Brattleboro Memorial Hospital

FY25 Budget Presentation

August 14, 2024

Welcome and Introductions

- Introductions of BMH Leadership:
  - Rhonda Calhoun, Board Chair
  - Christopher Dougherty, President and Chief Executive Officer
  - Kathleen McGraw, MD, FHM, CPE, Chief Medical Officer
  - Laura Bruno, Chief Financial Officer
  - Jackie Ethier, DNP, RN, Chief Nursing Officer
- BMH Community Board has approved the proposal for our FY25 Budget based on community need

Proudly
Celebrating

120 Years

of Serving
our Community

1904—2024

Overview

- Independent, non-profit community hospital
- Only Medicare-Dependent Hospital in Vermont
- Medicare Spend per Beneficiary
- 61 Inpatient Beds
- 2,573 Inpatient Admissions
- 14,208 Emergency Department Visits
- 732 Employees
- 5 Primary Care and 9 Specialty practices

FY 2024 Enterprise-wide Balanced Scorecard

FY24 BMH Balanced Scorecard

Brattleboro Memorial Hospital will be the enduring hub of hope, health and healing for the entire community it serves.

Date: May 2024

Strategic Priority: Eliminate Avoidable Harm	Baseline Measure (As of October 1, 2023)	April 2024	Trend (current vs. baseline)	Year-End Goal	Year-to-Date	Action/Comments
Medication Errors E or Greater (Annual Aggregate)	16	0	↓	11	9	Any preventable event that may cause or lead to inappropriate medication use or patient harm while the medication is in the control of the healthcare professional. Category E is an error that reached the patient and could have caused temporary harm. The Medication Safety Committee meets monthly and reviews all reported medication errors.
Strategic Priority: Recruit, develop, and care for our TEAM	**Baseline Measure (As of October 1, 2023)**	**May 2024**	**Trend (current vs. baseline)**	**Goal**	**Monthly**	**Action/Comments**
Retention of Talent	96.03%	100.0%	↑	90.0%	98.5%	Remaining headcount during a set period / Headcount at the start period X 100.
Strategic Priority: Consider Justice, Equity, Diversity and Inclusion in everything we do	**Baseline Measure (As of October 1, 2023)**	**March 2024**	**Trend (current vs. baseline)**	**Goal**	**Monthly**	**Action/Comments**
SOGI (sexual orientation, and gender identity) information collected from patients and documented during a visit with a BMH Medical Group Practice (Monthly)	0.0%	7.1%	↑	95.0%	11.9%	% of patients seen in a given month in a BMH Medical Group Practice who were asked and had documented SOGI questions
Strategic Priority: Elevate the Health of the Community	**Baseline Measure (As of October 1, 2023)**	**April 2024**	**Trend (current vs. baseline)**	**Goal**	**Monthly**	**Action/Comments**
# of Days to Third Next Available Appointment for NEW Primary Care Patients (Monthly)	153	239	↑	30	239	Every Thursday BMH Primary Care's soonest 3rd next available new patient appointment is captured. Every month, the numbers are averaged to provide our monthly measure.
Strategic Priority: Create Exceptional Patient and Family Experiences	**Baseline Measure (As of October 1, 2023)**	**April 2024**	**Trend (current vs. baseline)**	**Goal**	**Year-to-Date**	**Action/Comments**
HCAHPS Overall Rating of Hospital Score "3 Month Rolling Average" (Annual Aggregate)	63.8%	75.3%	↑	76.1%	75.9%	Data point is a 3-month rolling average reported on the last day of every month. Target score is 70th percentile of all hospitals. Note that YTD is calendar year. (CMS utilizes calendar year).
Strategic Priority: Continuously Improve the Quality of Patient Care	**Baseline Measure (As of October 1, 2023)**	**March 2024**	**Trend (current vs. baseline)**	**Goal**	**Monthly**	**Action/Comments**
Readmissions within 30 Days of Discharge (Monthly)	13.8%	5.4%	↓	9.5%	8.7%	This is the percentage of acute inpatient and observation stay patients discharged from the hospital who return for an unplanned inpatient or observation stay (readmission) within 30 days of the initial discharge.
Strategic Priority: Exercise Wise Financial Stewardship	**Baseline Measure (As of October 1, 2023)**	**April 2024**	**Trend (current vs. baseline)**	**Year-End Goal**	**Year-to-Date**	**Action/Comments**
Operating Margin – Gain/Loss (annual aggregate)	-$1,840,362	-$15,720	↑	$845,067	-$316,389	The year-to-date profit or loss generated as a result of operations. The target is what was budgeted for the year-to-date gain loss for the given month.

Continuous Improvement

- BMH received recognition for our work in quality and patient safety:
  - Leapfrog
    - "B" Grade – Highest safety grade in State of Vermont
  - HCAHPS (CMS required Patient Experience Scores)
    - 4-Star Hospital – 3rd consecutive time
  - Lown Institute Recognition
    - Social Responsibility
    - Health Equity
    - Community Benefit
      - Fair share – best in Vermont

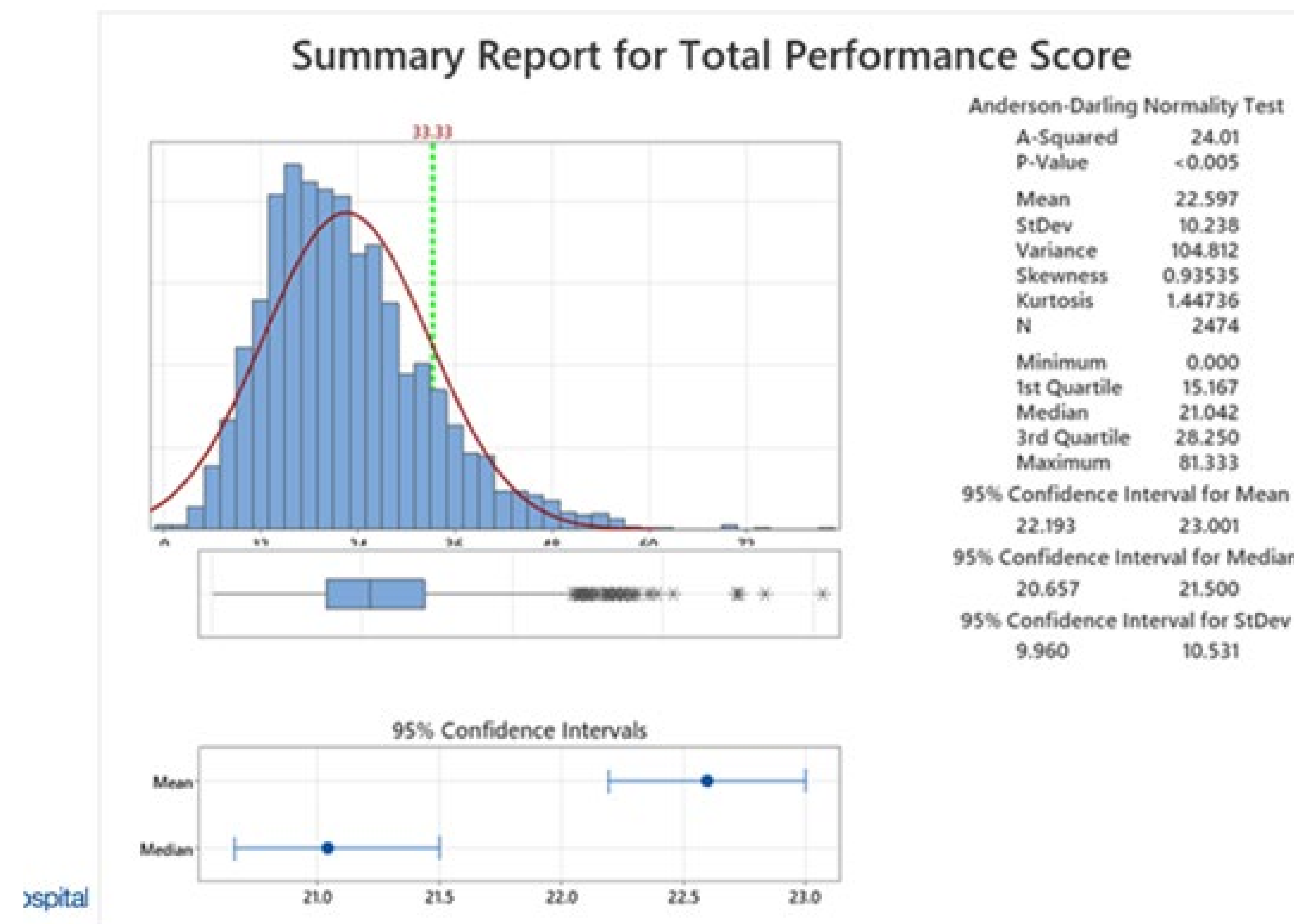
Continuous Improvement

- CMS Hospital Value Based Purchasing Program

  Earned a quality-based bonus (1.16%) added to our Medicare base operating DRG payment

Hospital Value Based Purchasing Program

FY24 Total Performance Score		
BMH	State Average	National Average
33.33	25.75	22.59
Net Change in Base Operating DRG +1.16%		



Continuous Improvement

CARE COORDINATION
Brattleboro Memorial Hospital - Brattleboro, VT

In recognition of having reduced readmissions, and the distinction of being the New England hospital with the "Most Improved Performance."

Interventions to Reduce Readmissions: Interdisciplinary Care Transitions

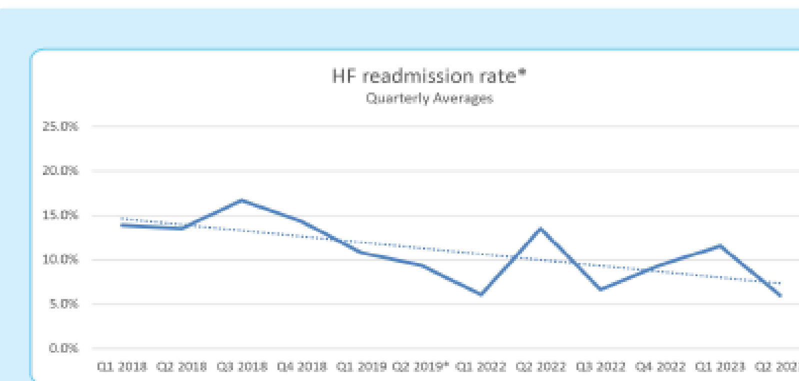
BACKGROUND

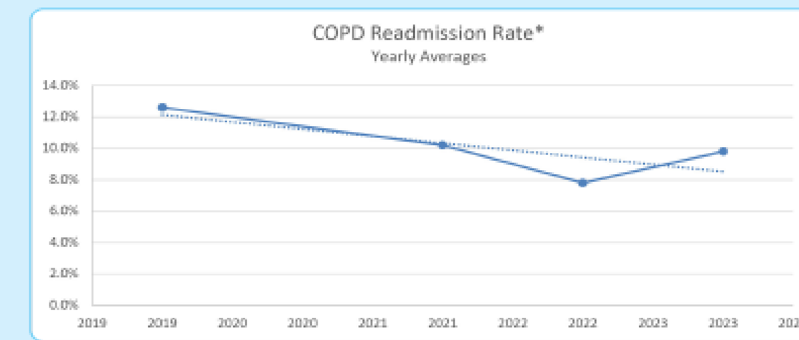
- A not-for-profit, 61-bed, community hospital, founded in 1904.
- Located in southeastern Vermont and serving a rural population of 55,000 people in 22 towns in Vermont, New Hampshire, and Massachusetts.
- All Brattleboro Memorial Hospital (BMH) providers share a common mission to provide exceptional health care delivered with compassion and respect.

In 2019, readmissions due to Constrictive Obstructive Pulmonary Disease (COPD) were at >15%; Heart Failure (HF) readmissions were at 15.8%; and Congestive Heart Failure (CHF) readmissions were the highest proportion of readmissions as well as the most common co-morbid condition associated with readmissions. Because of this, BMH leadership felt it was imperative to improve outcomes for these patients. The goal was to reduce COPD and HF readmissions to less than 10% (*internal data).

APPROACH

- The BMH team encouraged participation from units and departments which interact with patients who have COPD and/or HF. These staff members were designated as a "Clinical Community" and shared learning and insights freely.
- COPD interventions included: medication optimization for the admitted COPD patient, patient education on nutrition and COPD self-management, Care Management standardized assessment of barriers to success, arranging resources to address the barriers and securing all follow up appointments prior to discharge.
- HF interventions included: participation in the IPRO QIN-QIO Affinity Group, HF clinic follow up phone call next business day, an in-person follow up office visit with HF clinic within 7 days of discharge, and increasing cardiac rehab referrals or Wellness Rehab Program (initially grant funded and now hospital funded).
- BMH collaborated with IPRO QIN-QIO to develop a best-practice care transitions resource guide.
- Internal data was used to analyze process and outcome measures focused on inpatient and observation patients with all payor sources. Data was evaluated monthly using an iterative PDSA cycle approach.





RESULTS

BMH had an HF readmissions rate at baseline (2018-10 - 2020-09) that was 15.8% and most recent data (2022-09 - 2023-08) reflects a rate of 12.1%, achieving a relative improvement of 23.3%.

*This is based on Medicare FFS claims data tracked by the IPRO QIN-QIO.

COPD readmission baseline rate was 12.6% (2019) and most recent data reflects a rate of 8.7% (average of 2022-2023), achieving relative improvement of 30.1%. This represents avoiding approximately 12 COPD readmissions each year.

*This is based on internal data tracked by BMH Quality Department.

CONCLUSIONS

- A data-driven, interdisciplinary team was key to making impactful improvements. Strong leadership support was essential to sustaining participation in the workgroups.
- Future opportunities that the team intends to address include Primary Care COPD Action Plans and increased hospice referrals for eligible patients.

ACKNOWLEDGEMENTS

Team Members:

HF: Phaedra McDonough, APRN Cardiology; Carl Szot, MD, Cardiology; Kelsey Hescock, LPN; Sophie Niedbala, Cardiology Practice Manager; Jeff Harr, PT Cardiac Rehab; Michelle Wright, RN, Quality Improvement Project Manager.

COPD: Aida Avdic, MD Hospitalist; Laurie Kuralt, APRN, Hospitalist and Manager of Respiratory Therapy; Brian Hughes, PharmD; Jeff Harr, PT, Pulmonary Rehab; Lisa Wakefield, RD; Heather Ashcraft, RD; Zak Belletete, RN Director Primary Care; Stacy Wissmann, RN, Information Services; Chet Fitch, RN, Information Services; Hilary McAllister, RN Manager Med-Surg; Jackie Ethier, RN, Sr. Director Inpatient and ED Services; Lauren Kramer, RN, Nurse Education; Tiffany Phillips, RN, Practice Manager Primary Care; Michelle Wright, RN Quality Project Manager.

Huge thanks to Travis Kumph for bringing Lean/Six Sigma training to BMH and improving the Quality Climate at BMH.

REFERENCES

Clinical Communities at Johns Hopkins Medicine: An Emerging Approach to Quality Improvement - PubMed (nih.gov)

This material was prepared by IPRO QIN-QIO, a Quality Innovation Network-Quality Improvement Organization, under contract with the Centers for Medicare & Medicaid Services (CMS), an agency of the U.S. Department of Health and Human Services. Views expressed in this material do not necessarily reflect the official views or policy of CMS or HHS, and any reference to a specific product or entity herein does not constitute endorsement of that product or entity by CMS or HHS. Publication 12SOW-IPRO-VT-T2-A3-24-1485 [5/30/24] - CP

Budget Themes

BMH is looking toward FY25 to be a rebuilding year

- Recovering from Change Healthcare Cyberattack financial impacts
- Sharpening our focus on core operations in Inpatient Units
- Targeting growth in specific areas to serve our aging population
    - Cardiology
    - Podiatry

We are moving forward with cost saving efforts for sustainability into the future

- Transition to NEHCN for purchasing
- Establishment of FQHC

Community Engagement is at the forefront of all current initiatives at BMH

Continue to transform into a Population Health Management centered system

INNOVATION

Mobile Integrated Health (MIH)

Artificial Intelligence

Infuse LEAN Six Sigma skills into leadership team

FINANCIAL

New England Collaborative Health Network

Preparing for the AHEAD Model

STRUCTURE

Partner with a Federally Qualified Health Center

BMH Transformation into Integrated Delivery System

Thoughtful consideration and assessment of Oliver Wyman recommendations

Brattleboro Memorial Hospital
EXCEPTIONAL CARE FOR OUR COMMUNITY

FYTD May 2024 Performance

	FYTD MAY 2024			
	Year to date Actual	Year to date Budget	Variance from budget ($)	Variance from budget (%)
Gross Revenue				
Inpatient Revenue	35,597,619	38,895,220	(3,297,601)	-8.5%
Outpatient Revenue	132,624,709	128,517,455	4,107,255	3.2%
IP Professional Revenue	3,829,245	3,800,978	28,267	0.7%
OP Professional Revenue	16,570,397	15,496,883	1,073,514	6.9%
Total Gross Patient Service Revenue	188,621,971	186,710,535	1,911,435	1.0%
Net Patient Revenue*	65,023,303	64,620,767	402,535	0.6%
Net Operating Revenue**	78,508,976	76,552,482	1,956,494	2.6%
Operating Expenses				
Wages	33,661,521	34,379,122	717,601	2.1%
Benefits	9,184,125	8,907,742	(276,383)	-3.1%
Contract Temps	2,321,205	666,675	(1,654,530)	-248.2%
Contract Med Specialists	4,183,082	4,454,647	271,565	6.1%
Contracted Services	6,858,252	7,869,388	1,011,136	12.8%
Med/Surg Supplies	3,610,538	3,240,354	(370,184)	-11.4%
Drugs	5,082,858	4,102,601	(980,257)	-23.9%
Other Supplies & Expenses	6,496,937	5,736,947	(759,989)	-13.2%
Depreciation & Amortization	2,655,448	2,568,182	(87,265)	-3.4%
Healthcare Provider Tax	4,247,411	3,814,084	(433,327)	-11.4%
Interest expense	322,262	307,191	(15,071)	-4.9%
Total Operating Expenses	78,623,639	76,046,934	(2,576,704)	-3.4%
Operating Gain or (Loss)	(114,663)	505,548	(620,211)	

Highlights in YTD MAY24 performance:

- GPSR favorability vs Budget $2M or 1.0%, driven by OP facility and professional revenues
- Wage favorability of $718k or 2.1%, driven by smart hiring practices
- Contract Temp overspend of $1.7M driven by difficulty hiring key technical roles in Radiology and Lab
- Contracted Services favorability of $1.0M or 12.8%, driven by under-spend on projects as a result of cash constriction from Change Healthcare cyberattack

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FY24 Projections

	FYTD MAY24 Annualized	FY24 Budget	Variance from Budget ($)	Variance from Budget (%)
Gross Revenue				
Total Gross Patient Service Revenue	282,932,956	280,449,989	2,482,967	0.9%
Deductions from Revenue				
Total Deductions From Revenue	(185,398,002)	(183,385,871)	(2,012,131)	1.1%
Net Patient Service Revenue	97,534,954	97,064,118	470,836	0.5%
Other Operating Revenue				
Total Other Operating Revenue	20,228,510	17,922,124	2,306,386	12.9%
Net Operating Revenue	117,763,464	114,986,243	2,777,222	2.4%
Operating Expenses				
Wages	50,492,282	51,639,424	1,147,142	2.2%
Benefits	13,776,187	13,361,613	(414,574)	-3.1%
Contract Temps	3,481,807	1,000,012	(2,481,795)	-248.2%
Contract Med Specialists	6,274,624	6,681,971	407,347	6.1%
Contracted Services	10,287,377	11,804,081	1,516,704	12.8%
Med/Surg Supplies	5,415,808	4,860,531	(555,277)	-11.4%
Drugs	7,624,286	6,153,902	(1,470,385)	-23.9%
Other Supplies & Expenses	9,745,405	8,605,419	(1,139,986)	-13.2%
Depreciation & Amortization	3,983,172	3,852,274	(130,898)	-3.4%
Healthcare Provider Tax	6,371,116	5,721,126	(649,990)	-11.4%
Interest expense	483,394	460,787	(22,607)	-4.9%
Total Operating Expenses	117,935,458	114,141,140	(3,794,319)	-3.3%
Operating Gain or (Loss)	(171,994)	845,103	(1,017,097)	

Highlights in FY24 Projection:

- Volume/Rate favorability of $2.8M or 2.4% on Net Operating Revenue
- Wage favorability of $1.1M or 2.2%
- Contract Temp overspend of $2.5M
- Contracted Services favorability of $1.5M or 12.8%
- **Healthcare Provider Tax** over budget by $650K or 11.4%
- Projecting an overall loss of ($172k)

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Balance Sheet

Working capital (Cash, AR and AP) still recovering from the impact of Change Healthcare cyberattack

	Current Month 05/31/2024	Prior Month 04/30/2024	Change from Prior Month	Prior Year 05/31/2023
ASSETS				
Total Current Assets	36,995,476	39,835,255	(2,839,779)	27,309,904
Total Assets Limited as to Use	30,257,318	29,821,812	435,505	33,418,183
Net Plant Assets	42,577,074	42,771,362	(194,288)	42,884,766
Interest Rate Swap	815,891	917,387	(101,496)	558,258
Total Assets	111,333,066	114,033,124	(2,700,058)	104,171,112
LIABILITIES & EQUITIES				
Total Current Liabilities	23,224,062	26,384,846	(3,160,783)	20,202,531
Long Term Liabilities	14,775,587	14,865,511	(89,925)	15,264,414
Net Assets	73,333,417	72,782,767	550,651	68,703,857
Total Liabilities & Net Assets	111,333,066	114,033,124	(2,700,058)	104,170,802

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Budget Comparison

	FYTD MAY24 Annualized	FY25 Budget	Variance from Actuals ($)	Variance from actuals (%)	FY24 Budget	Variance from Budget ($)	Variance from Budget (%)
Gross Revenue							
Total Gross Patient Service Revenue	282,932,956	302,446,586	19,513,630	6.9%	280,449,989	21,996,597	7.8%
Deductions from Revenue							
Total Deductions From Revenue	(185,398,002)	(203,294,106)	(17,896,104)	9.7%	(183,385,871)	(19,908,235)	10.9%
Net Patient Service Revenue	97,534,954	99,152,480	1,617,526	1.7%	97,064,118	2,088,362	2.2%
Other Operating Revenue							
Total Other Operating Revenue	20,228,510	20,692,484	463,973	2.3%	17,922,124	2,770,360	15.5%
Net Operating Revenue	117,763,464	119,844,964	2,081,499	1.8%	114,986,243	4,858,721	4.2%
Operating Expenses							
Wages	50,492,282	54,116,221	(3,623,939)	-7.2%	51,639,424	(2,476,797)	-4.8%
Benefits	13,776,187	13,949,449	(173,262)	-1.3%	13,361,613	(587,836)	-4.4%
Contract Temps	3,481,807	1,008,660	2,473,147	71.0%	1,000,012	(8,648)	-0.9%
Contract Med Specialists	6,274,624	5,929,909	344,715	5.5%	6,681,971	752,062	11.3%
Contracted Services	10,287,377	11,650,361	(1,362,984)	-13.2%	11,804,081	153,720	1.3%
Med/Surg Supplies	5,415,808	5,141,085	274,723	5.1%	4,860,531	(280,554)	-5.8%
Drugs	7,624,286	6,892,574	731,712	9.6%	6,153,902	(738,673)	-12.0%
Other Supplies & Expenses	9,745,405	9,789,848	(44,443)	-0.5%	8,605,419	(1,184,428)	-13.8%
Depreciation & Amortization	3,983,172	4,017,316	(34,144)	-0.9%	3,852,274	(165,042)	-4.3%
Healthcare Provider Tax	6,371,116	6,319,149	51,967	0.8%	5,721,126	(598,023)	-10.5%
Interest expense	483,394	479,893	3,501	0.7%	460,787	(19,106)	-4.1%
Total Operating Expenses	117,935,458	119,294,464	(1,359,006)	-1.2%	114,141,140	(5,153,325)	-4.5%
Operating Gain/(Loss)	(171,994)	550,500	(722,493)		845,103	(294,603)	

Financial Challenges

- Medicare Dependent Hospital/Low Volume Adjustment Program at risk
- Provider Tax rate 6% max allowed, increasing by $500k YOY (most States are 3-4%)
- GMCB fees increased by 8%
- Medicaid DSH payment is inadequate at 10% of Provider Tax (most States are above 50%)
- Medicare OPPS rate increase not available to Medicare Dependent Hospitals
- Medicare IPPS set to 2.9%
- Medicare Physician payment lowered
- Medicaid offered no rate increase for FY25

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Charges & Net Patient Revenue FY25

Fee/Charge increase – Overall 2.70%
- 1.5% Medical Group, Pharm and Supplies
- 3.2% Hospital

Rate Increase by Payer
- Medicare IPPS 2.9%
- Medicaid 0%
- Commercial 4.7%

Net Patient Revenue/Fixed Prospective Payment (NPR/FPP)
- 2.5%

Operating Margin
- $550k
- 0.46%

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FY25 Budget Volumes

FY24 Budget to FY25 Budget

- Volumes projected to remain consistent
  - Inpatient units – Birthing Center, PCU, MS2, Inpatient Surgery

- Increased outpatient volumes
  - Cardiology - increased visit volume and Echocardiography exams
  - Podiatry – increased visit volume and outpatient surgery
  - Orthopaedics – increased visit and surgical volumes, increased MRI exams

Inflation

Wages FY25	4.8% or $2.5M
Drugs	12% or $740k
Healthcare Provider Tax	10.5% or $600k
Medical/Surgical Supplies	5.8% or $280k
Fuel	8.2% or $150k
Other Supplies	13.8% or $1.2M
Total	$5.5M

FY25 Non-CON Capital

Non-CON Capital Budget:

	Capital Spend
Patient Care Equipment Replacements	$ 592,499
Diagnostic Department Equipment	$ 1,469,982
Plant Services Repairs and Upgrades	$ 491,852
IS/IT Projects and Infrastructure Upgrades	$ 706,608
Subtotal	$ 3,260,941
Replacement MRI	$ 1,700,000
Total	$ 4,960,941

Revenue Cycle Project

- End to end Revenue Cycle engagement with BerryDunn to drive significant efficiencies in all areas of Revenue Cycle Management

  - 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

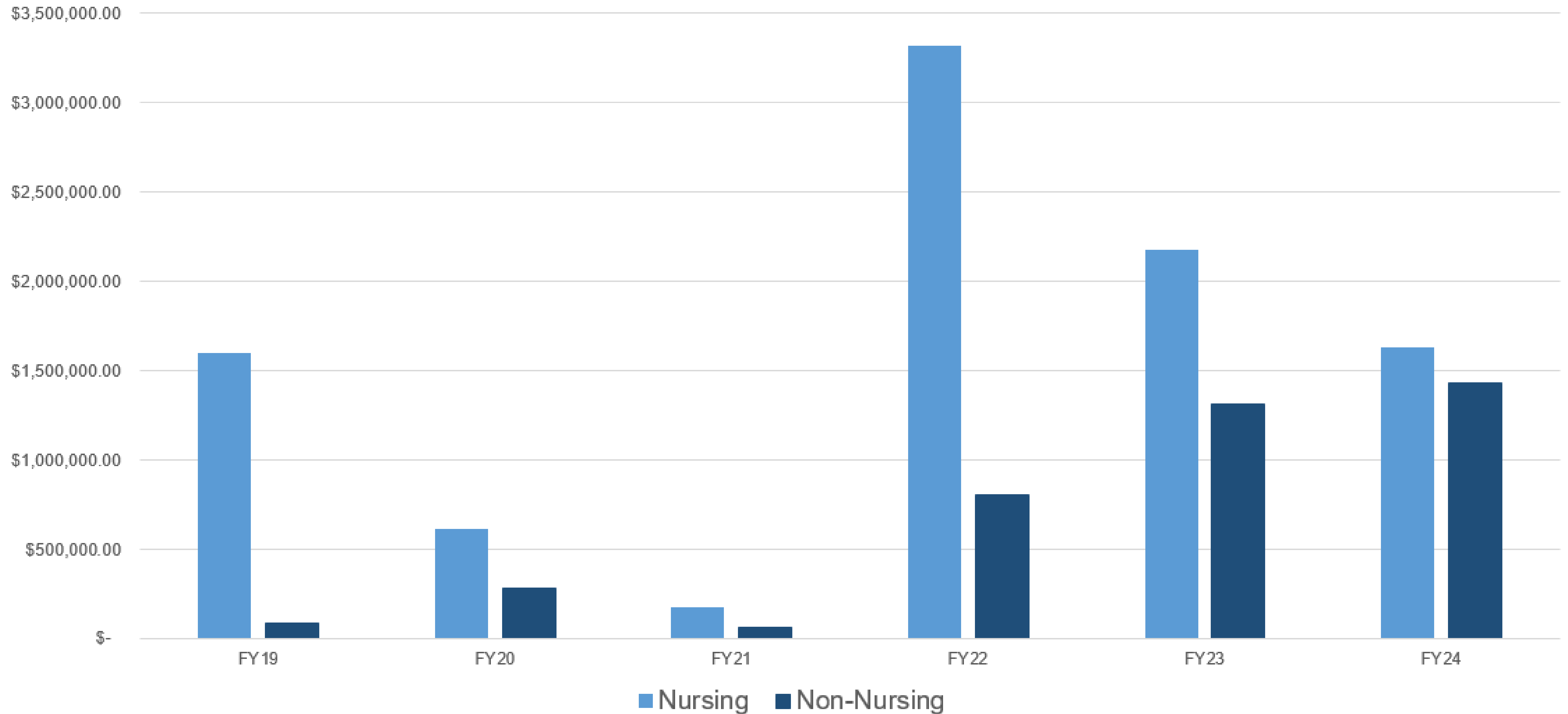
Risks

- Timing of establishment of FQHC
- Unpredictable labor market dynamics and staffing of key areas like Radiology and MRI
- Incremental volume accompanying new providers – Cardiology and Podiatry
- Our aging population and their greater abundance of chronic illness
- The growth of Medicare advantage enrollment, the additional administrative burden it requires and the poor coverage for post acute care.
- The Medicare dependent hospital and low volume adjustment program must be renewed.
- The continued difficulties of getting patients to a higher or lower level of inpatient care.
- Recruitment and retention of necessary providers

Opportunities

- Establishment of FQHC
- Change in Shared Services, including the New England Collaborative Health Network
- Rollout of AI scribe service to improve provider retention
- Revenue Cycle project to drive ROI
- Expansion of mobile integrated health and community paramedics in reducing avoidable emergency room visits, avoidable readmissions

Contract Labor Spend



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Workforce Challenges

Workforce

- Post-Covid challenges continue
- Vermont trends
  - Workforce deficits not limited to healthcare
  - Continuing workforce declines projected
- Aging workforce
- Lack of pipelines
  - lack of allied health schooling/programs in our region
  - planning around pipelines are far behind reality

Capacity

- Outpatient access
- Hospital physical capacity v. staffed capacity
- Limitations of specialists, diagnostics & support services
- Inability to transfer to higher/lower levels of care with regional/seasonal surges
- Transportation challenges, critical care

Workforce Solutions

- Compensation
  - Ongoing commitment to maintaining consistency & equity
  - Recently implemented new structure
- Clinical Collaboration/Pipelines
  - Nursing & Allied Health
  - Nurse Residency Program
  - Entry level workforce opportunities
  - Education/Professional Development opportunities
- Culture
  - Consistent leadership
  - Frequent, transparent communication
  - Fostering a culture of civility
  - Flexibility
  - Recognition
  - Staffing models
  - Exit and stay interviews
  - Employee engagement surveys
  - Support for wellness programs
  - Diversity, Equity, and Inclusion

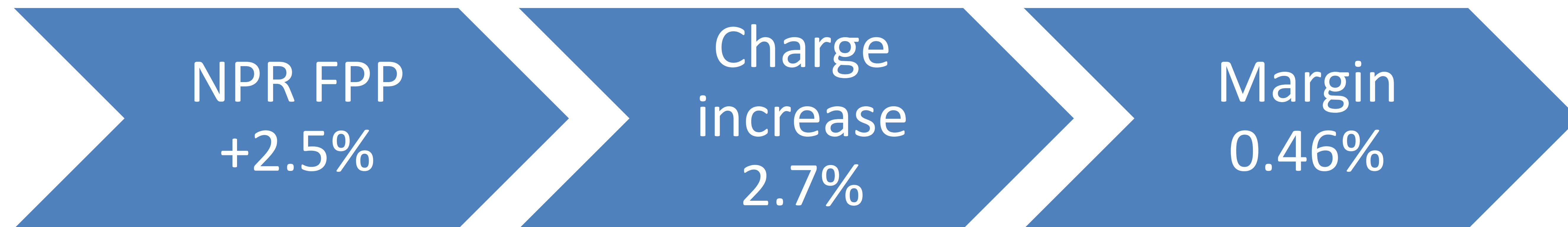
VERMONT TECH
VERMONT TECHNICAL COLLEGE

CCV COMMUNITY COLLEGE OF VERMONT

ELMS COLLEGE

Keene
STATE COLLEGE

FY25 Budget Summary



- Rebuilding and strengthening operations towards sustainability.
- Prioritizing community engagement in all its current initiatives.
- Progressing toward a population health focused system.

The Next 120 Years

"No problem can withstand the assault of persistent thinking"

- Voltaire

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