

# FY2022 BUDGET PRESENTATION

## BRATTLEBORO MEMORIAL HOSPITAL

AUGUST 17, 2021



# INTRODUCTION

- CEO/PRESIDENT: Steven R. Gordon
- CHIEF FINANCIAL OFFICER: Andre Bissonnette
- CHIEF OPERATING OFFICER: Eilidh Pederson
- CHIEF MEDICAL OFFICER: Kathleen McGraw, M.D.
- CHIEF NURSING OFFICER: Jodi Stack, RN
- MED GROUP MEDICAL DIRECTOR: Jennifer Funaioli-Sheehan, D.O.

# PROJECTION

- **FY2021 Projection**

- FY21 Q1-Q2: \$2.4M Loss
- FY21 Q3: \$400K Gain
- FY21 Q4: \$200K Gain
- **Projecting \$1.8M Loss for FY21**

- **COVID Vaccinations-Path out of the Pandemic**

- Provided 20,000+ COVID vaccines to the region
- Enthusiastic and supportive response by community
- Welcomed patients back to their community Hospital
- Patients experienced a safe and secure Facility

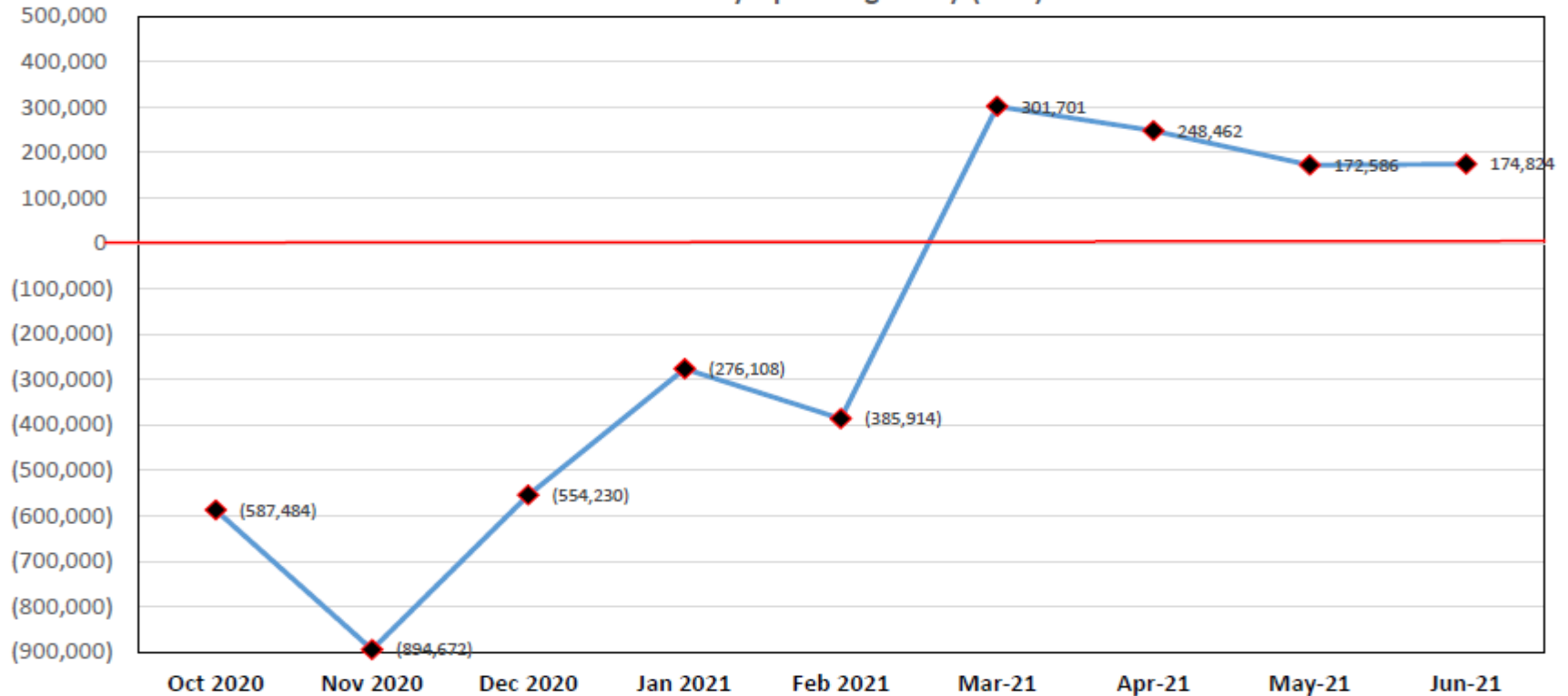
- **Volumes returning to FY19 levels**

- Population became vaccinated and care that was delayed, was resumed
- Volume increased across BMH, with exception of ED and Birthing Center

# OVERVIEW

	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar-21	Apr-21	May-21	Jun-21	YTD
Operating Gain / (Loss)	(587,484)	(894,672)	(554,230)	(276,108)	(385,914)	301,701	248,462	172,586	174,824	(1,800,835)

BMH FY2021 Monthly Operating Gain / (Loss)

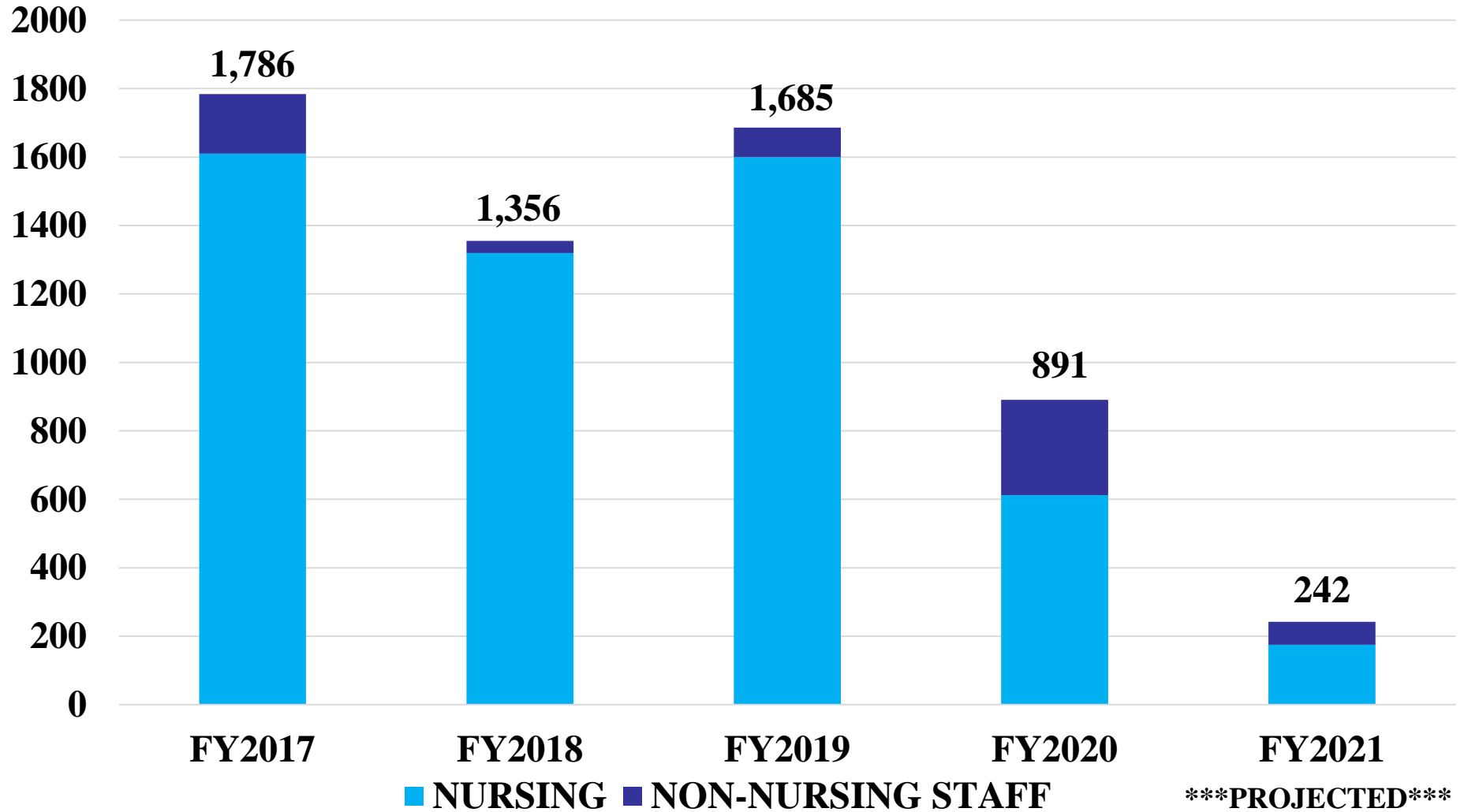


# OVERVIEW

## Implemented Revenue Enhancement and Expense Reduction Plan

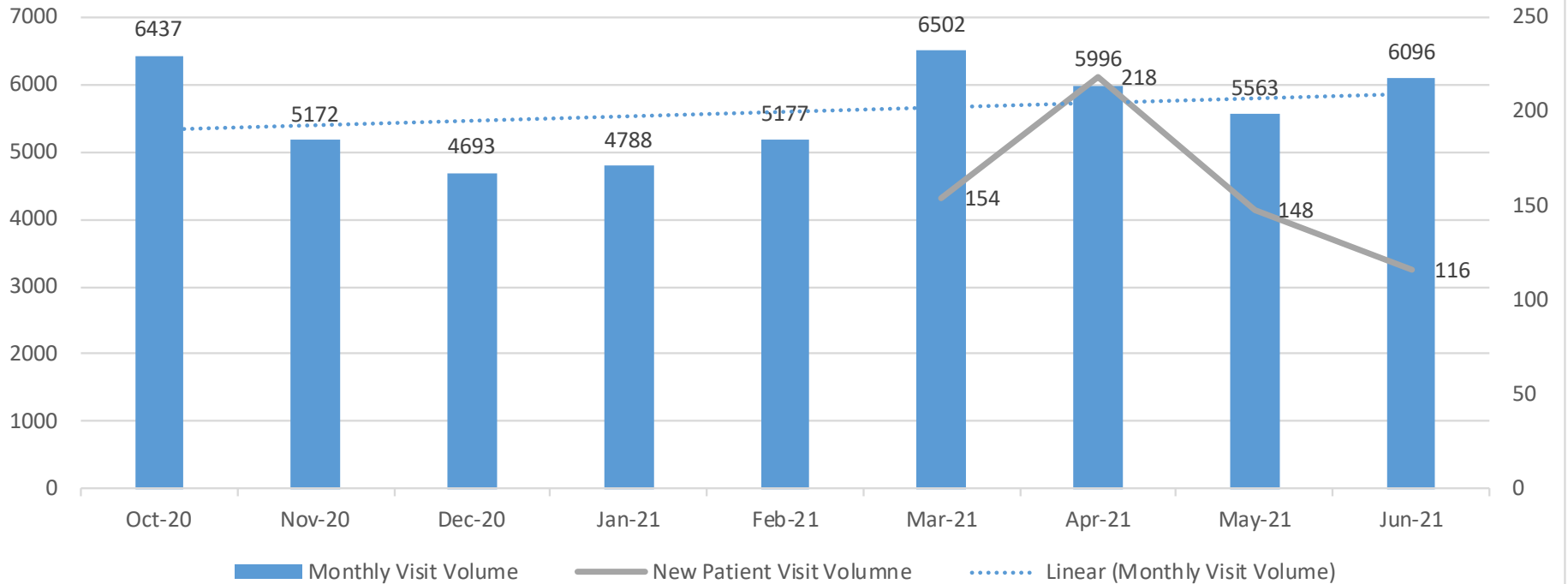
Brattleboro Memorial Hospital FY2021 Financial Action Plan	
	Revenue Enhancement/Expense Reduction
<b>Revenue Improvements</b>	\$ 1,780,000
<b>Revenue Cycle Optimization</b>	\$ 100,000
<b>Expenses</b>	
<b>Positions Holds</b>	\$ 423,550
<b>Contracts and Agreements</b>	\$ 897,750
<b>Wage and Salary</b>	\$ 121,300
<b>Programs</b>	\$ 373,663
<b>Budget Holds</b>	\$ 378,000
<b>Total</b>	<b>\$ 4,074,263</b>

# CONTRACT LABOR SPEND (000)'S

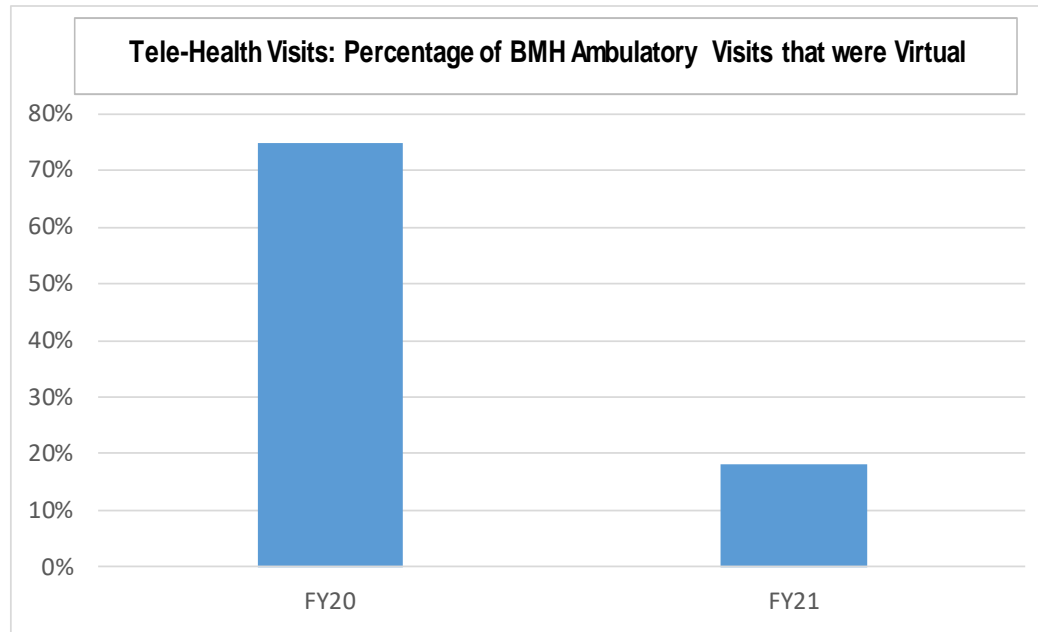


# COVID-19 IMPACT ON ACCESS TO CARE

## Key Volume Metrics Medical Group FY21



# COVID-19 IMPACT ON TELE-MEDICINE



- Benefits

- Creative response
- Access to care for many
- Convenient for patients
- Allows for timely and convenient mental health services

- Challenges:

- Connectivity-access to care challenges
- Costly
- Unstable reimbursement
- Not comprehensive
- Licensure restraints



# COVID-19 IMMUNIZATIONS AND TESTING

- **BMH Follows all OSHA and CDC Safety Protocols**
- **Started with mass COVID Testing and Vaccination center (Dec '20-June '21)**
  - 150 COVID Tests/Day
  - 300 Vaccinations/Days
- **Implemented COVID Vaccination and Testing Center (CVTC) (July '21)**
  - VDH and AHS Contract; through end of calendar year 2021
  - Offers walk-in and scheduled appointments
  - Weekend and evening availability
  - Allows BMH to be poised to turn back to mass vaccinations should the need for boosters emerge
  - BMH committed to providing these essential services to our community

# BMH COVID-19 IMMUNIZATION MANDATE

- **BMH is requiring all staff to be fully vaccinated by October 1<sup>st</sup>**
  - Making this a requirement of employment is a step taken after considerable thought and discussion, including with our union
  - Essential to protect our patients, employees, family members and the community from COVID-19 infection
  - BMH Employees are already 90% vaccinated
  - We expect that number to increase with our mandate and specific outreach
  - Those very few people with validated medical or religious contraindications will be required to undergo regular testing



# NPR/FPP & SUMMARY OF BUDGET REQUEST

- **Net Patient Revenue and Fixed Prospective Payments have increased from FY21 budget to FY22 budget by 3.0%**
- **Overall Charge increase of 5.1%**



# INCOME STATEMENT

Brattleboro Memorial Hospital								
Steven Gordon								
Fiscal Year 2022 Submitted Budget								
INCOME STATEMENT	2019 A	2020 A	2021 B	Adjusted 2021 PROJ	Adjusted 2022 B	2021 B - 2022 B	2021 B - 2022 B adjusted	2021 P - 2022 B adjusted
<b>Revenues</b>								
<b>Gross Patient Care Revenue</b>	\$182,085,238	\$172,517,296	\$195,374,454	\$190,631,877	\$213,015,731	9.0%	9.0%	11.7%
Disproportionate Share Payments	\$585,323	\$532,030	\$530,861	\$643,199	\$530,861	0.0%	0.0%	-17.5%
Graduate Medical Education (UVMHC only)	\$0	\$0	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!
Bad Debt	-\$3,300,013	-\$2,185,136	-\$3,388,274	-\$3,107,570	-\$3,635,638	7.3%	7.3%	17.0%
Free Care	-\$2,164,512	-\$2,545,756	-\$2,930,617	-\$897,843	-\$2,829,140	-3.5%	-3.5%	215.1%
Deductions from Revenue	-\$104,062,600	-\$107,163,710	-\$110,623,821	-\$114,463,794	-\$125,379,326	13.3%	13.3%	9.5%
<b>Net Patient Care Revenue</b>	\$73,143,436	\$61,154,724	\$78,962,603	\$72,805,869	\$81,702,488	3.5%	3.5%	12.2%
Fixed Prospective Payments	\$10,850,821	\$15,439,130	\$13,839,826	\$13,956,728	\$13,892,894	0.4%	0.4%	-0.5%
Reserves	\$0	\$0	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!
Other Reform Payments	\$0	\$0	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!
<b>Fixed Prospective Payments and Rese</b>	\$10,850,821	\$15,439,130	\$13,839,826	\$13,956,728	\$13,892,894	0.4%	0.4%	-0.5%
<b>Net Patient Care Rev &amp; Fixed Paymen</b>	\$83,994,257	\$76,593,854	\$92,802,429	\$86,762,597	\$95,595,382	3.0%	3.0%	10.2%
340B Retail Pharmacy Programs	\$1,658,277	\$1,855,151	\$1,637,168	\$2,127,968	\$2,145,495	31.0%	31.0%	\$0
COVID-19 Stimulus and Other Grant	\$0	\$12,484,406	\$0	\$187,009	\$0	#DIV/0!	#DIV/0!	-\$1
Specialty Pharmacy	\$0	\$0	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!
Outpatient Pharmacy Revenue	\$0	\$0	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!
Cafeteria & Parking	\$354,447	\$258,578	\$356,000	\$288,497	\$349,981	-1.7%	-1.7%	\$0
Grant Income	\$1,118,489	\$1,533,248	\$1,350,760	\$1,548,935	\$1,432,352	6.0%	6.0%	\$0
Reference Lab Revenue	\$0	\$0	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!
Meaningful Use	\$0	\$8,500	\$0	\$43,714	\$0	#DIV/0!	#DIV/0!	-\$1
Other	\$640,375	\$463,279	\$350,926	-\$172,177	\$326,003	-7.1%	-7.1%	-\$3
<b>Other Operating Revenue</b>	\$3,771,588	\$16,603,162	\$3,694,854	\$4,023,946	\$4,253,831	15.1%	15.1%	5.7%
<b>Total Operating Revenue</b>	\$87,765,845	\$93,197,016	\$96,497,283	\$90,786,543	\$99,849,213	3.5%	3.5%	10.0%
<b>Operating Expenses</b>								
Salaries Non MD, Fringe Benefits Non MD, Physician Fees & Salaries, Fringe Health Care Provider Tax	\$52,926,958	\$58,500,531	\$61,338,171	\$60,714,333	\$63,047,326	2.8%	2.8%	3.8%
Depreciation Amortization	\$4,742,584	\$5,006,382	\$5,517,700	\$4,853,959	\$5,677,439	2.9%	2.9%	17.0%
Interest - Short Term, Interest - Long ACO Dues	\$4,217,561	\$4,237,777	\$4,500,340	\$3,945,276	\$4,270,607	-5.1%	-5.1%	8.2%
Interest - Short Term, Interest - Long ACO Dues	\$122,297	\$136,985	\$463,315	\$118,191	\$449,046	-3.1%	-3.1%	279.9%
Medical/Surgical Drugs and Supplies	\$0	\$279,102	\$427,122	\$266,257	\$324,334	-24.1%	-24.1%	\$0
Pharmaceuticals	\$0	\$0	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!
Other Purchased Services - Consulting	\$0	\$4,750,852	\$0	\$4,647,917	\$5,093,238	#DIV/0!	#DIV/0!	\$0
Other Purchased Services - Consulting	\$0	\$0	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!
Other Purchased Services -Travelers	\$0	\$927,749	\$300,000	\$97,970	\$200,000	-33.3%	-33.3%	\$1
Other Operating Expenses	\$25,085,867	\$18,842,276	\$23,508,446	\$20,156,536	\$20,138,400	-14.3%	-14.3%	-0.1%
<b>Total Operating Expenses</b>	\$87,095,267	\$92,681,654	\$96,055,094	\$94,800,439	\$99,200,390	3.3%	3.3%	4.6%
<b>Net Operating Income</b>	\$670,579	\$515,362	\$442,189	-\$4,013,896	\$648,823	46.7%	46.7%	-116.2%
<b>Non Operating Revenue</b>	\$782,350	\$9,204,560	\$700,000	\$4,650,053	\$505,000	-27.9%	-27.9%	-89.1%
<b>Excess (Deficit) of Rev over Exp</b>	\$1,452,929	\$9,719,922	\$1,142,189	\$636,157	\$1,153,823	1.0%	1.0%	81.4%
<b>Income Statement Metrics</b>								
Operating Margin %	0.8%	0.6%	0.5%	-4.4%	0.6%			
Total Margin %	1.6%	9.5%	1.2%	0.7%	1.1%			

# BALANCE SHEET

Brattleboro Memorial Hospital									
Steven Gordon					Andre Bissonnette				
Fiscal Year 2022 Submitted Budget									
BALANCE SHEET	2019 A	2020 A	2021 B	2021 Projection	2022 B	2021 B - 2021 P	2021 B - 2022 B	2021 P - 2022 B	
Cash & Investments	\$1,786,357	\$20,789,147	\$2,456,906	\$10,390,379	\$6,432,416	322.9%	161.8%	-38.1%	
Net Patient Accounts Receivable	\$11,538,110	\$8,400,283	\$12,483,048	\$12,105,055	\$13,456,025	-3.0%	7.8%	11.2%	
Due From Third Parties	\$0	\$0	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!	
Risk Reserve Receivable	\$0	\$0	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!	
Other Current Assets	\$5,602,425	\$3,680,806	\$3,128,397	\$3,752,111	\$3,715,495	19.9%	18.8%	-1.0%	
<b>Current Assets</b>	<b>\$18,926,892</b>	<b>\$32,870,236</b>	<b>\$18,068,351</b>	<b>\$26,247,545</b>	<b>\$23,603,936</b>	<b>45.3%</b>	<b>30.6%</b>	<b>-10.1%</b>	
Board Designated Assets	\$33,846,415	\$42,711,182	\$41,344,641	\$44,968,662	\$38,248,698	8.8%	-7.5%	-14.9%	
Net, Property, Plant And Equipment	\$26,612,219	\$25,502,814	\$39,997,144	\$33,633,981	\$41,543,470	-15.9%	3.9%	23.5%	
Other Long-Term Assets	\$0	\$0	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!	
<b>Assets</b>	<b>\$79,385,526</b>	<b>\$101,084,232</b>	<b>\$99,410,136</b>	<b>\$104,850,188</b>	<b>\$103,396,104</b>	<b>5.5%</b>	<b>4.0%</b>	<b>-1.4%</b>	
Accounts Payable	\$3,666,976	\$8,939,686	\$5,804,215	\$6,162,540	\$5,944,242	6.2%	2.4%	-3.5%	
Current Liabilities COVID-19	\$0	\$0	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!	
Salaries, Wages And Payroll Taxes Payable	\$4,069,297	\$4,040,686	\$5,542,875	\$7,522,271	\$5,302,575	35.7%	-0.7%	-26.8%	
Other Third Party Settlements	\$1,300,000	\$6,710,790	\$1,821,766	\$4,598,086	\$525,000	152.4%	-71.2%	-88.6%	
ACO Risk Reserve	\$0	\$991,551	\$1,271,766	\$1,000,000	\$1,000,000	-21.4%	-21.4%	0.0%	
Other Current Liabilities	\$2,959,952	\$2,521,017	\$3,098,259	\$2,249,882	\$1,705,650	-27.4%	-44.9%	-24.2%	
<b>Current Liabilities</b>	<b>\$11,996,225</b>	<b>\$23,203,730</b>	<b>\$17,538,881</b>	<b>\$21,532,779</b>	<b>\$14,677,467</b>	<b>22.8%</b>	<b>-16.3%</b>	<b>-31.8%</b>	
Long Term Liabilities COVID-19	\$0	\$0	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!	
Long Term Liabilities	\$6,553,615	\$7,324,893	\$9,329,297	\$12,091,562	\$15,278,967	29.6%	63.8%	26.4%	
Other Noncurrent Liabilities	\$0	\$0	\$208,211	\$0	\$0	-100.0%	-100.0%	#DIV/0!	
<b>Long Term Liabilities</b>	<b>\$6,553,615</b>	<b>\$7,324,893</b>	<b>\$9,537,508</b>	<b>\$12,091,562</b>	<b>\$15,278,967</b>	<b>26.8%</b>	<b>60.2%</b>	<b>26.4%</b>	
<b>Total Liabilities</b>	<b>\$18,549,840</b>	<b>\$30,528,623</b>	<b>\$27,076,389</b>	<b>\$33,624,341</b>	<b>\$29,956,434</b>	<b>24.2%</b>	<b>10.6%</b>	<b>-10.9%</b>	
Net Assets	\$59,382,758	\$60,835,687	\$71,191,560	\$70,664,140	\$72,285,847	-0.7%	1.5%	2.3%	
YTD Change In Net Assets	\$1,452,929	\$9,719,922	\$9,719,922	\$561,707	\$1,153,823	-50.8%	1.0%	105.4%	
<b>Fund Balance</b>	<b>\$60,835,687</b>	<b>\$70,555,609</b>	<b>\$72,333,749</b>	<b>\$71,225,847</b>	<b>\$73,439,670</b>	<b>-1.5%</b>	<b>1.5%</b>	<b>3.1%</b>	
<b>Liabilities and Equities</b>	<b>\$79,385,527</b>	<b>\$101,084,232</b>	<b>\$99,410,138</b>	<b>\$104,850,188</b>	<b>\$103,396,104</b>	<b>5.5%</b>	<b>4.0%</b>	<b>-1.4%</b>	
<b>Balance Sheet Metrics</b>									Change in Points
Days Cash on Hand	156.9	219.5	171.0	176.4	156.2	5.4	-14.8	-20.2	
Debt Service Coverage Ratio to 1	3.5	4.4	3.1	(0.0)	3.1	-3.1	-0.0	3.1	
Long Term Debt to Capitalization	0.1	0.1	0.1	0.1	0.2	0.0	0.1	0.0	
Days Payable	52.8	95.8	69.9	85.7	56.4	15.8	-13.5	-29.3	
Days Receivable	57.6	50.1	57.7	60.5	60.1	2.8	2.4	-0.4	

# CHARGE REQUEST

- **Other Operating and Non-Operating Revenue**
  - The significant change Budget 21 to Budget 22 is an increase in 340B Retail Pharmacy. BMH has contracted with additional pharmacies realizing additional revenues effective January 2021.
- **Expense**
  - Wages/Contract Medical Specialists
  - Benefits-Health insurance
  - 75% of expense increase attributed to Wages and Benefits
  - Drug Expense – Cost of Drugs and Volume
  - Medical/Surgical supplies- Volume in joint replacement program
- **Change in Charge Request**
  - 5.1%

# RISKS

- **COVID-19 Resurgence**
- **Medicare Dependent / Low Volume Status**
  - Set to expire in September of 2022
- **OneCare risk-based performance**
- **340B Program**
- **Loss of Provider Based Billing**
  - Supreme Court ruled to discontinue allowance of off-campus billing
- **Limited patience with long-term population health investments which don't yield short term returns**
  - Vulnerable Pop Nurse (Homeless shelter and Respite bed)
  - Care Coordination
  - Dental Health
  - Embedded BH Therapists in PC
  - Community Health Team and Hub and Spoke



# OPPORTUNITIES

- **Continued Revenue Cycle Improvement**
- **Successful Recruitment Efforts**
  - Anesthesia-Medstream; 3 CRNAs (July 2021 start)
  - Primary Care: 1MDs (Putney Family Healthcare, August 2021 start)
  - Orthopedics: 1 PA-Cs (July 2021 start); 2 Surgeons (July 2021 and October 2022 Start)
  - Podiatry: 1DPM (August 2021 start)
  - OB/GYN: 1MD; (July 2021 start)
- **Regional Psychiatric Strategy Group (Retreat, BMH and HCRS)**
  - ACT (Assertive Community Treatment) Initiative
- **Continued collaboration with DH and Cheshire Med**
  - Evolution of Strategic Partnership
- **Tele-Medicine**
  - New Platform
- **LGBTQ+ and Racial Diversity Initiatives/DEI Director**





# VALUE-BASED CARE PARTICIPATION

- BMH participates in all three payers
- Value based payment models have allowed BMH the following:
  - Enhanced care coordination
  - Use data and analytics from OCV to drive innovative programs
  - Funding for pilot programs to provide enhanced healthcare, driving quality care and reducing costs
    - i.e. Cardiac Pre-hab program
- Factors supporting BMH participation in value-based model:
  - Maintenance of CHT funding
  - MIPs reporting
  - Access to timely population health data
  - Data analytics and support
  - State benchmarks
  - Opportunity to collaborate with State



# CAPITAL BUDGET PLANS

- **Non-CON Capital Budget:**

<b>FY2022 Non-CON Capital</b>	<b>Amount</b>
Patient Care equipment replacements	\$ 1,343,704
Diagnostic Department equipment	\$ 340,253
Plant Services repairs and upgrades	\$ 258,329
IS/IT Projects and Infrastructure upgrades	\$ 739,000
Total	<u>\$ 2,681,286</u>

- **CON-Approved Modernization Project construction to finish in October 2023. Boiler plant upgrade complete.**