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July 8, 2024

Green Mountain Care Board
144 State St.
Montpelier, VT 05602

The following serves to provide the Green Mountain Care Board (GMCB) with a narrative summary of Gifford Medical Center's Fiscal Year 2025 budget. This budget was submitted to and approved by the Gifford Board of Directors on June 27, 2024.

A. Executive Summary

Gifford Medical Center's (GMC) FY 2025 operating and capital budgets have been reviewed and approved by the GMC Finance Committee and Board of Directors. GMC leadership constructed the budgets in alignment with our strategic plan and Community Health Needs Assessment.

GMC's 2025 budgeted Operating Margin is 4.41% meeting the Green Mountain Care Board's (GMCB) guidance of "breakeven or better".

For FY 2025, GMC requests a 6.8% rate increase, which exceeds the GMCB's guidance of 3.4%. We believe the requested rate increase is reasonable and necessary for our organization to continue to provide on-going quality care to our community as one of Vermont's Critical Access Hospitals. In addition to supporting operations, the requested rate will permit GMC and its obligated group to meet its debt covenants and to undertake much needed deferred capital repairs and improvements.

The net patient service revenue (NPSR) growth when comparing our FY 2024 budget to FY 2025 is 8.2%, exceeding the guidance of 3.5%. It is important to note that in 2024 GMC successfully completed the installation and go-live of a new Electronic Health Record (EHR) system. As such, we have been able to recognize improved charge capture as well as improvements with denials management. The 2025 budget also reflects shifts in payor mix based on the current run rates of 2024.

The GMC team continues to manage the dual priorities of investing in the future while dealing with significant cost pressures. These pressures are most evident in continued high contract labor expenses and inflation impacts on supplies, food, and energy costs. Gifford maintains a position-control process to monitor and manage staffing and Full Time Equivalent (FTE) levels within our organization. Our position control process includes requests for contract labor and in some instances has assisted us in decreasing the use of traveling staff. While our overall numbers of traveling staff have come down from recent highs, we continue to utilize them in areas requiring capacity staffing.

GMC remains committed to investing in our employees, recognizing that these investments play a pivotal role in securing the stability and long-term viability of our organization, as well as meeting the diverse needs of the communities we serve. Our ongoing investments encompass various initiatives, such as continued use of our market-based compensation program in FY 2024; the establishment of an in-house certified medical assistant training program; and the introduction of our nursing orientation and residency program, which welcomed and retained a cohort of new graduate RNs to GMC during FY 2024.

As noted above, Gifford has successfully finished implementation of a new EHR for the hospital and practices. Our single Meditech system replaced three systems that had supported the Hospital, our Emergency Department and our Practices. Meditech promotes clinical and operational efficiency while offering our providers, direct-care givers, and operational, financial, and administrative staff more robust data to support decision-making in all of these areas. The EHR transition has resulted in additional expenses to our organization during FY 2024 due to the need to maintain parallel systems.

GMC is submitting a responsible budget for FY 2025 that helps to ensure we meet the healthcare needs of our community and supports our strategic plan. Although our budget exceeds the GMCB guidelines on both NPSR and requested rate increase, it has been approved by the GMC Board of Directors per their fiduciary responsibility.

B. Background

GMC has had no changes to its corporate structure during FY 2024.

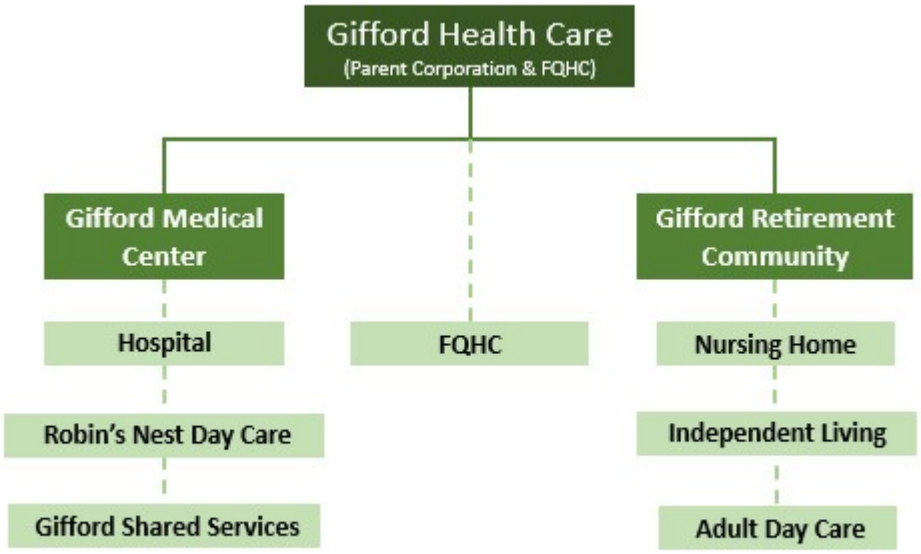
When evaluating Gifford Medical Center's operating margin, it is important to consider it is the primary revenue source for the entire organization and therefore subsidizes the losses incurred by the other corporations under Gifford Health Care. Our consolidated organizational financial performance has been a challenge over the last fiscal year and continues to have financial struggles. At the close of FY 2023, our consolidated operating margin reflected a deficit of $14.5 million. Gifford's operating margin performance continues to be unfavorable; as of the close of the second quarter, our consolidated operating margin reflects a deficit of $8.1 million.

As with most health care organizations, Gifford is experiencing significant challenges with respect to meeting its debt covenant obligations. Gifford Medical Center's debt covenants are evaluated and reported on a consolidated basis and require a debt service ratio at or above 1.4 and days cash on hand at or above 75 days.

We began FY 2022 with a debt service ratio of 4.2 and days cash of 230; unfortunately, at the close of FY 2023, both of these key covenants had been reduced to Zero and 101 days respectively. Gifford's year to date debt covenants have slightly improved through the second quarter of FY 2024 (DSCR = 2.0 – due largely to non-operating revenue), however cash continues to erode at 85 days; which has not only resulted in the substantial

draw on our reserves, but has also reduced our current standing with our lending institution. If current trends continue, Gifford risks returning to technical default on our Bond.

Below is a representation of Gifford Health Care's (GHC) corporate structure for which there were no changes during FY 2024:



C. Budget Questions

a. GMC had originally planned for a 'go-live' of its new EHR to take place in July 2023. Due to the complexities discovered during implementation, the timeframe of the actual go-live was ultimately delayed three months and did not take place until October 2024. This caused the project to cross from the FY 2023 budget year into FY 2024. As a result, gross revenues have lagged behind budgeted values throughout FY 2024 due to a need to ramp up utilization in order for providers and staff to become familiar with the system's functionality. From an NPSR perspective, GMC has been able to absorb some of the shortfall as contractual allowances have been less than FY 2024 budgeted amounts.

Additionally, GMC budgeted approximately $3.9 million of Fixed Prospective Payments for FY 2024. Due to a reduction of covered lives resulting from the expiration of Medicaid's COVID-19 era expansion GMC will recognize only ≈$2.56 million leaving a ≈$1.3 million shortfall.

During the FY 2024 budget process GMC expected to be able to hire W-2 employees to replace the use of Contracted Labor. This has not turned out as originally budgeted resulting in negative variance of ≈$3.8 million.

Realized and Unrealized Gains are part of Non-Operating Income and are not budgeted, as the stock market is unpredictable. However, all three major indices

have had significant gains during the current fiscal year allowing GMC to recognize about $2.7 million of net gains YTD June 2024.

b. Support for Exceeding Section I Benchmarks for Improving Affordability

(1) Net Patient Service Revenue Growth (NPR) Growth

a. Due to efficiencies gained through the implementation of the Meditech EMR system, our collection rates have improved beyond the budgeted projections of FY 2024. This yielded a budget to budget increase in Net Patient Revenue of 4.7%. This increase was before any applicable price increases.

(2) Commercial Rate Growth

a. Due to our operating margin, and the required cash flow for investment in Capital, we require a 6.8% Price increase. 8.2% Increase - ~3.5% of our Net to Net increase. Further evidence listed in the narrative below.

i. Financial Indicators – Section c. h. - *Financial Indicators*

1. Days Cash on Hand
2. Debt Service Coverage Ratio

ii. Effects of Inflation – Section c. d. – Cost of Inflation

Please see the provided Rate Decomp worksheet for a breakdown of the above: SECTION VI: HOSPITAL REPORTING REQUIREMENTS – item 4. FY2025 Budget Request – *Rate Decomposition*.

b. Assumptions

a. Labor Expenses

1. Staff Salaries – The FY 2025 budget as it compares to FY 2024 budget equates to an increase of $993,000; comparing the FY 2025 budget to FY 2024 projected, this is an increase of $295,000. When assessing these variances, GMC implemented 2% incremental adjustments midway through FY 2024 and for FY 2025 GMC has included another 2% budgeted increase. These increases will be offset by the reduction in traveler expenses as permanent staff members are hired. GMC utilizes its position control mechanism as a basis for budgeting all FTEs within the organization, inclusive of open positions and a factor incorporated for vacancies. No additional positions have been added for the FY 2025 budget.
2. Staff Benefits – GMC relies upon guidance received from our benefit consultants, which is reflective of the negotiated terms with our carrier. Additionally, the State of Vermont's mandated Child Care Contribution Tax of 0.33% of wages of about $79,000 has been included for FY 2025.
3. Contracted Labor is budgeted to decrease by about $600,000 when compared to projected FY 2024.

The following table shows by percentage, the classification of contract labor expenditure.

Contract Labor - FY 2025 Budget		
Type	FY25 Bud % of Total Contracted Labor	FY24 Proj % of Total Contracted Labor
A&G Overhead	6.55%	10.29%
Clinical Staff	14.89%	24.55%
Providers	78.56%	65.16%
Total	100.00%	100.00%

b. Utilization

1. Gifford utilized zero-based principles for budgeting gross revenue. This involved gathering the statistical utilization drivers by service line from YTD March 2024. We then projected the second 6-months of 2024 using current and expected run rates. From this baseline, the anticipated changes in utilization for the FY 2025 budget were then integrated. Gross revenue dollars were calculated using the service line's average charge per unit.

   The table below includes a comparison of projected FY 2024 and FY 2025 Budgeted Units of Work with expected percentage increases by service line. Increases to Gross Revenue equates to approximately $5.5 million when compared to 2024 projected. A large proportion of the increase in utilization over FY 2024 Projected is due to the necessary reduction in visits during the go-live of our EHR system in 1st quarter of 2024.

Description	2024P	Budgeted Increase	2025B
SPECIALTY CLINIC VISITS	32,807	17.8%	38,660
PT, OT & ST	36,978	9.4%	40,454
RADIOLOGY	22,693	3.8%	23,566
CARDIOLOGY	4,741	2.8%	4,876
LAB - Rx & OTHER	265,723	3.0%	274,834
PATIENT DAYS	4,091	4.6%	4,279
ED VISITS	7,472	0.0%	7,472
OR MINUTES	104,192	10.3%	114,975

c. Pharmaceutical Expenses

1. GMC has integrated an average inflation rate of 8% for pharmaceuticals into the FY 2025 budget. This determination is derived from the data furnished by our group purchasing organization. The inflationary adjustment utilized represents the median percentage applicable to the mix of drugs administered to our patients. This represents an increase of approximately $134,000.

GMC is unable to provide the amount of net reimbursement collected for drugs administered for the care of patients as net revenue information is only captured at an aggregated payer level and not at the service line or drug unit level of detail.
GMC does track the net reimbursement for its 340B contract pharmacy revenue, which is identified as other revenue. The reported 340B revenue is net of the pharmaceutical, dispensing, and administrative costs associated with the program. It is important to note the majority of 340B funding is recognized under Gifford Health Care, our FQHC and parent corporation.

GMC 340B Revenue	2023	2024 Projected	2025 Budget
Total Program Net Revenue	$ 57,408	$ (16,271)	$ -

d. Cost Inflation
    1. As mentioned previously, GMC has incorporated a 2% inflationary wage increase into the FY 2024 budget and an 8% inflationary factor for pharmaceutical expenses.
    2. As it pertains to the remaining expense groupings of medical/surgical supplies, purchased services, and the small category of other expenses, we have applied a 2%, 3.3%, and 3.3% increase, respectively. The inflationary increase was derived from a budget impact projection report we received from our group purchasing organization. The aggregate increases for these categories are approximately $703,000.

e. Case Mix Index (CMI)
    1. With the infancy of our newly implemented EHR, we did not use CMI as a factor in our FY 2025 budget projections. As a Critical Access Hospital, GMC does not expect that FY 2025 will deviate from its historical trends.

f. Rate Changes by Payer
    1. Gifford's FY 2025 budget proposes an aggregate 6.8% rate increase for Inpatient, Outpatient and Professional Charges.
    2. Medicare revenues are budgeted in accordance with our Critical Access Cost-based reimbursement and settlement process. GMC's Medicare reimbursement estimates for the FY 2025 budget have considered an increase in outpatient activity as well as the correlative increase in costs associated with the mix of services budgeted; therefore, the net revenue assumptions have been adjusted accordingly.
    3. Medicaid is not affected by the 6.8% increase in prices.

g. Capital Expense

Please reference the tables below. Except for an annual gift of $120,000 GMC receives from its Auxiliary, capital expenditures will rely on income from operations as their funding source.

Capital Under $500,000		2024	2025	2026	2027
Fixed Equipment		$ 46,000	$ 416,500	$ 164,500	$ 150,000
Buildings		$ 483,000	$ 215,000	$ 143,000	$ 286,000
Buildings Lease		$ -	$ -	$ -	$ -
Land		$ -	$ -	$ -	$ -
Land Improvements		$ 245,000	$ 213,107	$ 333,500	$ 200,000
Major Moveable		$ 300,000	$ 1,178,000	$ 783,000	$ 290,000
Minor Moveable		$ 547,201	$ 604,000	$ 619,031	$ 539,015
Total Under $500,000		$ 1,621,201	$ 2,626,607	$ 2,043,031	$ 1,465,015
Capital Over $500,000		**2024**	**2025**	**2026**	**2027**
Fixed Equipment	RTU replacement	$ 750,000	$ 750,000	$ -	$ 750,000
Buildings	Kingwood Renovations	$ -	$ -	$ 1,000,000	$ -
Buildings	Mammo room	$ -	$ -	$ -	$ 550,000
Buildings	MOB 2 Interior Renovations	$ -	$ -	$ -	$ 1,333,000
	Total Over $500,000	$ 750,000	$ 750,000	$ 1,000,000	$ 2,633,000
	Total All Capital	$ 2,371,201	$ 3,376,607	$ 3,043,031	$ 4,098,015

h. Financial Indicators

1. As the foundation for establishing the FY 2025 budgeted operating margin for GMC, we utilized a financial sustainability model that aligns our budget with our strategic planning process and initiatives. The model allows for the effective balance necessary when correlating margin targets with appropriate and affordable investments in our workforce, capital, and populations health initiatives. The model contains three classifications of financial sustainability: survive, sustain, and thrive. In consideration of our financial performance over the last few years, we built our FY 2025 budget based on the ability to survive. Therefore, from a strategic planning standpoint, for this budget cycle, we did have to make considerable concessions based on the margin we were able to generate.

   The table below depicts a comparison between GMC and GHCs financial indicators and relevant benchmarks. These metrics provide insights into our organization's profitability, liquidity, and operational efficiency, enabling us to identify areas of strength and areas that may require improvement.

Financial Indicators FY 2025			Flex Monitoring Benchmarks (Median)		
	GMC	Cons GHC	VT	US	Region 1
Profitability:					
Operating Margin	4.4%	-0.08%	-1.76%	3.15%	3.29%
Operating EBIDA	10.46%	5.65%			
Total Margin	4.8%	0.29%	-0.26%	3.88%	2.45%
Leverage & Liquidity Ratios:					
Days Cash on Hand	102.89	76.46	125.73	125.8	156.39
Debt Service Coverage Ratio	3.58	2.15	4.15	4.10	4.15
Debt to Capitalization	15.2%	32.0%	22.8%	18.3%	24.2%
Average Age of Plant	18.93	17.84	14.83	12.36	15.06

By evaluating our financial indicators against benchmarks, we recognize that our consolidated results are underperforming across all areas. As a result, throughout the course of the FY 2024 we have continued margin improvement plans from FY 2023 for each of our three corporations. Those plans include, but have not been limited to, improving the financial performance of our retirement community by reducing expenditures in the areas of supplies and purchased services, improving access to our primary care and behavioral health practices, reducing the reliance on temporary labor in the hospital as well as the nursing home, and expanded efforts to stabilize our OB/GYN services.

While the hospital's performance demonstrates progress in comparison to the consolidated entity, it still falls short when benchmarked against most industry standards.

This analysis serves as a valuable tool in making informed financial decisions, setting goals, and developing strategies to improve our organization's financial performance and sustainability.

i. Uncompensated Care
   1. GMC develops its budgeted Charity Care and Bad Debt amount by utilizing a percentage of gross revenue. We assessed the trend derived from this calculation for the current fiscal year with consideration of expected increases for Charity Care relating to the recently enacted VT Act 119.

	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024P	2025B
Charity Care % of GPSR	0.34%	0.49%	0.36%	0.53%	0.43%	0.36%	0.29%	0.27%	0.96%
Bad Debt % of GPSR	2.54%	2.15%	2.16%	1.28%	1.46%	1.35%	0.91%	2.15%	1.04%
Total % of GPSR	2.88%	2.64%	2.52%	1.81%	1.89%	1.71%	1.20%	2.42%	2.00%

j. Community Benefits
   1. Using GMC's IRS Form 990 Sch H, one can see our organization's Community Benefit expenditures continue to increase year over

year. GMC expects this trend to continue with the percentage for Financial Assistance expected to increase at an accelerated rate with the advent of ACT 119 having gone into effect on July 1st of this year.

Financial Assistance & Community Benefit - Costs	2020	2021	2022
Financial Assistance at Cost	2.24%	2.44%	1.76%
Medicaid	5.29%	7.07%	7.90%
Community Health Improvement Services and Community Benefit Operations	0.44%	0.26%	0.27%
Health Professions Education	0.10%	0.20%	0.05%
Cash and In-Kind Contributions for Community Benefit	0.00%	0.00%	0.16%
Total - As a % of Total Expenses	**8.07%**	**9.97%**	**10.14%**

d. GMC's FY 2025 Budget contains various risks that warrant acknowledgement:
   a. *Financial Sustainability* – Similar to numerous healthcare organizations, Gifford faces persistent obstacles in safeguarding long-term solvency, particularly given our existing debt service position (please see item d for additional details) and the evolving post-pandemic landscape. In the face of inflationary pressures, escalating costs, workforce challenges, infrastructure requirements, and market fluctuations, maintaining favorable margins that support vital investments for sustaining financial stability has become increasingly difficult.
   b. *Temporary Labor Reduction* – It is important to acknowledge that traveler expenses persist as a significant risk factor within our budgetary framework.
   c. *Wage Pressures* – The salary and cost of living increases incorporated into the budget poses a level of risk, considering the potential for market data to continue to accelerate. Moreover, the intensifying regional competition among hospitals vying for the same pool of candidates adds to the ongoing workforce challenges.
   d. *ACO Risk Reserve* – Considering historical trends, we have made the decision to include a reserve for risk in the FY 2025 budget. While the outcomes have been favorable thus far, this approach carries the potential for a $400K exposure in the event of any shifts in performance.

e. *Age of Plant* – Despite ongoing investments in our facilities and equipment, Gifford continues to face persistent challenges in modernizing our infrastructure as a result of insufficient consolidated operating margins that are needed to ensure adequate funding for capital investments.

e. Administrative vs. Clinical

Using Worksheet A from GMC's filed cost reports, the table below depicts cost by category as a percentage of Total Cost for Clinical Departments, Support Departments and A&G Departments. Although the FY 2023 A&G percentage had increased, that anomaly is attributable to additional costs incurred by the organization as it had to operate two EHR systems during installation and change over. Now that GMC's new Meditech EHR is operational, and double expenses are no longer being incurred, our A&G percentage of total costs are expected to return to a normal low of under 14%.

Clinical vs. A&G Allocation	2021	2022	2023
Clinical Departments %	61.6%	60.5%	58.9%
Support Departments %	25.0%	26.5%	24.7%
A&G Departments %	13.5%	13.0%	16.3%

f. Facility Fees

GMC defines a facility fee as the amount charged for the resources needed to care for our patients in the Emergency Department. The fee includes the costs associated with providing the mandated services required to operate a 24-hour/seven-day-per-week service to the public. Associated costs include the purchase and maintenance of emergency medical and ancillary equipment, the mandated staffing requirements set forth under Emergency Medical Treatment and Labor Act (EMTALA) regulatory standards, the costs associated with emergency room building expenses, the associated costs of providing environmental service, registration, billing, medical record, etc. staffing that is needed to support the operations of the Emergency Department (ED).

GMC does charge a facility fee and professional fee to its patients for services rendered in the ED. If a patient presents at the ED, is registered, and decides not to receive treatment, the patient will not receive a charge or a bill for a service that is not rendered.

Below are the emergency room facility and professional fees charged to our patients, based on the intensity and level of care of the service provided:

CPT Code	99281	99282	99283	99284	99285
Description	ER Visit Level 1	ER Visit Level 2	ER Visit Level 3	ER Visit Level 4	ER Visit Level 5
Hospital Charge	$ 273.00	$ 316.00	$ 606.00	$ 944.00	$ 1,250.00
Provider Charge	$ 140.00	$ 185.00	$ 277.00	$ 411.00	$ 682.00
Total Charge	$ 413.00	$ 501.00	$ 883.00	$ 1,355.00	$ 1,932.00

The total amount of facility fees projected to be billed to patients in FY 2024 is about $7.9 Million.

g. Consumer Affordability is incorporated in the FY 2025 budget, as GMC diligently reviewed the organization's expenses to ensure only necessary items needed to maintain high levels of patient care are included. This is evidenced by only having an increase in expenses of 3.75%. We also have increased budgeted levels of Charity Care considering for ACT 119's July 1, 2024, statewide implementation.

h. Contingency – If GMC's proposed rate and/or NPR increase were to be reduced, we would begin by reducing planned capital spending in order to maintain cash balances necessary to meet the organization's Debt Covenants. Next, Gifford's leadership team would look at services which are less than essential, but still important, Patient Services that might need to be eliminated in order to ensure the financial viability of the entity as a whole.

i. Lobbying and Marketing
   a. Lobbying
      1. Gifford Medical Center, inc. (GMC) is a member of the Vermont Association of Hospitals and Health Systems (VAHHS) and the American Hospital Association (AHA). A portion of the dues paid to these organizations is available for lobbying expenditures on behalf of GMC in furtherance of its exempt purpose. The amount of our FY 2023 VAHHS dues attributed to Lobbying was $8,349. We estimate that this amount will remain consistent for FY 2024 and FY 2025.
      2. Additionally, Gifford utilizes the Firm MMR for other lobbying activity. This expense is estimated at $21,000 for Gifford Medical Center for FY 2024 & FY 2025.
      3. Gifford Medical Center does not directly perform any lobbying activities.
   b. Marketing - The Marketing Department is staffed by 1.5 FTE and manages all of Gifford's internal and external marketing with an eye on brand requirements established by Gifford. With a limited budget, the team focuses on earned media with press releases, social media posts, and a dynamic website presence. GMC's FY 2025 Advertising budget of ≈$30,000 is slated to follow historic spending patterns using its website as well as local newspapers & radio stations.

j. Fundraising
   Gifford is fortunate to have generous support from our community and donors. During the second and third weekends of August, Gifford hosts the popular three-day

Last Mile event supporting end-of-life care services. While our goal is to raise awareness and increase participation on a yearly basis, the event has seen a steady increase in donations and we anticipate raising approximately $150,000 in August 2024. The Gifford Auxiliary is a small group of community members who manage a thrift shop with a mission to support Gifford. Auxiliary donations are based on their sales, and we anticipate a $120,000 donation in support of capital and $15,000 to support department needs. *The Fund for Gifford* is mailed to past donors twice a year requesting unrestricted support

k. Investment Income
GMC does not budget for investment Gains/Losses as the stock market is inherently unpredictable. In 2022, GMC recorded a loss of $4.8 million, in 2023 we had gain of $2.8 million, and for YTD 2024 we currently have a gain of $2.7 million.

l. Reduction of Payment
GMC has not experienced a reduction of payments from any payer relating to quality measures in the past two years.

m. Workforce Development
Growing our own; We have undertaken significant efforts to support our staff in attaining their nursing degrees through the following efforts:

1. We have increased our tuition reimbursement policies and expanded coverage so that text books will also be covered.
2. Gifford Health Care's Pathway to Nursing Program - Through collaboration with Vermont Business Roundtable, Vermont Student Assistance Corporation (VSAC), Vermont State University (VTSU) and Community College of Vermont (CCV), we developed a clear trajectory for our employees, enabling them to progress from LNA (Licensed Nursing Assistant) to LPN (Licensed Practical Nurse) and further to RN (Registered Nurse). Vermont Talent Pipeline Funding for this through Phase II was reallocated by the state.
3. Joint Affiliation Nurse Educator Partnership – We hired a Joint Affiliation Nurse Educator. This nurse is employed by GMC but their primary responsibility is to coordinate and provide clinical rotation education to Practical Nursing (PN) and Associate Degree in Nursing (ADN) students at GMC. A portion of the salary is reimbursed by VTSU. This position has helped to support and stabilize the critical VTSU nursing programs in their time of merger and transition and has allowed expansion of the program. VTSU was able to increase seat capacity and add a weekend cohort as a result of this position. Having a pipeline of nurses is critical to reduce traveler usage.
4. LNA and MA Training Programs – We have established partnerships with training centers to create an internal training program for Licensed Nursing Assistants (LNAs) and Certified Medical Assistants (CMAs).

n. Employee Retention
Gifford Medical Center runs a child daycare for our employees who have children between the ages of 6 weeks through 5 years old. It is licensed by the National Association for the Education of Young Children (NAEYC) for a maximum of 44 children. The net cost of its operation is within the Benefits line on GMC's P&L Statement.

o. Expense Growth
Since hospitals cannot control rates of inflation, or the cost of unfunded governmental mandates, all hospitals should be held harmless for the resulting expense increases.

D. Hospital and Health System Improvement

a. Gifford Medical Center has an affiliation with Gifford Health Care (FQHC) which has increased our access to mental health services via a contract with a telehealth organization in order to expand our services to other community practices and increase access via the telehealth platform. There is a wait list for counseling services. Working with our social workers to provide short term counseling, when able, provides limited services to patients while they are on our waitlist. The FQHC has an addiction medicine clinician who works with our Medication Assisted Treatment (MAT) nurse, and there is an opening for a Licensed Alcohol and Drug Counselor (LADC) to work with that team. In the community practices, they have several clinicians who provide substance misuse treatments to their patients, ensuring patients are able to access treatment in a variety of locations. There is rapid access to medication via services in the GMC ED 24/7.

b. The affiliation with Gifford Health Care allows the organization to move through transitions of care easily from inpatient/ED to outpatient care, and vice versa. The Chief Medical Officer (CMO) oversees the clinicians within the medical center as well as the FQHC facilitating seamless care processes. We have relationships with our two Designated Agencies (Washington County Mental Health and Clara Martin Center) where we share patients and their care. We have strong relationships throughout our organization with both the University of Vermont Health Network and Dartmouth Hitchcock, where most of our transfers occur. We work closely with the schools in our local area where our FQHC parent maintains a nurse practitioner who is able to facilitate care in the school, or help the child obtain an appointment at our pediatric practice or in our psychiatry and counseling department.

c. Improvement Plan – Gifford Medical Center has not been asked to provide a Performance Improvement Plan

d. Hospital Networks – Item not applicable to Gifford Medical Center.

E. Other

a. Revenue was completed using Zero-Based principles. Specifically, using data from the new EHR system, GMC began the budgeting process by estimating the number of key utilization statistics that are estimated to be completed during the 2025 fiscal year. These statistics included items such as Visits, Patient Days, Procedures, Tests, etc. Gross revenue was then generated by applying a current average charge per unit to the projected statistics; Price X Quantity = Gross Revenue.

b. Expense estimates were not built using true zero-based budgeting but rather each line of expense was reviewed and challenged by GMC's management in order to ensure that only necessary costs are included.

c. Patient Financial Assistance

   a. Third-Party Collection – Gifford uses two Third-Party collection partners for patient balances that have exceeded 120 days. For their efforts we pay the collectors 19% of collected Payments. Amounts offsetting bad debt were $52,142 and $45,556 for FY 2023 and FY 2024 YTD respectively.
   b. Third-Party Cost vs Internally – With the general labor shortages, GMC would not be able to manage these activities internally.
   c. Patient Screening - We utilize our pre-registration process to evaluate patients' projected financial capacity to cover the expenses associated with upcoming services. For self-pay or high deductible plan patients, as a proactive measure, we connect them with our financial counselor with the intent of alleviating concerns regarding the potential financial burdens associated with accessing healthcare services. GMC references the most current Federal Poverty Line (FPL) guidelines published by the US Department of Health & Human Services (HHS). These guidelines consider factors such as household size and annual income. Gifford also considers any additional state or local regulations that impact free care eligibility. This ensures the hospital's determination of eligibility aligns with both federal and regional requirements. As of July 1, 2024, GMC follows the statutory limits specified in H.287 (Act 119).
   d. Publication of Program – On each of the bills that are sent out, there is a section that reads, *"Gifford is pleased to provide healthcare to all, regardless of insurance status. The medical center, hospital and FQHC clinics additionally work with patients to find financial assistance through our Financial Assistance Program, state and federal, and no-interest payment plans. For more information, please contact Patient Accounts at 802-728-2200 to discuss options available to you or visit giffordhealthcare.org/patients/financial-assistance/"*

d. Emergency Room Boarding Estimates - Using our EHR system we queried all registrations and filtered to ER only. We then calculated the amount of time in the ED by Patient to determine those that exceeded a 24-hour period. Using the

resulting list, we manually highlighted mental health boarders. During the prior fiscal year, Gifford recruited and hired a Social Worker to help manage the care of patients in the ED and other Hospital service areas, including Mental Health Borders. This has helped reduce the expected volumes from previous years.