**Springfield Hospital**
**FY 2019 Budget Request**
**Narrative**

## 1. Executive Summary

### A) Overview

In FY 2019 Springfield Hospital plans to improve areas that are currently not meeting expectations in FY18. Access to the appropriate care in the appropriate setting for all residents of our service area remains paramount in our planning and our day-to-day operations. Given our difficult payer mix, challenging demographics, economic outlook, the comparatively poor health status of our residents and the ever increasing social challenges (poverty, low educational attainment, drug use, crime, etc.), this represents a formidable challenge.

Comparing the FY 2018 to the FY 2019 budget, there are no substantial changes in programs, labor or operations. Our Average Daily Census for Acute Care patients (Adult & Pediatric, Obstetrics, Swing and Observation Beds) will increase slightly to 18.0 vs. 17.6 (FY18 Projected). The budgeted census for our Distinct Part Psychiatric unit has stabilized and will remain at 6.8 for the FY 2019 Budget, admissions are down slightly but days are up.

We have not obtained all of the growth planned for perioperative services in the current fiscal year. Our budgeted expectations for FY 2019 are up from the FY 2018 budget. The major components of continuing to rebuild surgical services include:

- New urologist incorporated into an established practice
- Orthopedics increasing surgeries compared to Proj 18

The majority of our efforts in areas of mental health and substance abuse take place in our parent organization (Springfield Medical Care Systems, Inc) an FQHC which has LICSW's imbedded in every primary care location in our system.

## B) Health Reform Investments

Springfield Medical Care Systems (SMCS) is an integrated community health system consisting of the SMCS FQHC Network and Springfield Hospital. We are not seeking recognition of any exceptional expenditures relating to health reform in the Springfield Hospital FY 2019 budget. Seeking to positively impact the health status of our residents and prepare for health reform are daily activities within our system and the functions are imbedded in our operations and associated budgets.

Our health reform initiatives are predominantly housed within our FQHC network all locations of which have obtained the highest level advanced practice medical home certification.

The SMCS Community Health Team (CHT) works seamlessly with Springfield Hospital and other service providers with our community to manage and coordinate care, develop and implement systems of care that support population health as opposed to episodic treatment of illness while still managing individual cases and ensuring that access to appropriate services is unfettered. The CHT coordinates with our ED to connect patients that present that have no identified primary care relationship with one of our primary care physicians and our medical home. The CHT is also integrally involved with the discharge planning process at the Hospital to ensure appropriate follow up as needed and successful transitions from the acute side of the continuum to community-based outpatient services.

These efforts, which are spearheaded by our primary care network, are certainly not without cost. Over the last several years we have invested substantially in care coordinators imbedded in our CHC practices and also our centrally located CHT. Unfortunately, many of the associated costs are at best only partially reimbursed under current payment mechanisms. We continue to invest and expand these capacities based upon philosophical commitment but are also highly cognizant of the financial strain placed on our delivery system over the last several years. Given that many of the activities are actually counter intuitive under current reimbursement systems we look forward to payment mechanisms that are aligned with health reform and properly value and reimburse for these efforts. That being said, SMCS leadership has committed regular and active participation on the GMCB ACO Payment Reform Workgroup and holds a Board seat on the Community Health Accountable Care (CHAC) ACO. SMCS attributes its Medicaid Medicare and commercially insured patients enrolled in exchange insurance products to CHAC at this time. This will change if we participate in the All-payer program.

It is extremely challenging to identify the ROI on the health reform investments contained in our 2019 budget.

## C) Overall Budget to Budget Net Patient Revenue Increase

For FY 2019 we are requesting a 5.0% rate increase

From FY 2018 Budget to FY 2019 Budget **our requested Net Patient Service Revenue (NPSR) increase is 1.0%**. This is due to Projected FY18 NPSR not hitting the budgeted target.

The rate increase is necessary to continue to improve our financial position, which deteriorated significantly in FY 2017 and Projected 18. For Budget 2019 we are targeting an Operating Margin of 1.3%, which is well below industry standards but we believe is obtainable. The Operating Margin is needed to continue to provide quality services, fund capital acquisitions, and recruit and retain high quality providers, clinicians and other professionals---all essential elements of meeting community needs. In addition we need to increase day's cash on hand to meet new loan covenants due to refinancing our bond.

We continue to be active in cost containment seeking supply chain savings through our group purchasing arrangement with the New England Alliance for Health (NEAH). We will also push forward identifying savings through the Lean process. We have not included any inflationary factor in our budget except for pharmaceuticals. We are challenging our managers to hedge against inflationary pressures by pushing forward with savings that we have obtained through the "Lean" process and improvements in supply chain management.

a) **Significant changes from the FY 2018 Budget.** As mentioned previously in the *Executive Summary* we have not budgeted for any significant operational changes in FY 2019. We are not anticipating some changes in reimbursements have no planned physician acquisitions and no CONs pending or conceived.

b) **Cost Saving Initiatives.** In FY 2019 we will continue with the Lean re-engineering process to seek to eliminate waste from our system, will also enter our seventh year as a NEAH member where we anticipate continuing to find new savings or at the very least hedge against inflationary pressures and hope to do the same with outpatient drugs through the 340B discount pharmacy program. We have acquired a Staffing Productivity System in order to allow us to better understand our staffing and hopefully gain efficiencies beyond what is budgeted.

**c)** **Increase in Net Patient Service Revenue by Payer Source.** Our budget does not anticipate significant changes in payer mix or service offerings. We are not expanding the clinical scope of what we do but rather seeking to continue to retain a greater percentage of cases/services that we feel are clinically appropriate to perform in the community hospital setting and doing so in a high quality and cost-effective manner. As it pertains to NPSR, our payments as a percentage of our charges still continue to deteriorate as payment updates do not keep pace with our rate increases.

**Revenue Assumptions: Medicare**. The FY 2019 budget assumes that we will continue to be reimbursed at cost minus 1% by the Medicare program for inpatient and outpatient services. We are not budgeting for Medicare Meaningful Use reimbursement in FY 2019. Our FY 2019 Budget does not include the impact of any prior year Medicare settlement activity; however, it does anticipate that our Vermont

Medicaid provider tax assessment ($3.6M) will continue to be a non-reimbursable expense.

**Revenue Assumptions: Medicaid.** We have not included:

**1)** A payment increase estimate in our Budget,
**2)** An increase in Medicaid Primary Care or Blue Print payments (which are recorded by our FQHC network in any case) nor
**3)** Any revenues associated with shared savings programs

We have included the increase in DSH payments (approx. $150k) for FY 2019

i. **Revenue Assumptions: Commercial/Self Pay/Other.** As more payment mechanisms are moved to prospective methodologies which do not recognize the full amount of our rate increase, our collection percentages will continue to decline. We have experienced favorable budgetary variance in FY 2018 in relation to Uncompensated Care but expect this to increase in FY19. As a factor of Gross Revenue Bad debts are budgeted at 3.5% vs. 3.7% Bud 2018 and Charity Care is budgeted at 2.23% vs. 2.0% for Bud 2018

**D) Rate Request**

We have asked for a 5.0% rate increase this year compared to a 6.5% rate increase for FY 2018.

**E) Capital Budget Investments**

1) 1) Our FY 2019 Capital Budget of $1.14M is very modest with no single item or projects in excess of $500K We are discussing replacing our nuclear camera in the next few years at a cost of $850,000.We have no CONs in the works or in the pipeline.

**F) All Outpatient Visits**

Outpatient visits are expected to remain stable

**2. Payment and Delivery Reform**

A. The hospital has signed on with One Care Vermont for all three areas of the All payer Model. Medicare and Medicaid are providing FPP Blue Cross is not at this time.
B. The FPP payment we expect to receive is $11,260,000
C. The maximum upside and downside risk is $1 million
D. We have not accounted for the risk in any way, it appears that we might be in line for savings but it is too soon to make that determination. The conservative approach for now is to accrue nothing. We have been ahead of the majority of the state in how we provide Primary Care Services and do not anticipate changing anything other than some quality measures as dictated by the ACO.

**3. Community Health Needs Assessment (CHNA)**

# Springfield Medical Care Systems
# 2016 Community Health Needs Assessment - Update 6-1-18

## MENTAL HEALTH / SUBSTANCE ABUSE

• An AIMS grant was received; Dr. Miller of The Windham Center is visiting office practice locations to educate staff on mental health, addiction, treatment options, June-July 2018.

• SMCS participated in awareness events including “The Importance of Hope” in Rockingham and is planning a similar event with stakeholders in Springfield.

• SCMS continues to facilitate the Collective Impact group on Initiation and Engagement in treatment.

• SMCS continues to host weekly syringe exchange services that includes screening for HIV and HCV and outreach for enrollment in substance use treatment.

• Since 10/1/17, SMCS has held 3 tobacco cessation courses (4 classes in each)

• SMCS participates in the collective impact "Project Action" initiative with representatives on its Prevention, Treatment and Recovery subcommittee.

• Information on VDH safe storage and disposal of unused medication is displayed and available at all SMCS practice sites

• SMCS promotes participation in WRAP and a full menu of self-management programs through social media, mailings and community meeting promotions.

• The Director of The Windham Center for Psychiatric Care offers an outreach program to help reduce stigma around behavioral health services.

• SMCS and HCRS participate and collaborate on the ACO core team.

• SMCS and HCRS share a "behavioral health care coordinator" position since 10/2017.

• Community Collaborative workgroup on access to behavioral health is convened and is identifying focus areas to target interventions to improve Behavioral Health access.

• SMCS secured approval from HRSA to add Springfield schools as FQHC access points where behavioral health, primary care and dental services will be provided.

• Our PA-C at Ludlow Health Center is now DEA certified for Suboxone Therapy (MAT). A workgroup has been formed to develop an expansion plan for MAT services.

• Expedited treatment for pregnant women is now in practice. Upon visit to The Women's Health Center, they are immediately connected to behavioral health services.

• As part of a SAMHSA grant shared by HCRS and SMCS BH and Primary Care Services are being integrated across organizations including outreach to Springfield schools.

• SMCS is working with local providers on improved follow up care post ED visits related to mental health.

• SMCS convenes and facilitates area Adverse Childhood Experiences (ACEs) group. Work is ongoing for public awareness and events.

## OBESITY

• Our Lifestyle Medicine Program is now operational with patients being accepted in Ludlow and Springfield health center locations.

• As part of our Lifestyle Medicine Program, an 8-week Employee Health Improvement Program is being pilot tested at SMCS, with plans to develop the program and offer to area employers. Begins July 2018.

• Health Coaching is also now available, in collaboration with the Edgar May Health & Recreation Center, using RX for Exercise and to support our Lifestyle Medicine Program.

• "Move to Improve", in collaboration with SMCS Community Health Team and Edgar May Health & Recreation Center offers weekly classes in two locations.

• Continuous quality improvement work for obesity and co-morbid conditions of diabetes and heart disease is ongoing. Plan, Do, Study, Act (PDSA) cycle pilot at Springfield Health Center is in process to determine readiness for change as part of standard screening, and then refer patients to appropriate resources.

• Walk With a Doc program implemented early in 2018 with monthly walks in the community and doctors and health topics for discussion varying by month.

## ORAL HEALTH

- A mobile dental unit is not financially feasible at this time.

- A regional dental center is being developed in Chester and expected to be operational by no later than December 2018.

- All SMCS hygienists are trained for sealants and silver diamine.

- Guide to Fluoride Levels in Public Water Systems distributed to health center locations.

- Dental hygienist in area school systems has been implemented and highly successful. A total of 16 schools visited to date, and will expand to day care centers in the summer 2018.

- Grant funding opportunities are being explored on an ongoing basis. Stratton Foundation funded Wardsboro, VT and New Brook School hygienist program in Newfane, VT.

- Fluoride varnish offered in Pediatrics and Family Medicine location. Further rollout is ongoing.

- Financial assistance program brochures produced and placed at every point of entry. Information also distributed in welcome kits and advertised.

- SMCS participates in monthly regional oral health meetings.

**Response to Question 4 Narrative Instructions Quality**

Springfield Medical Care Systems' model of care includes a federally qualified community health center with locations in 9 communities; specialty services including general surgery, urology, oncology, ENT, cardiology, plastic surgery, orthopedics, dental and women's health; the Windham Center psychiatric services, Springfield Hospital and Emergency Department. Together these services are joined together under one organizational umbrella working closely with our established Community Health Team of community and regional service partners to provide a truly unique collaborative system of care allowing our patients the ability to receive well-coordinated care through their Medical Home.

| **APPENDIX IV** | | | | |
|---|---|---|---|---|
| **All-Payer Model Quality Measures: Regional Performance Results** | | | | |
| **1. Vermont All-Payer Model Quality Measures by Hospital Service Area** | | | | |
| **Table 1a: Blueprint Profiles – Blueprint-Attributed Vermont Residents (2016)** | **Statewide rate** | **SH-Blueprint 2016** | **Performance Improvement Focus** | **Goal** |
| Percentage of Medicaid adolescents with well-care visits | 50% | 49% | Community education; Community health team; Access to primary care; school dental program. | Increase adolescent well care visits. |
| Initiation of alcohol and other drug dependence treatment | 36% | 31% | Community education; promote access to mental health and social service programs now available at each Primary Care practice; Windham Center inpatient psychiatric care, outpatient psychiatric program. | Increase access to early alcohol and drug treatment. |
| Engagement of alcohol and other drug dependence treatment | 17% | 13% | Community education; Community health team; Increase access to programmed treatment. | Increase access to early alcohol and drug treatment. |
| 30-day follow-up after discharge for mental health | 68% | 68% | HBIBPS data demonstrates 97% of Windham Center psychiatric patients have a continued plan of care transmitted to the next level of care. Increased access to out - patient mental care services by group and individually through local access at each Primary Care practice. | Communicate plan of care and schedule follow up care within 30 days of discharge. |

| | | | | |
|---|---|---|---|---|
| 30-day follow-up after discharge for alcohol or other drug dependence | 27% | NA | Plan of care development with scheduled follow up within 30 days of discharge | Communicate plan of care and schedule follow up care within 30 days of discharge. |
| Diabetes HbA1c poor control (part of Medicare composite measure) (lower score is better) | 10% | 9% | Community education; Community Health Team; Diabetic Education; Nutritional counseling; Wellness coaching. | Provide community diabetic education and access to diabetic care and maintain poor control to less than 9%. |
| Controlling high blood pressure (part of Medicare composite measure) | 67% | 67% | Community education; Community Health Team; Diabetic Education; Nutritional counseling; Wellness coaching. | To increase patients population with controlled blood pressure to <140/90. |
| Appropriate asthma medication management (75% compliance) | 52% | 57% | UDS data demonstrates SMCS performance for providing appropriate asthma medication at 93% (2017) compared to state rate of 89% and USA at 87% (2016); Community Education, Community Health Team; Access to PCP; Asthma education; Nutrition counseling; Wellness coaching. | Increase the appropriate use of medications for Asthma. |
| **Table 1b: Behavioral Risk Factor Surveillance System Survey – Respondents to Survey of Random Sample of Vermont Residents (2016)** | | | | |
| Percentage of adults reporting that they have a usual primary care provider | 88% | 87% | Community education; Primary Care access in all of our service area communities; Follow up PCP appointments post ED and hospitalization; Community health team | Assure ready access to care. Assure complete patient record is available to each PCP. |
| Prevalence of chronic disease: COPD | 6% | 7% | Community education, Primary Care access in all of our service area communities; Follow up PCP appointments post ED and hospitalization; community health team; utilization of standards of care; Individualized plan of care. | Education patient population to reduce risk. Appropriately manage symptoms of COPD. |

| | | | | |
|---|---|---|---|---|
| Prevalence of chronic disease: Hypertension | 25% | 31% | Community education, Primary Care access in all of our service area communities; Follow up PCP appointments post ED and hospitalization; community health team; Utilization of standards of care; Individualized plan of care. | To increase patients population with controlled blood pressure to <140/90. |
| Prevalence of chronic disease: Diabetes | 8% | 11% | Community education, Primary Care access in all of our service area communities; Follow up PCP appointments post ED and hospitalization; community health team; Utilization of standards of care; Individualized plan of care. | Provide community diabetic education and access to diabetic care and maintain poor control to less than 9%. |
| **Table 2a: Blueprint for Health Hub and Spoke Profiles - All Vermont Residents Utilizing Services (2016)** | | | **Performance Improvement** | |
| # per 10,000 population ages 18-64 receiving Medication Assisted Treatment for opioid dependence | 6110 (155.4) | NA | Increased mental health and social service program on site in each clinic practice, Windham Center inpatient psychiatric care, outpatient psychiatric program development. | Decrease opioid prescriptions. Provide appropriate alternatives for pain management. |
| **Vermont Department of Health Vital Statistics Data - Vermont deaths by county of residence (2017 – released 3/16/18)** | | | **Performance Improvement** | |
| Deaths related to drug overdose | 122 (2.2) | NA | Increased mental health and social service program on site in each clinic practice, Windham Center inpatient psychiatric care, outpatient psychiatric program development. Community education. | Provide community education to raise awareness of symptoms of drug overdose, at risk behaviors and available effective treatments. |

| **3. Vermont All-Payer Model Quality Measures by Hospital** | | | **Performance Improvement** | |
|---|---|---|---|---|
| Rate of Growth in number of mental health and substance use-related use | 6% | 11% | Increased mental health and social service program on site in each clinic practice; Windham Center inpatient psychiatric care, outpatient psychiatric program development. Community education. | Provide community education to raise awareness of symptoms of drug overdose, at risk behaviors and available effective treatments. |

**#5 Mental Health**

We have 10 inpatient psychiatric beds at the Windham Center for Psychiatric Care. Windham Center is a Designated Hospital. We do not admit Level I patients. We do care for patients with co-occurring substance and psychiatric disorders.

FY17 91 psychiatric patients were in the ED greater than 24 hours 317 patient days

FY18YTD 116 psychiatric patients in the ED greater than 24 hours 367 patient days

Average time for a patient waiting in the ED for a mental health bed:

FY17 3.5 days

FY18YTD 3.2 days

Range of time a patient has spent waiting for a mental health bed:

This data is for patients being held 24 hours or more.

2017 24 hours to 15 days

2018YTD 24 hours to 8 days

Programs/Initiatives:

Mental health patients waiting in the ED for a bed are seen by a mental health provider.

Rapid Access Clinic for patients needing an appointment as they are discharged from the medical or psychiatric inpatient beds.

Most of the following occur in the local FQHC

LICSW in each primary care practice.

Consultation service by psychiatrists to assist PCP's in managing medications for mental health patients.

Beginning implementation of an ECT program.

Outpatient substance use disorder treatment.

Consultation to Hospitalists for mental health patients on the medical/surgical floor for managing medications, etc.

6. **Patent access:** wait times for all specialists in the hospital are essentially zero, any patient can be seen the same day. All other providers are located in the local FQHC.

7. **Substance use disorder programs:** All SUD, MAT and other therapy programs are housed in the local FQHC.

8. **Health Reform Investments:** No separate ask was included in the FY19 budget for reform activities Most of these activities are included in the local FQHC.

9. **Reconciliation:**

**Income:** across the board this has been a big miss, inpatient revenue is expected to be down approximately $3.5 million, outpatient down almost $4 million and specialty physician practices down a million. Inpatient days are actually up but the patient mix is heavily weighted towards medical rather than surgical patients resulting in less revenue per patient day. Outpatient and specialty are mainly due to ortho not meeting expectations which also results in less surgery (and less surgical supplies – implants).

**Adjustments:** Contractuals flexed down as well following revenue, bad debts are projected up slightly (250k) and charity is down approximately $400K.

**Other Operating Revenue:** essentially on budget

**Expenses:**

Wages: down $460k due to open positions and flexing down when possible

Physician Fees: up $1.7M due to locum expenses

Employee Benefits: up $1.2M due to self- insurance claims

Medical Supplies: down $800K due to volume

Drugs: down approximately $100K due to volume

Travelers: up almost $300K due to open positions

Depreciation: down $280K due to cutting back on capital purchases

Interest: up $60K, interest rate changes

Insurance: essentially on budget

Provider tax: expense adjusted to 6% of NPSR

Mgmt & Contracted Services: down $100K due to expense reduction efforts

Other Purchased Services: essentially on budget

Other expenses: down $835K due to expense reduction efforts

**Income from Operations:** $1.96M due to all of the above

**Non Operating Income:** down $905K due to additional support for the local FQHC

**10. Budget to budget growth:** to begin with I believe most of these numbers are available or easily extractable from the budget submission spreadsheets.

A.i. NPSR increase is 1%

ii. there are no CON's or physician acquisitions budgeted or planned, the only reimbursement changes are related to the cost report impact on Medicare.

iii. Cost savings include replacing some (2-3) anesthesia physicians with CRNA's which will save $200K per physician replaced annually, replacing a hospitalist physician with a nurse practitioner for an annual savings of $100K.

iv.a. Medicare changes are solely related to cost report impact with Medicare increasing the per diem payments for inpatient from $1943.77 to $2040.99 and outpatient percentage from 33% to 36%

b. Medicaid – no changes other than DSH payments

c. Commercial – BC will increase reimbursement 3%

v. See attached table

**B. Expenses**

i. see table 2 attached

ii, iii. Again we are replacing some anesthesia physicians with CRNAs, one hospitalist physician with a nurse practitioner. We are also reviewing all contracts and have identified several areas of savings, the largest one is a copier contract that will result in approximately $100K in savings. We have budgeted a 3% across the board wage increase to keep us competitive in the market place. Please see section 1C, D and E for more information.

Iv See attached table

**11. Bad Debt**

A. $310,172 amount of bad debt prior to FY2016, this is not reflected in FY17's bad debt expense and shouldn't be.

B. Collection agency is RCMC

C. With our collection agency you can select several different levels of collection efforts. We select the softest approach offered.

**12. Rate Request**

A. As stated previously we are requesting a 5% rate increase. We prepare our budget with no rate increase initially, we then compare the gap between expenses and NPSR and cut expenses where reasonable and calculate what level of rate increase will give us a bottom line that is reasonable.

B. Rate increase applies to all payers

**13. Fy2017letter** N/A

**14 Capital** there are no CON's requested, no major projects just routine updates and replacements

**15, technical Concerns:** It seems that a vast majority of the narrative information requests are easily extracted from the GMCB spreadsheets that we fill out. There seems to be a major duplication of effort.

**Salary Information:**

A. See attached table
B. We do not have a policy
C. i. Outside consultant for executive comp is Arthur J Gallagher and Company

   ii. MGMA

   iii. We attempt to fall in the 50% range of MGMA

   iv. 50% of MGMA for providers, no target for staff, we do in state surveys randomly for specific areas (ie lab, M/S nursing etc) and try to stay competitive, executive comp is at the lower end of VT specific comp

**Organizational Structure:** Springfield Medical Care Systems (which include an FQHC) is the parent of Springfield Hospital. No other companies other than these two.

**Health Care Advocate Questions**

1a. See organization structure in GMCB narrative

b. Yes, paid by SMCS

c. No

2. a. There is an RVU based incentive for specialists. There are no incentives for any other staff.

b. Yes

3. We are a fee for service hospital

4. Please see GMCB answers to mental health questions above.

5 a. A few years ago we remodeled our emergency department and created two beds that we away from the main activity in the ED to keep patients from becoming agitated. All other initiatives are handled in the local FQHC.

b. c. d. Please see GMCB answers to mental health questions above.

6. Please see GMCB answers to mental health questions above.

7. a. Financial risk will be handled with reserves

b. $1 million

i. We will draw down reserves

ii. See above

iii See answers to quality questions in the GMCB narrative

8. These efforts are handled in the local FQHC at the moment

9 Policy attached

a. i. 814

ii 814

iii 804

iv 10 over income limits

v .27%

b. See policy

10. We do not track CMI

Cost per adjusted admission (this information is available in the GMCB spreadhseets)
2014 6983
2015 6158
2016 5636
2017 5883
2018 6250
2019 6561

Discharges
2014 2090
2015 2168
2016 2066
2017 2075
2018 2134
2019 2175

11. To me the cost shift is really a hidden tax on people with commercial insurance, Medicare and Medicaid are notorious under payers. If they came close to paying their fair share commercial rates could be much lower. That being said I agree with BC.

12. We have submitted nothing in this area

| | A | B | C | D | E |
|---|---|---|---|---|---|
| 1 | **Provide Headcount & Box 5 Wages from 2017 W2s** | | | **Employer Portion (allocation method allowed):** | |
| 2 | Salary Range | Total # of Staff | Total Salaries (includes incentives, bonuses, severance, CTO, etc.) | Health Insurance Coverage | Retirement Contributions |
| 3 | $0 - $199,999 | 494 | 18,208,124 | 3,044,974.19 | 732,600 |
| 4 | $200,000 - $299,999 | 8 | 1,879,206 | 49,311.32 | 41,600 |
| 5 | $300,000 - $499,999 | 5 | 1,854,123 | 30,819.58 | 26,500 |
| 6 | $500,000 - $999,999 | 1 | 622,056 | 6,163.92 | 5,300 |
| 7 | $1,000,000 + | - | - | - | |

Table 1A:

NPR Bridges - FY 2018 Approved Budget to FY 2019 Proposed Budget

**This form doesn't work, should have started with Gross and worked down to NPR, not start at NPR and work your way back down to NPR**

**The only numbers that are actual are bad debt and DSH, the rest are plugs and it just doesn't work**

| NPR | Total | % over/under | Medicare | Medicaid-VT | Medicaid-OOS | Commercial-Maj | Comm - Self/Sml | Workers Comp |
|---|---|---|---|---|---|---|---|---|
| FY 18 Approved Budget | $ 59,375,198 | | $ - | $ - | $ - | $ - | $ - | $ - |
| | | | | | | | | |
| Commercial Rate | 6,420,512 | | | | | | | |
| Rate - Non Commercial | | | | | | | | |
| Utilization | (1,761,038) | | | | | | | |
| Reimbursement/Payer Mix | (4,354,980) | | | | | | | |
| Bad Debt/Free Care | 139,753 | 2.0% | | | | | | |
| Physician Acq/Trans | | | | | | | | |
| Changes in Accounting | | | | | | | | |
| Changes in DSH | 177,508 | 21.0% | | 117,508 | | | | |
| Other (please label) | | | | | | | | |
| Other (please label) | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| FY 19 Budget | $ 59,996,953 | | $ - | $ 117,508 | $ - | $ - | $ - | $ - |

Table 1B:

**we track gross revenue by dept not NPR by dept**

| NPR | 2018 NPR | 2019 Before Rate | Vol/Mix | Variance | 2019 NPR | Impact of Rate |
|---|---|---|---|---|---|---|
| | $ - | | $ - | $ - | $ - | $ - |
| Major NPR Contributors | | | | | | |
| Imaging | | | | | | |
| Perioperative & Anesthesia | | | | | | |
| Physician Practices | | | | | | |
| Lab | | | | | | |
| Drugs & IV Therapy | | | | | | |
| Emergency | | | | | | |
| Med/Surg/SCU | | | | | | |
| Medical/Surgical supplies | | | | | | |
| ER & Hospitalist Physicians | | | | | | |
| Birthing Center | | | | | | |
| Clinics | | | | | | |
| Rehabilitation Services | | | | | | |
| Other (please label) | | | | | | |
| Other (please label) | 0 | | 0 | 0 | 0 | 0 |
| | $ - | | $ - | $ - | $ - | $ - |

Table 2:

FY 2018 Approved Expenses to Budget FY 2019

| Expenses | Amount | % over/under |
|---|---|---|
| FY 18 Approved Budget | | |
| New Positions | 300,000 | |
| Inflation Increases | | |
| Salaries | (284,453) | -1.00% |
| Fringe | 432,000 | 3.00% |
| Physician Contracts | 432,600 | 5.00% |
| Contract Staffing | 196,000 | 53.99% |
| Supplies | (51,000) | -2.00% |
| Drugs | 30,400 | 2.00% |
| Facilities | | |
| IT Related | | |
| Health Reform Programs | | |
| Depreciation | (214,000) | -11.00% |
| Interest | 86,000 | 16.00% |
| Health Care Provider Tax | 37,000 | 1.00% |
| management and Contr Services | (343,000) | -6.00% |
| All Other | 224,000 | 3.07% |
| Cost Savings | | |
| FY19 Budget | $ 845,547 | |

| Administration<br>Patient Financial Services<br>Adminstrative | |
|---|---|
| Name: | FINANCIAL ASSISTANCE POLICY |
| Start Date: | 01/19/2010 |
| Approval Date: | 01/26/2018 |

**Policy Body**

# FINANCIAL ASSISTANCE POLICY

## I. OVERVIEW:

Springfield Medical Care Systems (SMCS) is a non-profit healthcare corporation serving portions of Windsor and Windham Counties, Vermont and portions of Sullivan and Cheshire Counties, New Hampshire. SMCS operates the SMCS Community Health Center (CHC) network which provides primary and preventative care at community health center locations dispersed throughout the service area. A subsidiary of SMCS, Springfield Hospital, (with campuses in Springfield and Bellows Falls, VT) provides acute care services, including mental health, and also operates specialty physician practices.

SMCS is committed to meeting the needs of the residents of its defined service area regardless of insurance status or ability to pay. Under no circumstances would SMCS withhold emergent medical care to any individual based upon insurance status, ability to pay or any other criteria.

## II. SCOPE AND PURPOSE:

A. To specify the criteria for identifying individuals that are eligible to receive services rendered by SMCS either free of charge (i.e.: 100% discount) or at partially discounted rates.
B. Patients qualifying under the Financial Assistance Policy (FAP) will be exempt from liability for the determined discount.
C. The FAP applies Federal Poverty Guidelines, updated annually, adjusted for household size, to identify patients with a documented inability to pay for either the entirety or for a portion of the services rendered. Individuals that receive a partial discount are liable for balances not discounted and will be subject to collection efforts by SMCS for the balance due after discount.
D. The FAP does not apply to elective or cosmetic services or services that are not medically necessary. Patients are encouraged to inquire prior to the rendering of services as to whether or not a service qualifies for the FAP.

## III. GENERAL REQUIREMENTS:

A. Financial assistance will be granted only after the submission of a signed application for financial assistance by the patient, relative, legal guardian, power of attorney, or SMCS

Patient Financial Counselor with written authorization from the patient. The application must be received by SMCS within thirty (30) days of the furnishing of the application.

B. There is no residency requirement for medical services provided by the SMCS community health center network (CHC)including dental services and ophthalmology services.
   1. In order to be eligible for financial assistance for the 340B prescription drug program, applicants must have selected the CHC as their primary care provider or reside in one of the following Vermont towns: Andover, Athens, Baltimore, Cavendish, Chester, Grafton, Jamaica, Landgrove, Londonderry, Ludlow, Mt. Holly, Peru, Plymouth, Reading, Rockingham (Bellows Falls) Springfield, Stratton, W.Windsor, Weathersfield, Westminster, Weston, Windham, and Winhall or NH towns of Acworth, Alstead, Charlestown, Langdon and Walpole.

*See attachment A for the SMCS medical and pharmacy discount schedule, attachment B for the Springfield Hospital medical discount schedule, attachment C for the SMCS dental discount schedule

C. In order to be eligible for financial assistance for services provided by Springfield Hospital, the patient/guarantor must be a resident of the State of Vermont, or Sullivan or Cheshire Counties in New Hampshire. Applicants who reside outside Vermont or the indicated New Hampshire counties, and who have been deemed eligible for assistance for CHC services, may also be deemed eligible for Springfield Hospital assistance.

D. Neither SMCS or its agents shall pursue collection actions against patients for amounts qualifying for financial assistance.
   1. Springfield Hospital will not charge eligible patients more for emergency or other medically necessary services than the amount generally billed (AGB) to patients who have Medicare. The amount generally billed (AGB) is calculated based on the percentage of what Medicare allows for services billed in a 12 month period. The percentage calculated will be multiplied times the total charges on the claim to arrive at the AGB. See sample methodology attached.
   2. Patient balance will hit the self -pay category on discharge if the patient is uninsured or after insurance has processed and a statement is then generated.
   3. Statements will contain contact information regarding inquiries for financial assistance and budget payments.
   4. Patient accounts may be sent to a collection agency for unpaid balances greater than 120 days and the patient has not applied for financial assistance.
   5. Credit bureau reporting can begin for unpaid balances greater than 240 days or for incomplete financial assistance applications.

E. Applicants may qualify for financial assistance under the following circumstances.

   1. Federal Poverty Guidelines: The patient's and/or guarantor's income is equal to or less than the current approved SMCS income poverty guidelines included in the attachments to this policy and there are no other assets available to the patient which could be used in the settlement of Springfield Hospital charges only. A principal residence generally would not be considered an available asset in this regard. Springfield Hospital allows savings of up to $10,000 for burial expense.
   2. Medicare Beneficiaries: Deductibles and coinsurances due from Medicare beneficiaries can be eligible for discount under the FAP assuming the patients submits an application and qualifies.
   3. Medicaid Beneficiaries: Coinsurances due from Medicaid beneficiaries qualify for

FAP. A Medicaid beneficiary need not complete a FAP application in order for coinsurances to qualify.

4. Extenuating Circumstances: Accounts that fall outside of the established SMCS guidelines but involve extenuating circumstances can be approved by the Director of Patient Business Services in consultation with the Chief Financial Officer.

F. A patient who applies for financial assistance will receive a written notice of the determination of SMCS within 30 days of submission of the written application and all required supporting documentation.

G. Once SMCS determines the patient to be eligible for financial assistance, this determination MAY be in effect for 1 year from the date of the initial determination. If approved for financial assistance, any and all changes regarding income, insurance status, family size, etc. must be reported to SMCS.

H. SMCS shall not discriminate on the basis of race, color, national origin, ethnicity, religion, creed, sex, sexual orientation or age (for any persons beyond the age of majority) in its application of policies concerning the acquisition and verification of financial information, and eligibility for financial assistance.

I. The patient and/or guarantor must cooperate fully with SMCS to explore and obtain all possible alternative insurance coverageJ. The patient and/or guarantor are encouraged to maintain coverage through New Hampshire Medicaid or Vermont Medicaid.

## IV. CRITERIA FOR NOTIFICATION AND ASSISTANCE OF THE AVAILABILITY OF FINANCIAL ASSISTANCE.

### A. NOTIFICATION:

1. Patients will be made aware of the availability of the Financial Assistance Policy through the posting of signs in all registration areas throughout SMCS and in the Patient Business Services offices located at 100 River Street, Springfield, VT.
2. SMCS shall make available copies of the Financial Assistance Policy application at any and all registration areas where patients access SMCS services.
3. On an Inpatient admission that occurs outside the hours of operation of the registration department, the admitting office will be responsible for delivering the application to the patient the following day or as soon as possible.
4. SMCS will attempt to inform the public of its Financial Assistance Policy through the SMCS website (www. SpringfieldMed.org) and/or use of public announcements paid advertising, etc.

### B. ASSISTANCE:

SMCS will assist all patients with the completion of an application for Financial Assistance and whenever possible with applications for other programs such as Medicaid, Medicare Part D, etc. A patient may obtain confidential and compassionate assistance at:

1. The SMCS Patient Business Services offices located at 100 River Street, Springfield, VT or by calling (802) 886-8950.
2. Valley Health Connections – Through an arrangement with SMCS assistance with applications is available through Valley Health Connections located at 268 River Street, Springfield, VT or by calling (802) 885-1616.

It is preferable that applicants call in advance and make an appointment and that they

arrive with all requested documentation and the application completed to the best of their ability in advance.

## V. DOCUMENTATION AND AUDIT:

1. Each financial assistance application shall be accompanied by patient documentation of all efforts made by SMCS to determine eligibility.
2. Financial Assistance application documentation shall be kept on file for a period of 5 years. After 5 years all paperwork will be permanently destroyed.

## VI. DECISION OF ELIGIBILITY FOR FINANCIAL ASSISTANCE:

Patient Business Services will make the initial determination of eligibility for financial assistance using the above policy. This information will be recorded in writing in the appropriate section of the application forms.

Patient Financial Counselors will submit any applications for extreme hardship that fall outside the guidelines to the Director of Patient Business Services and/or the SMCS Chief Financial Officer to make the final determination on eligibility. An attestation may need to be provided by the applicant.

## Attachment B - SPRINGFIELD HOSPITAL MEDICAL DISCOUNT SCHEDULE

| Family # | 60060 100% FPG Patient Pays Zero | | 60061 120% of FPG Patient Pays Zero | | 60062 140% FPG Patient Pays Zero | | 60063 160% FPG Patient Pays Zero | | 60064 180% FPG Patient Pays Zero | | 60065 200% FPG Patient Pays Zero | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | From | To | From | To | From | To | From | To | From | To | From | To |
| 1 | 0 | $11,880 | $11,881 | $ 14,256.00 | $ 14,257.00 | $ 16,632.00 | $ 16,633.00 | $ 19,008.00 | $ 19,009.00 | $ 21,384.00 | $ 21,385.00 | $ 23,760.00 |
| 2 | 0 | $16,020 | $16,021 | $ 19,224.00 | $ 19,225.00 | $ 22,428.00 | $ 22,429.00 | $ 25,632.00 | $ 25,633.00 | $ 28,836.00 | $ 28,837.00 | $ 32,040.00 |
| 3 | 0 | $20,160 | $20,161 | $ 24,192.00 | $ 24,193.00 | $ 28,224.00 | $ 28,225.00 | $ 32,256.00 | $ 32,257.00 | $ 36,288.00 | $ 36,289.00 | $ 40,320.00 |
| 4 | 0 | $24,300 | $24,301 | $ 29,160.00 | $ 29,161.00 | $ 34,020.00 | $ 34,021.00 | $ 38,880.00 | $ 38,881.00 | $ 43,740.00 | $ 43,741.00 | $ 48,600.00 |
| 5 | 0 | $28,440 | $28,441 | $ 34,128.00 | $ 34,129.00 | $ 39,816.00 | $ 39,817.00 | $ 45,504.00 | $ 45,505.00 | $ 51,192.00 | $ 51,193.00 | $ 56,880.00 |
| 6 | 0 | $32,580 | $32,581 | $ 39,096.00 | $ 39,097.00 | $ 45,612.00 | $ 45,613.00 | $ 52,128.00 | $ 52,129.00 | $ 58,644.00 | $ 58,645.00 | $ 65,160.00 |
| 7 | 0 | $36,730 | $36,731 | $ 44,076.00 | $ 44,077.00 | $ 51,422.00 | $ 51,423.00 | $ 58,768.00 | $ 58,769.00 | $ 66,114.00 | $ 66,115.00 | $ 73,460.00 |
| 8 | 0 | $40,890 | $40,891 | $ 49,068.00 | $ 49,069.00 | $ 57,246.00 | $ 57,247.00 | $ 65,424.00 | $ 65,425.00 | $ 73,602.00 | $ 73,603.00 | $ 81,780.00 |

| Family # | 60066 220% of FPG Patient Pays 10% | | 60067 240% FPG Patient Pays 20% | | 60068 260% FPG Patient Pays 30% | | 60069 280% FPG Patient Pays 40% | | 60070 300% FPG Patient Pays 50% | | >300% FPG Patient Pays 100% | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | From | To | From | To | From | To | From | To | From | To | From | To |
| 1 | $ 23,761.00 | $ 26,136.00 | $ 26,137.00 | $ 28,512.00 | $ 28,513.00 | $ 30,888.00 | $ 30,889.00 | $ 33,264.00 | $ 33,265.00 | $ 35,640.00 | $ 35,641.00 | + |
| 2 | $ 32,041.00 | $ 35,244.00 | $ 35,245.00 | $ 38,448.00 | $ 38,449.00 | $ 41,652.00 | $ 41,653.00 | $ 44,856.00 | $ 44,857.00 | $ 48,060.00 | $ 48,061.00 | + |
| 3 | $ 40,321.00 | $ 44,352.00 | $ 44,353.00 | $ 48,384.00 | $ 48,385.00 | $ 52,416.00 | $ 52,417.00 | $ 56,448.00 | $ 56,449.00 | $ 60,480.00 | $ 60,481.00 | + |
| 4 | $ 48,601.00 | $ 53,460.00 | $ 53,461.00 | $ 58,320.00 | $ 58,321.00 | $ 63,180.00 | $ 63,181.00 | $ 68,040.00 | $ 68,041.00 | $ 72,900.00 | $ 72,901.00 | + |
| 5 | $ 56,881.00 | $ 62,568.00 | $ 62,569.00 | $ 68,256.00 | $ 68,257.00 | $ 73,944.00 | $ 73,945.00 | $ 79,632.00 | $ 79,633.00 | $ 85,320.00 | $ 85,321.00 | + |
| 6 | $ 65,161.00 | $ 71,676.00 | $ 71,677.00 | $ 78,192.00 | $ 78,193.00 | $ 84,708.00 | $ 84,709.00 | $ 91,224.00 | $ 91,225.00 | $ 97,740.00 | $ 97,741.00 | + |
| 7 | $ 73,461.00 | $ 80,806.00 | $ 80,807.00 | $ 88,152.00 | $ 88,153.00 | $ 95,498.00 | $ 95,499.00 | $ 102,844.00 | $ 102,845.00 | $ 110,190.00 | $ 110,191.00 | + |
| 8 | $ 81,781.00 | $ 89,958.00 | $ 89,959.00 | $ 98,136.00 | $ 98,137.00 | $ 106,314.00 | $ 106,315.00 | $ 114,492.00 | $ 114,493.00 | $ 122,670.00 | $ 122,671.00 | + |

**For families with more than 8 persons, add $4,160 for each additional person**

2/11/2016

## Attachment B - SPRINGFIELD HOSPITAL MEDICAL DISCOUNT SCHEDULE

| Family # | 60040 100% FPG Patient Pays Zero | | 60041 120% of FPG Patient Pays Zero | | 60042 140% FPG Patient Pays Zero | | 60043 160% FPG Patient Pays Zero | | 60044 180% FPG Patient Pays Zero | | 60045 200% FPG Patient Pays Zero | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | From | To | From | To | From | To | From | To | From | To | From | To |
| 1 | 0 | $12,060 | $12,061 | $ 14,472.00 | $ 14,473.00 | $ 16,884.00 | $ 16,885.00 | $ 19,296.00 | $ 19,297.00 | $ 21,708.00 | $ 21,709.00 | $ 24,120.00 |
| 2 | 0 | $16,240 | $16,241 | $ 19,488.00 | $ 19,489.00 | $ 22,736.00 | $ 22,737.00 | $ 25,984.00 | $ 25,985.00 | $ 29,232.00 | $ 29,233.00 | $ 32,480.00 |
| 3 | 0 | $20,420 | $20,421 | $ 24,504.00 | $ 24,505.00 | $ 28,588.00 | $ 28,589.00 | $ 32,672.00 | $ 32,673.00 | $ 36,756.00 | $ 36,757.00 | $ 40,840.00 |
| 4 | 0 | $24,600 | $24,601 | $ 29,520.00 | $ 29,521.00 | $ 34,440.00 | $ 34,441.00 | $ 39,360.00 | $ 39,361.00 | $ 44,280.00 | $ 44,281.00 | $ 49,200.00 |
| 5 | 0 | $28,780 | $28,781 | $ 34,536.00 | $ 34,537.00 | $ 40,292.00 | $ 40,293.00 | $ 46,048.00 | $ 46,049.00 | $ 51,804.00 | $ 51,805.00 | $ 57,560.00 |
| 6 | 0 | $32,960 | $32,961 | $ 39,552.00 | $ 39,553.00 | $ 46,144.00 | $ 46,145.00 | $ 52,736.00 | $ 52,737.00 | $ 59,328.00 | $ 59,329.00 | $ 65,920.00 |
| 7 | 0 | $37,140 | $37,141 | $ 44,568.00 | $ 44,569.00 | $ 51,996.00 | $ 51,997.00 | $ 59,424.00 | $ 59;425.00 | $ 66,852.00 | $ 66,853.00 | $ 74,280.00 |
| 8 | 0 | $41,320 | $41,321 | $ 49,584.00 | $ 49,585.00 | $ 57,848.00 | $ 57,849.00 | $ 66,112.00 | $ 66,113.00 | $ 74,376.00 | $ 74,377.00 | $ 82,640.00 |

| Family # | 60046 220% of FPG Patient Pays 10% | | 60047 240% FPG Patient Pays 20% | | 60048 260% FPG Patient Pays 30% | | 60049 280% FPG Patient Pays 40% | | 60050 300% FPG Patient Pays 50% | | >300% FPG Patient Pays 100% | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | From | To | From | To | From | To | From | To | From | To | From | To |
| 1 | $ 24,121.00 | $ 26,532.00 | $ 26,533.00 | $ 28,944.00 | $ 28,945.00 | $ 31,356.00 | $ 31,357.00 | $ 33,768.00 | $ 33,769.00 | $ 36,180.00 | $ 36,181.00 | + |
| 2 | $ 32,481.00 | $ 35,728.00 | $ 35,729.00 | $ 38,976.00 | $ 38,977.00 | $ 42,224.00 | $ 42,225.00 | $ 45,472.00 | $ 45,473.00 | $ 48,720.00 | $ 48,721.00 | + |
| 3 | $ 40,841.00 | $ 44,924.00 | $ 44,925.00 | $ 49,008.00 | $ 49,009.00 | $ 53,092.00 | $ 53,093.00 | $ 57,176.00 | $ 57,177.00 | $ 61,260.00 | $ 61,261.00 | + |
| 4 | $ 49,201.00 | $ 54,120.00 | $ 54,121.00 | $ 59,040.00 | $ 59,041.00 | $ 63,960.00 | $ 63,961.00 | $ 68,880.00 | $ 68,881.00 | $ 73,800.00 | $ 73,801.00 | + |
| 5 | $ 57,561.00 | $ 63,316.00 | $ 63,317.00 | $ 69,072.00 | $ 69,073.00 | $ 74,828.00 | $ 74,829.00 | $ 80,584.00 | $ 80,585.00 | $ 86,340.00 | $ 86,341.00 | + |
| 6 | $ 65,921.00 | $ 72,512.00 | $ 72,513.00 | $ 79,104.00 | $ 79,105.00 | $ 85,696.00 | $ 85,697.00 | $ 92,288.00 | $ 92,289.00 | $ 98,880.00 | $ 98,881.00 | + |
| 7 | $ 74,281.00 | $ 81,708.00 | $ 81,709.00 | $ 89,136.00 | $ 89,137.00 | $ 96,564.00 | $ 96,565.00 | $ 103,992.00 | $ 103,993.00 | $ 111,420.00 | $ 111,421.00 | + |
| 8 | $ 82,641.00 | $ 90,904.00 | $ 90,905.00 | $ 99,168.00 | $ 99,169.00 | $ 107,432.00 | $ 107,433.00 | $ 115,696.00 | $ 115,697.00 | $ 123,960.00 | $ 123,961.00 | + |

**For families with more than 8 persons, add $4,180 for each additional person**

2/22/2017