

GRACE COTTAGE HOSPITAL (GCH)

Follow-Up Questions and Requests Related to Your Budget Submission

On service-line changes

1. Could you provide a more detailed description of your ED telehealth programs? How do they affect patient experience? What is their fiscal impact on the hospital? Through an agreement with Dartmouth-Hitchcock (DHMC), Grace Cottage (GCFHH) receives the following TeleED services:
 - i. Physician and nurse Providers to consult on the emergent and urgent care of patients presenting to the Grace Cottage's emergency department;
 - ii. transfer support for Grace Cottage's patients, as necessary, including identification of accepting physician and identification of appropriate transportation, to an accepting facility.

This service enhances the patient experience by providing additional clinical expertise and support when needed. The monthly fee is significantly more cost-effective than having to employ higher credentialed staff and more support staff for the infrequent occurrences that it is needed.

We also utilize DHMC's TeleNeuro and TelePsych services on an as-needed basis as well for both patients presenting to the ED or admitted to the Inpatient Unit.

On the core justifications for your NPR request

2. You stated during our last meeting that you believe a high NPR would be necessary to expand access to primary care and recapture some of the patients you've lost. Can you elaborate on the work that you are doing to expand access to primary care and how much of this can be achieved through increasing productivity vs. incurring additional expenses? I was explaining that part of our higher than guidance NPR increase was a result of budgeting a slight increase in provider revenue in the Rural Health Clinic as a result of process improvements within the operations, with a goal of allowing existing providers to increase productivity, without incurring additional expenses. Increasing access to meet demand without adding cost.

An additional part of the NPR increase is the addition of one FTE Physical Therapist to address continued increase in demand for outpatient physical therapy, and working to assure patients are able to receive services in a timely manner when they are referred.

On utilization

3. You write that you've improved efficiencies in the Rural Health Clinic in order to reduce wait times. Can you provide more details on your efforts. To your knowledge, have they been successful? As discussed in #2 above, we are beginning work on improved efficiencies and process improvements. Too soon to report on how successful these improved efficiencies are.

On administrative vs. clinical spending

4. You have expressed that there is a need for additional clinical staff. If these vacancies remain open, what is the hospital's contingency plan? Would travelers or contracted labor be considered? **Should the positions currently being filled by travelers not be filled with permanent staff, the use of travelers would continue so the care can be provided.**

On investments in mental health, SUD, LTC, and primary care

5. Have Grace Cottage and / or other regional providers planned any long-term solutions to support the types of home health services that were previously provided by VNH?
 - **We do not have any plans currently to provide home health services**
 - **We are exploring Rescue's partnership with BMH to understand if there are "forward deployed" models we could adopt**
 - **At present time, we do not have the physical space, nor the staff to expand into home health offerings**
 - **We do have a community health team, availability to the community regardless if they are a patient or not**

On your workbook submission

6. 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? **For the assumed rates of growth for price, I applied the expected change in reimbursement by payer to the FY24 budget. For volume is analyzed the difference between FY24 projection and FY24 budget. There was no expected change in payer mix from FY24 to FY25.**
 - b. For non-zero values in the "other" column, how did you derive these estimates? **These amounts are the difference between FY24 and FY25, less those specifically identified in the other columns.**

Other

7. 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. **Yes, significantly. Based on FY23 990 submission: Shortfall of Medicaid payments vs actual cost to provide care (not charges, but actual cost) is \$2.4M, add to that the Medicaid Provider Tax of \$962, and Grace Cottage is subsidizing the State of Vermont Medicaid Program by \$3.4m.**
8. 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. **Yes. As a Critical Access Hospital Grace Cottage is eligible for reimbursement of up to 101% of allowable Medicare costs and services. However, due to the 2% Medicare Sequestration we are only paid 99% of costs. In FY2023 this amount to approximately \$212k.**
9. 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 why you believe your calculation is a better measure for your organization. **We concur with your calculations.**

10. 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. **Same question as #9.**

Narrative Questions That Still Need to Be Answered

11. Question C.a.: Concisely describe substantive variations from current year approved budget to current year projected, and to the proposed budget, in terms of service line changes (differentiate between new or divested services, and volume changes that necessitate changes in staffing), physician transfers, accounting adjustments etc. **There are no variations, substantive or otherwise, from FY24 budget to FY24 projected, or to FY25 proposed budget, as it relates to service line changes, physician transfer, or accounting adjustments. All variations are directly related to increased volumes in some areas requiring us to take care of those patients presenting to our facility for care.**