



Brattleboro Memorial Hospital
EXCEPTIONAL CARE FOR OUR COMMUNITY

February 8, 2018

Andy Pallito, Director of Health Systems Finance
Green Mountain Care Board
144 State Street
Montpelier, Vermont 05620

Dear Andy,

The following narrative refers to Brattleboro Memorial Hospital's operating results for FY2017.

Gross revenues from Patient Services were 4.6% less than budgeted.

	Actual FY2017	Budget 2017	variance	
Revenues	150,218,470	157,473,554	(7,255,084)	-4.6%
deductions				
DSH	866,228	976,889	(110,661)	-11.3%
Allowances	(70,915,040)	(74,041,761)	3,126,721	-4.2%
Bad Debt & Free Care	(5,107,126)	(8,000,071)	2,892,945	-36.2%
total deductions	(75,155,938)	(81,064,943)	5,909,005	-7.3%
Net Patient Service Revenue	75,062,532	76,408,611	(1,346,079)	-1.8%

Decline in revenues result from lower patient volumes during the Cerner conversion and the loss of primary care physician coverage in our community.

Medicare reimbursement was higher than budgeted.

	Actual FY2017	Budget 2017	variance	
Medicare Revenues	66,596,249	66,907,656	(311,407)	-0.5%
Allowances	(38,307,920)	(40,240,006)	1,932,086	-4.8%
Medicare Net	28,288,329	26,667,650	1,620,679	6.1%

Medicaid reimbursement was lower than budgeted, even after accounting for VT DSH and provider tax.

	Actual FY2017	Budget 2017	variance	
Medicaid Revenues	29,995,405	33,034,041	(3,038,636)	-9.2%
DSH	866,228	976,889	(110,661)	-11.3%
Allowances	(20,064,817)	(21,700,040)	1,635,223	-7.5%
Net Patient Service Revenue	10,796,816	12,310,890	(1,514,074)	-12.3%
less provider tax	(4,420,086)	(4,379,509)	(40,577)	0.9%
Medicaid net of taxes	6,376,730	7,931,381	(1,554,651)	-19.6%

Net revenue from all other payors was less than budgeted levels despite favorable Bad Debt and Free Care deductions

	Actual FY2017	Budget 2017	variance	
All Other Patient Revenues	53,626,816	57,531,857	(3,905,041)	-6.8%
Allowances	(12,542,303)	(12,101,715)	(440,588)	3.6%
Bad Debt & Free Care	(5,107,126)	(8,000,071)	2,892,945	-36.2%
All other Net	35,977,387	37,430,071	(1,452,684)	-3.9%
net to gross	67.1%	65.1%		

Operating expenses were \$1,179,070 (1.5%) over budget for the year.

Contract temporary labor in our ER and nursing units cost \$1.5 M more than budgeted in FY2017.

The operating loss was \$2,437,208 compared to a budgeted gain of \$157,872. This represents a negative operating margin of (3.1%) compared to a budgeted operating margin of 0.2%. Taken over a 5 year period, our average operating margin is 1.2%, below most accepted benchmarks for a sustainable margin. After GMCB adjustments our budgeted operating margin for FY2018 is -1.2%.

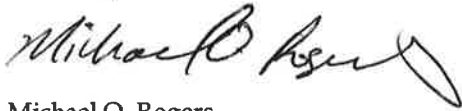
	Actual FY2017	Actual FY2016	Actual FY2015	Actual FY2014	Actual FY2013	5 Year cumulative
Net Operating Revenue	78,865,697	75,599,996	78,669,021	75,309,784	69,463,140	377,907,638
Operating gain (loss)	(2,437,208)	(437,373)	2,195,878	2,697,579	2,348,411	4,367,287
net margin	(3.1%)	(0.6%)	2.8%	3.6%	3.4%	1.2%

Non Operating income:

Our parent company transferred \$284,991 to BMH. Most of these funds represent the collection of community pledges in support of our Emergency Department project which was completed 3 years ago.

Andy, please give me a call if you have any questions.

Sincerely,



Michael O. Rogers
Vice President - Finance
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