

Rutland Regional Medical Center

2015 Net Patient Revenue Review
Green Mountain Care Board
March 31, 2016

2015 Net Patient Revenue Results

Fiscal Year 2015				
	Actual	Budget 648	Variance	Percent Over Budget
Routine	\$ 64,852,834	\$ 60,809,584	\$ 4,043,250	6.6%
IP Ancillary	\$ 120,878,347	\$ 114,246,517	\$ 6,631,830	5.8%
OP Ancillary	\$ 307,663,331	\$ 317,762,160	\$ (10,098,829)	-3.2%
Total Revenue	\$ 493,394,512	\$ 492,818,261	\$ 576,251	0.1%
Bad Debt / Free Care	\$ (9,687,417)	\$ (17,247,653)	\$ 7,560,236	-43.8%
Contractual Allowances	\$ (255,378,458)	\$ (251,431,672)	\$ (3,946,786)	1.6%
Net Revenue	\$ 228,328,637	\$ 224,138,936	\$ 4,189,701	1.9%

The NPR overage is a result of need for less bad debt reserve than planned for in the 2015 Budget

- Strong performance in self-pay collections
 - On average collecting 25 cents on the dollar
- High deductible/copay balances are not impacting need to reserve for bad debt
 - Employer covered deductibles and copays
 - Patients with the financial capacity to pay the balances – employed
- Increase in Medicaid enrollment

Market Share Adjustments

	2015
Net Patient Service Overrun	\$ 4,189,701
Market Share Relief	
Urology - Transfer date January 1, 2015	\$ 791,294
Orthopedics Growth Outside Market Area (Major Joints Hips and Knees)	\$ 350,000
sub-total	\$ 1,141,294
Net Patient Service Overrun less Market Share Offsets	\$ 3,048,407

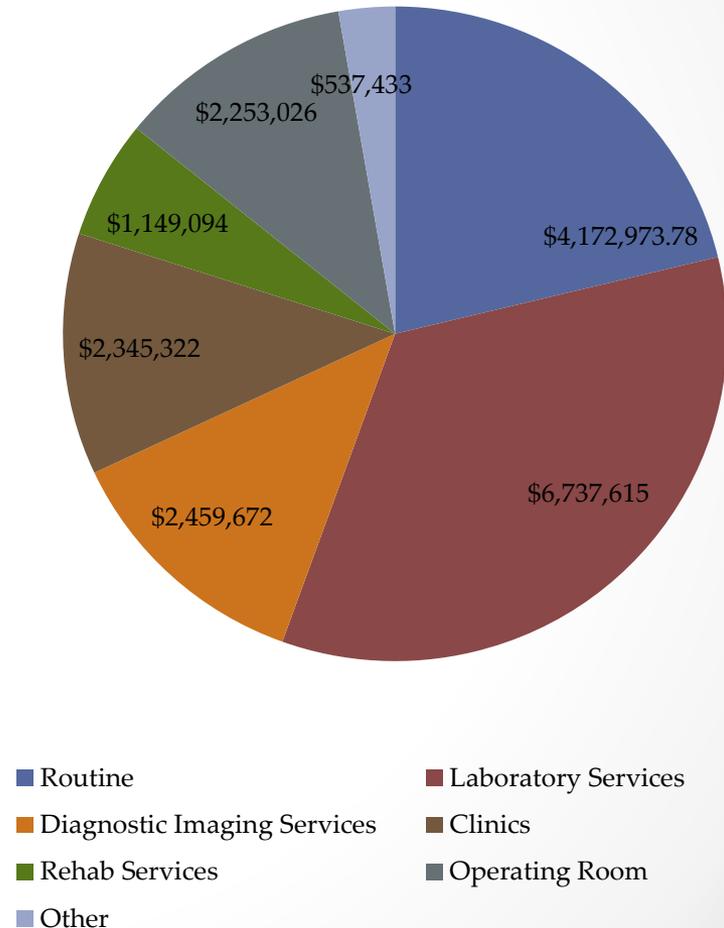
- **Transfer of Urology practice as of 1/1/15**
 - Did not seek a market share adjustment for the 2015 Budget
 - Existing practice in Rutland City
 - 2015 Impact - \$791,294
 - transfer from private practice – not new volume

- **Market Growth of Orthopedic Cases**
 - Continued growth of major joint cases from outside of the Rutland service area
 - 15 cases in 2015
 - 50% from Southern Vermont
 - 50% from Central Vermont
 - 2015 Impact - \$350,000

Proposed Rate Reduction

Gross Revenue by Service

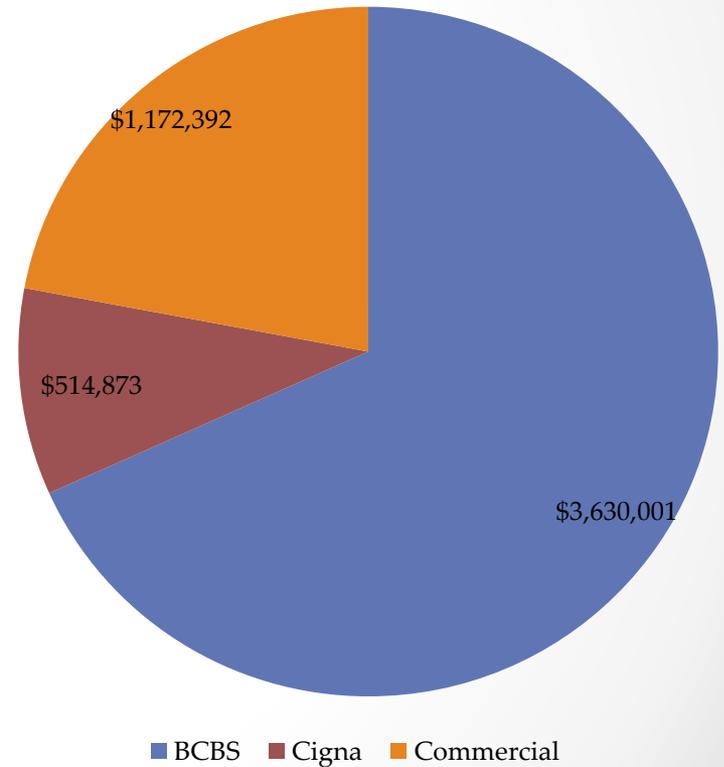
Summary		
Laboratory Services	\$	6,737,615
Routine	\$	4,172,974
Diagnostic Imaging Services	\$	2,459,672
Clinics	\$	2,345,322
Operating Room	\$	2,253,026
Rehab Services	\$	1,149,094
Other	\$	537,433
	\$	19,655,136



Proposed Rate Reductions

Net Revenue by Payor

Summary of Net Revenue by Payor	
BCBS	3,630,001.00
Cigna	514,873.00
Commercial	1,172,392.00
	5,317,266.00



Rutland's Proposal: May 1st

Mid Year Impact

Rutland's Proposal

- Rate reduction to be effective on May 1, 2016
 - 5 months in advance of State Policy

- Annual Impact
 - Gross Revenue: \$19,655,136
 - Net Revenue: \$5,317,266

- Impact on 2016 – 5 months
 - Gross Revenue: \$8,190,000
 - Net Revenue: \$2,215,000

- Excludes the impact of Medicaid rate reductions that are being proposed for May 1st
 - Annual Impact to Rutland on proposed Medicaid rate reduction = \$1,729,000
 - Impact on 2016 = \$720,417
 - Currently being verified and reviewed collaboratively at the State level

Healthcare Reform & Community Programs

In addition to the planned rate reduction Rutland Regional Medical Center supports the following healthcare reform activities and community support programs:

Community Support: \$366,000 grant funding

- Community Programs:
 - Grants provided
- Healthy Housing Collaboration

Healthcare Reform: \$750,000 annual cost

- Case Management in the Emergency Room
 - Transition care to primary care physicians
 - Reviews for appropriate admissions
- Case Management for Transition of Care from inpatient care to home
 - Care Manager follow up in home setting with "at risk" discharged patients
 - Medication management, follow up with primary care, specialists, nutrition checks, home safety checks
- Blue Print and Patient Navigators
 - Support over and above the funding provided by payors
 - Patient navigation and liaison between healthcare providers
- Clinical Social Workers in Specialty Offices
 - Endocrinology, Women's Health, Cardiology
 - Allow for screening and support of "whole person" healthcare needs
 - Depression, substance abuse, family issue support
- Member of ACO
 - Assessment Fees
 - Executive Support