

## **GMCB Staff Analysis for Springfield Hospital**

**As of 8/1/2019**

### **Staff Analysis Questions:**

1. Have the hospital's projections for FY2019 changed?

**The hospital's 2019 projections have not materially changed for FY 2019 but because of the Chapter 11 Bankruptcy filing on June 26, 2019 these results may change. The effect of the bankruptcy on the FY 2019 projections is not known at this time. Professional fee expenses associated with the Bankruptcy for the period of May 1 thru September 15 is approximately \$900,000.**

2. Rev: Amended Staff Analysis Question #2: What is the total ACO reserve on the balance sheet for Projected FY19 and Budget FY20?

**The total ACO reserve on the balance sheet for Projected FY19 and Budget FY20 is zero (\$0).**

- A. Do you anticipate realizing savings or owing OneCare money when the FY18 settlements are finalized?

**In July of 2019 the ACO made a payment to the hospital for 2018 all-program Risk Results. No other settlement amounts are anticipated.**

- B. Are Other Reform Payments recorded in deduction from NPR, if not, where are they recorded?

**No other Reform Payments are anticipated.**

- C. What is your basis for booking ACO-related reserves and how do you evaluate those reserves through the year?

**ACO related reserves are part of the hospitals contractual allowance calculation made each month. The hospital evaluates the reserves using information provided by the ACO.**

D. Do you believe your ACO-related reserves affect other types of reserves (e.g., bad debt) that you carry on your balance sheet? If so, how?

**The hospital does not believe the ACO reserves affect other types of reserves that it carries on the balance sheet.**

3. Springfield's FY19 Budget Order states the "Hospital shall consult with Vermont Information Technology Leaders (VITL) to facilitate patients' ability to electronically consent to adding their clinical data to the Vermont Health Information Exchange (VHIE)." What kind of headway has Springfield made to facilitate this?

**At this time there has been no progress made on this initiative.**

4. What is the value of 1 day of Days Cash on Hand, for the hospital and parent organization?

**As of June 30, 2019 the hospital had available cash of \$1,278,843 plus \$354,697 in unrestricted investments the total of which represents 10 days of cash on hand. One days cash on hand is \$156,666.**

5. Are Medicaid and Medicare reimbursement assumptions still valid including Disproportionate Share Payments?

**Medicare and Medicaid reimbursement assumptions used in the 2020 budget are still valid.**

6. How does the new physician contract change for ED and Anesthesia impact NPR/FPP and Operating Expense?

**Financial Impact of the ED and Anesthesia provider changes for the next 12 months is a reduction of NPR of approximately \$2.4 million offset by a reduction of operating expense of \$3.8 million.**

7. Please explain further how Springfield plans to achieve an additional \$5.3 million in cost savings over FY19 projection.

**While the Projected FY19 results have not materially changed, (see answer to question #1), the YTD projections reflect the months (October thru March) prior to management's decision to implement cost reductions due to the extensive losses. Those decisions to reduce costs starting in April have carried through into the FY 2020 budget and have resulted in the cost savings as presented. Also as stated in the answer to question #1, the bankruptcy filing on June 26, 2019 is not reflected in the Projections for FY2019 or the Budget for 2020.**

8. What are the hospitals' assumptions for their budgeted FY20 NPR by payer considering their FY19 projections are so different from budget?

**The hospital used its most recent actual data to project NPR as a percent of GPR, (Gross revenues less adjustments for contractual, charity and bad debts). The FY19 projections were so different from the FY19 budget due to many factors including a review of the methodology used to calculate these factors**

9. How many FTEs are associated with the ED and Anesthesia contracts, and are the loss of these positions reflected in the 40 FTE reductions budgeted in FY20? Please explain budgeting for ZERO Physician FTEs in FY20.

**The new ED contract replaced 1 FTE employed by the hospital as the remaining providers were also contract based. The New Anesthesia contract replaces 4.5 FTE's. While the loss of these positions is reflected in the FY20 budget count; it appears that the file was incorrectly loaded. In total the hospital shows a reduction of 15.2 FTE's not 40. Also, Physician FTE's are not zero (0) but 13.3 in the budget. This file will need to be adjusted to reflect the correct information.**

10. Please describe the major capital expenditures planned for FY20.

**See detail Capital expenditure schedule attached. Major expenditures of over \$100,000 include SPEC Camera \$440,000; C-Arm X-Ray- \$160,000; Power set OR- \$145,000. Total capital expenditures in FY20 budget are \$981,000. However as stated in the answer to question #1 above due to the Chapter 11 filing these expenditures may be curtailed.**

11. Springfield Hospital has indicated it is not participating with OneCare during CY2020, yet has filled in numbers in the Appendix V-Participation in Health Reform table. Please confirm the numbers budgeted are for CY2019, not CY2020.

**Springfield Hospital is currently in the process of reviewing whether or not to continue participating in OneCare. That decision has not been made at this time. The numbers budgeted are for the 2020 budget year.**

12. Related to question 2Bi of the narrative regarding the ACO and financial risk, how has Springfield accounted for its financial risk in the FY19 Budget and FY19 Projection.

**The hospital has recorded no financial risk in the FY19 Budget or the FY19 Projections.**

13. The overall change in charge submitted through Adaptive was 0.0%, this table shows -22.0%. Please explain.

**The hospital did not contemplate a change in its charges in the FY20 Budget. The 22.0 % reduction in the table represents the total change in Gross Revenue between the 2019 Budget and the 2020 Budget.**

#### **BOARD MEMBER QUESTIONS:**

14. For FY19 projections what departments are expenses exceeding revenues?

**The hospital does not record or allocate contractual adjustments; employee benefits and certain overhead costs to the department level. For the FY 19 Projections the only revenue producing departments where operating expenses exceeded operating revenues were ENT and CVOSM.**

15. Please suggest a statistic the GMCB can monitor to better understand the trends in the total number of staffed beds in the hospital versus the number of beds available for use, and how full or empty those beds are from month to month?

**The Hospital has a daily activities report taken each weekday morning at the 9 AM huddle. Average daily census is one of the statistics measured and accumulated in our monthly operating reports.**

16. What is the impact of the now known Medicaid reimbursement increases? Any update on inpatient Medicaid reimbursement changes?

**At this time the Hospital has no knowledge of the Medicaid reimbursement changes.**

17. If you assumed Medicare increases, what is the value and what would a reduction in commercial be to maintain your NPR?

**The FY20 Budget shows that Medicare represents 35.2% of NPR while Commercial represents 44.9% of NPR. For every dollar increase in Medicare Commercial could be reduced 78 cents.**