HOSPITAL 1: BRATTLEBORO MEMORIAL HOSPITAL (BMH)

Follow-Up Questions and Requests Related to Your Budget Submission

On your corporate structure

1. Please provide details of the corporate structure of the New England Collaborative Health Network. In addition, please provide any contract(s) you have with the New England Collaborative Health Network, including any contract(s) with the consulting firm Ovation.

The New England Collaborative Health Network, LLC (NECHN) is open to any independent hospital in the states of VT, NY, NH, ME, MA along with their Community Partners in Care, identified typically but not limited to home health agencies, medical groups, FQHC, long-term care facilities, mental health providers, substance abuse agencies, etc.

The Collaborative is governed by our member hospital CEO's who each have a seat as an independent Board of Directors, with an equal vote, and provide direction for the Collaborative's goals and initiatives.

An Executive Director will execute on these initiatives and provide the project management leadership to achieving the Collaborative's goals. Supporting the Executive Director are various industry partner organizations who will provide the education, specialized expertise, and/or provide consultative or services on a collective basis for the Collaborative Hospitals, as agreed upon by the Board of Directors.

Collaborative leadership councils in Supply Chain, Human Resources, Information Technology/Cyber Security, Finance, Quality/Operations will focus on the execution of board plans and provide opportunities to network together.

2. To the best of your ability, please estimate your expected return on investment for your participation in the New England Collaborative Health Network. What do you anticipate will be the main driver of your savings/improvements in quality etc.? Where do you anticipate potential risks associated with your ability to achieve the expected value?

To date, NECHN has identified almost $1.4million in potential supply spend and $1.6million in employee benefit cost savings for its current and potential members with added potential savings yet realized by aligning and group purchasing for business insurance, purchased services and planned capital expenditures.

Longer-term, NECHN's goal is to be a tool, a tactic, a resource for our member hospitals and community partners with helping to keep care local, reducing costs, addressing workforce challenges, and external funding opportunities.

On labor expenses

3. Can you please provide an update on the hiring process for budgeted staff (podiatry, cardiology and support staff)? In your executive summary, you write that you've struggled to hire for these positions in the past. How will your FY25B budget be affected should you continue to struggle to hire for these positions?

We have one Podiatrist on staff currently, and have hired a second Podiatrist who will be starting September 1, 2024, so we will be flat to budget on the salary expense. We also expect volumes to increase with the new provider.

We have already hired one Cardiologist from Cheshire Medical Center. He is networked with other regional providers and we anticipate being able to fill that position, potentially by mid- FY25. We would expect volumes to increase commensurate with new providers. Additionally we would anticipate increases in Echo exams.

If we are unable to hire into the open positions, we will have favorability in our wages line and will not see increased revenues in those areas.

On utilization

4. Can you explain the assumptions & methodology behind the budgeted 4% increase in utilization in the following departments: cardiology, podiatry, lab, MRI, echocardiography and outpatient surgeries?

We asked each Department Director to provide forecasted statistics in their areas for FY25, based on staffing models and utilization. Increases in statistical volumes, based on areas where we are making investments in new providers, account for the 4% increase. The stats used were primarily visit volumes and exam volumes.

5. Can you provide a more specific assessment of where volume has increased above FY2024 budgeted expectations. How have you recalibrated your expectations as to not underpredict your NPR for FY2025? Gross Revenues have exceeded budget in the Medical Group (+$1.9M), Radiology (+$1.7M), and Pharmacy (+$1.0M), but we have also experienced under-performance on

revenues vs budget in OR (-$1.6M), ED Facility (-$1.2M) and Respiratory Therapy (-$489k). Given the significant areas of flux in both directions, we do not believe we need to recalibrate expectations on FY25 NPR.

On pharmaceuticals

6. Why do you project a 12% increase in pharmaceutical expenses? How much of these expenses do you attribute to an increase in price vs. an increase in volume? Please provide data to support your answer.

We under-budgeted Drugs in FY24 and are experiencing over-spend in that area. Part of the over-spend is that we funded unbudgeted employee COVID vaccines at the beginning of FY24.

7. Please provide data on your pharmaceutical reimbursements for your FY23 actuals, FY24 budget, your FY24 projections, and your FY25 budget.

We would have to launch a major analytical project to get this information. We do not have it in our systems.

On cost inflation

8. Why do you expect a 5.8% inflation rate for your medical surgical supplies?

Similar to Drugs, Med Surg Supplies is another area where we under-budgeted last year. That is the reason for the higher rate increase overall.

On capital expenditures

9. Are all capital expenditures being funded by the stated 2016 Bond Issuance or just the MRI replacement?

No, only the MRI replacement. There is a specific amount remaining on the Bonds that would not cover all FY25 capital.

On uncompensated care

10. What concerns prompted you to hire the consulting firm BerryDunn? Can you provide an update on how you've begun to address these concerns?

- Patient Access centralization and standardization
  - Single process for scheduling and registration
  - Shorten wait times for visits
  - Simplify communication with clinical teams
- Improved communications and marketing around Financial Assistance Program
  - Active effort to publicize Act 119 and renew our focus on participation in this program
- Focus on pricing transparency and helping patients understand their bill

On community benefit

11. You write that you continue to offer "cutting-edge cancer treatments" that operate at a loss since they are critical to the community. Can you quantify the size of the loss in recent fiscal years? Do you believe that the loss is sustainable?

It would be another very heavy analytical exercise to quantify this but we know we are not fully reimbursed on infusions for Oncology. These are extremely expensive drugs for which we only receive a portion of the cost as reimbursement.

On work with community providers

12. Can you provide details on the FQHC that is in the works? We are partnering with a large Vermont FQHC to expand into Windham County. The new FQHC would initially include Primary Care. Also potentially in scope for assimilation to the FQHC in the future would be Obstetrics, Dental Care and possibly mental health. The FQHC we are partnering with is applying for NAP funding on Windham County's behalf currently.

a. What is the expected timeline for the facility to be operational? We are hoping that the facility can launch in early calendar 2025.

b. Once the facility is set to launch, how long do you expect it to be until it is at full

operating capacity? Given any type of ramp-up period, how long do you expect the

facility to operate before it breaks even? It would be difficult to predict a timeline for full ramp up at this stage, but we expect that they will start absorb the services that already exist in Brattleboro and rapidly expand upon them. There is physical capacity to expand a great deal.

On your workbook submission

13. In Table 3 in the workbook, can you clarify what these values indicate? For example, for primary care, are you saying that all patients were seen in 15-30 days? Or were some of them scheduled within 14 days?

They were all scheduled within 30 days. We don't have the level of granularity to say whether it was within 14 or 15-30 days.

14. In Table 7 in the workbook:

a. Please provide the missing Benchmark information (Brattleboro Cardiology).

b. It appears that each of your departments is operating at the 75th percentile according to the benchmarks provided. Please explain how you arrived at this determination and provide any supporting calculations.

We updated the workbook submission to reflect clinical productivity information around the 25th percentile. The original data were not completed correctly. We also added productivity data for Brattleboro Cardiology.

15. Please review the rate decomposition details you submitted as well as the "summary" tab and explain the following (where available, show supporting calculations):

a. How did you arrive at the assumed rates of growth for price, volume, and payer mix shifts by payer? The volume increase is an across the board lift of 4%. Pricing increases were determined for us by Medicare and Medicaid. We arrived at the pricing increase for commercial based on our payer mix and the rates set by Medicare and Medicaid.

b. For non-zero values in the "other" column, how did you derive these estimates? It appears that this is a calculated field in the workbook. I did not derive these estimates.

Other

16. Do you think Medicaid is underfunding the cost of delivering care to your Medicaid patients? If so, please quantify this amount based on 2023 actuals. Please explain your calculation. BMH recorded a $10.0M shortfall related to Medicaid services in FY23 in our Form 990 submission.

17. Do you think Medicare is underfunding the cost of delivering care to your Medicare patients? If

so, please quantify this amount based on 2023 actuals. Please explain your calculation. BMH recorded a $13.3M shortfall related to Medicare services in FY23 in our Form 990 submission.

18. In the attached spreadsheet, please review the measures of financial health that we have calculated for your hospital. We have included the measure definitions. Confirm that these calculated values reflect your understanding. If your financial measures differ from our calculations, please review our formulas, provide your calculation, and explain why you believe your calculation is a better measure for your organization. Please update the FY24 Projected column to reflect updated results in Adaptive. Currently it is reflecting FY24 Budget. The actuals are updated in Adaptive. Otherwise, everything looks reasonable.