February 6, 2018

Director of Health Systems Finances
Green Mountain Care Board
89 Main Street
Montpelier, VT 05620

Re: Springfield Hospital FY 2017 Actual Submission

Material Variances During FY 2017

Utilization
Acute Care services in FY 2017 experienced a decrease in acute inpatient days Admissions were down 7% while days for Med/Surg were down 17% resulting in a lower LOS (3.5 vs 3.9). Newborn admissions were down slightly with 163 admissions.

The Operating Room was under budget for the year due to replacing an orthopedic surgeon taking longer than anticipated. He did not come on board until May 2017. Endoscopy is performing under budget by 16%. Clinic volume is over budget slightly due to adding Cardiology. Other ancillary departments had mixed results. Most imaging departments were ahead of budget and the remaining departments were either slightly ahead or behind budget.

Emergency Department visits were 12% under budget due to having walk in care in Springfield, Bellows Falls, Charlestown and Ludlow offered through our FQHC.

Psychiatric services were under budget by 264 patient days. Admissions were under budget by 17% resulting in a LOS increase of .67 days compared to budget. The first quarter of the year was particularly slow, the last three quarters we at or closer to budget. We continue to feel that the growth of the outpatient Behavioral Health Services within our FQHC network is having a positive impact on patients resulting in fewer admissions.

Net Patient Service Revenue (NPSR)
NPSR was 13% below the approved budget. NPSR shortage was mainly attributable to volume.

Other Operating Revenue
The Adult Daycare Program was 7% below budget, resulting in Other Operating Revenue being under budget by 6% ($106,305).

Operating Expenses
Expenses were under budget by 3.6%, medical supply expenses and drug costs were the main contributors. Travelers were over budget by $700K

Operating Margin
With NPSR being under budget (13%) and Operating Expenses being under budget to a lesser degree (3.6%) our Operating Income was ($3,835,855) compared to a budget of $1.75M

Non-Operating Revenue
We recorded a $610,390 equity transfer to our parent corporation (SMCS FQHC Network) to eliminate the intercompany receivables. This is to support FQHC operations. Investments over performed for the year and in addition we incurred a below the line pickup of $921,834 related to our frozen Defined Benefit Pension Plan.

Return on Investments in Health Care Reform
We did not request or budget for any expenses specific to health care reform in FY 2017 and therefore have no return on investment to report. For FY 2017CHAC and for FY18 we are full participants in One Care Vermont.

Please feel free to contact me should you have any questions or require additional information.

Sincerely,

Scott Whittemore
CFO