

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

FY2024 HOSPITAL BUDGET DECISION AND ORDER

In re: Brattleboro Retreat) Fiscal Year 2024)	Docket No. 23-015-H)
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INTRODUCTION

This year the Green Mountain Care Board’s (GMCB or “the Board”) annual process to establish hospital budgets comes at a critical time for Vermonters. In addition to other inflationary pressures, Vermonters have seen health care costs increase over past years, with systemwide hospital net patient revenue and fixed prospective payments (NPR/FPP) growing from \$2.75 billion in Fiscal Year 2021 to a budgeted \$3.6 billion for Fiscal Year 2024 (FY24). According to the 2021 Vermont Household Health Insurance Survey, 44% of privately insured Vermonters under the age of 65 are underinsured.¹ Vermont median income is projected to grow 3.9% from FY23 to FY24, and 8.6% from FY22 to FY24.² The Medicare Market Basket for Inpatient Hospitals is projected to grow 3.1% from FY23 to FY24, and 7.0% from FY22 to FY24.³ At the same time, hospitals continue to face staffing and workforce challenges, a reliance on more expensive temporary and traveling nursing staff, and other cost inflation.

In July, the Board began reviewing the FY24 budgets of Vermont’s 14 general (community) hospitals for compliance with the benchmarks and expense growth and financial factors adopted by the Board, and the criteria the Board must consider under statute. The financial benchmarks include NPR/FPP growth of not more than 8.6% in total from a hospital’s actual FY22 results to its FY24 budget. *See* GMCB, FY 2024 Hospital Budget Guidance and Reporting Requirements (Mar. 31, 2023), 6 (FY24 Guidance).⁴ Individual hospital NPR/FPP growth ranged from 7.18% to 28.4% on a FY22 actual to FY24 budget basis.⁵ *See* FY24 Hospital Budget Review Tool, Overview.⁶ Individual hospital operating expense growth ranged from -1.79% to 17.84% over the same period. *See id.* Hospital budget submissions also reflected individual charge increases ranging from 1.5% to 15%, which would have resulted in increases to commercial prices ranging from 1.1% to 13.5%. *See id.*

¹ *See* Vermont Department of Health, 2021 Vermont Household Health Insurance Survey (March 2022), 44-45, available at: <https://www.healthvermont.gov/sites/default/files/documents/pdf/HSVR-VHHIS-2021-Report.pdf>.

² Median Household Income for 2021-2022 is from the U.S. Census Bureau and 2023-2029 forecasted by Moody’s Analytics.

³ Medicare Market Basket Data is sourced from the IHS Global Inc. (IGI) 2023Q1 Forecast released by CMS, OACT, National Health Statistics Group.

⁴ The hospitals’ FY24 budget materials, including their budget narratives and responses to questions, are available on the GMCB website at: <https://gmcboard.vermont.gov/FY2024hospitalbudgets>. Transcripts of the hospital budget hearings and deliberations are available upon request.

⁵ In accordance with the FY24 Guidance, hospitals may request “adjustments” to their actual FY22 NPR/FPP, which, if approved, are not factored into their total NPR/FPP increase. These adjustments most frequently reflect provider transfers but may also be driven by other accounting adjustments. *See* FY24 Guidance, 3.

⁶ The FY24 Hospital Budget Review Tool is available at: <https://public.tableau.com/app/profile/state.of.vermont/viz/hospitalbudgetreviewtool/OVERVIEW>.

Following public Board meetings, presentations by hospitals and GMCB staff, and a special public comment period that closed on August 25, 2023, the Board deliberated on each hospital's budget using a decision tree approach and established each hospital's budgeted NPR/FPP increase, resulting in an expected systemwide growth of 6.6% over projected FY23 results. *See* Press Release, GMCB Establishes FY24 Hospital Budgets Balance Affordability and Sustainability, 1.⁷ The two-year NPR increase approved by the GMCB, from FY22 actuals to FY24 approved budgets, is 18.2% system-wide (\$548 million). In its FY24 decisions, GMCB adjusted seven hospitals' budgets to limit the rate increases that impact commercially insured patients, representing a 7.8% reduction (\$145 million) in NPR from submitted budgets. *See id.* The Board approved an estimated systemwide charge increase of 4.1%, which, when combined with FY23 budget approvals, results in a two-year systemwide charge increase of 14.6%. *See id.*

The Brattleboro Retreat operates on a fiscal year that begins January 1, which is different than the general hospitals in the state which, pursuant to 18 V.S.A. § 9454(b), operate on fiscal years that begin October 1. The Brattleboro Retreat submitted its budget in December, 2023, and presented to the GMCB on December 20, 2023.

LEGAL FRAMEWORK

Hospital budget review is one of the Board's core regulatory responsibilities. 18 V.S.A. §§ 9375(b)(7), 9456. The Board must establish each hospital's budget annually no later than September 15 and is required to issue written decisions reflecting each hospital's established budget by October 1. 18 V.S.A. § 9456(d)(1). In making its decisions, the Board is guided by its statutory charge "to promote the general good of the state by: (1) improving the health of the population; (2) reducing the per capita rate of growth in expenditures for health services in Vermont across all payers while ensuring that access to care and quality of care are not compromised; (3) enhancing the patient and health care professional experience of care; (4) recruiting and retaining high quality health care professionals; and (5) achieving administrative simplification in health care financing and delivery." 18 V.S.A. § 9372. Additionally, the Board must execute its duty of annually establishing each hospital's budget in a way that advances the principles of healthcare reform set forth in 18 V.S.A. § 9371. *See* 18 V.S.A. § 9375(a). The principles include that "The State of Vermont must ensure universal access to and coverage for high-quality, medically necessary health services for all Vermonters. Systemic barriers, such as cost, must not prevent people from accessing necessary health care." 18 V.S.A. § 9371(a)(1). The principles also include a responsibility of the Board that "[o]verall health care costs must be contained, and growth in health care spending in Vermont must balance the health care needs of the population with the ability to pay for such care." 18 V.S.A. § 9371(a)(2). Additionally, "Primary care must be preserved and enhanced so that Vermonters have care available to them, preferably within their own communities." 18 V.S.A. § 9371(a)(4). The Board also has a responsibility to ensure that "Vermont's health care system must include mechanisms for containing all system costs and eliminating unnecessary expenditures, including by reducing administrative costs and by reducing costs that do not contribute to efficient, high-quality health services or improve health outcomes. Efforts to reduce overall health care costs should identify sources of excess cost growth." 18 V.S.A. § 9371(a)(10). The Board may adjust proposed budgets

⁷ Available at: <https://gmcbboard.vermont.gov/content/press-releases>.

that fail to comply with the Board's established benchmarks and other guidance. GMCB Rule 3.000, § 3.305. The Board may also adjust a hospital's established budget based on the Board's independent review of a hospital's budget performance. 18 V.S.A. § 9456(f); GMCB Rule 3.000, § 3.401.

Hospitals bear the burden of persuasion in justifying their proposed budgets. GMCB Rule 3.000, § 3.306(a). During its review, the Board must consider numerous factors utilizing established data sources, including hospitals' compliance with the NPR/FPP growth guidance established by the Board, the hospitals' past budgets and budget performance, labor expenses, utilization, pharmaceutical expenses, cost inflation, commercial price changes, financial indicators, pricing changes for Medicare and Medicaid, uncompensated care, administrative costs, productivity and efficiency indicators, including hospital's administrative costs, costs per discharge, salary allocations, and ratio of administrative salaries and expenses to clinical or other salaries and expenses, factors and trends introduced by hospitals, the Board's mandate under statute and rule, public comment on all aspects of hospital use and cost and comments on individual hospital budgets, and any other information the Board deems relevant. *See* 18 V.S.A. § 9456(b); GMCB Rule 3.000, § 3.306(b); FY24 Guidance. Each approved budget must, among other requirements, be consistent with state and community health care needs, reflect the hospital's budget performance for prior years, take into consideration national, regional, or in-state peer group norms, according to indicators, ratios, and statistics established by the Board, and promote the hospital's efficient and economic operations. *See* 18 V.S.A. § 9456(c).

The Board annually adopts guidance by March 31 that establishes benchmarks for hospitals to use in developing and preparing their upcoming fiscal year's budgets. GMCB Rule 3.000, § 3.202. The Board issued guidance for FY24 budgets on March 31, 2022, after public meetings with Vermont hospitals, the Vermont Association of Hospitals and Health Systems, the Office of the Health Care Advocate (HCA) and other interested parties.⁸ The Board continued the NPR/FPP growth guidance first adopted as part of the GMCB's FY23 budget guidance of not more than an aggregate of 8.6% for FY23 and FY24, combined, measured over the FY22 actual results. FY24 Guidance, 6. The FY24 Guidance stated: "Hospitals whose budgets comply with the [NPR/FPP] benchmark will be reviewed for reasonableness of the factors and assumptions outlined in Section I and compliance with the filing requirements of the guidance (i.e., completeness and timeliness). Staff will recommend approval without modification for all hospital budgets that comply with the [NPR/FPP] benchmark, are based on reasonable assumptions, and meet the administrative filing requirements of the guidance. Hospitals proposing budgets that exceed the benchmark must provide evidence to support the need for additional [NPR/FPP], which will be assessed by the GMCB using the factors set out in Section I of this guidance and consistent with the GMCB's statutory obligations." FY24 Guidance, 3. The FY24 Guidance further identified the data sources, indicators, and peer groups that would be used to assess the identified factors for hospitals that exceeded the established benchmark. FY24 Guidance, 7-10.

Act 140 (2020) extended GMCB's review to all hospitals not operated by the State by modifying 18 V.S.A. § 9451(1), which results in Psychiatric Care Hospitals that are not state owned becoming subject to the GMCB's hospital budget review. Act 140 further provided that

⁸ The Board's FY24 Guidance is available at https://gmcboard.vermont.gov/sites/gmcb/files/documents/FY24%20Guidance%20Updated%202023_05_24.pdf.

for any hospital not previously subject to the GMCB’s hospital budget review, “the Board may increase the scope of the budget review process set forth in 18 V.S.A. chapter 221, subchapter 7 for the hospital gradually, provided the Board conducts a full review of the hospital’s proposed budget not later than the budget for hospital fiscal year 2024.” Act 140 (2020), Sec. 3(a).

FY24 REVIEW PROCESS

The GMCB adopted FY24 Guidance on March 31, 2023. The FY24 Guidance included a benchmark for NPR/FPP growth capped at an aggregate of 8.6% for FY23 and FY24 combined (over each hospital’s actual FY22 results). FY24 Guidance, 6. The FY24 Guidance also stated the Board may review and adjust proposed operating expenses commensurate with any changes made to a hospital’s NPR/FPP, and that the Board will review and may adjust commercial rate increases. *See id.* The FY24 Guidance set out several factors the Board would review and consider relating to expense growth, labor expenses, utilization, pharmaceutical expenses, cost inflation, commercial price changes, financial indicators, pricing changes in Medicare and Medicaid, changes in uncompensated care, productivity and efficiency indicators, and other relevant factors proposed during the budget review process. The FY24 Guidance also specified that the Board’s review process will be consistent with the principles for health care reform in 18 V.S.A. § 9371, as required by 18 V.S.A. § 9375(a) and (b)(7), including considering the extent to which a hospital’s budget advances the principle that all Vermonters must receive affordable and appropriate health care at the appropriate time in the appropriate setting (18 V.S.A. § 9371(1)) and the principle that overall health care costs must be contained and growth in health care spending in Vermont must balance the health care needs of the population with the ability to pay for such care (18 V.S.A. § 9371(2)), and will adhere to the hospital budget review requirements of 18 V.S.A. § 9456(c), including the requirement that established budgets shall promote efficient and economic operation of the hospital (18 V.S.A. § 9456(c)(3)). *See* FY24 Guidance, 6-10. The FY24 Guidance identified data sources that the Board could consider in conducting its review. *See id.*

Prior to hospital budget submissions, on May 3, 2023, the Vermont Association of Hospitals and Health Systems requested the GMCB reconsider the 8.6% NPR/FPP growth benchmark established in the FY24 Guidance. *See* Letter from Michael Del Trecco, President & CEO of Vermont Association of Hospitals and Health Systems to Owen Foster, Chair GMCB, Re: VAHHS Request for Amendment to the FY 2024 Hospital Budget Guidance (May 3, 2023) (Reconsideration Request).⁹ Following deliberations and a public comment period on the Reconsideration Request, the GMCB voted unanimously on May 31, 2023, not to modify its FY24 Guidance NPR/FPP benchmark. *See* Letter from Owen Foster, Chair GMCB, to Michael Del Trecco, President & CEO of Vermont Association of Hospitals and Health Systems to Re: VAHHS Request for Amendment to the FY 2024 Hospital Budget Guidance (June 2, 2023).¹⁰ The GMCB received approximately 100 public comments in connection with the request, with the majority of commenters who were not affiliated with a hospital asking the GMCB to maintain the NPR/FPP growth benchmark, many

⁹ Available at:

<https://gmcboard.vermont.gov/sites/gmcb/files/documents/GMCB%20Letter%20on%20FY24%20Hospital%20Budget%20Guidance%20Reconsideration%205%203%2023.pdf>.

¹⁰ Available at:

<https://gmcboard.vermont.gov/sites/gmcb/files/documents/Letter%20to%20VAHHS%20from%20GMCB%20%206.2.23.pdf>.

citing the affordability of health care and the significant expense pressures faced by more than just hospitals and the impact that large hospital rate increases have on the limited reimbursement and rate increases that independent providers in other parts of the health care system have been able to receive.

Hospitals submitted their FY24 budgets to the GMCB on or about July 1, 2023 and presented their budgets at public GMCB meetings between August 9, 2023 and August 25, 2023. The Board and its staff reviewed and analyzed FY24 budget information submitted and presented by the hospitals, including detailed financial information, utilization data, expense growth, inflation costs, population health goals, value-based care participation, patient access data, administrative cost and efficiency metrics, cost coverage, specific quantitative and qualitative measures for patient wait times, NPR/FPP growth rates, changes in charge and rate increases, prior budget performance, and the reliance on changes in charge for commercial revenues. As part of its review, and consistent with its role, the GMCB assessed the credibility of information, claims, and assertions provided by the hospitals in their budget submissions, hearings, and in supplemental filings in connection with their budget submissions.

The Board received and considered comments from the HCA and from members of the public. The Board also considered each hospital's unique circumstances, including its health care reform efforts, capital and infrastructure needs, hospital-specific risks and opportunities, and cost-reduction initiatives, and opportunities for cost reduction.

The hospitals requested a collective NPR/FPP increase of 19.1% over the systemwide FY22 actual NPR/FPP. Overview of FY24 Hospital Budgets, GMCB Staff Presentation (Aug. 9, 2023), 19. After considering presentations from and discussions with hospital leadership, analysis prepared by GMCB staff, and input from the HCA and the public, the Board established for each hospital a budget with a maximum NPR/FPP growth and a maximum change in charge, with commercial rates subject to the cap and also subject to downward adjustment through negotiation with commercial insurers. Following the GMCB's adjustments, the systemwide NPR/FPP increase from FY22 actuals to FY24 approved budgets was 18.2%. *See* Press Release, GMCB Establishes FY24 Hospital Budgets Balance Affordability and Sustainability, 1.

The Board also reviewed each hospital's proposed change in charge, which is the average amount by which a hospital increases its charges.¹¹ The Board collected and reviewed from each hospital its estimated impact on commercial rate payers that would result from the hospital's budgeted change in charge. A hospital's overall change in charge is not the same as the increase paid by commercial payers, but in establishing a cap for changes in charge the Board also established a cap for commercial rate increases. The Board modified its standard budget conditions for FY24 in order to cap commercial rate increases in a consistent way across hospitals, and to make explicit that the Board's rate increases are a cap, subject to further negotiations between hospitals and commercial payers, and may not be represented by hospitals as an amount guaranteed by the GMCB approvals.

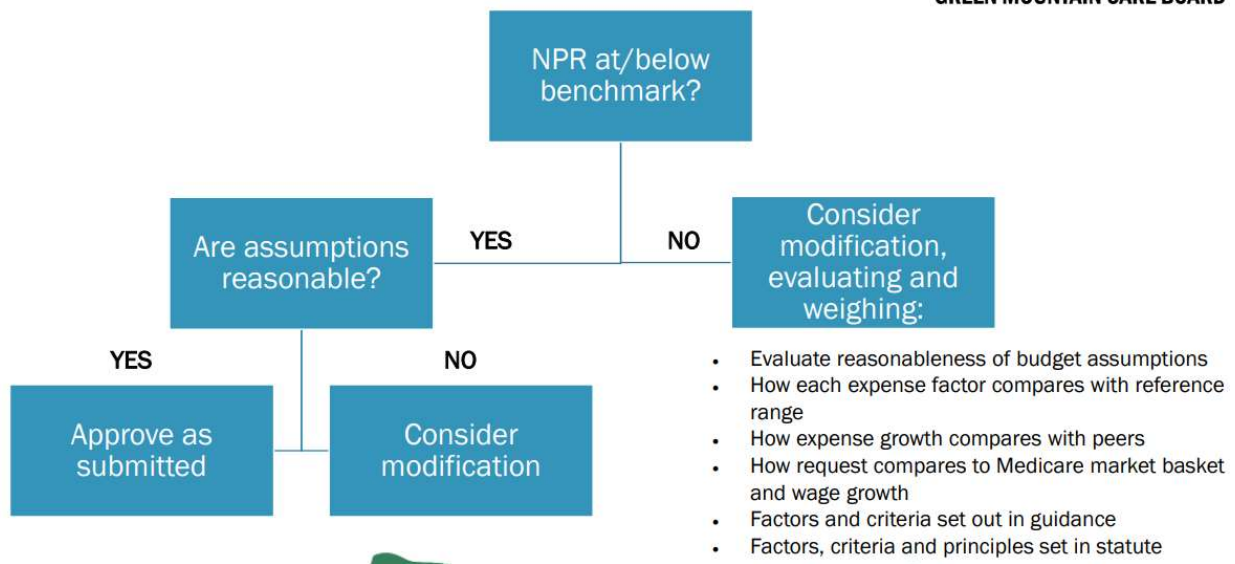
The Board also reviewed each hospital's investments in workforce development initiatives, including nursing workforce pipeline collaborations with nursing schools and compensation and

¹¹ Changes to the actual charges vary by hospital and across service lines and by procedure.

other support for nurse preceptors. Other factors considered by the Board in reviewing each hospital’s budget included the impacts on Vermonters and employers in the commercial market, including self-funded employers; considerations of Medicare and/or Medicaid payment changes on the commercial rate increases; impacts of Medicare and/or Medicaid payment changes and changes to rate of uninsured; hospital reimbursement variation data; cost and cost coverage data; data relative to payments to similar hospitals; relative costs for similar hospitals; payer mix; generally accepted measures of medical inflation; and productivity and efficiency indicators, including administrative costs, costs per discharge, salary allocations, ratio of administrative salaries and expenses to clinical or other salaries and expenses, and information regarding wait times (referral lag and visit lag) for certain service lines and procedures collected and submitted by hospitals.

To organize and facilitate the consistent review of each hospital, GMCB staff led a review and discussion of each hospital’s budget with hospital leadership during a budget hearing, and then presented a review of each hospital’s budget and associated factors, utilizing a decision tree that analyzed whether the hospital’s proposed budget fell within the Board’s NPR/FPP growth guidance, and if above the benchmark, considered modification, evaluating and weighing: the reasonableness of budget assumptions, how each expense factor compares with reference range, how expense growth compares with peers, how the request compares to Medicare market basket and wage growth, other factors and criteria set out in guidance, and factors, criteria and principles set in statute. *See* FY24 Guidance, 6-10; *see also* FY24 Hospital Deliberations, Staff Presentation, Slide 17 (Sept. 6, 2023). The GMCB’s deliberation for each hospital’s budget was summarized by staff in a decision tree, which was included in staff’s public presentation for hospital budget deliberations:

FY24 Hospital Budget Decision Tree



FY24 Hospital Budget Deliberations, GMCB Staff Presentation, 17 (Sept. 6, 2023).

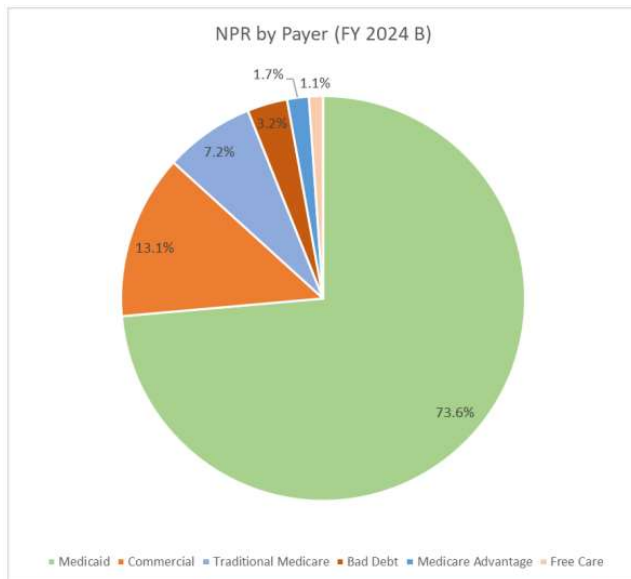
Brattleboro Retreat filed its FY24 budget submission in early December, 2023. Brattleboro Retreat requested a 6.6% increase in its NPR/FPP from its FY23 budget and a 1.9% change in charge from FY23. Brattleboro Retreat, Income Statement, 1.

Brattleboro Retreat’s senior leadership met with the Board to review and discuss its FY24 budget at a public hearing held December 20, 2023. On December 20, 2023, following GMCB staff presentations and deliberation, the Board approved Brattleboro Retreat’s budget as submitted with an increase in NPR/FPP for FY24 of not more than 6.6% over its FY23 budget, and a charge increase of not more than 1.9%.

Based on the above, the Board issues the following Findings, Conclusions, and Order:

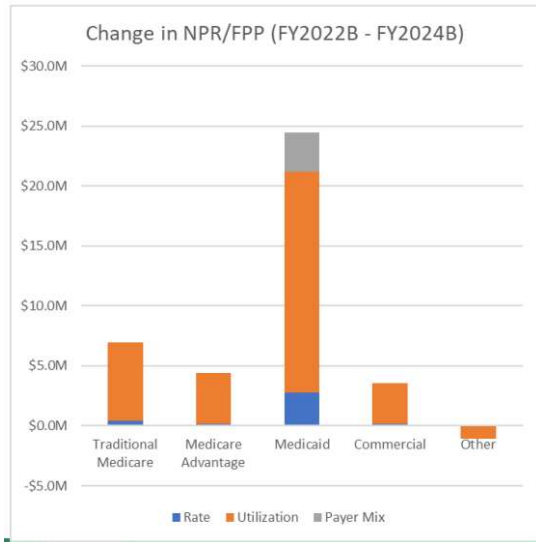
FINDINGS

1. Brattleboro Retreat is a psychiatric care hospital with its primary location in Brattleboro, Vermont. FY24 is the first fiscal year that Brattleboro Retreat was required to have a full budget review by the GMCB.
2. Brattleboro Retreat submitted its FY24 budget in early December, 2023. Brattleboro Retreat requested a 6.6% growth in NPR/FPP from its FY23 budget, for a total of \$97,379,571. *See* Brattleboro Retreat Submission, Income Statement, 1.
3. The following graph shows the Brattleboro Retreat’s budgeted NPR mix by payer, with Medicare and Medicaid revenue making up more than 80% of NPR and commercial making up approximately 13%:



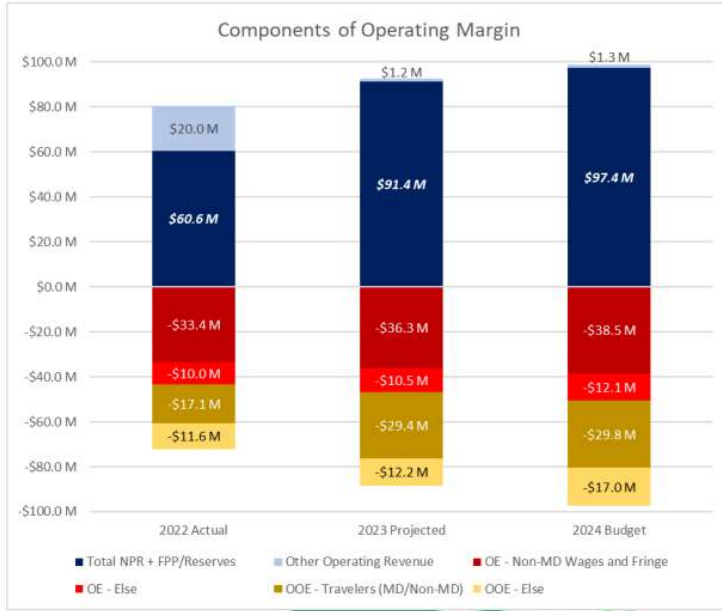
GMCB Staff Presentation, PowerPoint, 6 (Dec. 20, 2023); *see also* Brattleboro Retreat Submission, Narrative, 7.

4. Brattleboro Retreat submitted its FY24 budget with a requested commercial charge increase of 1.9%. *See* GMCB Staff Analysis, PowerPoint, 6 (Dec. 20, 2023). The range of commercial rate increases from FY23 to FY24 proposed by all Vermont hospitals was 1.1% to 13.5%. *See* Overview of FY24 Hospital Budgets, Staff Presentation (Aug. 9, 2023), 21.
5. Brattleboro Retreat’s NPR has increased from \$60.6 million in FY22 to \$91.4 million projected for FY23 and \$97.4 million budgeted for FY24. *See* Brattleboro Retreat, Submission, Exhibit 9. The increase is primarily due to utilization. *See* GMCB Staff Presentation, PowerPoint, 7 (Dec. 20, 2023). The following graph shows the drivers of NPR increase, by payer:



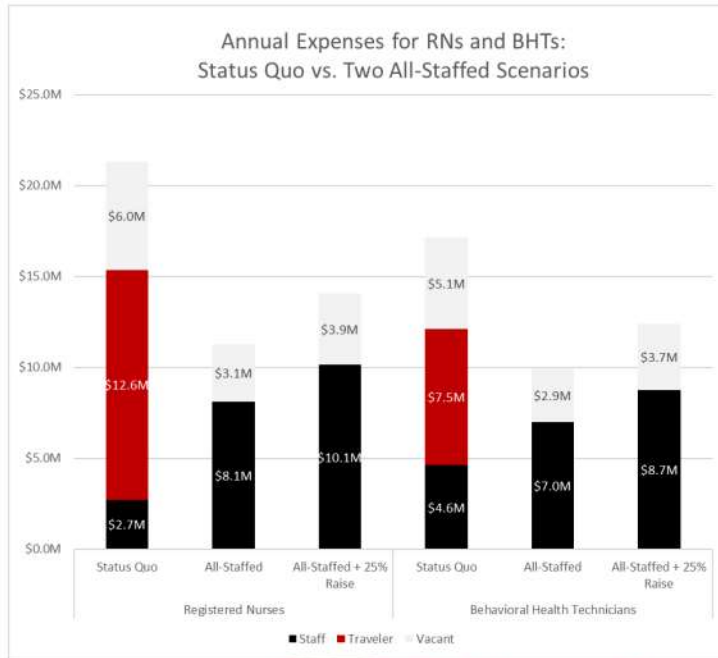
See id.

6. Brattleboro Retreat’s FY24 budget includes total operating expenses of \$46,801,454, an increase of approximately 35%, from actual FY22. Brattleboro Retreat Submission, Income Statement, 1. Brattleboro Retreat’s budgeted FY24 operating expenses are approximately \$5.2 million more than its projected FY23 operating expenses. *See id.*
7. Brattleboro Retreat’s operating expenses have increased, in part, because of a 74.6% increase in traveler (MD/non-MD) expenses, and a 15.1% increase in non-MD staff expenses. *See* GMCB Staff Presentation, PowerPoint, 9 (Dec. 20, 2023).
8. Brattleboro Retreat had an operating margin of 10.6% in FY22, a projected operating margin of 4.4% for FY23, and a budgeted operating margin of 1.3% for FY24. *See* Brattleboro Retreat Submission, Income Statement, 1; *see also* GMCB Staff Presentation, PowerPoint, 9 (Dec. 20, 2023).
9. The following graph shows the components of operating margin in FY22, projected for FY23, and budgeted for FY24:



GMCB Staff Presentation, PowerPoint, 9 (Dec. 20, 2023).

- Traveling nurses and other staff cost the Brattleboro Retreat more than permanent full-time staff. GMCB staff prepared and presented a hypothetical analysis showing the expense comparisons between the Brattleboro Retreat's budgeted traveler staffing and if the Brattleboro Retreat were able to staff all positions with full time staff, assuming both current rates and a 25% increase to current rates, as summarized in the following graph and table:



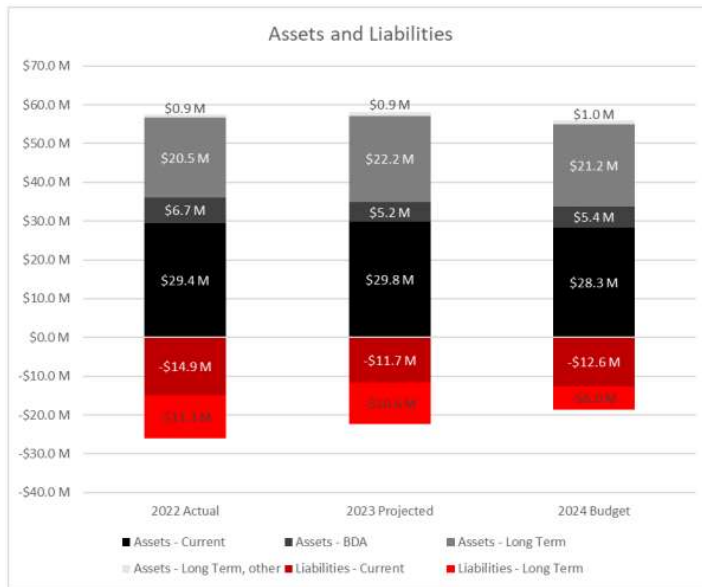
GMCB Staff Presentation, PowerPoint, 14 (Dec. 20, 2023).

		Scenario 1: Status Quo			Scenario 2: All-Staffed at Current Cost/FTE			Scenario 3: All-Staffed at 125% Cost/FTE		
		Cost/FTE	FTEs	Cost	Cost/FTE	FTEs	Cost	Cost/FTE	FTEs	Cost
RN	Travelers	\$238.2K	53.0	\$12.6M	\$238.2K	0.0	\$0.0M	\$238.2K	0.0	\$0.0M
	Staff	\$101.6K	26.8	\$2.7M	\$101.6K	79.8	\$8.1M	\$127.0K	79.8	\$10.1M
	Vacant	\$192.3K	31.0	\$6.0M	\$101.6K	31.0	\$3.1M	\$127.0K	31.0	\$3.9M
BHT	Travelers	\$155.9K	48.0	\$7.5M	\$155.9K	0.0	\$0.0M	\$155.9K	0.0	\$0.0M
	Staff	\$49.5K	93.2	\$4.6M	\$49.5K	141.2	\$7.0M	\$61.9K	141.2	\$8.7M
	Vacant	\$85.7K	59.0	\$5.1M	\$49.5K	59.0	\$2.9M	\$61.9K	59.0	\$3.7M
Total	Travelers		101.0	\$20.1M		0.0	\$0.0M		0.0	\$0.0M
	Staff		120.0	\$7.3M		221.0	\$15.1M		221.0	\$18.9M
	Vacant		90.0	\$11.0M		90.0	\$6.1M		90.0	\$7.6M

Assumptions:
(1) Scenario 1: Status Quo assumes all vacant positions filled with a Cost/FTE weighted average of non-vacant positions.
(2) Scenario 2: All-Staffed at Current Cost/FTE assumes all travelers and vacant positions are filled at current staff Cost/FTE.
(3) Scenario 3: All-Staffed at 125% Cost/FTE assumes all travelers, staff, and vacant positions are filled at 125% current staff Cost/FTE.
Indicates input change from Status Quo

GMCB Staff Presentation, PowerPoint, 15 (Dec. 20, 2023).

11. The following graph summarizes the changes in the Brattleboro Retreat’s budgeted balance sheet from prior years:



GMCB Staff Presentation, PowerPoint, 10 (Dec. 20, 2023).

12. Brattleboro Retreat submitted, and the GMCB reviewed, data regarding inpatient admissions wait times and outpatient wait times. See GMCB Staff Presentation, PowerPoint, 12-13 (Dec. 20, 2023).

13. Brattleboro Retreat included an analysis with a reasonable methodology showing how its change in charge is less than its total change in rates in an amount equal to increases in Medicaid and Medicare, at the time of its budget submission, and changes in bad debt and charity care. *See* Brattleboro Retreat Submission, Appendices, Appendix 9.

14. A summary of Brattleboro Retreat’s financial indicators is included below:

	FY22 Actual	FY23 YTD	FY24 Submitted	Vermont Hospitals FY24 Median
Op Margin	10.59%	4.08%	1.12%	1.2%
Op-EBIDA Margin	13.0%	7.0%	4.0%	5.6%
Total Margin	10.23%	4.96%	1.85%	3.8%
DCOH	133.0	109.37	89.89	109.64
Debt Service Coverage Ratio	8.37	4.82	2.83	4.56
Age of Plant	24.4	22.6	20.4	16.02

GMCB Staff Presentation, PowerPoint, 11 (Dec. 20, 2023).

15. The GMCB solicited and considered public comment on all aspects of hospital costs and use, and on the budget proposed by Brattleboro Retreat, through a special comment period and public comment periods during the GMCB’s review and deliberations on the Brattleboro Retreat’s budget.

CONCLUSIONS

This is the first year Brattleboro Retreat’s budget is subject to a full review by the GMCB. Act 140 of 2020 extended GMCB’s hospital budget review to include the Brattleboro Retreat. *See* Legal Framework. After our review of the Brattleboro Retreat’s budget submission, testimony and discussion with the Brattleboro Retreat’s senior leadership at a public meeting, and a presentation by GMCB staff, we deliberated and approved the NPR and commercial rate increase submitted by the Brattleboro Retreat in its FY24 budget.

The Brattleboro Retreat differs from community hospital budgets reviewed by GMCB in several ways, and our review was cognizant of those differences. The Brattleboro Retreat has a different scope of operations and role in health care system than a community hospital. It has different patient migration and service area demographics. And it also has a payer mix that is more heavily weighted toward public payers. *See* Findings, ¶ 3.

The Brattleboro Retreat budgeted a 1.9% commercial change in charge for FY24, and a 6.6% increase to its NPR. *See* Findings, ¶¶ 1, 4. We conclude both are reasonable for the Brattleboro Retreat, and approve the budget as submitted. The commercial rate increase is on the

lower end of Vermont hospitals for FY24. *See Findings, ¶ 4.* The Brattleboro Retreat's NPR increase is driven more by utilization than by rate increases. *See Findings, ¶ 5.* In light of the large increases in traveler expenses, it would benefit Brattleboro Retreat to reduce its reliance on traveling nurses and staff, and so we include a condition requiring the Brattleboro Retreat to submit to the GMCB within three months a plan to reduce reliance on travelers. *See Findings, ¶¶ 7, 10.*

ORDER

Based on our findings and conclusions and the authority granted by Chapter 221, Subchapter 7 of Title 18, Brattleboro Retreat's budget is approved as submitted for FY24 subject to the following terms and conditions:

- A. Brattleboro Retreat's FY24 NPR/FPP budget is approved with a total NPR/FPP of not more than \$97,379,571 for FY24.
- B. Brattleboro Retreat's overall change in charge and commercial rate increases are approved at not more than 1.9% over current approved levels, with no commercial rate increase for any payer at more than 1.9% over current approved levels. The commercial rate increase overall or with respect to any payer may be less than 1.9% as negotiated between the hospital and payer.
- C. The commercial rate increase cap in Paragraph B. is a maximum and is subject to negotiation between Brattleboro Retreat and commercial insurers. Brattleboro Retreat shall not represent the maximum commercial rate increase approved by the GMCB in Paragraph B. or the expected commercial NPR based on that rate increase as the amounts set or guaranteed by the GMCB in the hospital's negotiations with insurers.
- D. Brattleboro Retreat's expected commercial NPR, based on its budget as adjusted in this Order, is \$12,784,560. Brattleboro Retreat shall report its actual expected commercial NPR not later than June 30 or such later date as specified by the Board Chair and explain any variations from the expected commercial NPR.
- E. Beginning on or before February 20, 2023, and every month thereafter, Brattleboro Retreat shall file with the Board the actual year-to-date FY24 operating results as of the end of the prior month. The report shall be in a form and manner as prescribed by GMCB staff.
- F. Brattleboro Retreat shall file with the Board its actual year-to-date FY24 operating results on July 31, 2024 for January 1, 2023 through June 30, 2024. The report shall be in a form and manner as prescribed by GMCB staff.
- G. On or before June 30, 2024, Brattleboro Retreat shall file with the Board, in a form and manner prescribed by GMCB staff, such information as the Board determines necessary to review the hospital's FY23 actual operating results.
- H. Brattleboro Retreat shall file with the Board one copy of its FY23 audited financial statements and associated management letter(s), as well as the parent organization's audited consolidated financial statements, if applicable, 15 days after the hospital receives its statements, or by June 30, 2024, whichever is earlier.

- I. Brattleboro Retreat shall participate in telephonic check-ins to be scheduled at the discretion of the Board Chair in consultation with Board staff based on the hospital's FY24 year-to-date operating performance.
- J. Brattleboro Retreat shall advise the Board of any material changes to its FY24 budgeted revenues and expenses, or to the assumptions used in determining its budget, including:
 - A. changes in Medicaid, Medicare, or commercial reimbursement;
 - B. additions or reductions in programs or services to patients; and
 - C. any other event that could materially change the approved NPR/FPP budget.
- K. Brattleboro Retreat shall submit to the Board within 3 months a plan addressing Brattleboro Retreat's efforts to reduce expenses and reliance on traveling staff.
- L. Brattleboro Retreat shall develop a system to be able to measure and report to the GMCB the referral lag and the visit lag for each hospital-owned primary and specialty care practice as well as the top five most frequent imaging procedures. Referral lag means the percentage of appointments scheduled within 3 business days of referral (percentage of all referrals where the clinic or hospital has completed scheduling an appointment within 3 business days of receiving the referral, regardless of the date on which the appointment will take place). Visit lag means the percentage of new patient appointments scheduled for the patient to be seen within 2 weeks, 1 month, 3 months, and 6 months of their scheduling date (the scheduling date is the date the hospital or practice schedules the appointment, not the date the referral was received or the date the patient will be seen).
 - A. Brattleboro Retreat shall report to the GMCB the referral lag and the visit lag for each hospital-owned primary and specialty care practice as well as the top five most frequent imaging procedures on August 31, 2024, for June and July 2024, and as required by the GMCB's FY25 hospital budget guidance.
- M. Brattleboro Retreat shall participate in the Board's work, including the community engagement process, pursuant to Act 167.
- N. Brattleboro Retreat shall timely file all forms and information required for practice acquisitions and/or transfers as determined by GMCB staff, if applicable.
- O. Brattleboro Retreat shall file all requested data and other information in a timely and accurate manner.
- P. After notice and an opportunity to be heard, the GMCB may amend the provisions contained herein, and issue an amended order, consistent with its authority as set forth in 18 V.S.A. Chapter 220, Subchapter 1, 18 V.S.A. Chapter 221, Subchapter 7, and GMCB Rule 3.000.
- Q. All materials required above shall be provided electronically, unless doing so is not practicable.
- R. The findings and orders contained in this decision do not constrain the Board's decisions in future hospital budget reviews, future certificate of need reviews, or any other future regulatory or policy decisions.

So ordered.

Dated: December 20, 2023
Montpelier, Vermont

s/ Owen Foster, Chair)
) GREEN MOUNTAIN
s/ Jessica Holmes) CARE BOARD
) OF VERMONT
s/ Robin Lunge)
)
s/ David Murman)
)
s/ Thom Walsh)

Filed: January , 2024

Attest: /s/ Jean Stetter
Green Mountain Care Board
Administrative Services Director

NOTICE TO READERS: This document is subject to revision of technical errors. Readers are requested to notify the Board (by email, telephone, or in writing) of any apparent errors, so that any necessary corrections may be made.