



Gifford Medical Center

44 South Main Street, P.O. 2000 • Randolph, Vermont 05060
802-728-7000 • fax 802-728-4245

February 1, 2017

Mr. Michael Davis
Green Mountain Care Board
89 Main Street, Third Floor, City Center
Montpelier, VT 05620

Dear Mr. Davis,

This narrative is intended to provide information about key variances and is not intended to address every detailed variance. As always, we are available to answer additional questions and concerns.

Overall, FY2016 represents the seventeenth year in a row that Gifford has made budget. That means that we have been able to manage our expenses and associated revenues. Gifford utilizes those monies to invest in clinical programs, our staff, facilities and equipment.

Revenue Highlights:

- With the exception of outpatient care clinic revenue and swing bed revenue, all other service lines came in at or above budgeted expectations.
 - Inpatient care revenue exceeded budgeted expectations.
 - IP admissions were above budget; as well, patient days exceeded budgeted expectations.
 - Average length of stay was slightly above budgeted expectations.
 - Outpatient revenue was below expectations.
 - Emergency room visits were slightly above budget.
 - Outpatient ancillary volumes were variable.
 - Operating room visits and procedures were down and anesthesia followed suit.
 - Diagnostic imaging was slightly above budget.
 - Rehabilitation services exceeded budgeted expectations.
 - Lab and respiratory came in below budgeted expectations.



- Swing bed was below expectations.
 - Ancillary volumes were variable.
- Clinic Revenue was below budgeted expectations.
 - The clinical areas were variable in regards to stats.

Allowances:

- Affordable care was under budget for the year.
- Contractual allowances came in above budgeted expectations.
- Bad debt came in below budgeted expectations.

Other Revenue:

- Gifford was able to offset some of the net revenue issues with other operating revenue.
 - Medicare and Medicaid EHR Incentive programs were a primary contributing factor.
 - The 340B program also contributed to the offset with an over budget variance.

Expenses:

- Non-MD salaries were slightly below expectations by 3.18%.
- MD Salaries were below budget by .48%.
- Benefits were below budgeted expectations due to Gifford's self-insurance program coming in under expectations.
- Contracted services were above expectations
 - Increase due to the use of contracted nursing for coverage/shortage.
 - Increase due to the use of locums to cover vacancies in the surgical and orthopedic areas.
- Supplies came in above budget by .48%.
- Insurance came in slightly under budget.
- Utilities came in below budget as gas and oil were below budgeted expectations. Electricity came in slightly above budgeted expectations.
- Depreciation was below budgeted expectations due to projects being completed later than expected.
- Provider Tax was slightly below expectations due to a tax true up.

Non-Operating Revenue:

- Favorable donor and gift activity



- Due to favorable donations, income from investments is higher than expected.

Balance Sheet:

- Cash and investments are slightly above last year.
- Net AR is higher from the prior year.
- Funded depreciation, endowment and board designated funds are in line with last year.
- Net plant, property and equipment increased due to renovation of the IP unit to single occupancy rooms.

Please call with any questions or concerns. Thanks.

Sincerely,

Jeff Hebert
CFO

cc: GMCB; FY2016 Actual Results File