

Rutland Regional Medical Center

Fiscal Year 2021 Budget Analysis

Report Date: 8/20/2020

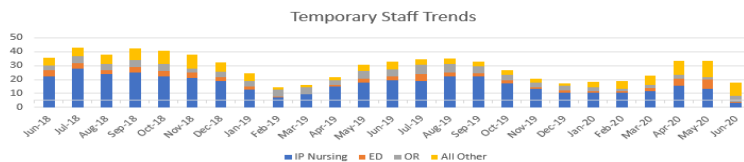
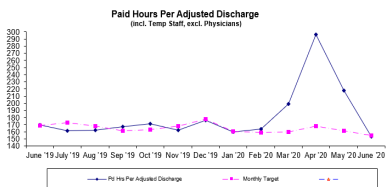
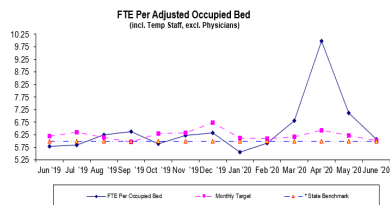
QUESTIONS

TECHNICAL QUESTIONS:

Please be prepared to explain how COVID-19 has affected your staffing. For Non-MD FTEs and MD FTEs.

Our approach to staffing in March and April was to ensure that we had adequate staffing in place to safely care for a surge in patients while at the same time limiting the impact to staff of having to utilize their own CTO or take unpaid leave during periods of low census. The result was that we paid more staff than was needed to care for our patient census. To supplement staffing we also hired additional temporary staff. Our approach in March and April was to staff for a potential heightened level of service rather than actual patient demand. Beginning in May, as our COVID volume was more predictable and services were opening back up, we transitioned back to the practice of matching staff to volume. We also cancelled nearly 20 temporary staffing position. The impact can be seen in the productivity and temporary staff graphs below.

There was not a significant change in staffing for physicians. Our surge plan for Medical Staff was to involve private physicians from the Rutland community.



Please discuss the reductions in force and the plans to return staffing to pre-COVID-19 levels.

In May as we began to match staff to volume it became apparent that we needed to enforce a workforce reduction. The first step was a furlough program. This program transitioned approximately 165 staff to unemployment while RRMRC continued their insurance benefits. As the State allowed medical services to open back up and volume increased there was a systematic approach to recall employees back to work. Unfortunately due to the anticipated continued declines in volume not all employees were called back. In mid-June RRMRC made the difficult decision to formally terminate approximately 40 employees while eliminating nearly 27 other open positions. In total these 67 positions have been eliminated in our 2021 Budget. RRMRC has also made the decision that we will forego all structured cost of living and rate increase programs this fall. The elimination of these salary programs saved approximately \$2.7 million

Staffing Changes		
Budget 2020	1,335.3	\$ 91,829,000
New Position	29.0	\$ 1,380,000
Skill Mix/Premiums/On call		\$ 540,000
Increase in Differential		\$ 485,000
Reductions FTEs	(67.3)	(\$ 3,736,000)
Overtime FTEs	(4.9)	(\$ 433,000)
Hiring Agreements		(\$ 300,000)
Total	1,292.1	\$ 89,765,000
Workforce Reduction	3.3%	2.3%
2021 Salary Program:		
• Merit and Market funding eliminated for 2021		
• In total \$2.7 million		

Rutland Regional Medical Center												
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Fiscal Year 2021 Budget Analysis	GMCB Data Entry				Hospital Data Entry							
INCOME STATEMENT	2019 A	2020 B	1st Qtr FY20	2nd Qtr FY20	3rd Qtr FY20	4th Qtr FY20 Projected	2020 PROJ	2021 B	2019A- 2020P	2020B- 2020P	2020B- 2021B	2020P- 2021B
Revenues												
Gross Patient Care Revenue	\$567,030,638	\$584,898,226	\$143,295,785	\$141,251,590	\$105,800,102	\$145,066,882	\$535,414,359	\$578,289,097	-5.6%	-8.5%	-1.1%	8.0%
Disproportionate Share Payments	\$3,073,674	\$3,169,990	\$795,250	\$796,626	\$796,626	\$792,498	\$3,181,000	\$3,370,325	3.5%	0.3%	6.3%	6.0%
Graduate Medical Education (UVMCM only)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Bad Debt	-\$7,489,965	-\$9,511,258	-\$631,071	-\$3,162,399	-\$2,349,174	-\$689,411	-\$6,832,055	-\$8,463,885	-8.8%	-28.2%	-11.0%	23.9%
Free Care	-\$6,929,977	-\$6,514,109	-\$1,552,048	-\$1,511,750	-\$1,241,231	-\$2,146,807	-\$6,451,836	-\$6,819,470	-6.9%	-1.0%	4.7%	5.7%
Deductions from Revenue	-\$298,494,709	-\$304,532,302	-\$76,455,474	-\$75,219,426	-\$58,061,947	-\$80,843,726	-\$290,580,573	-\$318,089,163	-2.7%	-4.6%	4.5%	9.5%
Net Patient Care Revenue	\$257,189,661	\$267,510,547	\$65,452,443	\$62,154,641	\$44,944,375	\$62,179,436	\$234,730,895	\$248,286,904	-8.7%	-12.3%	-7.2%	5.8%
Fixed Prospective Payments, Reserves & Other												
Fixed Prospective Payments	-\$786,759	\$277,280	-\$494,263	-\$696,543	\$800,174	-\$420,166	-\$810,798	\$14,824,780	3.1%	-392.4%	5246.5%	-1928.4%
Reserves						\$0	\$0	-\$500,000	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Other Reform Payments						\$0	\$0	-\$15,124,000	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Fixed Prospective Payments, Reserves & Other	-\$786,759	\$277,280	-\$494,263	-\$696,543	\$800,174	-\$420,166	-\$810,798	-\$799,220	3.1%	-392.4%	-388.2%	-1.4%
Total NPR & FPP	\$256,402,902	\$267,787,827	\$64,958,180	\$61,458,098	\$45,744,549	\$61,759,270	\$233,920,097	\$247,487,684	-8.8%	-12.6%	-7.6%	5.8%
COVID-19 Stimulus and Other Grant Funding												
Other	\$18,785,788	\$18,405,876	\$5,143,428	\$6,735,457	\$19,909,383	\$0	\$19,909,383	\$20,983,965	#DIV/0!	#DIV/0!	#DIV/0!	12.2%
Other Operating Revenue	\$18,785,788	\$18,405,876	\$5,143,428	\$6,735,457	\$23,116,697	\$3,612,341	\$38,607,924	\$20,983,965	105.5%	109.8%	14.0%	-45.6%
Total Operating Revenue	\$275,188,690	\$286,193,703	\$70,101,609	\$68,193,555	\$68,861,246	\$65,371,612	\$272,528,021	\$268,471,649	-1.0%	-4.8%	-6.2%	-1.5%
Expenses												
Salaries, Fringe Benefits, Physician Fees, Contracts	\$151,455,924	\$155,895,980	\$39,274,801	\$36,377,528	\$40,022,918	\$42,284,724	\$157,959,971	\$156,088,431	4.3%	1.3%	0.1%	-1.2%
Medical/Surgical Drugs and Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Health Care Provider Tax	\$15,286,305	\$15,821,854	\$3,875,802	\$3,875,802	\$3,875,802	\$3,471,059	\$15,098,465	\$14,419,633	-1.2%	-4.6%	-8.9%	-4.5%
Depreciation/Amortization	\$12,203,784	\$13,227,845	\$3,224,514	\$2,957,190	\$3,087,086	\$3,241,446	\$12,510,236	\$12,668,835	2.5%	-5.4%	-4.2%	1.3%
Interest - Short and Long Term	\$1,330,599	\$1,276,128	\$337,479	\$320,374	\$359,429	\$341,380	\$1,358,662	\$1,434,557	2.1%	6.5%	12.4%	5.6%
Other Operating Expenses (includes ACO Participation Fees)	\$93,739,892	\$93,272,793	\$22,754,899	\$26,030,331	\$18,367,384	\$17,124,539	\$84,277,153	\$82,159,443	-10.1%	-9.6%	-11.9%	-2.5%
Operating Expense	\$274,016,504	\$279,494,600	\$69,467,495	\$69,561,226	\$65,712,618	\$66,463,148	\$271,204,487	\$266,770,899	-1.0%	-3.0%	-4.6%	-1.6%
Net Operating Income	\$1,172,186	\$6,699,103	\$634,114	-\$1,367,671	\$3,148,628	-\$1,091,537	\$1,323,534	\$1,700,750	12.9%	-80.2%	-74.6%	28.5%
Non Operating Revenue	\$4,782,258	\$6,545,053	\$4,904,706	-\$3,710,964	\$509,801	\$559,919	\$2,263,462	\$8,380,504	-52.7%	-65.4%	28.0%	270.3%
Excess (Deficit) of Rev over Exp	\$5,954,444	\$13,244,156	\$5,538,820	-\$5,078,635	\$3,658,429	-\$531,618	\$3,586,996	\$10,081,254	-39.8%	-72.9%	-23.9%	181.1%
Income Statement Metrics												
Operating Margin %	0.4%	2.3%	0.9%	-2.0%	4.6%	-1.7%	0.5%	0.6%				
Total Margin %	2.1%	4.5%	7.4%	-7.9%	5.3%	-0.8%	1.3%	3.6%				

Rutland Regional Medical Center

Rutland Regional Medical Center								
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	\$9,934,146	\$6,703,502	\$26,397,699	\$6,095,566	165.7%	293.8%	-9.1%	-76.9%
Net Patient Accounts Receivable	\$28,553,162	\$29,029,100	\$26,090,423	\$31,963,675	-8.6%	-10.1%	10.1%	22.5%
ACO Risk Reserve/Settlement Receivable	\$0	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Other Current Assets	\$12,355,483	\$13,154,137	\$11,714,223	\$11,887,671	-5.2%	-10.9%	-9.6%	1.5%
Current Assets	\$50,842,791	\$48,886,739	\$64,202,345	\$49,946,912	26.3%	31.3%	2.2%	-22.2%
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Board Designated Assets	\$135,944,898	\$143,314,955	\$138,222,014	\$146,616,746	1.7%	-3.6%	2.3%	6.1%
Net, Property, Plant And Equipment	\$88,201,743	\$106,084,571	\$90,248,584	\$95,955,936	2.3%	-14.9%	-9.5%	6.3%
Other Long-Term Assets	\$12,323,117	\$9,869,485	\$10,568,416	\$10,610,916	-14.2%	7.1%	7.5%	0.4%
Assets	\$287,312,549	\$308,155,750	\$303,241,359	\$303,130,510	5.5%	-1.6%	-1.6%	-0.0%
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Accounts Payable	\$4,854,749	\$4,097,386	\$4,510,249	\$4,748,731	-7.1%	10.1%	15.9%	5.3%
Salaries, Wages And Payroll Taxes Payable	\$12,915,659	\$9,028,132	\$9,856,786	\$4,548,154	-23.7%	9.2%	-49.6%	-53.9%
ACO Risk Reserve/Settlement Payable	\$0	\$0	\$927,000	\$927,000	#DIV/0!	#DIV/0!	#DIV/0!	0.0%
COVID-19 Funding Short-Term Liabilities			\$11,131,544	\$0	#DIV/0!	#DIV/0!	#DIV/0!	-100.0%
Other Current Liabilities	\$19,782,716	\$12,815,634	\$14,618,993	\$13,618,993	-26.1%	14.1%	6.3%	-6.8%
Current Liabilities	\$37,553,124	\$25,941,152	\$41,044,572	\$23,842,878	9.3%	58.2%	-8.1%	-41.9%
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Long Term Liabilities	\$36,009,705	\$52,409,663	\$44,797,783	\$52,802,171	24.4%	-14.5%	0.7%	17.9%
Other Noncurrent Liabilities	\$5,476,222	\$4,438,074	\$5,538,510	\$4,543,711	1.1%	24.8%	2.4%	-18.0%
COVID-19 Funding Long-Term Liabilities					#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Fund Balance	\$208,273,498	\$225,366,861	\$211,860,494	\$221,941,750	1.7%	-6.0%	-1.5%	4.8%
Liabilities and Equities	\$287,312,549	\$308,155,750	\$303,241,359	\$303,130,510	5.5%	-1.6%	-1.6%	-0.0%
Balance Sheet Metrics						Change in Points		
Days Cash on Hand	201.8	204.6	230.0	217.0	28.2	25.4	12.4	-13.0
Days Cash on Hand-COVID-19			214.0	217.0	214.0	214.0	217.0	3.0
Debt Service Coverage Ratio	4.7	6.4	6.05	4.76	-0.3	1.4	-1.6	-1.3
Long Term Debt to Capitalization	0.1	0.2	0.173	0.191	-0.0	0.0	0.0	0.0
Days Payable	52.4	35.6	42.0	42.0	6.4	-10.4	6.4	0.0
Days Receivable	40.5	39.6	50.0	50.0	10.4	9.5	10.4	0.0

Budget Fiscal Year 2021		
COVID-19 Related Hospital Revenue Replacement Funding Sources FY20		
Total Funding Sources		
Funding Sources	Amount	% of Total
Medicare Advance Funding	\$ 25,000,000	55.7%
State Funding		0.0%
Federal Funding	\$ 19,662,164	43.8%
Other - VAHHS	\$ 18,442	0.0%
Other - HPP	\$ 13,636	0.0%
Other - DCF	\$ 215,140	0.5%
Other (Please Specify)		0.0%
TOTAL:	\$ 44,909,383	100%

Budget Fiscal Year 2021		
COVID-19 Related Hospital Revenue Replacement Funding Sources FY20		
Funding Sources to be Paid Back		
Funding Sources	Amount	% of Total
Medicare Advance Funding	\$ 25,000,000	100.0%
State Funding		0.0%
Federal Funding		0.0%
Other (Please Specify)		0.0%
Other (Please Specify)		0.0%
Other (Please Specify)		0.0%
Other (Please Specify)		0.0%
TOTAL:	\$ 25,000,000	100%

Budget Fiscal Year 2021		
COVID-19 Related Hospital Revenue Replacement Funding Sources FY20		
Funding Sources Not to be Paid Back		
Funding Sources	Amount	% of Total
Other (Please Specify)		0.0%
State Funding		0.0%
Federal Funding	\$ 19,662,164	98.8%
Other - VAHHS	\$ 18,442	0.1%
Other - HPP	\$ 13,636	0.1%
Other - DCF	\$ 215,140	1.1%
Other (Please Specify)		0.0%
TOTAL:	\$ 19,909,383	100%

Fiscal Year 2021 Budget Analysis			Rutland Regional Medical Center				
CHANGE IN CHARGE AND NET PATIENT REVENUE INCREASE							
Change in charge is the average change in price for services provided.					Standard Request		COVID-19
	FY2018	FY2019	FY2020	FY2021			
Approved % Change in Charge	4.9%	2.6%	2.65%	n/a		n/a	
Commercial Approved % Change in Charge				n/a		n/a	
Submitted % Change in Charge	4.9%	3.0%	2.65%	6.0%			
Commercial Submitted % Change in Charge							
	Hospital Inpatient Change in Gross Charges			2.27%		0.0%	
	Hospital Outpatient Change in Gross Charges			3.73%		0.0%	
	Professional Services Change in Gross Charges			0.00%		0.0%	
	Primary Care Change in Gross Charges			0.0%		0.0%	
	Specialty Care Change in Gross Charges			0.0%		0.0%	
	Skilled Nursing Facility Change in Gross Charges			0.0%		0.0%	
	Other (please specify)						
	Other (please specify)						
Net Patient Revenue Change Due to Charge Request				Dollar Value	Value of 1% Charge	Dollar Value	Value of 1% Charge
Commercial				\$ 1,377,458	1.0%		0%
Medicaid					0.0%		0%
Medicare							0%
Total Change Due to Charge Request				\$ 1,377,458	1.0%	\$ -	0%

Rutland Regional Medical Center								
Fiscal Year 2021 Budget Analysis								
Payer Mix	2019 A	2020 B	2020 PROJ	2021 B	2019A-2020P	2020B-2020P	2020B-2021B	2020P-2021B
Gross Patient Revenue								
Medicare	\$303,935,126	\$302,689,758	\$273,919,601	\$296,404,382	-9.9%	-9.5%	-2.1%	8.2%
Medicaid	\$89,254,609	\$95,079,158	\$92,311,654	\$100,423,318	3.4%	-2.9%	5.6%	8.8%
Commercial	\$168,237,440	\$181,469,018	\$163,032,448	\$174,896,811	-3.1%	-10.2%	-3.6%	7.3%
Self-Pay/Other/WC	\$5,603,463	\$5,660,292	\$6,150,656	\$6,564,586	9.8%	8.7%	16.0%	6.7%
Total Gross Patient Revenue	\$567,030,638	\$584,898,226	\$535,414,359	\$578,289,097	-5.6%	-8.5%	-1.1%	8.0%
Net Patient Revenue/Fixed Prospective Payments								
Medicare	\$104,236,243	\$100,488,445	\$89,622,431	\$92,412,104	-14.0%	-10.8%	-8.0%	3.1%
Medicaid	\$23,529,463	\$27,776,987	\$25,652,207	\$27,335,399	9.0%	-7.6%	-1.6%	6.6%
Commercial	\$125,226,082	\$135,292,778	\$114,153,590	\$122,910,763	-8.8%	-15.6%	-9.2%	7.7%
Self-Pay/Other/WC	\$4,197,873	\$4,228,072	\$4,491,869	\$4,829,418	7.0%	6.2%	14.2%	7.5%
Total NPR & FPP	\$257,189,661	\$267,786,282	\$233,920,097	\$247,487,684	-9.0%	-12.6%	-7.6%	5.8%
Reimbursement Ratio								
Medicare	34%	33%	33%	31%				
Medicaid	26%	29%	28%	27%				
Commercial	74%	75%	70%	70%				
Self-Pay/Other/WC	75%	75%	73%	74%				
Total Reimbursement Ratio	45%	46%	44%	43%				