

VERMONT HOSPITAL COST SHIFT

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Mike Davis, Director of Health System Finances
Green Mountain Care Board

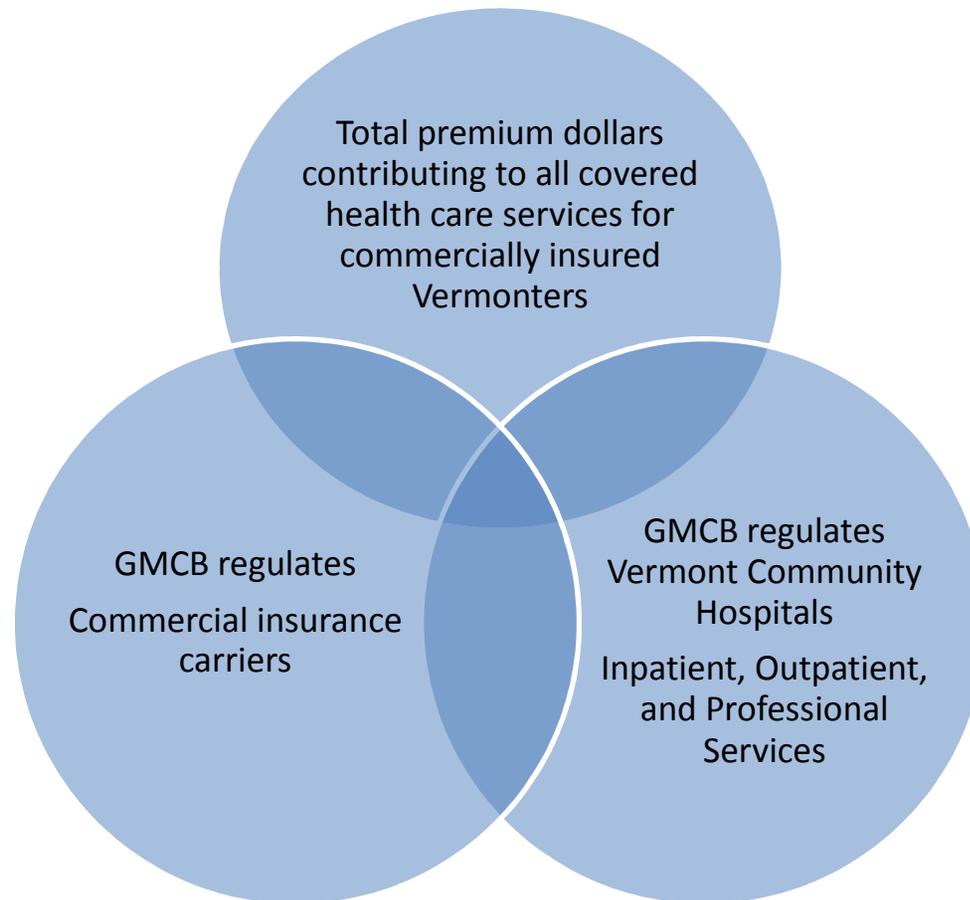
Purpose of this report

- 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?

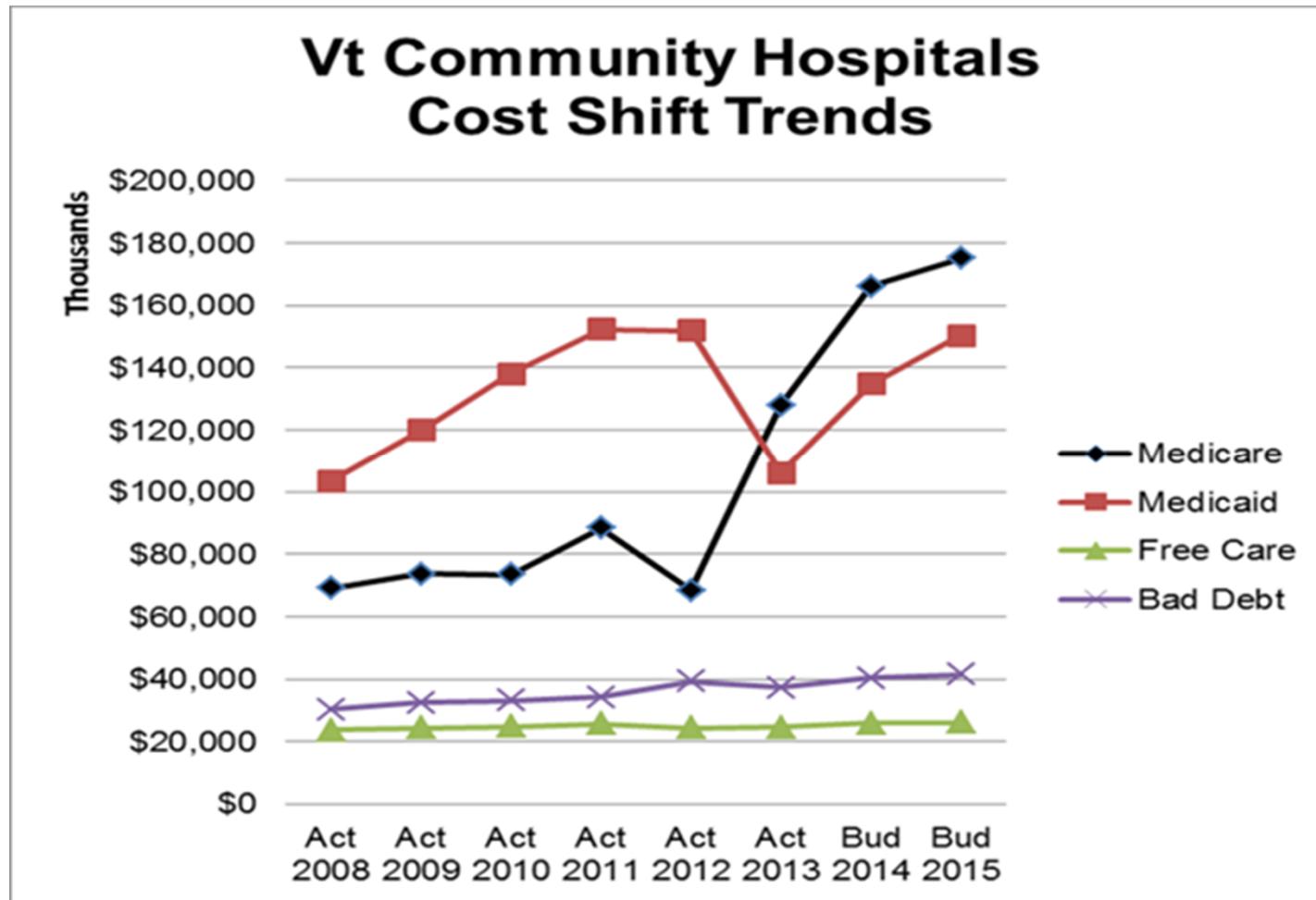
Fiscal Year	Medicare	Medicaid	Free Care	Bad Debt		*Commercial Insurance & Other
Actual 2008	\$ 69,003,712	\$ 103,569,366	\$ 23,623,972	\$ 30,252,980	→	\$ 226,450,033
Actual 2009	\$ 73,627,496	\$ 119,979,398	\$ 24,292,187	\$ 32,391,214	→	\$ 250,290,295
Actual 2010	\$ 73,515,988	\$ 138,016,619	\$ 24,806,398	\$ 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.