



## Gifford Medical Center

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February 25, 2020

Mr. Patrick Rooney  
Green Mountain Care Board  
144 State St.  
Montpelier, VT 05602

Dear Mr. Rooney,

Enclosed please find Gifford Medical Center's FY19 audited results. This narrative is intended to provide information about key variances to Gifford's FY19 budget. As always, we are available to answer additional questions.

Gifford's FY19 Operating Loss of (\$413,707) was a significant improvement over FY18's Net Operating Loss of (\$5,369,446), though unfavorable to the FY19 budgeted Operating Gain of \$1,486,756.

Gifford's 2019 Net Patient Revenue was below budget primarily due to decreases in patient utilization.

- Inpatient Days, Outpatient Ancillary Visits, and Physician Visits were all less than budget.
  - Inpatient days of care/Inpatient Ancillary Visits – under budget by 12%/25% respectively
    - Gifford Medical Center exceeded its budgeted admissions during FY 2019 by 2%. However, our average length of stay was lower than what we assumed in our budget (by 0.50 days), which resulted in fewer patients days. This also translated to lower than anticipated inpatient ancillary volume.
  - Outpatient Ancillary – under budget by 8%
    - Our outpatient ancillary volume is dependent upon practice and emergency department volume, both of which were lower than expected in FY 2019. This caused a negative actual-to-budget variance for our outpatient ancillary volume.
  - Physician Visits – under budget by 7%
    - We experienced year-to-year growth in a couple of our practices (general surgery, sports medicine) but saw declines in our podiatry, orthopedics, urology, and hospitalist (see patient days comments above) practices. Compared to our FY 19 budget, our general surgery, and orthopedics practices did not grow at the rate we anticipated, contributing to that variance.

In comparison to prior year, Inpatient Days were 260 days lower, Inpatient Ancillary visits were 7,848 lower, Outpatient Ancillary visits were 570 lower, and Physician Visits were 3,005 lower.

- Advertising - Due to cost initiatives expense decreased by 31%.
  - ✓ Rework paper reports to be electronic versions only
  - ✓ Reduced print ads
  - ✓ Held on new intranet site
- Purchased Services over budget.
  - ✓ Utilized locum providers – 263,469 Over Budget
  - ✓ Utilized travelers/contract staff - \$419,186 Over Budget

<b>Non-Operating Revenue</b>	<b>Amount</b>	<b>% over/under</b>
FY 19 Approved Budget	\$ 849,996.00	
Non-Operating Revenue	\$ 2,207,481.95	259.7%
FY 19 Actual Results	\$ 3,057,477.95	259.7%

Non-Operating Revenue was above expectations due to favorable investment returns.

Please call with any questions or concerns.

Sincerely,



Wayne D. Bennett  
Interim CFO