

STATE OF VERMONT  
DEPARTMENT OF VERMONT HEALTH ACCESS  
BRATTLEBORO RETREAT

CONTRACT #41429  
AMENDMENT #3  
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**STATE OF VERMONT  
CONTRACT AMENDMENT**

It is hereby agreed by and between the State of Vermont, Department of Vermont Health Access (the "State") and Brattleboro Retreat, with a principal place of business in Brattleboro, Vermont (the "Contractor") that the contract between them originally dated as of March 1, 2021, Contract #41429, (the "Contract") is hereby amended as follows:

- I. **Maximum Amount.** The Maximum Amount, wherever such references appear, shall be changed from \$76,650,334.00 to \$134,356,834.00, representing an increase of \$57,706,500.00.
- II. **Contract Term.** The Contract Term, wherever such references appear, shall be changed from December 31, 2022, to December 31, 2023. This Contract may be renewed upon mutual agreement by both Parties for up to one (1) additional one-year term.
- III. **Attachment A, Scope of Work.** The Scope of Work is amended as follows:
  1. **The first bullet in Section 2.a is hereby deleted and replaced as follows:**
    - 2.a. **Bed Capacity Requirements:**
      - Contractor agrees to maintain capacity for the agreed upon number of Inpatient Days for Medicaid Members as outlined in Attachment B. In addition to maintaining the agreed upon number of Inpatient Days for Medicaid Members, Contractor shall increase total bed capacity, regardless of payer, to 80 beds by December 31, 2022, and to 100 beds by June 30, 2023. Total bed capacity may temporarily decrease due to emergent issues, including COVID outbreaks, but capacity shall only be decreased for the minimum necessary period and Contractor shall ensure Inpatient Days for Medicaid Members, Level 1 patients, children, and adolescents are prioritized, provided they meet level of care, during decreased capacity so that Contractor maintains capacity for Inpatient Days.
  2. **By adding the following APM Year 3 to Section 3.b DMH/DVHA Specific Measures:**
    - APM Year 3
    - Contractor shall submit the following reports to DVHA:
      - i. By the 5th business day of the month, DVHA will send the Contractor a coverage report template with all admissions thought to have Medicare or other insurance coverage. Contractor will fill out the coverage report and return it within 2 business days of receipt.
      - ii. By the 10th business day of the month, Contractor will report the number of all Medicaid and non-Medicaid bed days provided under APM broken out by month.
      - iii. By the 10th business day of the month, Contractor shall provide to DVHA reports on the following performance indicators:
        - a. Access to Care
          1. Contractor will submit comparison of time of referral to time of acceptance or denial.
        - a. Process of Care
          1. Contractor will send admission notification forms to DVHA within 24 hours.
          2. Contractor will send case notes and discharge paperwork within three (3) days of discharge.
        - b. Clinical Outcomes
          1. Contractor will submit inpatient consumer survey results written report on a quarterly basis at the DMH Act 140 meeting. A written report template may be submitted to DMH for review and approval before submission.
          2. Contractor will submit the number of members re-admitted to the Brattleboro Retreat within 15 and 30 days on a monthly basis.
          3. Contractor will schedule a mental health follow-up appointment with a mental health

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- or primary care provider within seven (7) days of discharge. Contractor will include the follow-up appointment information on the discharge plan.
- iv. Claims: Contractor shall submit claims to VT Medicaid in a timely manner in accordance with the Vermont Medicaid Provider Manual's Timely Filing Guidelines.

For APM Year 3, Parties will work together to determine additional quality metrics by March 31, 2023.

**3. By adding in the following Section 3.c. DVHA Reporting:**

3.c. DVHA Reporting  
APM Year 3

On at least an annual basis DVHA shall calculate the percentage of Medicaid inpatient discharges from Contractor for a diagnosis of mental illness or intentional self-harm among patients aged 6 years and older that resulted in follow-up care with a mental health provider within 7 and 30 days and provide the results to Contractor. Within 30 days after DVHA provides the results, or as determined to be necessary by the State, DVHA, DMH and Contractor will meet to review the results of this measure and discuss challenges, barriers, and opportunities for improvement in patient follow-up care.

- IV. Attachment B, Payment Provisions.** The Payment Provisions are hereby deleted and replaced entirely as shown in Exhibit 1 of this Amendment 3.

**Sole Source Contract for Services.** This Contract results from a "sole source" procurement under State of Vermont Administrative Bulletin 3.5 process and Contractor hereby certifies that it is and will remain in compliance with the campaign contribution restrictions under 17 V.S.A. § 2950.

**Cybersecurity Standard Update 2022-01.** Contractor confirms that all products and services provided to or for the use of the State under this Agreement shall be in compliance with State of Vermont Cybersecurity Standard Update 2022-01, which prohibits the use of certain branded products in State information systems or any vendor system that is supporting State information systems, and is available on-line at:  
<https://digitalservices.vermont.gov/cybersecurity/cybersecurity-standards-and-directives>.

**Taxes Due to the State.** Contractor certifies under the pains and penalties of perjury that, as of the date this contract amendment is signed, the Contractor is in good standing with respect to, or in full compliance with a plan to pay, any and all taxes due the State of Vermont.

**Child Support (Applicable to natural persons only; not applicable to corporations, partnerships or LLCs).** Contractor is under no obligation to pay child support or is in good standing with respect to or in full compliance with a plan to pay any and all child support payable under a support order as of the date of this amendment.

**Certification Regarding Suspension or Debarment.** Contractor certifies under the pains and penalties of perjury that, as of the date this contract amendment is signed, neither Contractor nor Contractor's principals (officers, directors, owners, or partners) are presently debarred, suspended, proposed for debarment, declared ineligible or excluded from participation in federal programs, or programs supported in whole or in part by federal funds.

Contractor further certifies under pains and penalties of perjury that, as of the date this contract amendment is signed, Contractor is not presently debarred, suspended, nor named on the State's debarment list at:  
<http://bgs.vermont.gov/purchasing-contracting/debarment>



**Exhibit 1**  
**ATTACHMENT B**  
**PAYMENT PROVISIONS**

**1. General Payment Provisions**

The State agrees to compensate Contractor for actual services performed in accordance with the methodology described below, provided such services are within the scope of the Agreement and are authorized as provided for under the terms and conditions of this Contract. The payment schedule for delivered products, or rates for services performed, and any additional reimbursements, are included in this Attachment.

**2. Payment for Inpatient Days**

Effective for Inpatient Days under the term of this Contract, as defined in Attachment A, State shall issue monthly prospective payments to Contractor as reimbursement for Inpatient Days. Inpatient Days (both voluntary and involuntary admissions) when Medicaid is not the primary payer are excluded. All other services, rendered by Contractor for Vermont Medicaid members will continue to be reimbursed using existing Medicaid reimbursement methodologies.

The time period March 1, 2021 through December 31, 2021, is defined as Alternative Payment Model (APM) Year 1. For APM Year 1, the prospective monthly payment per Inpatient Day (APM Payment) is computed using a weighted average per diem amount of \$1,838.33.

The time period January 1, 2022 through December 31, 2022, is defined as APM Year 2. For the APM Year 2, the APM Payment for January 1, 2022 through June 30, 2022 is computed using a weighted average per diem amount of \$2,550.00. The APM Payment for July 1, 2022 through December 31, 2022 is computed using a weighted average per diem amount of \$3,100.00.

The time period January 1, 2023 through December 31, 2023, is defined as APM Year 3. For the APM Year 3, the APM Payment is computed using a weighted average per diem amount of \$3,100.00.

**3. Methodology for Payment**

**3.1. APM Year 1**

The per diem amount in the APM Payment for APM Year 1 was derived using the following factors:

- i. Historical Contractor inpatient utilization incurred by the Department of Mental Health (DMH) and DVHA;
- ii. Projected Contractor inpatient utilization in APM Year 1;
- iii. Recent cost-per-day values incurred by Contractor for direct care, fixed and administrative costs; and
- iv. A negotiated allowance for annual changes for direct care, fixed and administrative costs.

The APM Payment for APM Year 1 was derived by multiplying the per diem amount of \$1,838.33 by the number of expected Inpatient Days. The State shall make a monthly APM Payment to Contractor as shown in Table 1.

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*Table 1. APM Year 1*

<b>Month</b>	<b>Expected Inpatient Days</b>	<b>Monthly Payment Amount</b>
March 2021	1,240	\$2,781,058
April 2021	1,320	\$2,781,058
May 2021	1,426	\$2,781,058
June 2021	1,410	\$2,781,058
July 2021	1,674	\$2,918,267
August 2021	1,674	\$2,918,267
September 2021	1,680	\$2,918,267
October 2021	1,736	\$2,918,267
November 2021	1,680	\$2,918,267
December 2021	1,736	\$2,918,267
<b>Total</b>	<b>15,576</b>	<b>\$28,633,834</b>

**3.2. APM Year 2**

The per diem amount in the APM Payment for APM Year 2 was derived using the following factors:

- i. Historical Contractor inpatient utilization incurred by DMH and DVHA;
- ii. Projected Contractor inpatient utilization in APM Year 2;
- iii. Recent cost-per-day values incurred by Contractor for direct care, fixed and administrative costs; and
- iv. A negotiated allowance for annual changes for direct care, fixed and administrative costs.

The APM Payment for APM Year 2 January through June months of services is derived by multiplying the per diem amount of \$2,550 by the number of expected Inpatient Days. The APM Payment for July through December months of service is derived by multiplying the per diem amount of \$3,100 by the number of expected Inpatient Days. The State shall make a monthly APM Payment to Contractor as shown in Table 2.

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*Table 2. APM Year 2*

Month	Expected Inpatient Days	Expected Beds per Day	Monthly Payment Amount
January 2022	1,240	40	\$3,162,000
February 2022	1,120	40	\$2,856,000
March 2022	1,240	40	\$3,162,000
April 2022	1,260	42	\$3,213,000
May 2022	1,302	42	\$3,320,100
June 2022	1,260	42	\$3,213,000
July 2022	1,581	51	\$4,901,100
August 2022	1,581	51	\$4,901,100
September 2022	1,530	51	\$4,743,000
October 2022	1,581	51	\$4,901,100
November 2022	1,530	51	\$4,743,000
December 2022	1,581	51	\$4,901,100
<b>Totals</b>	<b>16,806</b>	<b>-</b>	<b>\$48,016,500</b>

**3.3. APM Year 3**

The per diem amount in the APM Payment for APM Year 3 was derived using the following factors:

- i. Historical Contractor inpatient utilization incurred by DMH and DVHA;
- ii. Projected Contractor inpatient utilization in APM Year 3;
- iii. Recent cost-per-day values incurred by Contractor for direct care, fixed and administrative costs; and
- iv. A negotiated allowance for annual changes for direct care, fixed and administrative costs.

The APM Payment for APM Year 3 is derived by multiplying the per diem amount of \$3,100 by the number of expected Inpatient Days. The State shall make a monthly APM Payment to Contractor as shown in Table 3.

*Table 3. APM Year 3*

Month	Expected Inpatient Days	Expected Beds per Day	Monthly Payment Amount
January 2023	1,581	51	\$4,901,100
February 2023	1,428	51	\$4,426,800
March 2023	1,581	51	\$4,901,100
April 2023	1,530	51	\$4,743,000
May 2023	1,581	51	\$4,901,100
June 2023	1,530	51	\$4,743,000
July 2023	1,581	51	\$4,901,100
August 2023	1,581	51	\$4,901,100
September 2023	1,530	51	\$4,743,000
October 2023	1,581	51	\$4,901,100
November 2023	1,530	51	\$4,743,000
December 2023	1,581	51	\$4,901,100
<b>Totals</b>	<b>18,615</b>	<b>-</b>	<b>\$57,706,500</b>

#### 4. Claims Submission Requirements

Contractor will submit claims for Inpatient Days consistent with existing Medicaid claims submission requirements, such as the Timely Filing requirement, and the Level 1 requirements outlined below. All claims for Inpatient Days covered by the APM Payment will process and pay at a rate of \$0. Claims with services dates between March 2021 and December 2021 are considered part of APM Year 1. Claims with service dates on or after January 1, 2022, are considered part of APM Year 2. Claims with service dates on or after January 1, 2023, are considered part of APM Year 3. Claims for all other services rendered by Contractor for Vermont Medicaid members will continue to be reimbursed using existing methodologies.

a. Level 1 Claims Submission Requirements:

For Level 1 patients with third party or Medicare insurance, the third party or Medicare will be the primary payer. Differences in these payments received by Contractor and the Reasonable Actual Costs that the State is required to pay Contractor for providing the care under Act 79 will be settled in the Year-End Reconciliation process as set forth in Section 6 of Attachment B.

“Reasonable Actual Costs” for this Contract shall be defined as all direct costs supporting the Level 1 units, including but not limited to staffing costs, physician costs, patient supplies, pharmaceuticals, direct administrative costs, office expenses, staff education, physician continuing education, and ancillary services. Ancillary services will be determined using the Schedule C Part 1 of the most recent Cost Report to define the cost to charge ratio that will be applied to the charges determined from the Provider, Statistical & Reimbursement System (PS&R). Overhead will also be allocated to the unit, using percentages that will be calculated using Schedule B Part 1 of the most recent Cost Report, excluding depreciation. Contractor shall maintain discrete auditable records which will be used to determine Reasonable Actual Costs. Cost per bed will be established using the Level 1 cost reporting.

Procedures for establishing a Level 1 billing approval are in the Psychiatric Inpatient Billing Procedures Manual.

b. Applicable to APM Year 1 Only:

For inpatient stays where the Medicaid patient had service days prior to and after the start of APM Year 1, State will pay any Inpatient Days incurred through February 28, 2021, on a fee-for-service basis. For these patients where the Inpatient Days are for service dates on or after March 1, 2021, no payment will be made through fee-for-service. These days are included in the APM Payment. This payment methodology will require claim processing system modifications to allow for zero-dollar payment on future Inpatient Days claims. These modifications will require additional time to implement after the effective date of this agreement. On an ongoing basis, as needed until the claim processing system is modified, the State will instruct the claims processor to recoup payments made on any days incurred on or after March 1, 2021, for which a fee-for-service payment was made. Parties agree that any fee-for-service payments on claims covered by the APM Payment are an overpayment, and the State is entitled to recoup these payments. This activity will not require Contractor to resubmit claims. To prevent Contractor from having to reimburse the State for duplicate claims payments, State will initiate weekly recoupments. Should the State take longer than sixty (60) days to recoup any such overpayments on properly submitted claims, such delay will not result in those overpayments being treated as false claims.

#### 5. Risk Corridor

##### 5.1. APM Year 1

The APM Payment in this contract is a risk sharing arrangement. In the pilot APM Year 1, Contractor shall be subject to the following risk corridor.

a. Utilization Risk Corridor

The Utilization Risk Corridor is defined as the number of Inpatient Days that wrap around the days that State has committed to purchase on a prospective basis in the APM Year. This corridor will be determined using a percentage threshold above and below the value of prospective purchase days. In APM Year 1, the utilization corridor is 98% to 102% of the total prospective days purchased of 15,576.

- i. The Utilization Risk Corridor, therefore, shall be applied as follows for APM Year 1 and calculations shall be factored into the Year-End Reconciliation.
  1. If the actual number of Inpatient Days utilized by Vermont Medicaid members is between 15,576 and 15,888, then Contractor shall be liable for the costs to serve patients for these days. If the actual number of Inpatient Days utilized by Vermont Medicaid members is greater than 15,888 during APM Year 1, then the State will reimburse Contractor an additional amount outside of the APM Payment for each day above 15,888 at a rate of \$1,838.33 per day.
  2. Conversely, if the actual number of Inpatient Days utilized by Vermont Medicaid members is between 15,264 and 15,576, Contractor will be entitled to retain 100% of the APM prospective payments. If the actual number of Inpatient Days utilized by Vermont Medicaid members is less than 15,264 during APM Year 1, then Contractor shall reimburse back to the State an amount equivalent to \$1,838.33 per day for each day below 15,264.
- ii. If during the contract, the State or Contractor determines that utilization is 10% or more under the expected utilization as specified in Table 1 of Attachment B, then the parties shall meet and confer utilization or costs. Evaluations will occur no less frequently than monthly unless the Parties agree to evaluate utilization less frequently.
- iii. Parties agree to monitor changes in demand/delivery during the APM Year 1 with specific regard to impacts that may be resulting from the current COVID-19 public health emergency. If during the duration of the COVID-19 public health emergency related shifts are noted that were not captured in part or in full during the process to set the APM Payment, Parties shall meet to discuss these shifts and potential adjustments to the Utilization Risk Corridor.
- iv. Notwithstanding the provisions above, at the State's sole discretion, Contractor may qualify for an adjustment to the lower boundary of the utilization risk corridor. This adjustment is tied to ensuring that Level 1 admissions continue to be prioritized among all inpatient admissions. Contractor will be entitled to an offset of any monies owed back to the State if the anticipated Vermont Medicaid days do not meet the required 98% of total target of 15,576, or 15,264 days, under the following conditions:
  1. If Contractor had a refusal rate of 7% instead of 8%, then the lower bound overall utilization is -2.25%, not -2.00% from target.
  2. If Contractor had a refusal rate of 6% instead of 8%, then the lower bound overall utilization is -2.50%, not -2.00% from target.
  3. If Contractor had a refusal rate of 5% instead of 8%, then the lower bound overall utilization is -2.75%, not -2.00% from target.
  4. If Contractor had a refusal rate of 4% instead of 8%, then the lower bound overall utilization is -3.00%, not -2.00% from target.
  5. If Contractor had a refusal rate of 3% instead of 8%, then the lower bound overall utilization is -3.25%, not -2.00% from target.
  6. If Contractor had a refusal rate of 2% instead of 8%, then the lower bound overall utilization is -3.50%, not -2.00% from target.
  7. If Contractor had a refusal rate of 1% instead of 8%, then the lower bound overall utilization is -3.75%, not -2.00% from target.



8. If Contractor had a refusal rate of 0% instead of 8%, then the lower bound overall utilization is -4.00%, not -2.00% from target.

## 5.2 APM Year 2

The APM Payment in this contract is a risk sharing arrangement. In APM Year 2, Contractor shall be subject to the following risk corridor.

### a. Utilization Risk Corridor

The Utilization Risk Corridor is defined as the number of Inpatient Days that wrap around the days that State has committed to purchase on a prospective basis in the APM Year. This corridor will be determined using a percentage threshold above and below the value of prospective purchase days. In APM Year 2, the utilization corridor is 98% to 102% of the total prospective days purchased for the period of January 1, 2022 through June 30, 2022 of 7,422. For the period of July 1, 2022 through December 31, 2022, the utilization corridor is 98% to 102% of the total prospective days purchased of 9,384.

- i. The Utilization Risk Corridor, therefore, shall be applied as follows for APM Year 2 and calculations shall be factored into the Year-End Reconciliation.
  1. For the period of January 1, 2022 through June 30, 2022, if the actual number of Inpatient Days utilized by Vermont Medicaid members is between 7,570 and 7,274 then Contractor shall be liable for the costs to serve patients for these days. For the period of July 1, 2022 through December 31, 2022, if the actual number of Inpatient Days utilized by Vermont Medicaid members is between 9,572 and 9,196 then the Contractor shall be liable for the costs to serve patients for these days.
  2. For the period of January 1, 2022 through June 30, 2022, if the actual number of Inpatient Days utilized by Vermont Medicaid members is greater than 7,570 then the State will reimburse Contractor at a rate of \$2,550 for each day above 7,570. For the period of July 1, 2022 through December 31, 2022, if the actual number of Inpatient Days utilized by Vermont Medicaid members is greater than 9,572, then the State will reimburse Contractor at a rate of \$3,100 for each day above 9,572.
  3. For the period of January 1, 2022 through June 30, 2022, if the actual number of Inpatient Days utilized by Vermont Medicaid members is below 7,274, then Contractor shall reimburse back to the State an amount equivalent to \$2,550 per day for each day below 7,274. For the period of July 1, 2022 through December 31, 2022, if the actual number of Inpatient Days utilized by Vermont Medicaid members is below 9,196, then Contractor shall reimburse back to the State an amount equal to \$3,100 per day for each day below 9,196.
- ii. If during the contract, the State or Contractor determines that the Inpatient Days utilization are 10% or more under the expected utilization as specified in Table 2 of Attachment B, then the Parties shall meet to discuss utilization or costs. Evaluations will occur no less frequently than monthly unless the parties agree to evaluate utilization less frequently.
- iii. Parties agree to monitor changes in demand/delivery during the APM Year 2 with specific regard to impacts that may be resulting from the current COVID-19 public health emergency. If during the duration of the federal or state COVID-19 public health emergency related shifts are noted that were not captured in part or in full during the process to set the APM Payment, Parties shall meet to discuss these shifts and potential adjustments to the Utilization Risk Corridor.
- iv. Notwithstanding the provisions above, at the State's sole discretion, Contractor may qualify for an adjustment to the lower boundary of the utilization risk corridor. This adjustment is tied to ensuring that Level 1 admissions continue to be prioritized among all inpatient admissions.

Contractor will be entitled to an offset of any monies owed back to the State if the anticipated Vermont Medicaid days do not meet the required 98% of total target days specified in Section 5.2.a above, under the following conditions:

1. If Contractor had a refusal rate of 7% instead of 8%, then the lower bound overall utilization is -2.25%, not -2.00% from target.
2. If Contractor had a refusal rate of 6% instead of 8%, then the lower bound overall utilization is -2.50%, not -2.00% from target.
3. If Contractor had a refusal rate of 5% instead of 8%, then the lower bound overall utilization is -2.75%, not -2.00% from target.
4. If Contractor had a refusal rate of 4% instead of 8%, then the lower bound overall utilization is -3.00%, not -2.00% from target.
5. If Contractor had a refusal rate of 3% instead of 8%, then the lower bound overall utilization is -3.25%, not -2.00% from target.
6. If Contractor had a refusal rate of 2% instead of 8%, then the lower bound overall utilization is -3.50%, not -2.00% from target.
7. If Contractor had a refusal rate of 1% instead of 8%, then the lower bound overall utilization is -3.75%, not -2.00% from target.
8. If Contractor had a refusal rate of 0% instead of 8%, then the lower bound overall utilization is -4.00%, not -2.00% from target.

### 5.3 APM Year 3

The APM PAYMENT in this contract is a risk sharing arrangement. In APM Year 3, Contractor shall be subject to the following risk corridor.

#### a. Utilization Risk Corridor

The Utilization Risk Corridor is defined as the number of Inpatient Days that wrap around the days that State has committed to purchase on a prospective basis in the APM Year. This corridor will be determined using a percentage threshold above and below the value of prospective purchase days. In APM Year 3, the utilization corridor is 98% to 102% of the total prospective days purchased of 18,615.

- i. The Utilization Risk Corridor, therefore, shall be applied as follows for APM Year 3 and calculations shall be factored into the Year-End Reconciliation.
  1. If the actual number of Inpatient Days utilized by Vermont Medicaid members is between 18,243 and 18,987 then Contractor shall be liable for the costs to serve patients for these days.
  2. If the actual number of Inpatient Days utilized by Vermont Medicaid members is greater than 18,987 during APM Year 3 then the State will reimburse Contractor an additional amount outside of the APM Payment for each day above 18,987 at a rate of \$3,100 per day.
  3. If the actual number of Inpatient Days utilized by Vermont Medicaid members is less than 18,243 during APM Year 3, then Contractor shall reimburse back to the State an amount equivalent to \$3,100 per day for each day below 18,243.
- ii. If during the contract, the State or Contractor determines that the Inpatient Days utilization are 10% or more under the expected utilization as specified in Table 3 of Attachment B, then the Parties shall meet to discuss utilization or costs. Evaluations will occur no less frequently than monthly unless the parties agree to evaluate utilization less

frequently.

- iii. Notwithstanding the provisions above, at the State's sole discretion, Contractor may qualify for an adjustment to the lower boundary of the utilization risk corridor. This adjustment is tied to ensuring that Level 1 admissions continue to be prioritized among all inpatient admissions. Contractor will be entitled to an offset of any monies owed back to the State if the anticipated Vermont Medicaid days do not meet the required 98% of total target of 18,615 or 18,243 days, under the following conditions:
1. If Contractor had a refusal rate of 7% instead of 8%, then the lower bound overall utilization is -2.25%, not -2.00% from target.
  2. If Contractor had a refusal rate of 6% instead of 8%, then the lower bound overall utilization is -2.50%, not -2.00% from target.
  3. If Contractor had a refusal rate of 5% instead of 8%, then the lower bound overall utilization is -2.75%, not -2.00% from target.
  4. If Contractor had a refusal rate of 4% instead of 8%, then the lower bound overall utilization is -3.00%, not -2.00% from target.
  5. If Contractor had a refusal rate of 3% instead of 8%, then the lower bound overall utilization is -3.25%, not -2.00% from target.
  6. If Contractor had a refusal rate of 2% instead of 8%, then the lower bound overall utilization is -3.50%, not -2.00% from target.
  7. If Contractor had a refusal rate of 1% instead of 8%, then the lower bound overall utilization is -3.75%, not -2.00% from target.
  8. If Contractor had a refusal rate of 0% instead of 8%, then the lower bound overall utilization is -4.00%, not -2.00% from target.

## **6. Year-End Reconciliation**

The State will complete a Year-End Reconciliation after the close of each APM Year. Contractor agrees to provide all information necessary, as reasonably identified by the State, to complete the Year-End Reconciliation within 90 days after the end of each APM Year. This includes, adjudicated and approved claims submissions for patients who discharged prior to the end of each APM Year, census information for days for patients who did not discharge by the end of each APM Year, and financial information pertaining to the Level 1 Cost Settlement through the end of each APM Year. If the State reasonably determines that additional information is necessary, Contractor will provide such information. The State's ability to complete the Year-End Reconciliation is dependent on Contractor's timely submission of the necessary information. Any delay in completing the Year-End Reconciliation by the State that results from untimely submissions by Contractor shall not be considered a breach of this contract by the State.

### **a. Level 1 Cost Settlement**

The State shall reimburse Contractor's Reasonable Actual Costs, net of all other revenues, for providing care capacity for 26 Level 1 Beds, in accordance with the requirements of Act 79 (2012). The State and Contractor agree to settle on an annual basis the difference between all revenues and Reasonable Actual Costs as demonstrated by Contractor through audited financial information. If audited financial information is not available for the Level 1 Cost Settlement within 90 days after the end of each APM Year due to timing of the audit and cost report submission, preliminary unaudited financial information may be submitted to State. State will use that information to initiate a Level 1 cost settlement review. Contractor shall submit audited financial information within 150 days for State to confirm or adjust the Level 1 cost settlement

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amount. A final review consistent with Act 79 legislation will be for the fiscal period ending December 31<sup>st</sup> of each year for which this contract is in force.

If, after completion of that review, there is a difference in Reasonable Actual Costs as defined in this contract and actual costs incurred, and the State disallows expenditures, Contractor may request that the State review the disallowed expenditures in accordance with Attachment B, Section 7: Dispute Resolution. If there is a disagreement in Reasonable Actual Costs, as defined in this contract, and actual costs incurred by Contractor, Contractor and the State will work together to determine a revised reasonable actual cost definition.

Upon the completion of the Year-End Reconciliation process, if there is a Medicare claim or cost report adjustment resulting in the recovery of a previous reimbursement, Contractor may reopen the reconciliation process to identify additional costs.

b. Utilization Risk Corridor Reconciliation

The State will complete the Utilization Risk Corridor Reconciliation within 150 days after the close of each APM Year. The calculation of the Utilization Risk Corridor will be conducted utilizing the following information:

- All approved and paid claims submitted by Contractor by March 31<sup>st</sup> following each APM Year; and
- Information as requested by the State provided by Contractor to inform census for Medicaid eligible and Level 1 eligible members in an active Inpatient Day stay at Contractor for which a final claim has not yet been submitted to the State as of March 31<sup>st</sup> after each APM Year, and
- Any monies owed to or by Contractor as a result of the Utilization Risk Corridor reconciliation will be reflected by claims and final census data received by March 31<sup>st</sup> after each APM Year. Claims or additional census data for eligible Inpatient Days during each APM Year received between the annual March 31<sup>st</sup> deadline and the completion of the Year-End Reconciliation may be included at the State's discretion.

c. Combined Settlement

The amounts derived from the application of the Utilization Risk Corridor and the Level 1 cost settlement shall be combined to determine the overall amount owed either to Contractor by the State or to the State by Contractor.

**7. Dispute Resolution**

Contractor may appeal the State's decision to deny, in whole or in part, Reasonable Actual Costs, as defined in this Attachment B, Section 6.a, to the Secretary of the Agency of Human Services. Appeals to the Secretary must be made within 30 days of Contractor receiving a denial of the disallowed expenditures by the State. The AHS Secretary's decision is subject to review pursuant to V.R.C.P. 75. The State shall pay Contractor based on the definition of Reasonable Actual Costs in this contract until there is a final determination of a disallowed expenditure, including a court determination pursuant to V.R.C.P. 75. Upon the final decision, based on the outcome, there will be a settlement payment to Contractor or payback to the State which shall be made within 30 days of the final decision.