



FY 2024 Budget Submission Questions

- 1) Page 2 of your narrative highlights the generous supporters that help keep Grace Cottage whole, as its operations are not currently yielding a positive margin. Is there any concern that the additional fundraising required to support renovations may potentially underfund the hospital's operations? How is Grace Cottage mitigating that risk?

Knowing the long-standing loyalty of our donor population as well as we do, we are confident our annual fundraising to offset operating shortfalls from inadequate reimbursements by payers will not be affected by the CON project. After extensive research regarding capital campaigns, as outlined in detail to a follow-up question from our CON application for a New Primary Care Practice Building, we anticipate that the Capital Campaign for the CON will be successful with no disruption to annual fundraising now, or in future years. We will continue to solicit annual operating donations, and our regular donors know and understand that gifts to capital campaigns are in addition to their usual annual gifts.

- 2) Does your budget incorporate Vermont's FY24 budget increases in Vermont Medicaid's RBRVS fee schedule to 110% of Medicare for primary care providers and a 3.8% inflation increase to specialty care providers?

Since increases to fee schedules for FY24, including Medicaid and Commercial, were unknown at the time of budget development, nominal amounts were included based on best estimates. This increase is a negligible amount of our overall Net Patient Revenue (NPR) and does not significantly alter the overall NPR as budgeted.

- 3) Provide a complete response to question k.ii. in the narrative, including any third party contracts that exist to collect payments from patients. Hospitals may reach

out to the GMCB to request confidential treatment of materials that are exempt from public inspection and copying under Vermont's Public Records Act.

Grace Cottage has a contract with an agency to follow up on both past due Self Pay accounts and Bad Debt collection. Fees for both are contingency fees based on amounts collected: 6.5% for past due Self Pay and 9% for Bad Debt collection.

In the most recent twelve months, a total of \$405,446 of past due Self Pay and \$107,660 of Bad Debt was collected.

The contract will be uploaded as a separate document to satisfy the requirement, however request that it be given confidential treatment.

4) Explain balance sheet variances that exceed 100% (23B to 24B %). (Balance Sheet)

Three balance sheet variances exceed 100%, and all three are related to our CON application for a New Primary Care Practice Building. Construction and Progress during the first 7 months of construction, Other Long-Term Debt as a result of borrowing for a portion of those construction costs, and YTD Change in Net Assets as a result of contributions covering the remainder of the construction costs for that period.