

Grace Cottage Hospital FY 2019 Actual Narrative

From a Gross Patient Care Revenue (GPCR) perspective, Grace Cottage ended FY2019 quite close to budget, with a less than one percent overall variance (-0.9%) below budget. Both Outpatient and Physician Practice revenue exceeded budget slightly, while Inpatient Acute and Swing were both under budget. Inpatient Acute and Swing patient days both ended the year at less than budgeted expectations, and in fact, were also less than FY2018.

Net Patient Revenue (NPR) fell short of budget by 2.9%. The cause of this shortfall is two-fold.

- First, while Outpatient and Physician both exceeded budget, those two service lines result in a smaller percentage of actual collections on GPCR; while Acute and Swing result in a larger percentage of actual collections on GPCR – both of which fell short by a larger percentage. Thus there wasn't the higher percentage of collected charges from Acute/Swing to offset the lower collections for Outpatient/Physician.
- Second, the continued increase in disparity between billed charges and collections from Vermont Medicaid. For FY2019, the NPR for Vermont Medicaid continued to decline to 34.1% -- down from 34.6% in FY2018 and 38.1% in FY2017.

NPR	Amount	% over/under
FY 19 Approved Budget	\$ 19,292,581	
Utilization	(177,690)	-0.9%
Reimbursement/Payer Mix	(292,339)	-1.5%
Bad Debt/Free Care	(87,850)	-0.5%
Physician Acq/Trans	-	0.0%
Changes in Accounting	-	0.0%
Changes in DSH	-	0.0%
Other (please label)	-	0.0%
Other (please label)	-	0.0%
FY 19 Actual Results	\$ 18,734,702	-2.9%

The shortfall in Other Operating Revenue was due entirely to the loss in the Retail Pharmacy as a result of the rapidly declining reimbursement from third party payers for retail prescriptions filled.

Operating Expenses ended the year at 2.0% over budget, 0.5% of which was Contract Staffing, and the rest being Salaries/Benefits.

Expenses	Amount	% over/under
FY 19 Approved Budget	\$ 20,329,626	
Salaries	287,770	1.4%
Fringe Benefits	(103,347)	-0.5%
Physician Contracts	116,240	0.6%
Contract Staffing	110,395	0.5%
Supplies	-	0.0%
Drugs	-	0.0%
Facilities	-	0.0%
IT Related	-	0.0%
Health Reform Programs	-	0.0%
Depreciation	(63,117)	-0.3%
Interest	31,737	0.2%
Health Care Provider Tax	(9,349)	0.0%
Other (please label)	43,389	0.2%
Other (please label)	-	0.0%
Cost Savings	-	0.0%
FY19 Actual Results	\$ 20,743,344	2.0%

We continue to be fortunate to have a wonderfully supportive community, and Non-Operating Revenue, primarily contributions, exceeded our budgeted expectations again this year by \$490k.