



Gifford Medical Center

Healthier Together



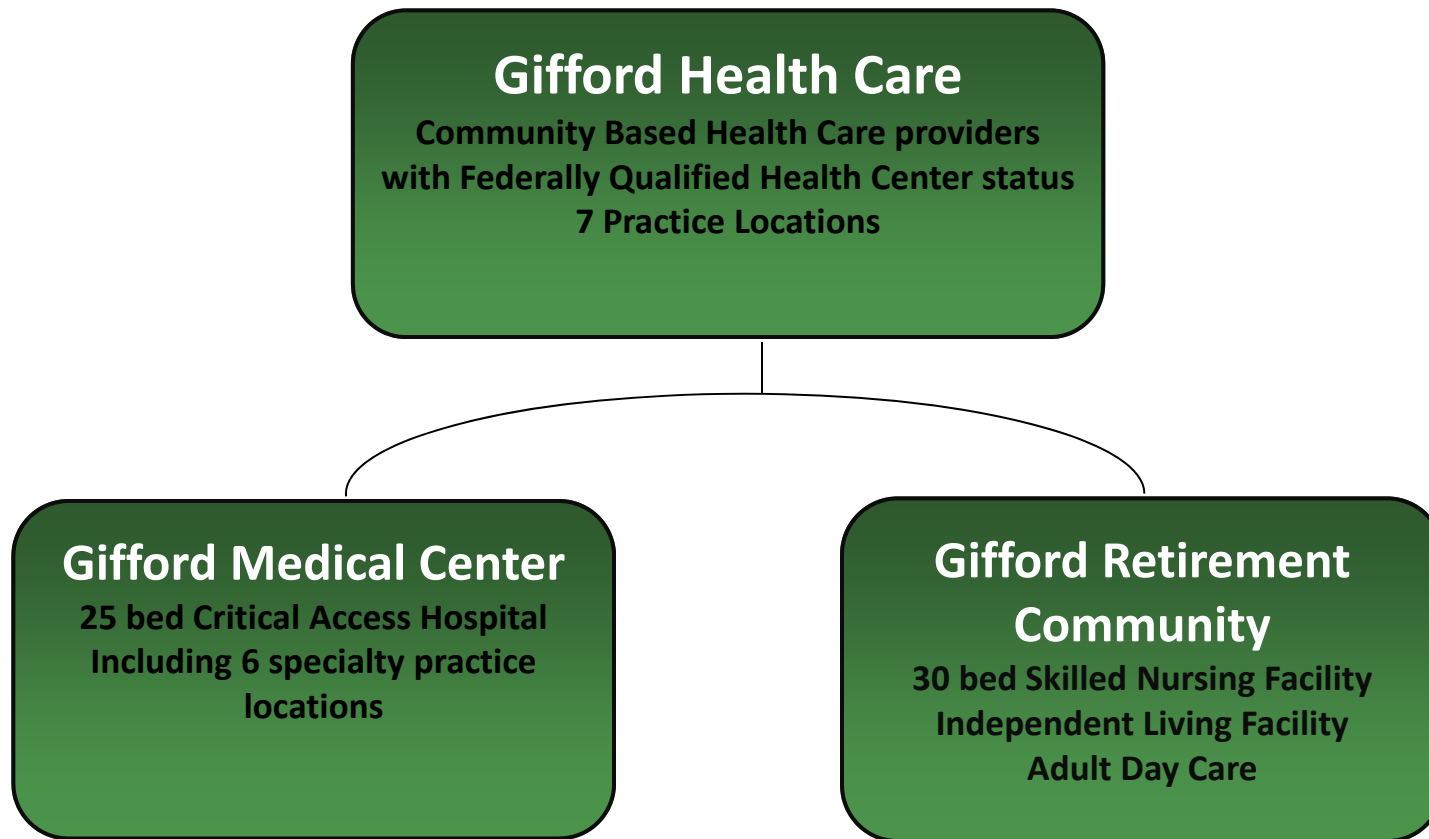
Green Mountain Care Board FY21 Budget Presentation

August 29, 2020



FY 2021 HOSPITAL BUDGET PRESENTATION

1. Introduction/Overview/Hospital Vision & Outlook
2. Net Patient Revenue/Fixed Prospective Payments & Summary Budget Request
3. Income Statement, Balance Sheet, and Cash Flow
 - a. NPR/FPP (Medicare, Medicaid, and Commercial Revenue Assumptions)
 - b. Other Operating and Non-Operating Revenue
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 - e. Adjustments (provider transfers and accounting)
4. Service Line Adjustments
5. Risks and Opportunities
6. Capital Budget Plans





Financial Improvement Strategies After FY18

1. Return to historic volumes
2. Reduce costs
3. Expand community outreach and partnerships

Our Efforts Have Been Effective Across Our Three Organizations

Gifford Health Care Financial Recovery (pre-covid)



Financial Recovery After FY18

GHC	FY17	FY18	FY19	YTD Feb	YTD Feb
				FY19	FY20
Total Operating Revenue	70,736,434	67,029,189	70,160,349	29,965,480	31,456,141
Total Operating Expense	73,466,444	73,883,490	72,052,831	30,403,629	31,020,214
Operating Income	(2,730,010)	(6,854,301)	(1,892,482)	(438,149)	435,927
	-3.9%	-10.2%	-2.7%	-1.5%	1.4%
FTE	497.5	488.7	475.9	477.8	464.0
% Change in Revenue		-5.2%	4.7%		5.0%
% Change in Expense		0.6%	-2.5%		2.0%

GMC	FY17	FY18	FY19	YTD Feb	YTD Feb
				FY19	FY20
Total Operating Revenue	55,823,847	49,952,117	51,525,194	21,360,724	23,584,260
Total Operating Expense	56,698,140	55,321,562	51,938,902	21,407,588	21,708,076
Operating Income	(874,293)	(5,369,445)	(413,708)	(46,864)	1,876,184
	-1.6%	-10.7%	-0.8%	-0.2%	8.0%
FTE	341.7	340.5	326.9	327.3	319.6
% Change in Revenue		-10.5%	3.1%		10.4%
% Change in Expense		-2.4%	-6.1%		1.4%



Key Financial Ratios vs Benchmark

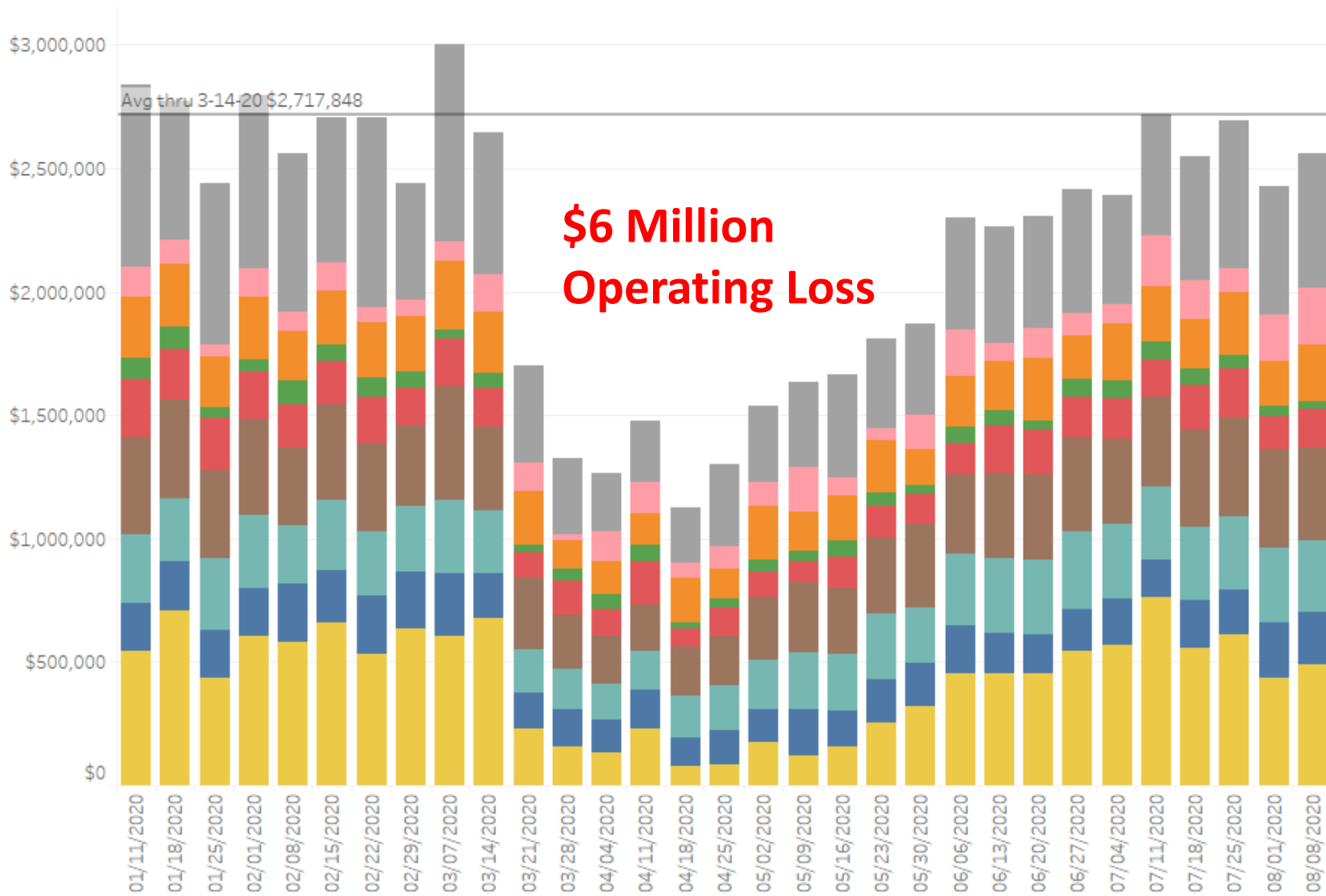
GHC Combined	Moody's			YTD Feb
	Baa3	FY18	FY19	FY20
Operating Margin	1.0%	-9.8%	-2.6%	1.4%
EBIDA Margin	7.0%	-2.4%	4.4%	7.8%
Total Margin	3.0%	-6.5%	1.6%	5.3%
Debt to Capitalization	46.0%	35.3%	32.0%	31.4%
Debt Service Coverage	3.00	0.21	2.46	3.67
Days Cash on Hand	145.5	164.8	169.9	168.2
Cash to Debt	86.0%	120.5%	131.5%	137.9%
Average Age of Plant	13.0	12.2	13.9	14.3

GMC	Moody's			YTD Feb
	Baa3	FY18	FY19	FY20
Operating Margin	1.0%	-10.7%	-0.8%	8.0%
EBIDA Margin	7.0%	-4.1%	5.6%	13.4%
Total Margin	3.0%	-6.2%	4.8%	12.7%
Debt to Capitalization	46.0%	25.0%	23.0%	22.6%
Debt Service Coverage	3.00	0.07	3.59	7.57
Days Cash on Hand	145.5	223.1	235.2	233.6
Cash to Debt	86.0%	171.2%	176.3%	178.7%
Average Age of Plant	13.0	18.7	21.5	22.1

Impact of Pandemic



Gross Patient Charges by Week





1. Provide access to care, and communication to community

- a) Information about the pandemic
- b) Testing
- c) Resources

2. Maintain a strong and well-supported workforce

- a) Clinically
- b) Financially

3. Maintain Financial Strength

- a) Pursue covid relief funds
- b) Reduce expenses, where possible
- c) Preserve cash



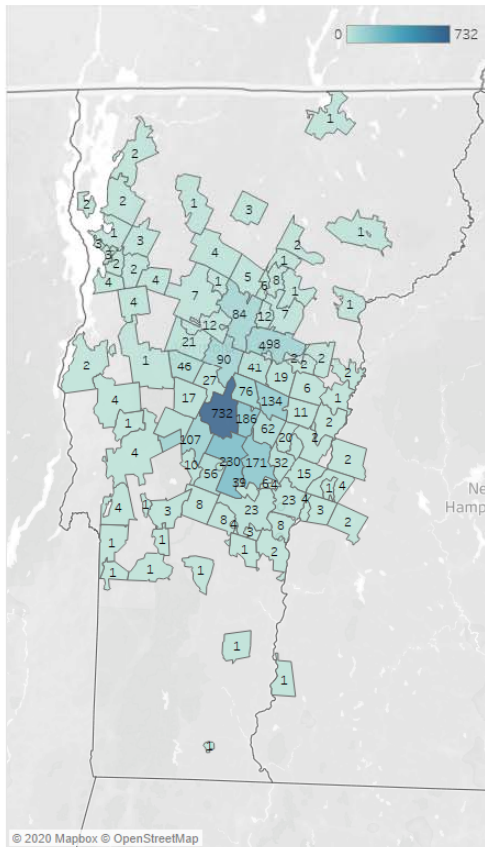
- 1. Primary Care offices remained open for needed care**
- 2. Expanded telehealth and telephonic care**
- 3. Expansive testing program**
- 4. Communication**
 - a) Blogs
 - b) Media
 - c) Community response planning
 - d) Technical assistance to schools, colleges, businesses
- 5. VeggieVanGo**
 - a) Adapted to drive-thru program
 - b) Expanded frequency and number of families served

Covid Testing Program



COVID-19 Test Dashboard

Map of COVID-19 Tests - VT Total



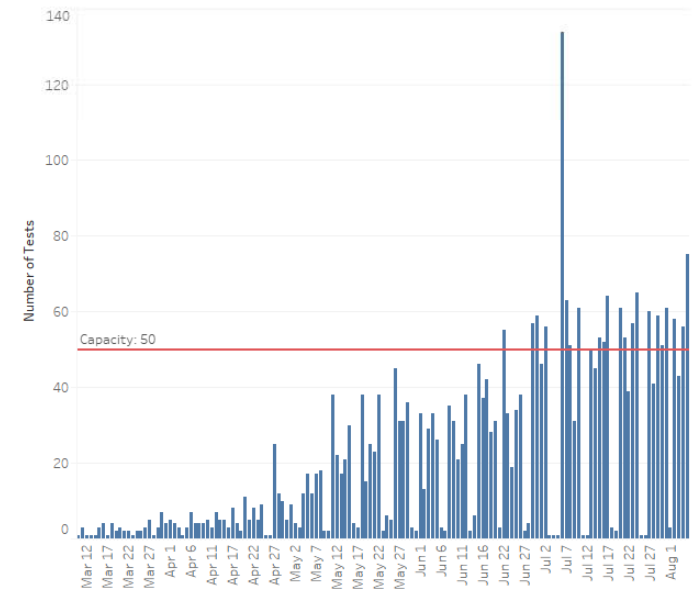
Tests by State

State	Quantity	% of Total
VT	2,696	88.7%
Null	187	6.1%
NY	28	0.9%
MA	27	0.9%
NH	18	0.6%
FL	17	0.6%
PA	7	0.2%
CT	7	0.2%
SC	6	0.2%
MD	6	0.2%
CA	6	0.2%
AZ	6	0.2%
VA	4	0.1%
NJ	4	0.1%
TX	3	0.1%
UT	2	0.1%
TN	2	0.1%
MI	2	0.1%
IL	2	0.1%
HI	2	0.1%
WA	1	0.0%
MN	1	0.0%
ME	1	0.0%
KS	1	0.0%
IN	1	0.0%
IA	1	0.0%
GA	1	0.0%
DC	1	0.0%
CO	1	0.0%
Grand Total	3,041	100.0%

Tests by City/State >= 5 Tests

RANDOLPH, VT	732
BETHEL, VT	230
Null	187
RANDOLPH CENTER, VT	186
SOUTH ROYALTON, VT	171
CHELSEA, VT	134
Rochester, VT	107
BARRE, VT	102
NORTHFIELD, VT	90
MONTPELIER, VT	84
BROOKFIELD, VT	77
TUNBRIDGE, VT	62
STOCKBRIDGE, VT	56
Warren, VT	46
WILLIAMSTOWN, VT	41
Barnard, VT	39
East Randolph, VT	33
SHARON, VT	32
Roxbury, VT	27
White River Junction, VT	23
Woodstock, VT	23
Waitsfield, VT	21
Hancock, VT	20
STRAFFORD, VT	20
SOUTH STRAFFORD, VT	19
WASHINGTON, VT	19
GRANVILLE, VT	17
Gaysville, VT	16
Norwich, VT	15
BROOKLYN, NY	12
East Montpelier, VT	12
Moretown, VT	12
VERSHIRE, VT	11
Pittsfield, VT	10
New York, NY	9
Bridgewater Corners, VT	8
East Calais, VT	8
Hartland, VT	8
Killington, VT	8
BURLINGTON, VT	7
Graniteville, VT	7
Plainfield, VT	7
Quechee, VT	7
Waterbury, VT	7
Calais, VT	6
Corinth, VT	6
North Pomfret, VT	6
THETFORD CENTER, VT	6
Northfield Falls, VT	5
Worcester, VT	5

Tests by Service Date



Strong & Well Supported Workforce



- 1. Access to PPE & Infection control protocols**
- 2. Offered voluntary furloughs**
- 3. Work from home**
- 4. Re-deployed staff**
- 5. Quarantine pay policies**
- 6. Frequent communication**
 - a) “All Staff” video meetings
 - b) Clinical and administrative email updates
 - c) Phone information line
- 7. Applied for State Hazard Pay Program**

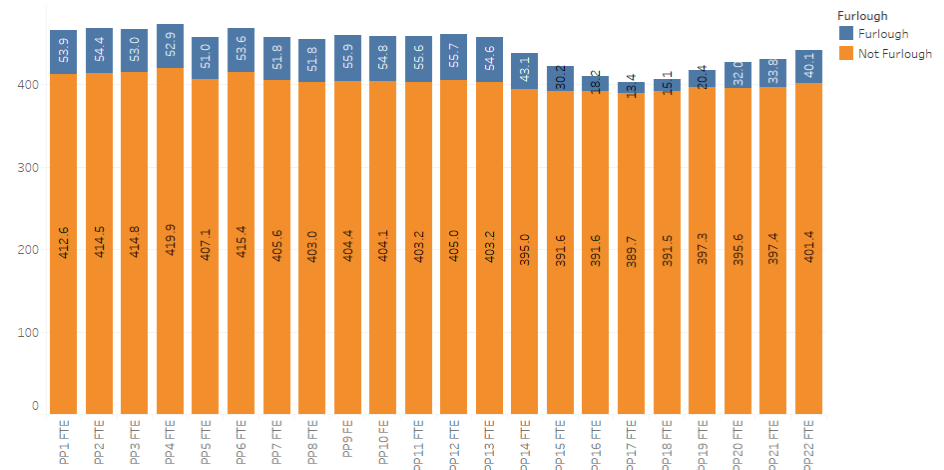
Expense Reductions



1. Voluntary Furloughs

a) 66 people 44 FTE 9.5%

FTE By Pay Period Furlough vs Not



2. Delayed annual wage increases

- a) Market adjustments and merit increase
- b) FY20 budget included 3%

3. Halted Women's Health Renovation Project

- a) Restarted project in July



○ **Gifford Medical Center**

- \$1.0 million initial CARES Act funds
- \$4.2 million CARES Act Rural Stimulus Funds
- \$230,000 VT Medicaid Retainer Payments
- \$5.4 million total Covid relief payments

- \$5.0 million Operating Losses March through June
 - \$400,000 remaining Covid relief funds

○ **FQHC and Retirement Community**

- \$1.0 million initial CARES Act funds
- \$800,000 HRSA Covid supplemental grants
- \$290,000 VT Medicaid Retainer Payments
- \$2.1 million total Covid relief payments

- \$1.0 million Operating Losses March through June
 - \$1.1 million remaining Covid relief funds



As a community health center and medical home, Gifford's mission is to improve and manage the health of the people we serve by providing and assuring access to affordable, high quality health care, and by promoting the health and well being of everyone in our service area.

○ Outlook

- Gifford remains committed to Vermont's health care reform goals
 - Reduce health care costs and cost growth
 - Assure that all Vermonters have access to and coverage for high-quality health care (health care includes mental and physical health and substance abuse treatment)
 - Support improvements in the health of Vermont's population
 - Assure greater fairness and equity in how we pay for health care
- The covid pandemic has created great uncertainty
 - **In the short term, Gifford is working hard to stabilize itself while thoughtfully assessing what the healthcare environment will look like in the next 12 months, and how best to prepare**



Net Patient Revenue/Fixed Prospective Payments & Summary Budget Request

Gifford Medical Center

NPR/FPP & Charges



	FY20 Proj		FY21 Bud		Payer Mix		FY20 Bud		FY21 Bud		Payer Mix	
					FY20 Proj	FY21 Bud			FY20 Bud	FY21 Bud	FY20 Bud	FY21 Bud
Medicare	44,405,926	51,947,724	17.0%	43.3%	43.2%	50,349,738	51,947,724	3.2%	44.2%	43.2%		
Medicaid	18,370,162	21,570,995	17.4%	17.9%	17.9%	20,794,492	21,570,995	3.7%	18.3%	17.9%		
Commercial	37,703,609	44,280,606	17.4%	36.7%	36.8%	40,459,972	44,280,606	9.4%	35.5%	36.8%		
Self-Pay/Other/WC	2,138,133	2,509,031	17.3%	2.1%	2.1%	2,217,234	2,509,031	13.2%	1.9%	2.1%		
Total Gross Patient Charges	102,617,829	120,308,356	17.2%	100.0%	100.0%	113,821,436	120,308,356	5.7%	100.0%	100.0%		
				Reimbursement Rate					Reimbursement Rate			
Medicare	14,787,426	18,416,508	24.5%	33.3%	35.5%	18,132,615	18,416,508	1.6%	36.0%	35.5%		
Medicaid	4,200,628	4,278,437	1.9%	22.9%	19.8%	4,874,254	4,278,437	-12.2%	23.4%	19.8%		
Commercial	26,413,238	28,284,732	7.1%	70.1%	63.9%	28,060,848	28,284,732	0.8%	69.4%	63.9%		
Self-Pay/Other/WC	482,345	567,798	17.7%	22.6%	22.6%	775,146	567,798	-26.7%	35.0%	22.6%		
Net Patient Revenue	45,883,637	51,547,475	12.3%	44.7%	42.8%	51,842,863	51,547,475	-0.6%	45.5%	42.8%		

NPR/FPP & Charges



Net Patient Revenue/Fixed Prospective Payments and Key Statistics									
Gifford Medical Center									
	FY18 Actual	FY19 Actual	FY20 Actual thru Feb	FY20 Projected	FY21 Budget	FY20 Budget	FY21 Budget		
Patient Revenue									
IP Acute Revenue	23,877,695	22,954,311	10,216,748	22,102,126	25,520,223	24,309,233	25,520,223	5.0%	
IP Swing Revenue	1,947,193	1,672,614	738,406	1,587,423	1,844,493	1,714,125	1,844,493	7.6%	
OP Hosp Revenue	65,890,799	68,265,892	29,788,254	63,668,798	74,407,095	70,661,121	74,407,095	5.3%	
OP Clinic Revenue	15,922,827	16,281,764	7,423,952	15,259,482	18,536,545	17,136,956	18,536,545	8.2%	
Total Patient Revenue	107,638,514	109,174,581	48,167,360	102,617,829	120,308,356	113,821,435	120,308,356	5.7%	
Less: Total Deductions	58,794,343	61,065,565	26,181,556	59,306,949	71,425,208	64,240,932	71,425,208	11.2%	
Net Patient Revenue	48,844,171	48,109,016	21,985,804	43,310,880	48,883,148	49,580,503	48,883,148	-1.4%	
Fixed Prospective Payments	0	1,943,080	1,174,153	3,115,421	3,200,000	2,802,480	3,200,000	14.2%	
NPR plus FPP	48,844,171	50,052,096	23,159,956	46,426,301	52,083,148	52,382,983	52,083,148	-0.6%	
As % of gross charges	45.4%	45.8%	48.1%	45.2%	43.3%	46.0%	43.3%		
Key Statistics									
Acute Inpatient Census	10.7	10.4	10.4	9.4	10.4	10.4	10.4	-0.2%	
Sub-Acute Patient Census	3.6	3.3	3.4	3.1	3.4	3.3	3.4	3.5%	
Total Patient Census	14.3	13.7	13.8	12.5	13.8	13.7	13.8	0.7%	
IP OR Min per Day	66	73	79	66	79	66	79	18.8%	
OP OR Min per Day	248	240	249	198	249	243	249	2.7%	
Total OR Min per Day	314	312	328	263	328	309	328	6.2%	
IP ED Visits per Day	2.3	2.1	2.3	2	2.2	2.1	2.2	6.5%	
OP ED Visits per Day	16.9	16.0	15.1	13	15.1	16.0	15.1	-5.6%	
Total ED Visits per Day	19.2	18.2	17.4	15.4	17.4	18.1	17.4	-4.2%	

Budget Summary



	FY18 Actual	FY19 Actual	FY20 Projected	FY21 Budget	FY21 Bud vs FY20 Proj	%	FY20 Budget	FY21 Budget	FY21 Bud vs FY20 Bud	%
NPR Including ACO	48,844,171	50,052,096	46,426,301	52,083,148	5,656,847	12.2%	52,382,983	52,083,148	(299,835)	-0.6%
Other Operating Revenue	1,107,945	1,473,098	6,315,721	1,487,802	(4,827,919)	-76.4%	820,817	1,487,802	666,984	81.3%
Total Revenue	49,952,117	51,525,194	52,742,022	53,570,950	828,928	1.6%	53,203,801	53,570,950	367,149	0.7%
Total Operating Expense	55,321,562	51,938,901	51,415,445	52,584,178	1,168,733	2.3%	51,663,036	52,584,178	921,141	1.8%
Net Operating Income	(5,369,446)	(413,707)	1,326,577	986,772	(339,805)	-25.6%	1,540,764	986,772	(553,992)	-36.0%
Non-Operating Revenue	2,155,792	3,057,478	2,322,495	950,000	(1,372,495)	-59.1%	849,457	950,000	100,543	11.8%
Total Net Income	(3,213,654)	2,643,771	3,649,072	1,936,772	(1,712,300)	-46.9%	2,390,221	1,936,772	(453,449)	-19.0%
Operating Margin	-10.7%	-0.8%	2.5%	1.8%			2.9%	1.8%		
Total Margin	-6.2%	4.8%	6.6%	3.6%			4.4%	3.6%		

- 4% Price Increase
 - 2-3% increase in payment rates from major payers
- Budget FY21 vs Budget FY20
 - 0.7% increase in total revenue
 - 1.8% increase in costs
 - 36% less net operating income
 - 19% less total net income



Income Statement, Balance Sheet, and Cash Flow

Gifford Medical Center

Profit and Loss Statement



Income Statement

Gifford Medical Center, Inc.

Budget 2021

	Actual FY19	Budget FY20	Projected FY20	Budget FY21
Revenues				
Gross Patient Care Revenue	109,174,581	113,821,436	102,617,829	120,308,356
Disproportionate Share Payments	554,798	540,121	542,664	535,672
Bad Debt	(2,361,692)	(2,577,315)	(2,892,012)	(3,390,573)
Free Care	(391,900)	(448,767)	(620,325)	(727,265)
Deductions from Revenue	(58,866,771)	(61,754,971)	(56,337,276)	(67,843,043)
Net Patient Care Revenue	48,109,016	49,580,504	43,310,880	48,883,148
Fixed Prospective Payments, Reserves & Other				
Fixed Prospective Payments	1,943,080	2,802,480	3,115,421	3,200,000
Fixed Prospective Payments, Reserves & Other	1,943,080	2,802,480	3,115,421	3,200,000
Total NPR & FPP	50,052,096	52,382,984	46,426,301	52,083,148
COVID-19 Stimulus and Other Grant Funding				
COVID-19 Stimulus and Other Grant Funding	-	-	5,148,081	-
Other	1,473,098	820,818	1,167,640	1,487,802
Other Operating Revenue	1,473,098	820,818	6,315,721	1,487,802
Total Operating Revenue	51,525,194	53,203,802	52,742,022	53,570,950
Expenses				
Salaries, Fringe Benefits, Physician Fees, Contracts	31,441,054	32,061,916	31,204,021	31,919,519
Medical/Surgical Drugs and Supplies	-	-	5,239,509	5,264,001
Health Care Provider Tax	2,813,815	2,872,296	2,960,397	3,067,436
Depreciation/Amortization	2,674,236	2,622,778	2,342,922	2,422,439
Interest - Short and Long Term	799,689	738,547	736,972	733,168
Other Operating Expenses (includes ACO Participation Fees)	14,210,107	13,367,499	8,931,625	9,177,615
Total Operating Expense	51,938,902	51,663,036	51,415,445	52,584,178
Net Operating Income	(413,707)	1,540,766	1,326,577	986,772
Non Operating Revenue	3,057,478	849,458	2,322,495	950,000
Excess (Deficit) of Rev over Exp	2,643,771	2,390,224	3,649,072	1,936,772

Balance Sheet



Balance Sheet

Gifford Medical Center, Inc.
Budget 2021

	Actual FY19	Budget FY20	Projected FY20	Budget FY21
Cash & Investments	4,606,131	3,593,292	13,555,461	6,202,560
Net Patient Accounts Receivable	5,642,063	5,603,323	4,215,645	4,102,342
ACO Risk Reserve/Settlement Receivable	0	0	0	0
Other Current Assets	3,687,839	3,375,382	4,894,395	4,975,736
Total Current Assets	13,936,032	12,571,998	22,665,501	15,280,638
Board Designated Assets	27,355,770	28,835,674	27,812,414	28,491,037
Net, Property, Plant And Equipment	35,520,148	36,042,222	34,704,847	36,282,408
Other Long-Term Assets	7,234,055	7,044,634	6,542,364	6,613,741
Total Assets	84,046,006	84,494,528	91,725,126	86,667,823
Accounts Payable	3,757,904	5,316,957	3,873,812	3,990,026
Salaries, Wages And Payroll Taxes Payable	2,200,958	2,169,119	2,266,986	2,334,996
ACO Risk Reserve/Settlement Payable	0	0	614,901	858,359
COVID-19 Funding Short-Term Liabilities	0	0	6,368,294	0
Other Current Liabilities	994,884	1,115,632	1,842,674	1,599,216
Total Current Liabilities	6,953,745	8,601,708	14,966,667	8,782,597
Long Term Liabilities	17,742,777	16,815,255	16,931,543	16,121,539
Other Noncurrent Liabilities	(458,286)	168,696	(1,973,695)	(1,973,695)
COVID-19 Funding Long-Term Liabilities	0	0	0	0
Fund Balance	59,807,770	58,908,869	61,800,610	63,737,382
Total Liabilities and Equities	84,046,006	84,494,528	91,725,126	86,667,823

Cash Flows



Statement of Cash Flows

Gifford Medical Center, Inc.

Budget 2021

	Actual FY19	Budget FY20	Projected FY20	Budget FY21
Cash From Operations				
Excess (Deficit) of Rev over Exp	2,643,771	2,390,224	1,377,377	(273,571)
Depreciation/Amortization	2,328,318	2,396,105	2,342,922	2,422,439
(Increase)/Decrease in Patient A/R	(1,192,697)	38,740	1,426,418	113,303
(Increase) Decrease in Other Assets	562,402	2,070,490	650,226	0
(Decrease)/Increase in Medicare/BCBS AAP	0	0	6,368,294	(6,368,294)
(Decrease)/Increase in Other Liabilities	(2,427,496)	(278,895)	(2,418,141)	(20,678)
Change in Due to/from Third Parties	1,563,884	(580,180)	613,191	0
Other Changes	(2,864,490)	(2,831,003)	2,238,499	2,312,431
Total Cash from Operations	613,693	3,205,480	12,598,785	(1,814,370)
Cash from Investing Activity				
Capital Spending				
(Decrease)/Increase in Accum Depr Less Depreci	327,806	3,256,487	763,364	0
(Purchase)/Disposal of Capital Assets	(1,029,599)	(6,174,666)	(2,290,984)	(4,000,000)
Total Capital Spending	(701,792)	(2,918,179)	(1,527,620)	(4,000,000)
Investments				
(Increase)/Decrease in Funded Depreciation	2,728,949	1,509,490	402,416	(388,139)
(Increase)/Decrease in Other LT Investments	(386,607)	(1,897,256)	105,432	(361,860)
Total Cash from Investments	2,342,342	(387,766)	507,849	(750,000)
Total Cash from Investing Activity	1,640,550	(3,305,945)	(1,019,772)	(4,750,000)
Financing Activity - Bonds & Mortgages	(711,853)	(605,824)	(916,307)	(789,327)
Increase (Decrease) in Operating Cash	1,542,390	(706,290)	10,662,707	(7,353,696)
Operating Cash, Beginning of Year	635,070	2,177,460	2,177,460	12,840,166
Operating Cash, End of Year	2,177,460	1,471,170	12,840,166	5,486,470
Change in Operating Cash	1,542,390	(706,290)	10,662,707	(7,353,696)



Service Line Adjustments

Gifford Medical Center



- **Gifford has no plans to adjust its service lines in FY21**
- **Due to the current uncertain health care environment**



Risks and Opportunities

Gifford Medical Center



- **The Covid-19 pandemic presents an extraordinary level of risk and uncertainty as we prepare for FY21. Gifford Medical Center (GMC) has established the following goals during the pandemic period.**
 - Provide appropriate access to care, and communication for our community
 - Maintain a strong and well-supported workforce
 - Retain our financial health
- **Our FY21 budget assumes we avoid disruptions in care, are able to adequately staff our services, and maintain financial health.**
 - Gifford is evaluating our pandemic experience to date and determining how we can utilize those experiences to withstand similar future disruptions.



Capital Budget Plans

Gifford Medical Center



- **\$4 million capital budget**
 - Due to the uncertain environment
 - Restricted to routine replacement of equipment and mechanical systems
 - No major capital expenditures are planned.

 - FQHC has grant funds to invest in broadband to support tele-medicine