



Copley Hospital

528 Washington Highway
Morrisville, VT 05661
(802) 888-8888
www.copleyvt.org

January 31, 2024

Alena Berube
Director of Health Systems Finances
Green Mountain Care Board
144 State Street
Montpelier, VT 05602

Dear Ms. Berube,

This narrative is intended to provide information about key variances and is not intended to address every detailed variance. As always, we are available to answer additional questions.

In FY2023 we finally begin to see the COVID-19 global pandemic move toward an endemic state, yet it continued to affect the healthcare industry including Copley Hospital. The greatest challenge continues to be labor; the 48 full time positions currently open represent over 11% of our approved budgeted FTEs of 418. For FY2023 Copley incurred an operating loss of \$1.73 million. Utilization was only slightly over budget, however we continue to experience a negative reimbursement/payer mix.

NPR/FPP	Total	% over/under
FY 23 Approved Budget	\$ 96,033,233	
Utilization	457,435	0.5%
Reimbursement/Payer Mix	(2,289,707)	-2.4%
Bad Debt/Free Care	(229,460)	-0.2%
Physician Acq/Trans	969,048	1.0%
Changes in DSH	102,052	0.1%
Other (FPP)	1,158,099	1.2%
FY 23 Actual Results	\$ 96,200,700	0.2%

Copley's NPR/FPP being only a slight surplus from the budget is the result of improved utilization as patients continue to seek care again, often with worsening conditions. Also, the growing shift from inpatient to outpatient procedures has once again outpaced our budget. While we experienced more bad debt than was anticipated in our budget, charity care did not reach its target this fiscal year.

- Gross revenue exceeded budgeted FY2023 expectations by 4%, largely due to the rebound of utilization.
- Overall contractual allowances came in 10% over budget mainly due to limited realization of rate increases from government programs, this is evident in our unfavorable shift in payer mix.
- Bad Debt/Free Care came in below our budgeted expectations showing the economic effect on our self-pay population was not as bad as budgeted.

Expenses	Amount	% over/under
FY 23 Approved Budget	\$ 95,478,463	
Salaries	(1,272,741)	
Fringe Benefits	(188,364)	
Physician Contracts	107,532	
Contract Staffing	5,735,208	
Supplies	(212,907)	
Drugs	(50,770)	
Facilities	(282,874)	
IT Related	(426,736)	
Depreciation	(53,418)	
Interest	57,229	
Health Care Provider Tax	(111,400)	
Other Operating Expenses	1,023,416	
FY 23 Actual Results	\$ 99,802,638	

Copley’s 2023 expenses came in higher than budgeted expectations.

- Contracted labor came in much higher than was budgeted due to the ongoing, continued labor shortages in healthcare workers worldwide due to the pandemic.
- Salaries came in under budget reflecting our struggles with labor, also evident by the over budget expense of contracted labor which must be used to fill in the gaps.
- IT related expenses were under budget. While IT strives for continual process improvement in their area, limited resources and logistics delayed some of the budgeted projects.



Copley implemented an overall percentage change in charges of 12% in FY2023, consistent with the GMCB-approved change for FY2023.

Other operating revenue was \$1.9 million in FY2023 which was over budget by \$900 thousand.

Non-operating revenue was above budgeted expectations.

Please call with any questions or concerns.

Sincerely,

Jeff Hebert
CFO