

FY2021 BUDGET PRESENTATION

BRATTLEBORO MEMORIAL HOSPITAL

AUGUST 20, 2020



INTRODUCTION

- CEO/PRESIDENT: Steven R. Gordon
- CHIEF FINANCIAL OFFICER: Andre Bissonnette
- CHIEF MEDICAL OFFICER: Kathleen McGraw, M.D.
- CHIEF NURSING OFFICER: Jodi Stack, RN
- CHIEF OPERATING OFFICER: Eilidh Pederson
- MED GROUP MEDICAL DIRECTOR: Jennifer Funaioli-Sheehan, D.O.

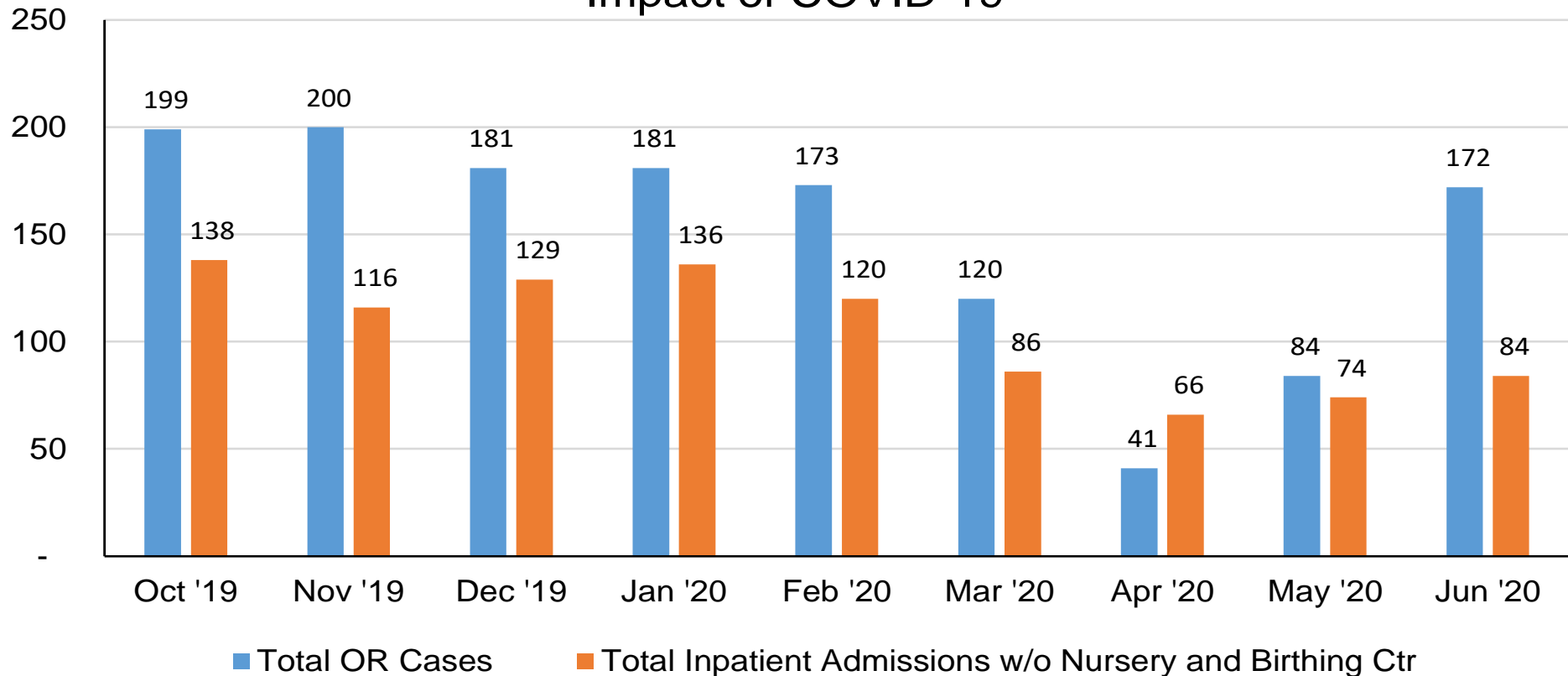
OVERVIEW

- **Weathering the Covid Storm**
 - Federal Assistance
 - \$10M LOC
 - Maintain Strong Balance Sheet
 - Decline State CARES Grant
 - Delayed Major Modernization Project and Routine Capital Expenditures
- **Responding Quickly and Decisively**
 - Incident Command (over 1000 Key Decisions)
 - Clinician and Board Engagement
 - Weekly **Community** Communications
 - Email
 - Facebook
 - Website
 - Covid BMH Dashboard
 - Weekly **Staff** Email Updates
 - Developed Future Covid Inpatient Unit
- **The “New” Normal**
 - Gross Revenue at 95% of budgeted target
 - 20% of ambulatory patient visits via telemedicine



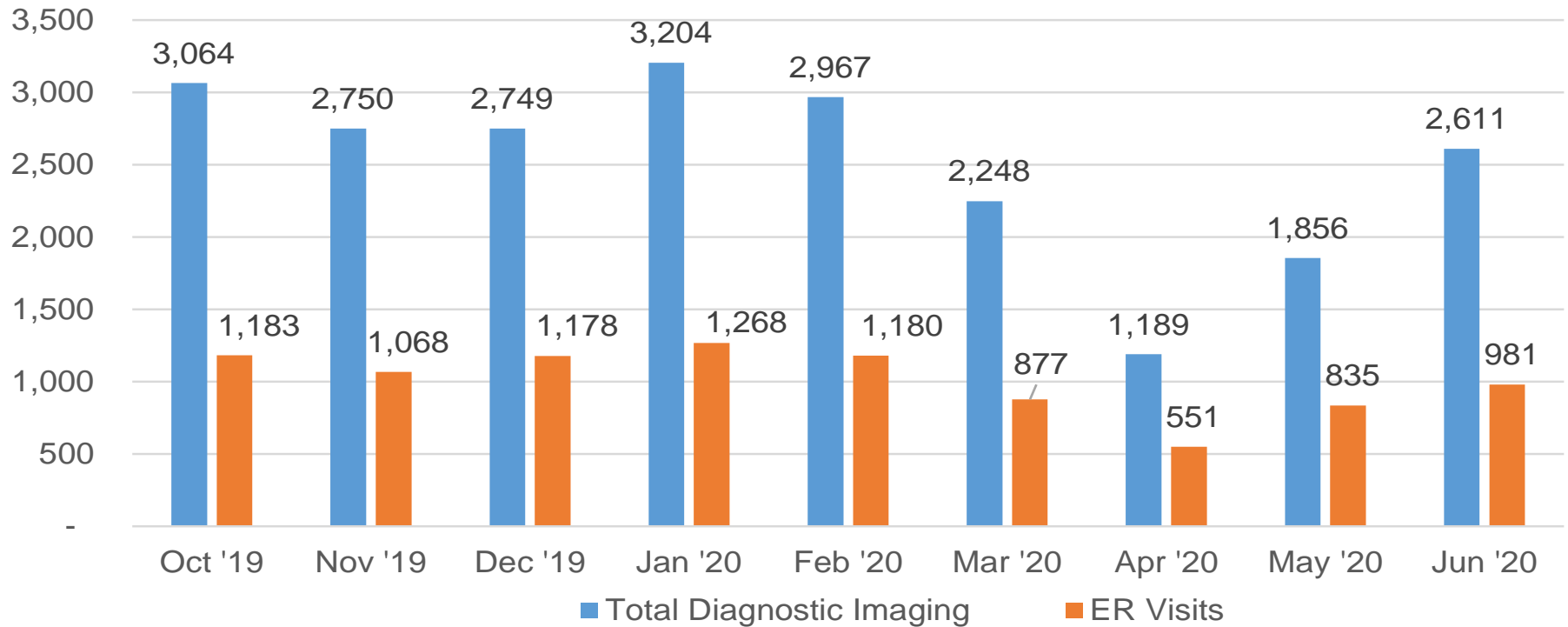
COVID-19 BEFORE AND AFTER

Operating Room Cases and Inpatient Admissions Impact of COVID-19



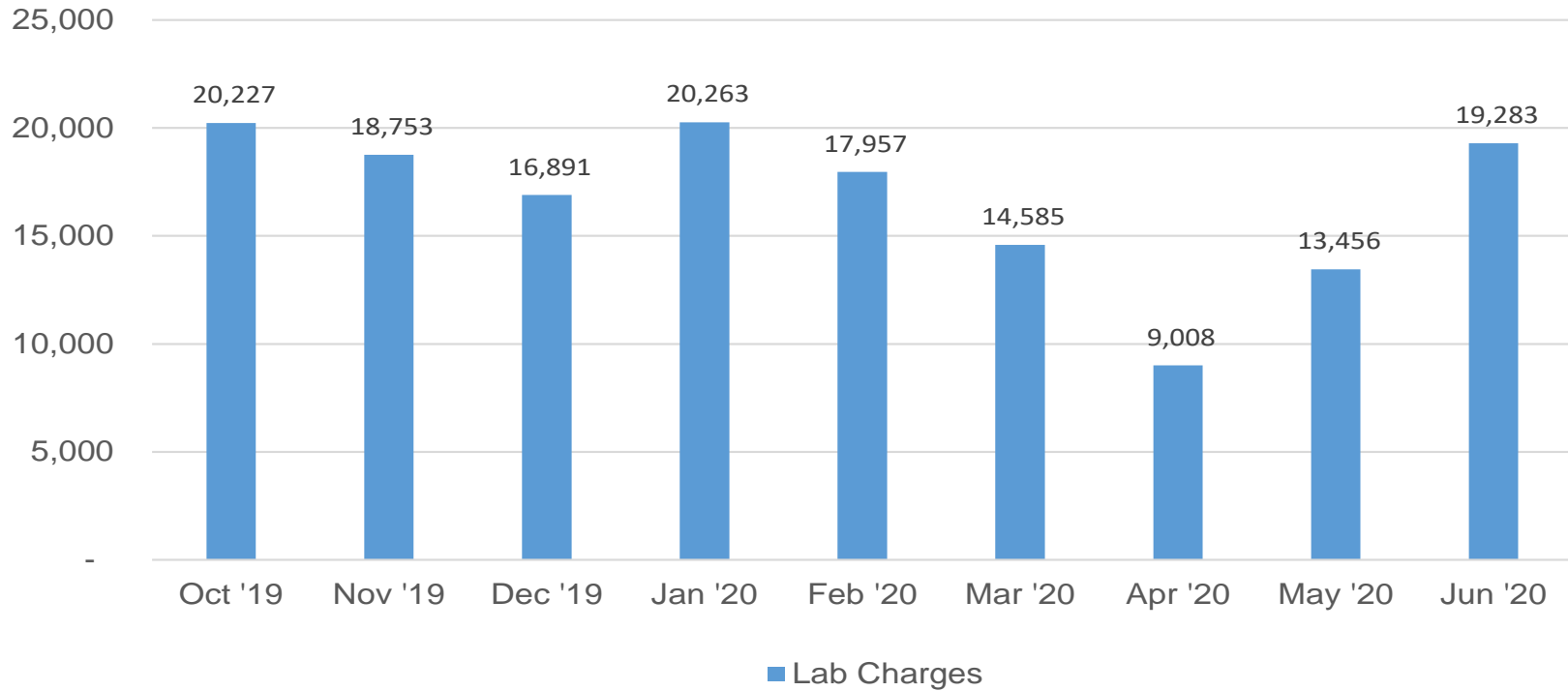
COVID-19 BEFORE AND AFTER

Diagnostic Imaging Tests and ER Visits Impact of COVID-19



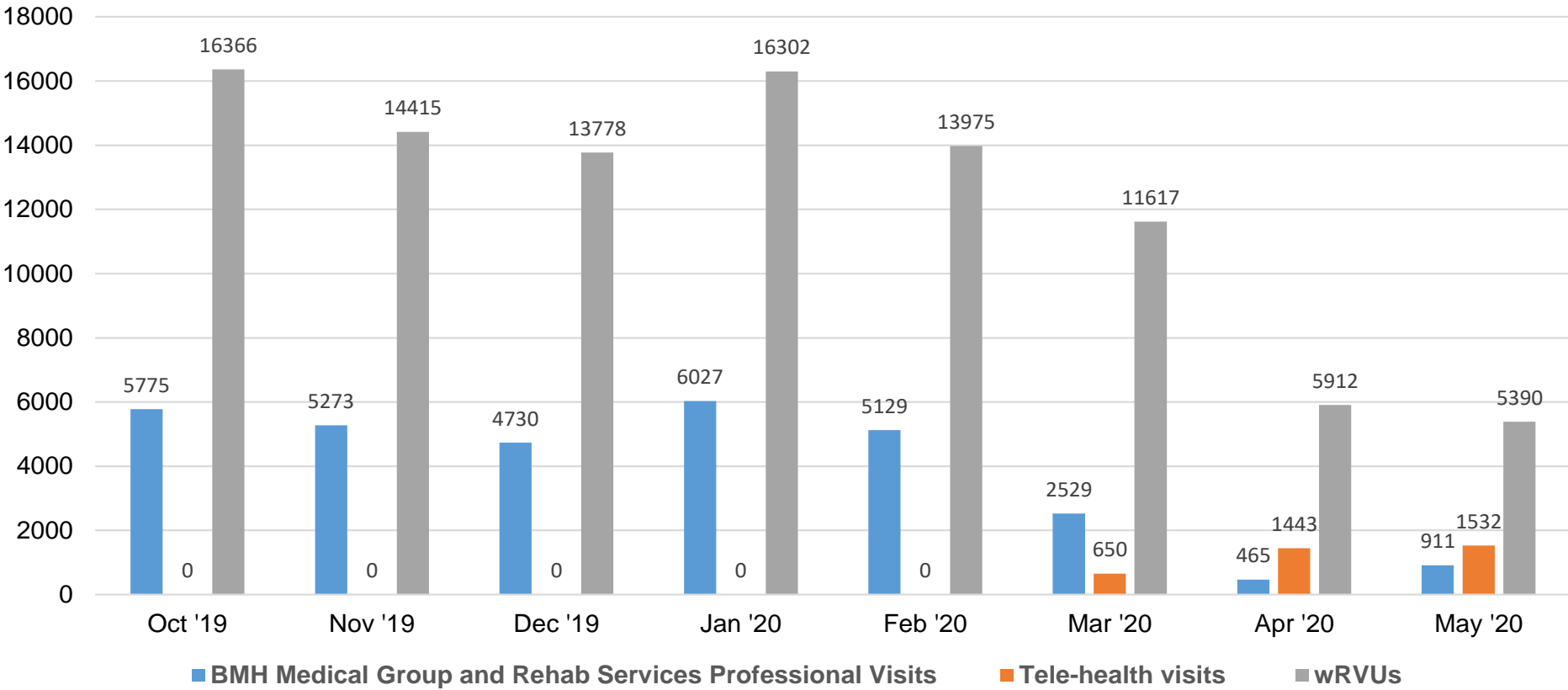
COVID-19 BEFORE AND AFTER

Lab Charges
Impact of COVID-19



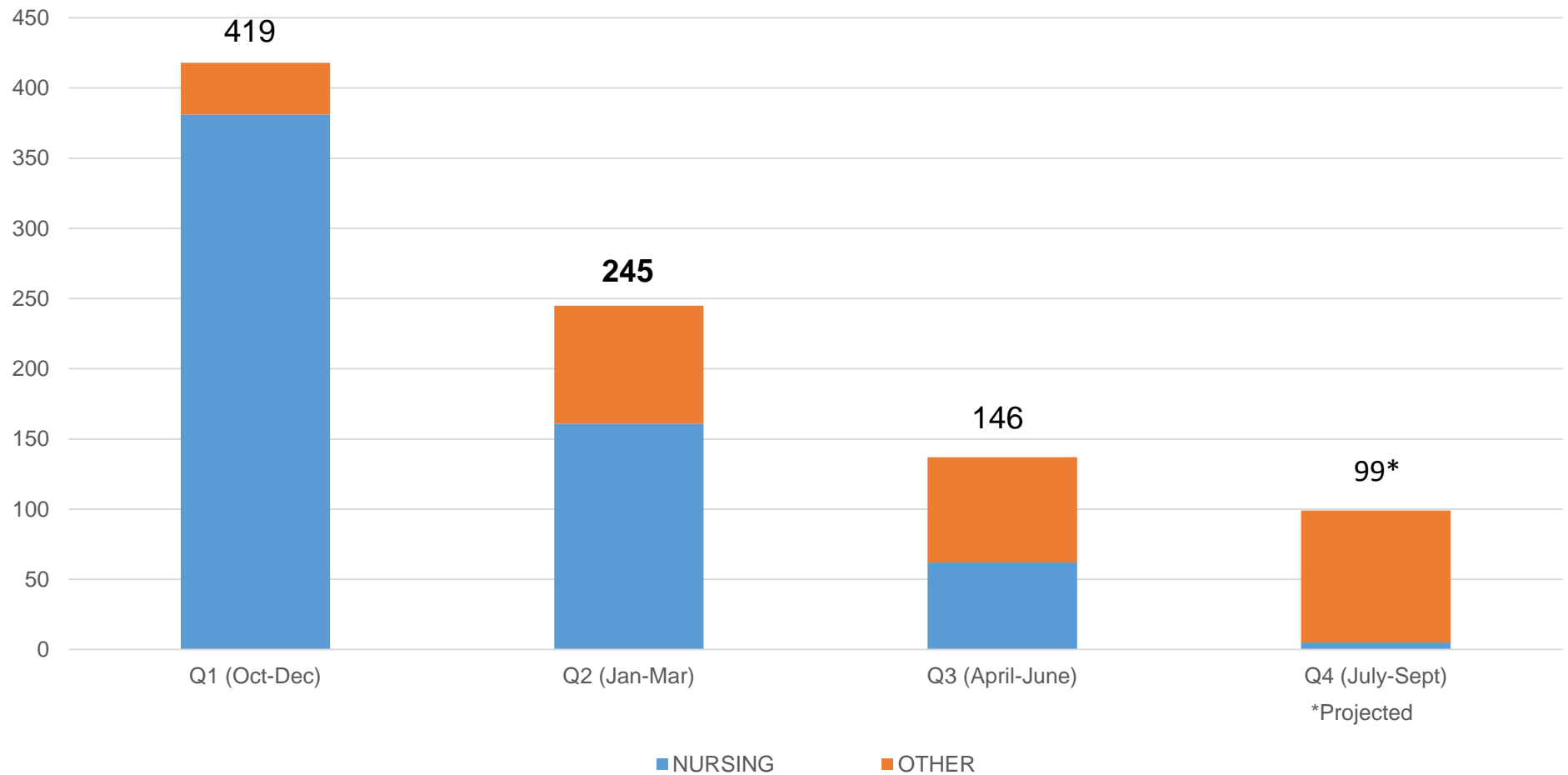
COVID-19 BEFORE AND AFTER

BMH Medical Group & Rehab Services
Impact of COVID-19



CONTRACT LABOR

Quarterly Spend (000)'s FY2020



COVID-19 COSTS-FYTD JULY 2020

Wages and Benefits (Staff redeployment)	\$	586,492
Decontamination Supplies	\$	4,259
Food/Cafeteria	\$	75,508
General Supplies	\$	70,894
IT Services	\$	30,022
Lab Supplies/Test Cost	\$	58,382
PPE and Clinical Supplies	\$	32,891
Telehealth	\$	13,648
Test Site/Resp (Tents, Modular Unit)	\$	27,077
	\$	<u>899,174</u>
Capital Costs (Dedicated COVID Unit, Equipment, Conversion of Existing Areas)	\$	<u>230,211</u>
Total YTD July 2020	\$	<u><u>1,129,385</u></u>

BMH CASH AVAILABILITY ORDER OF LIQUIDITY

• Operating Checking Account	\$ 4,000,000
• HHS Stimulus 04/10 (does not need to be paid back)	\$ 1,050,000
• HHS Stimulus 04/24 (does not need to be paid back)	\$ 350,000
• HHS Stimulus 05/06 (does not need to be paid back)	\$ 4,800,000
• MCD Retainer 05/15/20	\$ 196,897
• MCD Retainer 05/28/20	\$ 156,991
• HHS Stimulus 06/12 (does not need to be paid back)	\$ 5,000,000
• HHS Stimulus 06/19 (does not need to be paid back)	\$ 207,000
• Medicare Advance Payment (Loan)	\$ 6,300,000
• Line of Credit	\$10,000,000
• Short Term Investments	<u>\$13,575,349</u>
• ~ 185 days of cash –6 months	\$45,636,237
=====	
• BMH Long Term Investments	\$17,470,337
• SVHSC Long Term Investments	\$13,448,233
• Ron Reed Account	<u>\$ 8,251,962</u>
	\$39,170,532

~148 days of cash – 4.9 months

Bond Covenant of 100 days = \$24,300,000

NPR/FPP & SUMMARY OF BUDGET REQUEST

- **Net Patient Revenue and Fixed Prospective Payments have increased from FY20 budget to FY21 budget by 5.6%**
- **Accounting Change for ACO FPP accounts for .5%**
 - FY2020 Netted Expense against Revenue
 - FY2021 Accounted for Expense and Revenue separately
- **COVID Expenses account for 1.99% of NPR Increase**
- **Remaining NPR/FPP increase of 3.0%**



INCOME STATEMENT

Brattleboro Memorial Hospital								
Steven Gordon			Andre Bissonette					
Fiscal Year 2021 Budget Analysis	GMCB Data Entry		Hospital Data Entry					
INCOME STATEMENT	2019 A	2020 B	2020 PROJ	2021 B	2019A-2020P	2020B-2020P	2020B-2021B	2020P-2021B
Revenues								
Gross Patient Care Revenue	\$182,085,238	\$188,074,028	\$174,103,645	\$195,374,453	-4.4%	-7.4%	3.9%	12.2%
Disproportionate Share Payments	\$585,323	\$530,861	\$532,377	530,861	-9.0%	0.3%	0.0%	-0.3%
Graduate Medical Education (UVMHC only)	\$0	\$0	\$0		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Bad Debt	-\$3,300,013	-\$3,535,830	-\$1,995,338	(3,388,274)	-39.5%	-43.6%	-4.2%	69.8%
Free Care	-\$2,164,512	-\$2,883,927	-\$2,742,994	(2,930,617)	26.7%	-4.9%	1.6%	6.8%
Deductions from Revenue	-\$104,062,600	-\$105,041,779	-\$104,625,798	(110,623,821)	0.5%	-0.4%	5.3%	5.7%
Net Patient Care Revenue	\$73,143,436	\$77,143,353	\$65,271,892	\$78,962,602	-10.8%	-15.4%	2.4%	21.0%
Fixed Prospective Payments, Reserves & Other								
Fixed Prospective Payments	\$10,850,821	\$11,001,739	\$12,999,061	\$13,839,826	19.8%	18.2%	25.8%	6.5%
Reserves			\$0		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Other Reform Payments			\$0		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Fixed Prospective Payments, Reserves & Other	\$10,850,821	\$11,001,739	\$12,999,061	\$13,839,826	19.8%	18.2%	25.8%	6.5%
Total NPR & FPP	\$83,994,257	\$88,145,092	\$78,270,953	\$92,802,428	-6.8%	-11.2%	5.3%	18.6%
COVID-19 Stimulus and Other Grant Funding								
Other	\$3,771,588	\$3,710,633	\$11,761,507	\$0	#DIV/0!	#DIV/0!	#DIV/0!	
Other	\$3,771,588	\$3,710,633	\$3,659,346	\$3,694,854	-3.0%	-1.4%	-0.4%	1.0%
Other Operating Revenue	\$3,771,588	\$3,710,633	\$15,420,852	\$3,694,854	308.9%	315.6%	-0.4%	-76.0%
Total Operating Revenue	\$87,765,845	\$91,855,725	\$93,691,805	\$96,497,282	6.8%	2.0%	5.1%	3.0%
Expenses								
Salaries, Fringe Benefits, Physician Fees, Contracts	\$52,926,958	\$57,523,601	\$58,523,890	\$61,630,291	10.6%	1.7%	7.1%	5.3%
Medical/Surgical Drugs and Supplies	\$0	\$0	\$8,218,936	\$8,036,110	#DIV/0!	#DIV/0!	#DIV/0!	-2.2%
Health Care Provider Tax	\$4,742,584	\$5,038,058	\$5,014,868	\$5,517,700	5.7%	-0.5%	9.5%	10.0%
Depreciation/Amortization	\$4,217,561	\$4,280,871	\$4,270,913	\$4,477,500	1.3%	-0.2%	4.6%	4.8%
Interest - Short and Long Term	\$122,297	\$546,938	\$242,733	\$486,155	98.5%	-55.6%	-11.1%	100.3%
Other Operating Expenses (includes ACO Participation Fees)	\$25,085,867	\$23,990,691	\$15,026,968	\$15,907,340	-40.1%	-37.4%	-33.7%	5.9%
Operating Expense	\$87,095,267	\$91,500,159	\$91,298,308	\$96,055,096	4.8%	-0.1%	5.1%	5.2%
Net Operating Income	\$670,579	\$475,566	\$2,393,497	\$442,186	256.9%	403.3%	-7.0%	-81.5%
Non Operating Revenue	\$782,350	\$765,000	\$7,994,027	\$700,000	921.8%	945.0%	-8.5%	-91.2%
Excess (Deficit) of Rev over Exp	\$1,452,929	\$1,240,566	\$10,387,524	\$1,142,186	614.9%	737.3%	-7.9%	-89.0%
Income Statement Metrics								
Operating Margin %	2.2%	3.1%	2.6%	0.5%				
Total Margin %	4.5%	4.3%	10.2%	1.2%				

BALANCE SHEET

Brattleboro Memorial Hospital								
Fiscal Year 2021 Budget Analysis	GMCB Data Entry		Hospital Data Entry					
BALANCE SHEET	2019 A	2020 B	2020 PROJ	2021 B	2019A-2020P	2020B-2020P	2020B-2021B	2020P-2021B
Cash & Investments	\$1,786,357	\$3,600,000	\$25,818,252	\$2,456,906	1345.3%	617.2%	-31.8%	-90.5%
Net Patient Accounts Receivable	\$11,537,893	\$12,819,673	\$11,110,385	\$12,483,048	-3.7%	-13.3%	-2.6%	12.4%
ACO Risk Reserve/Settlement Receivable	\$0	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Other Current Assets	\$5,602,425	\$2,993,057	\$3,030,215	\$3,128,397	-45.9%	1.2%	4.5%	3.2%
Current Assets	\$18,926,675	\$19,412,730	\$39,958,852	\$18,068,351	111.1%	105.8%	-6.9%	-54.8%
Board Designated Assets	\$33,846,415	\$25,409,477	\$40,839,452	\$36,140,682	20.7%	60.7%	42.2%	-11.5%
Net, Property, Plant And Equipment	\$26,612,219	\$48,253,862	\$25,724,940	\$39,997,144	-3.3%	-46.7%	-17.1%	55.5%
Other Long-Term Assets	\$0	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Assets	\$79,385,309	\$93,076,069	\$106,523,244	\$94,206,177	34.2%	14.4%	1.2%	-11.6%
Accounts Payable	\$3,666,976	\$4,834,392	\$5,774,858	\$5,804,215	57.5%	19.5%	20.1%	0.5%
Salaries, Wages And Payroll Taxes Payable	\$4,069,297	\$5,182,765	\$6,813,670	\$5,542,875	67.4%	31.5%	6.9%	-18.7%
ACO Risk Reserve/Settlement Payable	\$0	\$0	\$1,095,000	\$1,271,766	#DIV/0!	#DIV/0!	#DIV/0!	16.1%
COVID-19 Funding Short-Term Liabilities			\$6,230,193	\$0	#DIV/0!	#DIV/0!	#DIV/0!	-100.0%
Other Current Liabilities	\$4,259,952	\$4,103,328	\$4,630,035	\$4,920,026	8.7%	12.8%	19.9%	6.3%
Current Liabilities	\$11,996,225	\$14,120,485	\$24,543,756	\$17,538,882	104.6%	73.8%	24.2%	-28.5%
Long Term Liabilities	\$6,553,615	\$17,464,986	\$10,579,716	\$9,329,297	61.4%	-39.4%	-46.6%	-11.8%
Other Noncurrent Liabilities	\$0	\$0	\$208,211	\$208,211	#DIV/0!	#DIV/0!	#DIV/0!	0.0%
COVID-19 Funding Long-Term Liabilities					#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Fund Balance	\$60,835,687	\$61,490,598	\$71,191,561	\$67,129,787	17.0%	15.8%	9.2%	-5.7%
Liabilities and Equities	\$79,385,527	\$93,076,069	\$106,523,244	\$94,206,177	34.2%	14.4%	1.2%	-11.6%
Balance Sheet Metrics	217.06	0.00	0.00	0.00	Change in Points			
Days Cash on Hand	156.9	121.6	279.6	153.8	122.7	158.0	32.2	-125.8
Days Cash on Hand-COVID-19					0.0	0.0	0.0	0.0
Debt Service Coverage Ratio	3.5	2.9			-2.9	-3.5	-2.9	0.0
Long Term Debt to Capitalization	0.1	0.2			-0.2	-0.1	-0.2	0.0
Days Payable	52.8	59.2	103.2	69.9	44.0	50.4	10.7	-33.3
Days Receivable	57.6	60.7	62.3	57.7	1.6	4.7	-3.0	-4.6

FINANCIALS

- **Other Operating and Non-Operating Revenue**
 - No significant changes Budget 20 to Budget 21
 - Projection includes \$11.9 M of grant funding through CARES and Medicaid Retainer
- **Expense**
 - Wages/Contract Medical Specialists
 - Benefits-Health insurance
 - 77% if expense increase attributed to Wages/Contract Medical Specialists and Benefits
 - COVID Expenses
- **Change in Charge Request**
 - 4.9% (Includes COVID@2.0%)



RISKS

- **COVID-19 Resurgence**
- **Recruitment and Retention**
 - Physician/Clinicians
 - Low Unemployment and loss of young talent
 - Competition from NH and MA
- **OneCare risk-based performance**
- **CMS Proposed Reductions**
- **New General Financial System**
- **Limited patience with long-term population health investments which don't yield short term returns**
 - Vulnerable Pop Nurse (Homeless shelter and Respite bed)
 - RiseVT
 - Care Coordination
 - Dental Health
 - Embedded BH Therapists in PC
 - Community Health Team and Hub and Spoke



OPPORTUNITIES

- **Successful Recruitment Efforts**
 - Primary Care: 2MDs; 3 APRNs
 - Orthopedics: 2 PA-Cs; 1 Surgeon
 - Cardiology (via DH and Cheshire): 1 MD
 - Dentist: 1DMD
 - Ophthalmology: 1MD
 - Hospitalist: 1MD; 1APRN
 - Diabetes Management: 1 APRN
- **Regional Psychiatric Strategy Group (Retreat, BMH and HCRS)**
 - ACT (Assertive Community Treatment) Initiative
- **Continued collaboration with DH and Cheshire Med**
 - Evolution of Strategic Partnership
- **Tele-Medicine**
 - New Platform
- **LGBTQ+ and Racial Diversity Initiatives**
- **Continued Support of Dental Clinic (Medicaid and Uninsured)**
 - BMH provides facility and employs dentist
 - United Way, Brattleboro Health Department and other community agencies



CAPITAL BUDGET PLANS

- **Non-CON Capital Budget:**

FY2021 Non-CON Capital	Amount
Patient Care equipment replacements	\$ 915,171
Medical Practice equipment	\$ 29,250
Diagnostic Department equipment	\$ 23,114
Plant Services repairs and upgrades	\$ 470,819
IS/IT Projects and Infrastructure upgrades	\$ 694,100
Total	<u>\$ 2,132,454</u>

- **CON-Approved Modernization Project construction to start in Fall 2020 with completion in FY 2022. Boiler plant upgrade complete.**