

## Grace Cottage Hospital FY 2018 Actual Narrative

Grace Cottage ended FY2018 extremely close to budget. While we fell short of achieving the FY2018 Net Patient Care Revenue (NPR) target by 2.4%, we were able to hold Operating Expenses in line and ended the year under budget by 2.6% in that area. This resulted an operating loss that was \$33k less than budgeted; an actual Operating Margin of -2.9% vs. budget of -3.0%.

Gross Patient Revenue exceeded budget by 2.9%, entirely due to increased volume in Acute/Swing utilization. However, due to the way reimbursement works for Critical Access Hospitals, this increased Inpatient/Swing volume was responsible for the majority of the large variance in Deductions From Revenue.

The continued increase in disparity between charges for Medicaid patients and the reimbursement received also contributed to the shortfall in NPR. While gross revenue from Medicaid charges was only under budget by 2.3%, contractual allowances were over budget by 4.3%, resulting in NPR from Medicaid patients being under budget by 12.7%.

Additionally, we are fortunate to continue to have a wonderfully supportive community, and Non-Operating Revenue, primarily contributions, exceeded our budgeted expectations as well, resulting in a Total Margin of 3.9% vs. budget of 0.7%.