



Gifford Medical Center

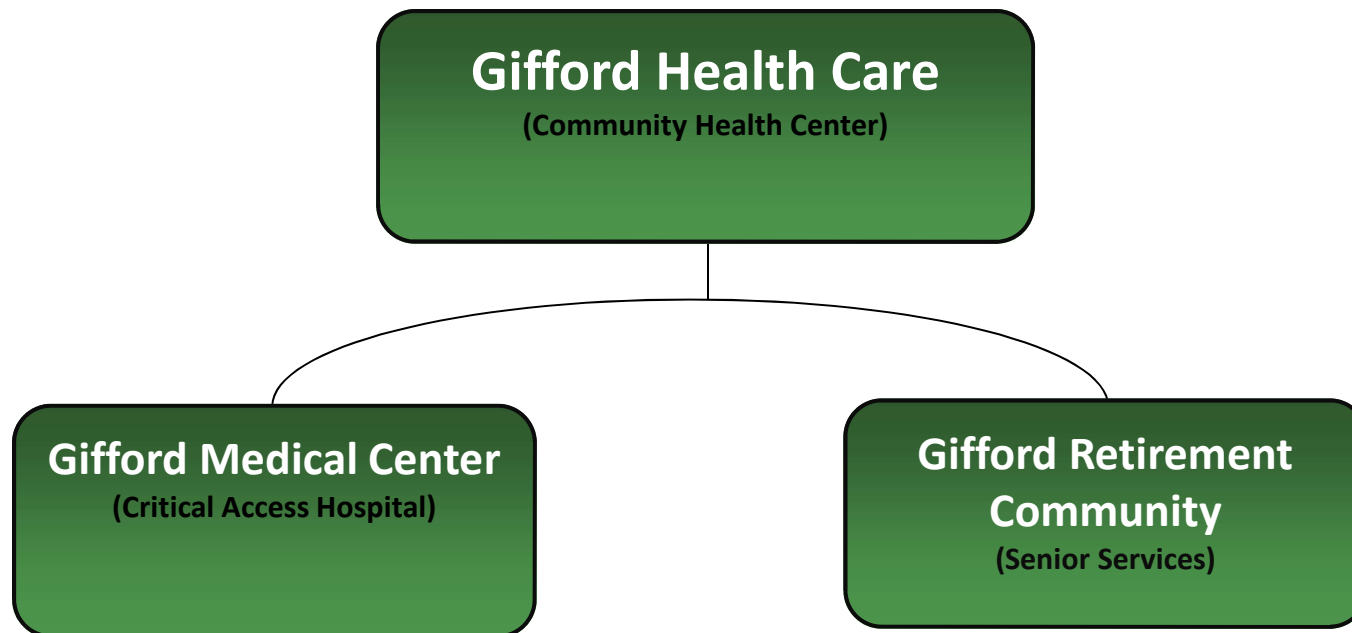
Healthier Together



Green Mountain Care Board Budget Presentation

April 8, 2019

Introduction – Organization Chart



Historical Net Patient Revenue



Net Patient Revenue and Fixed Prospective Payments: 5-Year Results

	Actuals FY2014	Actuals FY2015	Actuals FY2016	Actuals FY2017	Actuals FY2018
Brattleboro	\$71,512,773	\$75,742,920	\$73,164,810	\$75,062,532	\$77,601,735
CVMC	\$161,353,760	\$173,990,659	\$191,539,946	\$195,237,530	\$194,586,135
Copley	\$59,947,666	\$63,464,436	\$62,804,324	\$64,983,966	\$66,226,448
Gifford	\$58,282,092	\$53,896,728	\$54,787,886	\$54,307,372	\$48,844,171
Grace Cottage	\$15,543,287	\$16,068,766	\$17,241,709	\$17,261,208	\$18,193,737
Mount Ascutney	\$45,789,349	\$45,514,515	\$46,402,275	\$48,253,025	\$50,808,643
North Country	\$71,631,396	\$73,297,094	\$77,791,582	\$76,686,887	\$81,484,221
Northeastern	\$61,868,757	\$65,548,594	\$71,586,551	\$76,794,700	\$78,445,072
Northwestern	\$91,165,412	\$97,798,763	\$99,895,760	\$101,110,424	\$103,317,768
Porter	\$66,716,573	\$70,596,270	\$75,061,496	\$78,203,218	\$80,346,401
Rutland	\$220,829,447	\$228,328,637	\$245,822,952	\$242,193,431	\$254,235,029
Southwestern	\$139,410,223	\$142,769,168	\$151,922,754	\$152,602,902	\$161,115,765
Springfield	\$49,727,116	\$55,926,090	\$53,638,120	\$51,999,349	\$52,978,812
UVMHC	\$1,055,675,894	\$1,115,357,666	\$1,156,546,653	\$1,211,118,975	\$1,254,036,509
SYSTEM TOTAL	\$2,169,453,746	\$2,278,270,306	\$2,378,206,818	\$2,445,815,519	\$2,522,220,446

Starting on 07/01/2014 Gifford Health Care (primary care) started operations, on 05/22/2015 Gifford Retirement Community (nursing home) opened their doors. Prior to these dates, GHC and GRC were considered departments of Gifford Medical Center. The yearly net patient revenue for these corporations reduced GMC net patient revenue by ~ \$10 million.

Historical Net Patient Revenue



Gifford Medical Center 5-Year Results

NPR/FPP						
Actuals FY2014	Actuals FY2015	Actuals FY2016	Actuals FY2017	Actuals FY2018	4-Year CAGR	Budget FY2019
\$ 58,282,092	\$ 53,896,728	\$ 54,787,886	\$ 54,307,372	\$ 48,884,171	-4.30%	\$ 55,894,651
(% Change)		-7.5%	1.7%	-0.9%	-10.0%	

Corporate Restructure

NPR/FPP						
Actuals FY2014	Actuals FY2015	Actuals FY2016	Actuals FY2017	Actuals FY2018	4-Year CAGR	Budget FY2019
FQHC \$ 2,553,117						
Nursing Home \$ 3,042,599	\$ 1,052,558					
Re-Stated \$ 52,686,376	\$ 52,844,170	\$ 54,787,886	\$ 54,307,372	\$ 48,884,171	-1.86%	\$ 55,894,651
(% Change)		0.3%	3.7%	-0.9%	-10.0%	

History:

FY 2014 - GHC created on 07/01/14

FY 2015 - GRC created 05/26/15

FY 2017 - GHC Primary Care providers retire or depart, FTE's FY17 = 23.93 vs FY19 = 26.17

FY 2017 - GMC utilizes general surgery & orthopedics locums

FY 2018 - GMC 12/17 Orthopedic Provider departs

FY 2018 - GMC re-establishes orthopedics program

FY 2019 - GMC 10/18 re-establishes general surgery program



FY 2018 Hospital Issues

Areas of Risk/Opportunities



Workforce

- Provider turnover (general surgery, orthopedics, primary care)
- Utilization of locum physicians (general surgery, primary care)
- Traveling RN staff (OR, Med/Surgical)
- Tight labor market
 - Difficult to find individuals to fill open positions
 - Wage pressures

EMR Implementation

- Went live at the end of April
- Impact on volumes

Drivers of NPR & Margin Variances



Gifford experienced financial challenges in FY 2018, and ended the year with a \$5.4 million loss on operations. The losses were driven in large part by lower than expected surgical and inpatient volumes, and expected dips in volume during our electronic health record implementation. To improve our financial performance we focused on three areas – achieving our expected patient volumes, reducing costs, and expanding our community partnerships.

We expect our volumes to increase as we build back our surgical services and fill needed primary care positions. Also, with the successful implementation of the new EMR, we are expecting to see higher productivity in the coming years from our clinics.

We have asked all employees to identify areas where we can reduce our costs to accommodate the revenue shortfalls– and they have responded to our request. We believe that now that the EMR is up and running expenses will come into line without the required training and go-live pressures. Additionally, with our new surgeons that started in August 2018 we will no longer have to pay for expensive locums.

Gifford has been able to accumulate financial reserves over the years to invest in facility and equipment needs, and to insulate us against difficult financial times. These reserves have allowed us to weather these challenges for the past two years – but we cannot rely on them indefinitely and need to return to achieving positive financial results.

Drivers of NPR & Margin Variances



Category	Years	Explanation
REVENUE		
Patient Revenue	Ac 18 - Bud 18	<p>Inpatient - lower than expected surgical and inpatient volumes</p> <p>Outpatient - down do to lack of surgical and primary care providers as well as implementation of a new EMR</p> <p>Clinic - down due to lack of surgical providers as well as implementation of a new EMR</p>
EXPENSES		
Wages - Non Providers	Ac 18 - Bud 18	7% reduction due to use of low census, attrition, productivity expectations
Benefits	Ac 18 - Bud 18	In-line with 2018 actual expectations
Advertising	Ac 18 - Bud 18	<p>Due to cost initiatives expense decreased by 68%:</p> <p>Rework paper reports to be electronic versions only</p> <p>Reduced print ads</p> <p>Held on new intranet site</p>
Depreciation	Ac 18 - Bud 18	Moving to cloud based application which is decreasing expenses by 11%
Other	Ac 18 - Bud 18	<p>Reductions due to cost initiatives:</p> <p>Dues - \$41k</p> <p>Network printers/copies - \$30k</p> <p>Freight - \$20k</p> <p>Postage - \$13k</p> <p>Above initiatives were offset by an increase of other direct costs - \$91k</p>
Purchase Services	Ac 18 - Bud 18	<p>Utilized locum providers - \$662k</p> <p>Moved orthopedist from employed to contracted service - \$408k</p> <p>Utilized travelers/contract staff - \$800k</p> <p>Moved to cloud based IT applications - \$100k</p>
Utilities	Ac 18 - Bud 18	<p>Utilizing Efficiency Vermont</p> <p>Cost initiatives specific to utilization of heat/AC/lights etc.</p>



Financials

Financials



GIFFORD MEDICAL CENTER REPORT 1 SUMMARY STATEMENT OF REVENUE & EXPENSE

	2018 Budget	2018 Feb YTD	2018 Actual	2019 Budget	2019 Feb YTD	2019 Projected
REVENUES						
INPATIENT CARE REVENUE	\$ 32,061,329	\$ 10,461,658	\$ 24,635,137	\$ 27,641,990	\$ 9,473,440	\$ 24,981,021
OUTPATIENT CARE REVENUE	\$ 77,347,991	\$ 29,943,639	\$ 69,112,117	\$ 76,981,411	\$ 29,078,324	\$ 74,748,517
OUTPATIENT CARE REVENUE - PHYSICIAN	\$ 13,992,094	\$ 5,174,908	\$ 11,944,067	\$ 14,615,644	\$ 5,025,363	\$ 12,918,159
SWING BEDS PT CARE REVENUE	\$ 1,806,392	\$ 942,678	\$ 1,947,193	\$ 2,049,732	\$ 655,801	\$ 1,878,306
GROSS PATIENT CARE REVENUE	\$ 125,207,806	\$ 46,522,883	\$ 107,638,514	\$ 121,288,777	\$ 44,232,928	\$ 114,526,002
DISPROPORTIONATE SHARE PAYMENTS	\$ 645,999	\$ 269,166	\$ 645,999	\$ 554,798	\$ 231,166	\$ 554,798
BAD DEBT	\$ (3,316,988)	\$ (977,096)	\$ (2,317,389)	\$ (2,915,932)	\$ (725,066)	\$ (2,625,024)
FREE CARE	\$ (558,851)	\$ (186,287)	\$ (522,609)	\$ (480,167)	\$ (167,406)	\$ (449,445)
DEDUCTIONS FROM REVENUE	\$ (62,463,956)	\$ (24,352,792)	\$ (56,600,344)	\$ (62,552,825)	\$ (23,110,234)	\$ (59,493,343)
NET PATIENT CARE REVENUE	\$ 59,514,010	\$ 21,275,874	\$ 48,844,171	\$ 55,894,651	\$ 20,461,388	\$ 52,512,988
TOTAL NPR & FPP & RESERVES & OTHER	\$ 59,514,010	\$ 21,275,874	\$ 48,844,171	\$ 55,894,651	\$ 20,951,124	\$ 52,512,988
OTHER OPERATING REVENUE	\$ 909,288	\$ 422,229	\$ 1,107,945	\$ 866,476	\$ 409,601	\$ 1,160,131
TOTAL OPERATING REVENUE	\$ 60,423,298	\$ 21,698,103	\$ 49,952,116	\$ 56,761,127	\$ 21,360,725	\$ 53,673,119
TOTAL OPERATING EXPENSE	\$ 59,053,344	\$ 24,243,003	\$ 55,321,562	\$ 55,346,116	\$ 21,407,588	\$ 53,164,310
NET OPERATING INCOME (LOSS)	\$ 1,369,954	\$ (2,544,900)	\$ (5,369,446)	\$ 1,415,011	\$ (46,863)	\$ 508,809
NON-OPERATING REVENUE	\$ 850,000	\$ 1,010,966	\$ 2,155,792	\$ 849,996	\$ 903,344	\$ 1,189,214
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	\$ 2,219,954	\$ (1,533,934)	\$ (3,213,654)	\$ 2,265,007	\$ 856,481	\$ 1,698,023

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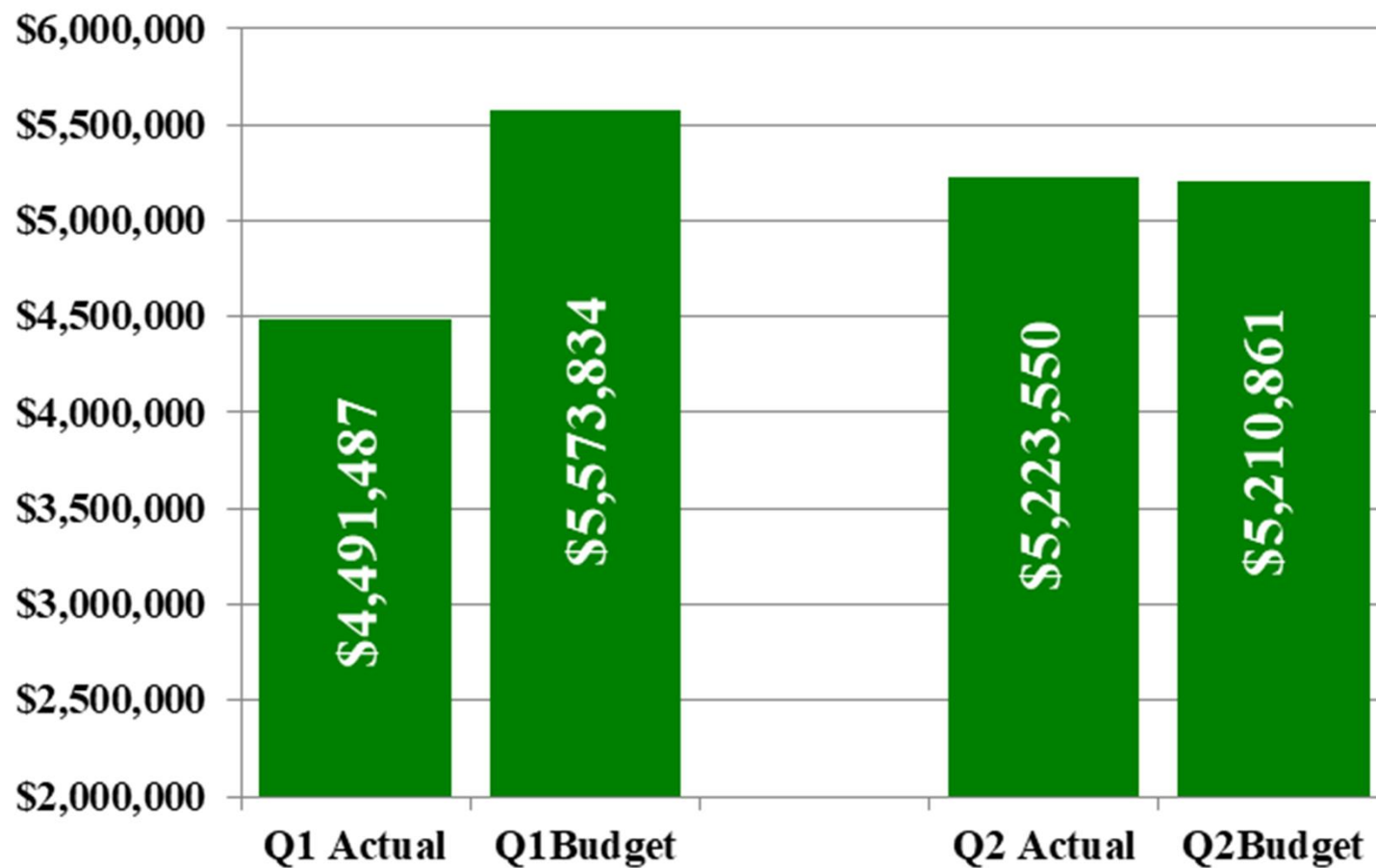
FY 2018 - GMC re-establishes orthopedics program

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2019 Revenue Projections



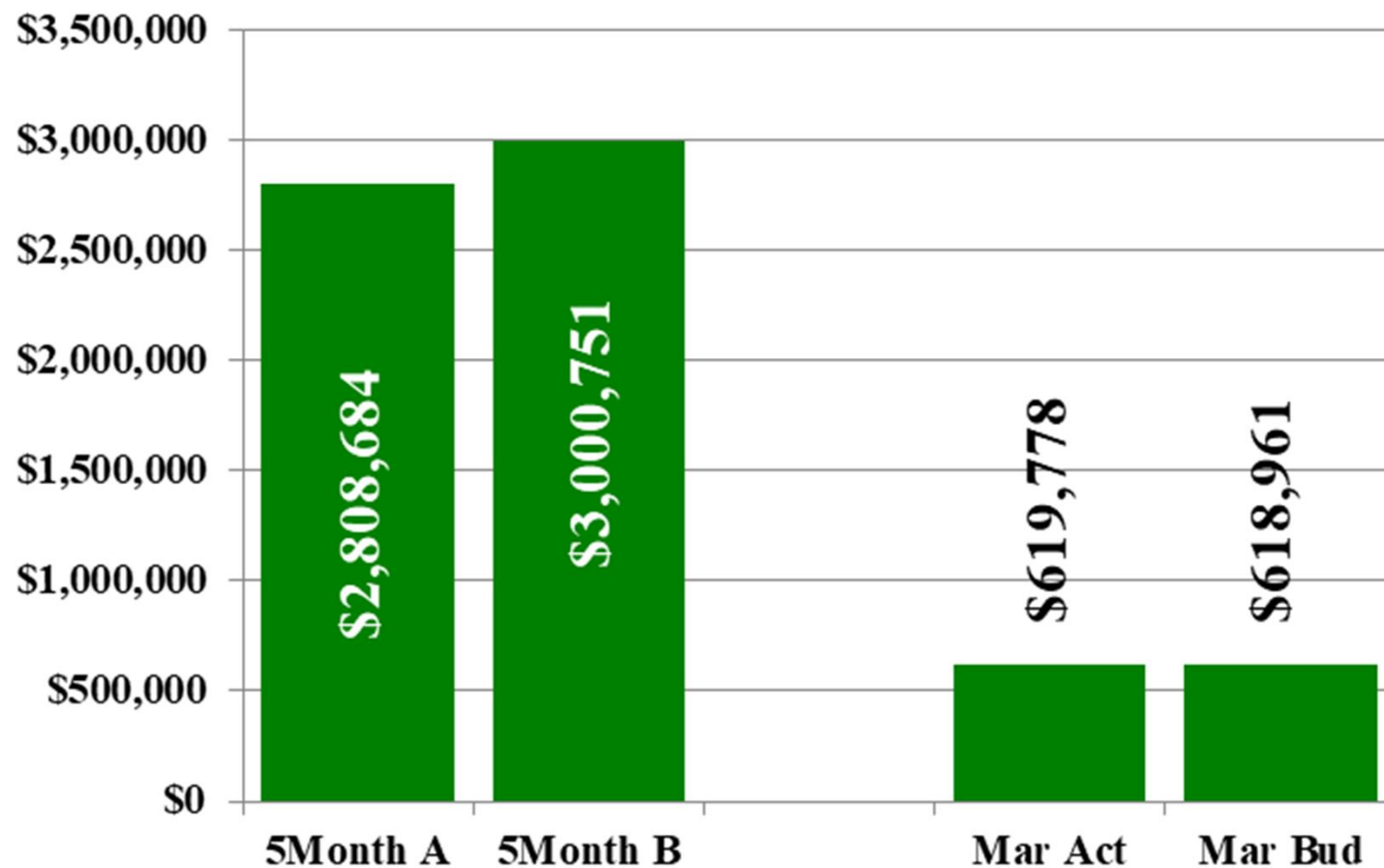
Nursing Units:



2019 Revenue Projections



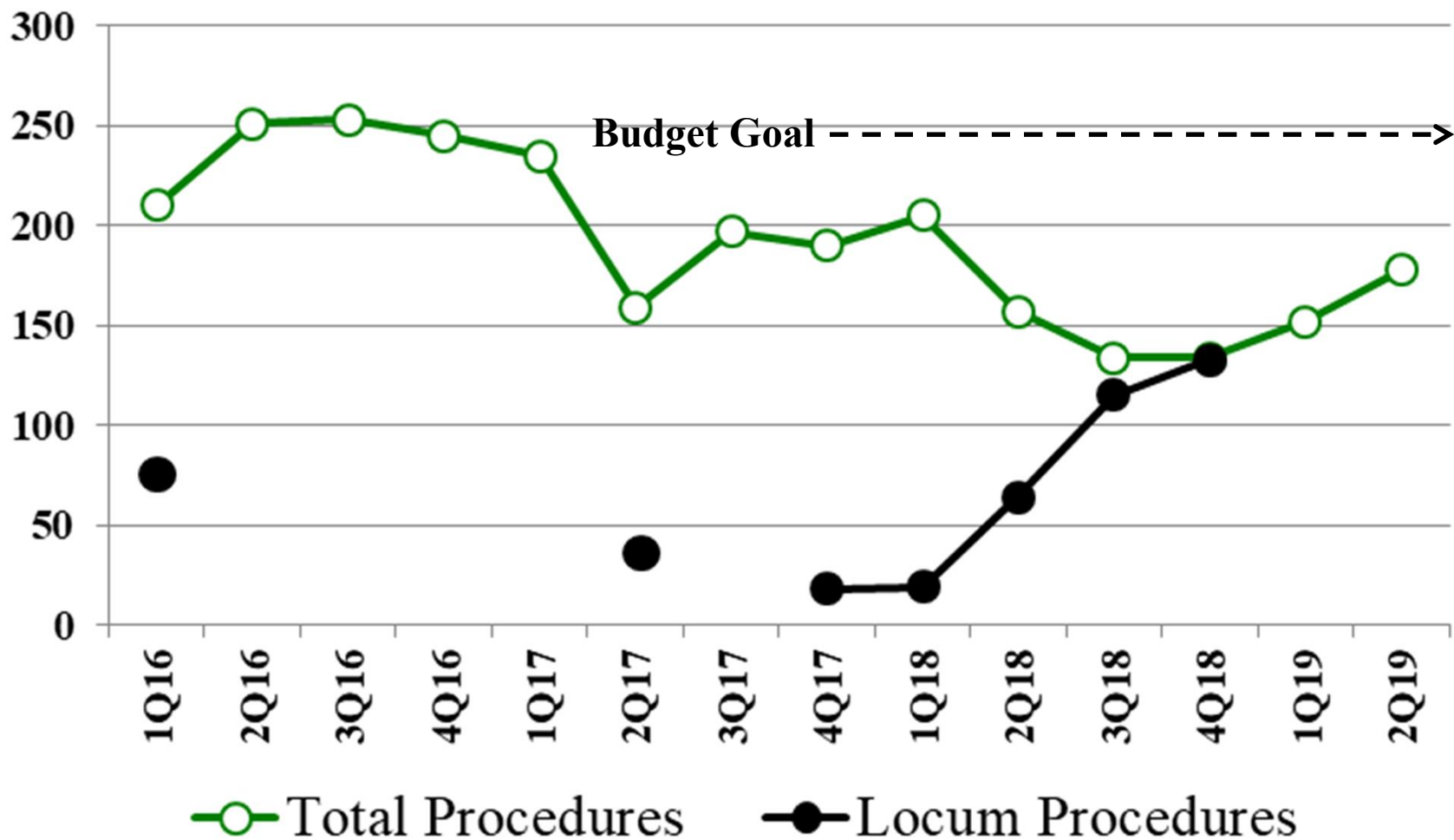
Emergency:



2019 Revenue Projections



General Surgeons:



Cost Savings



FY 19 Financial Cost Savings

Status	Project	Rev	Exp	Cash Flow	Amount	Notes
In Process	Lab Draws in outlying clinics MA program will bring this service to Berlin and Bethel	X				
In Process	Collect Co-Pay at Registration Considering a pre-reg process for seamless registration Upgrading computers to have built in credit card readers Remove credit card machines and use on-line payment options			X		
Complete	Increase use of payroll e-Statements Implemented on Jan. 31, 2019		X		\$ 6,000	
In Process	Trash vs. Recycling vs. Bio-Hazard Reeducation on what belongs in what bin 83,000 pounds of compost diverted from trash Enhancing relationship with Parters for Health		X			
In Process	Utilize Thrift Shop for office supplies Averaging \$100 savings per month		X		\$ 1,200	
On Going	Develop low census criteria Daily reports from finance (clinic visits, census) Prompt response to census		X		6.8 FTE's	
On Going	Implement staff cross training organization wide Successful with current staff		X			

Cost Savings



FY 19 Financial Cost Savings

Status	Project	Rev	Exp	Cash Flow	Amount	Notes
On Going	Patient Care Coordination Outreach to patients that are past due (2 years) for annual exam	X				
In Process	One time discount on payment plans Cash flow enhancement		X	X	\$ 140,222	Currently 183 patients
In Process	MedHost weekly accounting (Emergency Room) Are supplies being charged	X				
In Process	Restructure ETO for salaried employees		X			
In Process	Manage lighting in public areas Actively working on Efficiency VT program		X			
In Process	Utilize evening / night staff for projects		X			
In Process	Evaluate mechanical system for chilled process savings \$13,000 in annual savings can be recognized		X			
In Process	Contract Review	X	X	X		
In Process	Annual review of contracts to find cost savings					
Completed	Contract Review		X		\$ 227,000	
In Process	FTE/Salaries		X		\$ 283,570	



Questions?

Thank you.