



## Gifford Medical Center

44 South Main Street, P.O. Box 2000 • Randolph, Vermont 05060  
802-728-7000 • fax 802-728-4245  
[www.giffordhealthcare.org](http://www.giffordhealthcare.org)

January 31, 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 – under budget by 12%
  - Inpatient Ancillary – under budget by 25%
  - Outpatient Ancillary – under budget by 8%
  - Physician Visits – under budget by 7%

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.

<b>Net Patient Revenue</b>	<b>Amount</b>	<b>% over/under</b>
FY 19 Approved Budget	\$ 56,577,105.65	
Utilization	\$ (5,523,781.97)	-9.8%
Reimbursement/Payer Mix	\$ (432,310.81)	-0.8%
Bad Debt/Free Care	\$ (554,239.98)	-1.0%
DSH	\$ (14,677.00)	0.0%
FY 19 Actual Results	\$ 50,052,095.88	-11.5%

- Contractual allowances were .8% higher than budget due to payer mix.
- Bad Debt/Free Care came in below budget. Gifford strives to work with patients to understand their financial restrictions and set up on payment plans if necessary. In 2019 Gifford offered a discount for some accounts if paid in full, which also contributed to this change.

<b>Other Operating Revenue</b>	<b>Amount</b>	<b>% over/under</b>
FY 19 Approved Budget	\$ 866,476.77	
340B Revenue	\$ 18,173.87	2.1%
Misc. Revenue	\$ 588,447.44	67.9%
FY 19 Actual Results	\$ 1,473,098.08	70.0%

Gifford was able to offset some of the unfavorable net patient revenue variances with favorable other operating revenue variances.

- The 340B program came in above budgeted expectations.
- Misc. Revenue was up because Grant activity and Rebates were higher than budget

<b>Expenses</b>	<b>Amount</b>	<b>% over/under</b>
FY 19 Approved Budget	\$ 55,956,826.78	
Salaries & Contracts	\$ (1,462,356.18)	-2.6%
Fringe Benefits	\$ (535,006.30)	-1.0%
Health Care Provider Tax	\$ (372,938.33)	-0.7%
Depreciation Amortization	\$ (146,982.81)	-0.3%
Interest	\$ (777,454.66)	-1.4%
Other Operating Expense	\$ (723,187.61)	-1.3%
FY 19 Actual Results	\$ 51,938,900.88	-7.2%

In response to lower patient revenue Gifford was able to successfully reduce operating expenses.

- Gifford implemented a series of cost-savings measures resulting in significant reductions to variable expenses. Gifford continuously manages its expenses to its volumes.
  - Salaries – 2.6% reduction due to use of low census, attrition, and productivity expectations.
  - 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