

FY2019 BUDGET QUESTIONS AND RESPONSES

BRATTLEBORO MEMORIAL HOSPITAL

- CEO/PRESIDENT: Steven R. Gordon,
- DIRECTOR OF FINANCE: Brandon Reed
- CHIEF MEDICAL OFFICER: Kathleen McGraw, M.D.
- CHIEF NURSING OFFICER: Jodi Dodge, RN
- VP-BMH MEDICAL GROUP: Eilidh Pederson
- MEDICAL GROUP DIRECTOR: Tony Blofson, M.D.
- DIRECTOR FOR COMMUNITY INITIATIVES: Becky Burns, RN

GMCB QUESTION 1

Have the Hospital's projections for FY2018 Changed?

- **No**



GMCB QUESTION 2

Please explain factors driving changes in Bad Debt and Free Care from FY 2018 Budget Projections and FY2019 Budget (including policy changes if any)

- **Bad Debt** – EHR implementation delayed billing and caused “timely filing” write-offs and an unhealthy aging schedule. Projected bad debt expense at FYE18 is \$3,096,361 and the A/R reserve is \$2,976,744.
 - Limited bad debt/collections functionality in Cerner which impacted our ability to collect patient portion of balances. Process improved in March 2018.
 - Implementation problems will continue to have negative impact on bad debt; the FY2019B reflects this expectation.
- **Free Care** – No policy change; overall, upward trend in applicants with downward trend in utilization
 - Charity/Free Care adjustments were not completed timely due to billing & A/R issues noted above
 - Going forward, BMH expects these numbers to be more in line with prior years and budget
 - The Financial Assistance-eligible patients have increased year-over-year; BMH's *Community Resource Liaison* has also been increasing the number of low income patients assisted in obtaining insurance. Analysis also shows that requests are for lower amounts than expected.

	2018P	2017A	2016A
Financial Assistance Applicants	335	306	222



GMCB QUESTION 3

Please provide more specificity about what's included in Other Operating Expenses for FY2017 Actuals, FY2018 Budget and Projects and FY2019 Budget, and explain the variation year to year.

Account	FY2017A	FY2018B	FY2018P	FY2019
Other Operating Exp	\$24,436,473	\$23,140,261	\$23,336,753	\$22,733,631
Variance %	-	-5%	1%	-3%
Contract Temps	1,785,573	300,000	1,567,079	200,000
Medical Supplies	4,126,130	3,707,046	3,627,518	3,784,964
Drugs	3,993,046	4,326,164	3,820,060	4,234,031
Utilities	1,175,788	1,219,676	1,298,981	1,250,630
Expense – Other*	8,051,319	8,823,050	8,362,321	8,769,656
Contracted Svcs – Other**	5,304,617	4,764,325	4,660,794	4,494,350
Total	\$24,436,473	\$23,140,261	\$23,336,753	\$22,733,631

* Service Contracts, Insurance, Dues, Chemistry Supplies, Rent, Food, Minor Equipment, IV Solutions, Blood Service, Clinical Equipment Support, Office Supplies, Recruitment

** Consulting, Legal and Audit Fees, Collection Agency Fees, Security, Computer Services, Outside Work and Management Fees



GMCB QUESTION 4

Please indicate whether there are other strategies being considered to increase and stabilize operating margin in addition to cost containment measures and increasing Commercial rates.

- **Changing Delivery of Care Models**

- Convert Medical-Surgical Nursing Unit to Monday-Friday Post-Surgical Unit
- Post –Acute Care Team (Dedicated BMH Team to coordinate and oversee Nursing Home transitions of care)
- Progressive Care Unit (Merger of Medical –Surgical and Critical Care Units)
- Critical Care Nursing Float Pool
- Clinician Productivity (Scribe Program, Care Coordinators, Embedded Behavioral Health Therapists)
- Healthcare Initiatives for Homeless (Vulnerable Population Nurse, Respite Bed and other collaborations with Groundworks)
- Regional Psychiatric Strategy Group (HCRS, Retreat and BMH)
- Behavioral Health Nurse Practitioner/ED
- RiseVT

- **Collaboration with Dartmouth Hitchcock and Cheshire Medical Center**

- Continued evolution of Strategic Partnership (ED, Radiology, Pathology Clinician and Specialty coverage)
- Greater Clinical Collaboration and Integration



GMCB QUESTION 5

Please describe factors relating to the increase in Cost per Adjusted Admission.

- **14.6% Decline in Budgeted Adjusted Admissions**
- **7.8 % Decline in Budgeted Acute Admissions**
- **4.2% Increase in Budgeted Operating Expenses (Salaries-Non-MD and MD)**

Account	FY2016A	FY2017A	FY2018B	FY2018P	FY2019B
Acute Admissions	1,611	1,618	1,687	1,565	1,556
Adjusted Admissions	8,189	7,695	7,905	6,557	6,751
Operating Expense	76,037,368	81,302,905	83,398,416	83,984,651	86,934,345
Cost per Admission	\$9,285	\$10,566	\$10,550	\$12,808	\$12,877



GMCB QUESTION 6

Please provide more detail about the factors driving decreases in utilization, as well as increase in Operating Room Procedures.

- **Loss of 3 Independent PCP's in FY2017 with combined patient panels of over 6000 individuals. BMH completed recruitment of new PCPs in last quarter of FY2018/first quarter of FY2019.**
- **New Clinician on-boarding and gradual scheduled ramp up.**
- **Suppressed productivity due to new EMR conversion and implementation.**
- **14% decrease in Births (FY2018P-FY2019B)**
- **Loss of Full-Time Orthopedic Surgeon in December 2017 resulting in 10% decrease in Ortho surgical cases and 9% drop in total surgeries YTD. New Orthopedic surgeon recruited to start January 2019; budgeted volume reflects volume to rebound in FY2019.**



GMCB QUESTION 7

Please explain why Salary and Benefits per FTE-Non-MD shows a decrease from FY2018 Projections.

- **FY2018 Benefits Expense experienced 12% increase from budget due to significant medical claims for beneficiaries (BMH operates self-funded plan). For FY2019 Budget, it is expected that medical claims will stabilize to previous, more moderate experience resulting in reduction of 9.3%.**



GMCB QUESTION 8

Is Long Term Debt increasing because of the approved CON modernization project? Are there other factors influencing the increase?

- **Correct; BMH Board is currently evaluating financing alternatives including New Market Tax Credit structure**



GMCB QUESTION 9

Where is the Medicare \$1.6 million settlement recorded and in what year? Please provide information about the settlement, how it has affected the hospital's budget, and any actions the hospital is taking to ensure that the problem is addressed going forward.

- **Settlement signed on 2/16/18 and announced by US Attorney's Office on 2/26/18. There have been no allegations that the laboratory tests billed for were not provided or necessary; only that they were not properly documented.**
- **Information about the settlement can be found on the US Attorney's web site:**
<https://www.justice.gov/usao-vt/pr/brattleboro-memorial-hospital>
- **Settlement was paid for out of hospital's reserves and did not negatively impact operating budget.**
- **Since 2014, BMH has made significant investments to improve the operations of the Patient Financial Services department, including the implementation of new systems, hiring of additional staff, training/education and the involvement of external consultant expertise.**
- **In early 2016 Jon Farina, CHC took on the role of Chief Compliance Officer/Security Officer, solely focused on compliance matters and investigations. Mr. Farina reports on a regular basis to the Board Executive Committee as well as the Board of Directors.**



GMCB QUESTION 10

GMCB may provide a simple table to each hospital accounting of ACO-related revenue and expenses.

	2018 Budget (\$)	Adaptive Account Name	2018 Projection (\$)	Adaptive Account Name	2019 Budget (\$)	Adaptive Account Name
Gross Home Hospital Spend for OCV Lives*	\$ 11,427,227	From OneCare VT	\$ 7,613,936	Fixed Prospective Pmts - Hosp	\$ 10,031,219	Fixed Prospective Pmts - Hosp
Gross Value Based Incentive Payments*	329,171	From OneCare VT	166,703	From OneCare VT	230,378	From OneCare VT
(Value Based Incentive Deduction)*						
(Participation Deduction)*	1,034,211	From OneCare VT	1,064,894	From OneCare VT	1,295,359	From OneCare VT
Gross Revenue Entered into Adaptive**	11,427,227		7,613,936		10,031,219	
Contractual Allowances Entered into Adaptive**	(11,427,227)		(7,613,936)		(10,031,219)	
ACO Risk Accounted for (if any)	1,103,587	Within BMH General Reserves	537,671	Within BMH General Reserves		
Total ACO Risk***	1,448,506	From OneCare VT	811,015	From OneCare VT	1,569,001	From OneCare VT
Attributed Lives (#)	8,109	From OneCare VT	4,673	From OneCare VT	4,524	From OneCare VT

*Please indicate the Adaptive account used (Revenue accounts can be found on the 'Payer Revenue (Input)' tab on this spreadsheet). If anything is recorded in an expense account or on the balance sheet, please indicate where in Adaptive it is recorded.

**In order to account for the claims associated with OneCare attributed lives, many hospitals have included the total gross revenue related to the attributed lives by payer, then took a deduction through contractual allowances. If your hospital did this, please enter the dollar value and accounts used.

***Please list the risk amount regardless of whether you are recording anything.

Treating this to be the fixed payment
Estimated payment for the plan year that will be paid the following summer
BMH % of total cost of care at aggregate level; included in participant deduction
Amount withheld from fixed payments (or invoiced for BCBS in 2018) for est dues plus value-based incentive funds and cash flow for OCV ops

Note: OneCare Vermont-Finance assisted in table presentation

THANK YOU

