



SPRINGFIELD HOSPITAL FY 20 BUDGET PRESENTATION

PRESENTATION TO THE BOARD OF
DIRECTORS AND GMCB



Springfield Hospital
SPRINGFIELD MEDICAL CARE SYSTEMS

Where People Come First

Michael Halstead, Interim SH CEO
Tom Marshall, Interim CFO

BACKGROUND

- Hospital is a Critical Access Hospital affiliated with SMCS (FQHC)
- Hospital has an average daily census of 12 acute patients and 7 psychiatric patients
- Springfield Hospital and Springfield Medical Care Systems filed Chapter 11 Bankruptcy on June 26, 2019.
- Even with the cost cuts that have been done, the current operations are not sustainable.
- The hospital has 10 days of cash.
- A partner and further restructuring will be required.

BACKGROUND (CONT.)

- Discussions with Dartmouth and other potential partners are underway. Additional financial modeling is being done.
- The Chapter 11 process is likely to take another 6-12 months.
- This budget should be seen as transitioning as we move into a new restructured future.
- No further rate increase is being requested.

FINANCIAL RESULTS

(IN THOUSANDS)

	2017 Actual	2018 Actual	2019 Projected	2020 Budget
Total Operating Revenue	\$53,666	\$54,863	\$50,259	\$50,433
Total Operating Expenses	\$57,565	\$61,860	\$56,717	\$51,418
Net Operating Income	\$(3,899)	\$(6,997)	\$(6,458)	\$(985)
Adjusted Admissions	9,789	9,899	8,252	8,404

WHAT HAS CHANGED?

- Revenue is down from 2018
 - Closure of Labor & Delivery
 - Deliveries 2018 – 152 2019 (May) - 66
 - Inpatient Acute Census down from 16.2 in FY18 to 11.9 in FY20 Budget
 - Psych census down from 7.4 in FY18 to 5.7 in FY20 Budget
 - Outpatient Volume 449,000 tests in 2018 to 408,000 in Budget 2020
 - Change in billing arrangement for Emergency Department providers
 - Change in billing arrangement for Anesthesia Service providers

FINANCIAL RESULTS

- There are no departments left where marginal revenue does not exceed marginal expense. Still they do not generate enough to cover overhead costs.
- Even with these changes, restructuring with a partner is required for Springfield Hospital to successfully emerge from Chapter 11.

EXPENSES

- Expenses cut \$10 million from 2018 actual to 2020 budget .

- Key Areas :

• Child Birth Center:	\$ 860,000
• Acute Medical Surgical:	\$ 350,000
• Employee Benefits (Insurance, Pension, FICA):	\$ 1.4 million
• Emergency Department changes:	\$ 3.3 million
• Hospitalist program:	\$ 900,000
• Anesthesia:	\$ 1.1 million
• Travelers and Locums:	\$ 800,000

CURRENT FINANCIAL RESULTS TRENDING

	Oct 18 – Mar 19	Apr 19 – June 19	YTD – June 19	Projected July – Sept	Projected FY19
Gross Patient Revenue	\$60,121	\$24,595	\$84,716	\$25,784	\$110,500
Deductions from Revenue	\$31,909	\$15,285	\$47,194	\$14,731	\$61,925
Net Patient Revenue	\$28,212	\$9,310	\$37,522	\$11,053	\$48,575
Percent of Gross	46.9%	37.9%	44.3%	42.9%	43.9%
Other Op Revenue	\$836	\$416	\$1,252	\$432	\$1,684
Total Op Revenue	\$29,048	\$9,726	\$38,774	\$11,485	\$50,259
Total OP Expenses	\$31,019	\$13,334	\$44,353	\$12,364	\$56,717
Operating Inc.	\$<1,971>	\$<3,608>	\$<5,579>	\$<879>	\$<6,458>
EBITDA	\$<889>	\$<3,105>	\$<3,994>	\$<172>	\$<4,166>

CURRENT FINANCIAL RESULTS

- First quarter of FY19 (Oct-Dec); operating expense averaged \$5.4 million per month.
- Second quarter of FY19 (Jan-Mar); operating expense averaged \$5.0 million per month.
 - Expense cuts started in Feb of 2019
- Third quarter of FY19 (Apr- June); operating expense averaged \$4.4 million per month.
- Projected fourth quarter of FY19 (July – Sept); operating expense average \$4.1 million per month.

Note in May 2019, there was a YTD correcting entry to increase contractual allowances by \$2.1 million.

TOTAL COST OF CARE

	Medicare	Medicaid	BlueCross
Inpatient Medical	---	---	Orange
Inpatient Surgery	Orange	Green	Orange
Post Acute	Orange	---	---
Outpatient Surgery	Orange	Blue	Blue
Pathology/Lab	Blue	Orange	Blue
Medical Pharmacy	Orange	Orange	Blue
DME & Supplies	Blue	Blue	Blue
Maternity	---	Orange	Orange
All Other Claims	Blue	Blue	---
Emergency	Yellow	Yellow	Blue
Advanced Imaging	Orange	Orange	Green
Preventive	Orange	Orange	Orange
TOTAL	Orange	Blue	Orange

* Source: OneCare Vermont HSA Report Jan – March 2019

Green = 2 or more Standard Deviations Below
Orange = 1 - 2 Standard Deviations Above
 1 - 2 Standard Deviations below

Yellow = 2 or more Standard Deviations Above
Blue = Mean

ADDRESSING HIGH TCOC EMERGENCY SERVICES

- Added care coordinator to ED for follow up on MH/SU issues placement
- Planning outreach by care coordinator to frequent users to develop more efficient and effective plan of care
- Implementation of SBINS (screening, brief intervention and navigation to services) in ED to identify issues beyond presenting problem and develop plan to address at the appropriate level and location of care
- Provide on-site assessment for IOP admission in collaboration with DA
- Planning implementation of Rapid Access to MAT
- Change of providers in ED; new model with MD 24/7 – less likely to admit-longer observation period; greater capacity to determine level of care; more appropriate use of imaging
- Increase capacity for same day visits in primary care practices – added hours in SPLD, Londonderry, expanded 7 day access across our service area

ONECARE / PAYMENT REFORM

- Springfield Hospital and its FQHC has fully participated in OneCare in 2018 and 2019
- Springfield believes in the objectives of the Accountable Care Organization
- Because of the financial position of the Hospital it will only be participating in the Medicaid and Blue Cross ACO for 2020

Questions and/or Comments:

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Recommended Motion:

Move to approve FY2020 SH Budget on first reading.