



FY 2023 BUDGET

Introduction

Douglas DiVello, CEO

Stephen Brown, CFO

Overview

Hospital



- 19 bed Critical Access Acute & Swing, ED
- Diagnostic Imaging, Lab
- Inpatient & Outpatient Rehabilitation

Rural Health Clinic



- Primary Care MD & APP
- Pediatrics MD & NP
- Psychiatric NP, LCSW
- Community Health Team

On-Campus Retail Pharmacy



- Messenger Valley Pharmacy

Hospital Mission

To serve the health care needs of our community;
to promote wellness, relieve suffering,
and restore health.

Hospital Vision

We will provide personalized, competent and accessible primary care, rehabilitation, wellness, prevention, inpatient care, and emergency services.

We will focus on preventive care that serves to preserve and prolong the well-being of our community.

We will collaborate with other agencies that share our goal of optimum wellness for our community to enable us to meet the needs of the entire person.

Our community will embrace Grace Cottage as a welcoming resource for health and wellness, and the diversity and culture of our region will be reflected in all we do.



Net Patient Revenue & Summary of Budget Request

- FY 2023 budgeted Net Patient Revenue is based on current volumes during the first 7 months of current fiscal year in all areas, with the exception of provider revenue, where additional revenue is budgeted for new providers.
- Messenger Valley Pharmacy: Budgeted minor increase in script volume due to current trend and increase in GCFH providers for FY 2023.

Grace Cottage Hospital

Douglas DiVello Stephen Brown

Fiscal Year 2023 Submitted Budget

INCOME STATEMENT	2020 A	2021 A	2022 B	2022 P	2023 B	2022 B-2022 P	2022 B-2023 B
Revenues							
Gross Patient Care Revenue	\$29,994,908	\$34,398,070	\$34,389,561	\$37,962,596	\$40,020,838	10.4%	16.4%
Disproportionate Share Payments	\$0	\$0	\$0	\$0	\$0		
Bad Debt	-\$644,102	-\$748,699	-\$650,664	-\$608,437	-\$634,733	-6.5%	-2.4%
Free Care	-\$291,194	-\$270,373	-\$318,693	-\$203,768	-\$219,882	-36.1%	-31.0%
Deductions from Revenue	-\$9,634,511	-\$12,792,803	-\$11,348,174	-\$13,233,152	-\$13,790,968	16.6%	21.5%
Net Patient Care Revenue	\$19,425,101	\$20,586,195	\$22,072,030	\$23,917,239	\$25,375,255	8.4%	15.0%
Fixed Prospective Payments	\$0	\$0	\$0	\$0	\$0		
Reserves	\$0	\$0	\$0	\$0	\$0		
Other Reform Payments	\$0	\$0	\$0	\$0	\$0		
Fixed Prospective Payments and Reserves	\$0	\$0	\$0	\$0	\$0		
Net Patient Care Rev & Fixed Payments & Reserve	\$19,425,101	\$20,586,195	\$22,072,030	\$23,917,239	\$25,375,255	8.4%	15.0%
340B Retail Pharmacy Programs	\$715,973	\$922,416	\$1,121,422	\$735,517	\$790,773	-34.4%	-29.5%
COVID-19 Stimulus and Other Grant Funding	\$2,196,059	\$3,659,311	\$0	\$30,740	\$0		
Specialty Pharmacy	\$0	\$0	\$0	\$0	\$0		
Outpatient Pharmacy Revenue	-\$480,545	-\$297,949	-\$178,084	-\$203,314	-\$128,466	14.2%	-27.9%
Cafeteria & Parking	\$73,970	\$78,013	\$77,182	\$87,454	\$87,454	13.3%	13.3%
Grant Income	\$19,235	\$5,250	\$0	\$7,257	\$11,855		
Reference Lab Revenue	\$0	\$0	\$0	\$0	\$0		
Meaningful Use	\$0	\$0	\$0	\$0	\$0		
Other	\$248,876	\$265,939	\$254,811	\$317,621	\$321,050	24.6%	26.0%
Other Operating Revenue	\$2,773,568	\$4,632,980	\$1,275,331	\$975,275	\$1,082,666	-23.5%	-15.1%
Total Operating Revenue	\$22,198,669	\$25,219,175	\$23,347,361	\$24,892,514	\$26,457,921	6.6%	13.3%
Operating Expenses							
Salaries Non MD, Fringe Benefits Non MD,							
Physician Fees & Salaries, Fringe Benefits MD	\$16,623,998	\$17,013,499	\$18,376,136	\$18,040,820	\$20,485,700	-1.8%	11.5%
Health Care Provider Tax	\$664,049	\$607,935	\$733,091	\$892,623	\$951,124	21.8%	29.7%
Depreciation Amortization	\$646,582	\$768,519	\$895,131	\$914,688	\$1,010,356	2.2%	12.9%
Interest - Short Term, Interest - Long Term	\$127,206	\$86,528	\$113,559	\$74,286	\$68,741	-34.6%	-39.5%
ACO Dues	\$0	\$0	\$0	\$0	\$0		
Medical/Surgical Drugs and Supplies	\$0	\$0	\$0	\$0	\$0		
Pharmaceuticals	\$0	\$0	\$0	\$0	\$0		
Other Purchased Services - Consulting	\$0	\$0	\$0	\$0	\$0		
Other Purchased Services -Travelers	\$0	\$0	\$0	\$0	\$0		
Other Operating Expenses	\$3,899,289	\$4,719,183	\$4,400,968	\$5,730,835	\$4,928,326	30.2%	12.0%
Total Operating Expenses	\$21,961,124	\$23,195,664	\$24,518,885	\$25,653,252	\$27,444,247	4.6%	11.9%
Net Operating Income	\$237,545	\$2,023,511	-\$1,171,524	-\$760,738	-\$986,326	-35.1%	-15.8%
Non Operating Revenue	\$1,215,070	\$2,736,107	\$937,423	\$836,143	\$1,192,676	-10.8%	27.2%
Excess (Deficit) of Rev over Exp	\$1,452,615	\$4,759,618	-\$234,101	\$75,405	\$206,350	-132.2%	-188.1%
Income Statement Metrics							
Operating Margin %	1.1%	8.0%	-5.0%	-3.1%	-3.7%		
Total Margin %	6.2%	17.0%	-1.0%	0.3%	0.7%		

Grace Cottage Hospital									
Douglas DiVello Stephen Brown									
Fiscal Year 2023 Submitted Budget									
BALANCE SHEET	2020 A	2021 A	2022 B	2022 P	2023 B	2022 B-2022 P	2022 B-2023 B	2022 P-2023 B	
Cash & Investments	\$8,910,369	\$8,857,628	\$2,918,436	\$2,260,389	\$1,508,469	-22.5%	-48.3%	-33.3%	
Net Patient Accounts Receivable	\$1,863,373	\$2,397,443	\$2,286,306	\$2,334,535	\$2,451,261	2.1%	7.2%	5.0%	
Due From Third Parties	\$2,220,348	\$0	\$407,559	\$604,924	\$635,170	48.4%	55.8%	5.0%	
Risk Reserve Receivable	\$0	\$0	\$0	\$0	\$0				
Other Current Assets	\$1,286,297	\$695,177	\$1,168,415	\$881,332	\$925,399	-24.6%	-20.8%	5.0%	
Current Assets	\$14,280,387	\$11,950,248	\$6,780,716	\$6,081,180	\$5,520,299	-10.3%	-18.6%	-9.2%	
Board Designated Assets	\$5,212,327	\$6,499,744	\$6,491,438	\$6,074,585	\$6,378,314	-6.4%	-1.7%	5.0%	
Net, Property, Plant And Equipment	\$3,064,119	\$4,021,102	\$4,045,313	\$4,518,932	\$4,357,085	11.7%	7.7%	-3.6%	
Other Long-Term Assets	\$0	\$0	\$0	\$0	\$0				
Assets	\$22,556,833	\$22,471,094	\$17,317,467	\$16,674,697	\$16,255,698	-3.7%	-6.1%	-2.5%	
Accounts Payable	\$445,913	\$349,398	\$476,930	\$475,643	\$499,426	-0.3%	4.7%	5.0%	
Current Liabilities COVID-19	\$2,749,841	\$2,331,306	\$471,340	\$368,023	\$0	-21.9%	-100.0%	-100.0%	
Salaries, Wages And Payroll Taxes Payable	\$856,185	\$1,140,068	\$1,010,206	\$1,108,347	\$1,196,595	9.7%	18.5%	8.0%	
Other Third Party Settlements	\$0	\$0	\$0	\$0	\$0				
ACO Risk Reserve	\$0	\$0	\$0	\$0	\$0				
Other Current Liabilities	\$1,020,977	\$1,192,588	\$1,156,153	\$1,051,952	\$1,073,979	-9.0%	-7.1%	2.1%	
Current Liabilities	\$5,072,916	\$5,013,360	\$3,114,629	\$3,003,965	\$2,770,000	-3.6%	-11.1%	-7.8%	
Long Term Liabilities COVID-19	\$8,338,635	\$3,487,192	\$1,385,652	\$0	\$0	-100.0%	-100.0%	#DIV/0!	
Long Term Liabilities	\$1,287,239	\$1,352,881	\$978,588	\$977,666	\$586,282	-0.1%	-40.1%	-40.0%	
Other Noncurrent Liabilities	\$0	\$0	\$0	\$0	\$0				
Long Term Liabilities	\$9,625,874	\$4,840,073	\$2,364,240	\$977,666	\$586,282	-58.6%	-75.2%	-40.0%	
Total Liabilities	\$14,698,790	\$9,853,433	\$5,478,869	\$3,981,631	\$3,356,282	-27.3%	-38.7%	-15.7%	
Net Assets	\$6,405,428	\$7,858,043	\$12,072,699	\$12,617,661	\$12,693,066	4.5%	5.1%	0.6%	
YTD Change In Net Assets	\$1,452,615	\$4,759,618	-\$234,101	\$75,405	\$206,350	-132.2%	-188.1%	173.7%	
Fund Balance	\$7,858,043	\$12,617,661	\$11,838,598	\$12,693,066	\$12,899,416	7.2%	9.0%	1.6%	
Liabilities and Equities	\$22,556,833	\$22,471,094	\$17,317,467	\$16,674,697	\$16,255,698	-3.7%	-6.1%	-2.5%	
Balance Sheet Metrics						Change in Points			
Days Cash on Hand	240.8	249.0	145.4	123.0	108.9	-126.0	-140.1	-14.1	
Debt Service Coverage Ratio to 1	1.9	4.5	(0.3)	0.5	0.2	-4.0	-4.3	-0.3	
Long Term Debt to Capitalization	0.6	0.3	0.2	0.1	0.1	-0.2	-0.2	-0.0	
Days Payable	86.9	81.6	48.1	44.3	38.2	-37.3	-43.3	-6.1	
Days Receivable	35.0	42.5	37.8	35.6	35.3	-6.9	-7.2	-0.4	

Grace Cottage Hospital					
Douglas DiVello Stephen Brown					
Fiscal Year 2023 Submitted Budget					
Cash Flow	2020 A	2021 A	2022 B	2022 P	2023 B
Cash From Operations					
Excess Revenue over Expenses	\$ 1,452,615	\$ 4,759,618	\$ (234,101)	\$ 75,405	\$ 206,350
Depreciation/Amortization	\$ 646,582	\$ 768,519	\$ 895,131	\$ 914,688	\$ 1,010,356
Patient A/R	\$ (65,492)	\$ (534,070)	\$ (108,872)	\$ 62,908	\$ (116,726)
Other Changes	\$ (1,258,383)	\$ 2,751,912	\$ (1,404,263)	\$ (2,800,474)	\$ (308,278)
Sub-Total	\$ 775,322	\$ 7,745,979	\$ (852,105)	\$ (1,747,473)	\$ 791,702
Cash From Investing Activity					
Capital Spending	\$ (527,793)	\$ (1,725,502)	\$ (844,792)	\$ (1,412,518)	\$ (848,509)
Other LT Assets/Bond Funds	\$ (301,401)	\$ (1,287,417)	\$ (250,766)	\$ 425,159	\$ (303,729)
Sub-Total	\$ (829,194)	\$ (3,012,919)	\$ (1,095,558)	\$ (987,359)	\$ (1,152,238)
Financing Activity					
Long Term Debt/Bonds	\$ 8,795,830	\$ (4,785,801)	\$ (2,544,885)	\$ (3,862,407)	\$ (391,384)
Other Changes					
Change Fund Balance Less Net Income	\$ (83,698)	\$ -	\$ -	\$ -	\$ -
Beginning Cash	\$ 252,109	\$ 8,910,369	\$ 7,410,984	\$ 8,857,628	\$ 2,260,389
Net Increase/(Decrease) in Cash	\$ 8,658,260	\$ (52,741)	\$ (4,492,548)	\$ (6,597,239)	\$ (751,920)
Ending Cash	\$8,910,369	\$8,857,628	\$2,918,436	\$2,260,389	\$1,508,469

Change in Charge

- Overall increase in Charge Master of 5% was requested for all service lines.
- The charge request affects all service lines and is the minimum necessary to offset inflationary increases in operating expenses and shortfalls in reimbursement.

Other Operating and Non-Operating Revenue

- Other Operating Revenue
 - 340B Retail Pharmacy Program of \$736k in FY22 and \$791k in FY23.
 - Retail Pharmacy loss of (\$203k) in FY22 and loss of (\$128k) in FY23.
- Non-Operating Revenue
 - Grace Cottage is fortunate to have such a supportive community committed to assuring our continued existence.

Operating Expenses

- Travelers, primarily Nursing, is over budget by \$1m at the end of the first 9 months of the current fiscal year. Due to both increased need for Travelers, as well as exponential increases in cost of attracting them.
- In order to recruit/retain staff in general, and to reduce/eliminate need for Travelers, significant market adjustments have been made in many areas.
- Inflation across the board has also had significant impact on overall Operating Expenses, with many areas well into double digits.

Operating Margin and Total Margin

- While the charge increase requested is not adequate to produce an overall Operating Margin, the Total Margin is a minimal excess as a result of strong community support.

Equity

- Created Equity Committee in 2019 made up of volunteer chair and members who actively engage and advocate for our local LGBTQ+ community.
- Revised policies and procedures to align with standards of the Human Rights Campaign Health Equality Index.
- Achieved listing on the Health Equality Index with a score of 95, matched only by one other hospital in Vermont.
- 100% of administrative leadership staff and 50% of clinical staff completed education in this area.

Wait Times

- Grace Cottage Family Health is a Primary Care Practice with a Behavioral Health embedded within the practice.
- All patients are scheduled at the time they request an appointment. There are no wait times to have an appointment scheduled.
- Same day appointments available and follow-up appointment designated slots in provider schedules.
- Designated same day clinic for patients with respiratory symptoms.
- Triage nurse utilization to determine office visit need and urgency.
- Provider recruitment successful in 2022 to increase patient access.

Risks

- Reimbursement Inadequacies
- Staffing Costs/Nurse Traveler
- Delays in ED Patient Transfer due to delivery system stress

Opportunities

- Design/construction of New Clinic Building
- Addition of primary care providers in FY23

Capital Budget Plans FY23

- Replacement Diagnostic X-ray Room
- IT Projects
- Resurfacing of hospital parking lot
- Letter of Intent has been submitted for a CON for proposed new clinic building to house all Primary Care and Mental Health Providers.