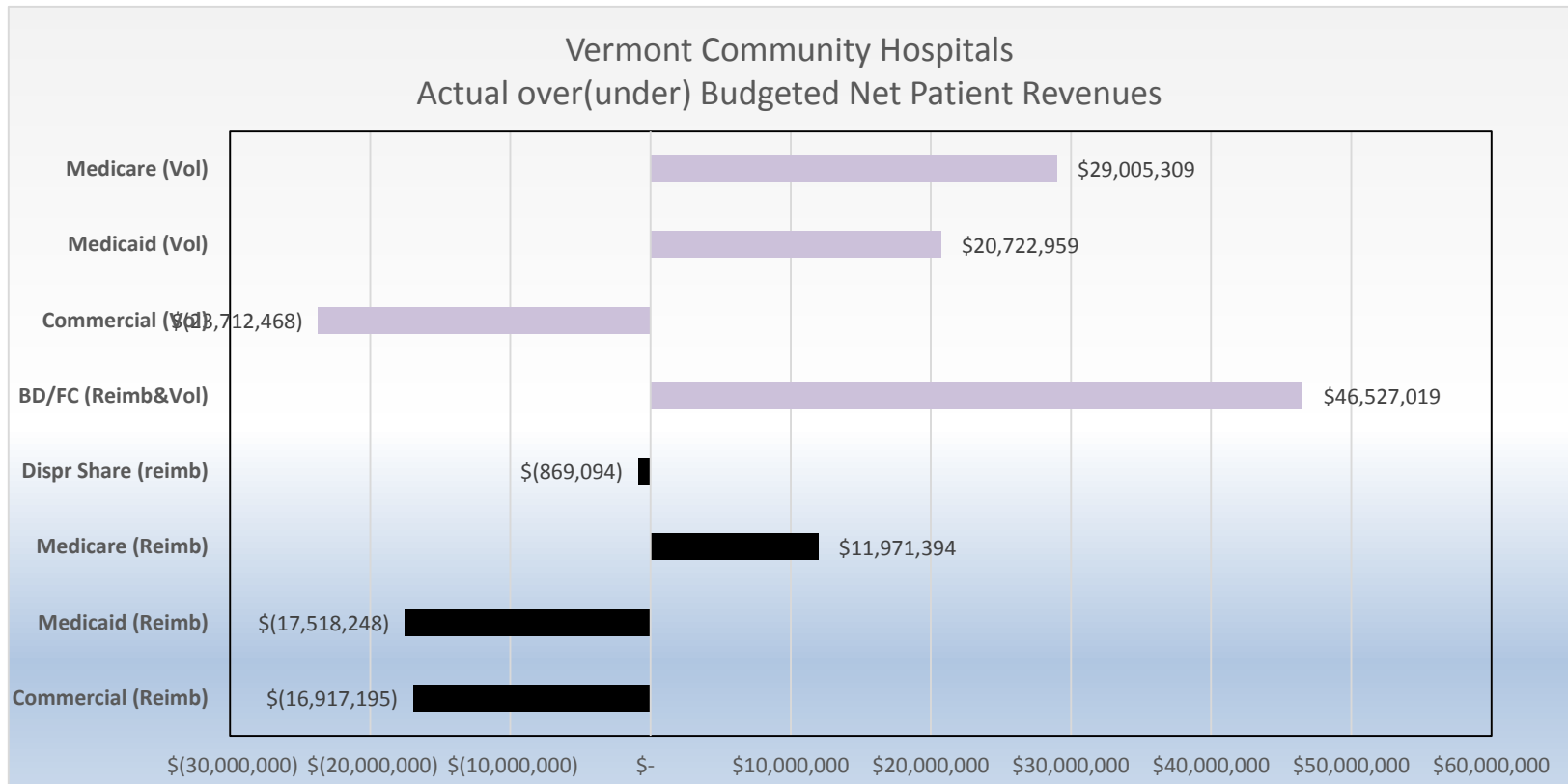
Bad Debt/ Free Care	<u>Budget 2015</u>	<u>Actual 2015</u>	<u>A15-B15</u>	<u>what this means</u>
Gross Revenue	\$ -	\$ -	\$ -	
Contractual Allowances	\$ -	\$ -	\$ -	
Bad debt	\$ (86,627,708)	\$ (63,368,233)	\$ 23,259,476	A positive # indicates less patients
Free Care	\$ (58,652,440)	\$ (35,384,897)	\$ 23,267,543	A positive # indicates less patients
Disproportionate Share Payments				
Graduate Medical Education Payments	\$ -	\$ -	\$ -	
Net Payer Revenue	\$ (145,280,149)	\$ (98,753,130)	\$ 46,527,019	A positive # means net patient revenue are higher than budget

Bad debt and free care are accounted for as a deduction off commercial charges. Simply stated, if bad debt/free care estimates are too high, commercial prices are too high.

All Vermont Community Hospitals

ALL PAYERS	<u>Budget 2015</u>	<u>Actual 2015</u>	<u>A15-B15</u>	<u>what this means</u>
Gross Revenue	\$ 4,735,245,475	\$ 4,823,931,807	\$ 88,686,331	A positive # indicates more services
Contractual Allowances	\$ (2,429,148,754)	\$ (2,514,328,693)	\$ (85,179,939)	A negative number means lower reimb/service mix
Gross rev less contractual allowances	\$ 2,306,096,722	\$ 2,309,603,114	\$ 3,506,392	
Bad debt	\$ (86,627,708)	\$ (63,368,233)	\$ 23,259,476	A positive # indicates less patients
Free Care	\$ (58,652,440)	\$ (35,384,897)	\$ 23,267,543	A positive # indicates less patients
Disproportionate Share Payments	\$ 38,289,419	\$ 37,420,325	\$ (869,094)	A negative means less revenues received
Graduate Medical Education Payments	\$ 29,954,640	\$ 30,000,000	\$ 45,360	A positive means more revenues received
Net Payer Revenue	\$ 2,229,060,632	\$ 2,278,270,309	\$ 49,209,677	A positive # means net patient revenue are higher than budget

Net Patient Revenues Change



Vermont Community Hospitals Net Patient Revenues

Fiscal year 2015 is the second year the GMCB's enforcement policy will be in effect. The policy is available at the GMCB web site.

Net Patient Care Revenue 0.5% Enforcement Analysis			PERCENT CHANGE Over	Amount Over
	2015B	2015A	(Under) Budget	(Under) Budget
	2015B	2015A	2015B-2015A	2015B-2015A
Brattleboro Memorial Hospital	\$ 71,284,572	\$ 75,742,920	6.3%	\$ 4,458,348
Central Vermont Medical Center	\$ 166,221,844	\$ 173,990,659	4.7%	\$ 7,768,815
Copley Hospital	\$ 59,600,484	\$ 63,464,436	6.5%	\$ 3,863,952
Gifford Medical Center	\$ 57,753,248	\$ 53,896,728	-6.7%	\$ (3,856,520)
Grace Cottage Hospital	\$ 17,980,282	\$ 16,038,766	-10.8%	\$ (1,941,516)
Mt. Ascutney Hospital & Health Ctr	\$ 48,508,891	\$ 45,514,515	-6.2%	\$ (2,994,376)
North Country Hospital	\$ 73,586,146	\$ 73,297,094	-0.4%	\$ (289,052)
Northeastern VT Regional Hospital	\$ 65,324,117	\$ 65,548,594	0.3%	\$ 224,477
Northwestern Medical Center	\$ 90,795,885	\$ 97,798,763	7.7%	\$ 7,002,878
Porter Medical Center	\$ 72,696,910	\$ 70,596,270	-2.9%	\$ (2,100,640)
Rutland Regional Medical Center	\$ 224,138,940	\$ 228,328,637	1.9%	\$ 4,189,697
Southwestern VT Medical Center	\$ 139,041,542	\$ 142,769,168	2.7%	\$ 3,727,626
Springfield Hospital	\$ 54,360,014	\$ 55,926,090	2.9%	\$ 1,566,076
The University of Vermont Medical Center	\$ 1,087,767,762	\$ 1,115,357,666	2.5%	\$ 27,589,904
Total All Vermont Community Hospitals	\$ 2,229,060,637	\$ 2,278,270,306	2.2%	\$ 49,209,669