Springfield Hospital

Where People Come First

Green Mountain Care Board
FY ’23 1st Qtr. Review
Wednesday, March 8, 2023

Robert Adcock, Chief Executive Officer

Kayda Wescott, Chief Financial Officer

“Continued Progress Toward Sustainability”

PATIENTS FIRST

ADAPT/TRANSFORM

SUSTAINABILITY

- **Our Culture:**
  Ongoing Process Improvement
- **We’ve made some progress to date.**
- **Year end results are positive.**
- **Operationally, we still have work to do.**
- **Exercise due diligence… every day!**

National Situation Overview

KaufmanHall (Hospital Flash Report Feb 2023)

"While the start to 2023 was better than 2022, beginning-of-the-year-performance still lagged behind 2021 and 2020."

"Hospitals continue to experience lower volumes and higher expenses."

Operating Margin Northeast/Mid-Atlantic Region

YTD 23 vs. YTD 22 -28%

0-25 Beds YTD 23 vs YTD 22 Change	US	SPR
Discharges	- 7%	-17% (acute/swing)
ED visits	- 4%	+ 6%
IP revenue	-14%	-16%
OP revenue	13%	+ 9%
Operating margin	12%	no change

Our Situation Overview

A Challenging Healthcare Environment Continues

- **Tight labor market**
- **Workforce shortages – supply and illness**
- **Ongoing high traveler costs ($1M FYTD)**
- **Inflation**
- **Goal to maintain local access to care**
- **Environmental drivers impacting utilization**
- **Tertiary bed availability challenges**
- **No PPP funding**

Despite the Challenges… Continued Improvement

FY '22 Audited Results – Unqualified (Clean) Opinion

- $ 3.5M operating income
- Going concern statement removed
- Net patient revenue improved ($53M vs. $50M)
- Federal grant funding helped (PRF, ARPA, USDA)

Collaborative Community Relationships

- Patient care – Radiology, Lab, ED, Cardiology, Urology, OB
- FQHC, HCRS, Community Collaborative (formerly known as Community Health Team)
- ACO Participation – OneCare VT
- Regional tertiary referrals

Performance to Date – 1st Qtr Volume vs. Budget

- **14 of 31 services exceeded budget**
- **6 of 8 specialty clinics exceeded budget**
  (General Surgery down 18% - GYN down 6%)
- **Inpatient admissions** **18% below budget**
  (Budget 288, Actual 236, Prior Year 261)
- **ED Visits** **6% above budget**
  (Lower than pre-COVID)
- **Outpatient specialties** **7% above budget**
- **Observation days** **31% above budget**

Operational Challenges Through 1st Qtr

- **Ongoing expense management**
- **Continued use of travelers, high costs**
- **Primary care access challenges – CHNA**

  Formerly our parent organization -- now independent, but continuing a close working relationship -- the local FQHC (NorthStar Health) has successfully recruited 8 positions
- **Consumer confidence/volumes slowly building**
- **Adult Day has been operating at 50% capacity**
- **Workforce – ongoing pressures/ 2% COLA/Market Adjustments**

Financial Performance through 1st Quarter

- Total revenue $1.4M below budget, mostly inpatient
- Outpatient gross revenue exceeds budget by $400K
- Gross and net revenue per day below budget
- Expenses $600K under budget, with contracted services, travelers and insurance increases
- Travelers are the largest overage ($281.5K over)
- Expenses per day below budget
- Operating income/loss - 1st Qtr – ($302K)

Oct $50K - Nov ($151K) – Dec ($201K) - Jan $52K

Financial Performance through 1st Quarter

- First quarter FY23 expenses increased by only 2.7% (or $374K), compared to the first quarter of FY22
- Travelers costs increased for that same period by $270K, which is 72% of the increase.
- Factoring out the traveler increase, expenses have only increased .01% when comparing Qtr 1 for FY23 and FY22.

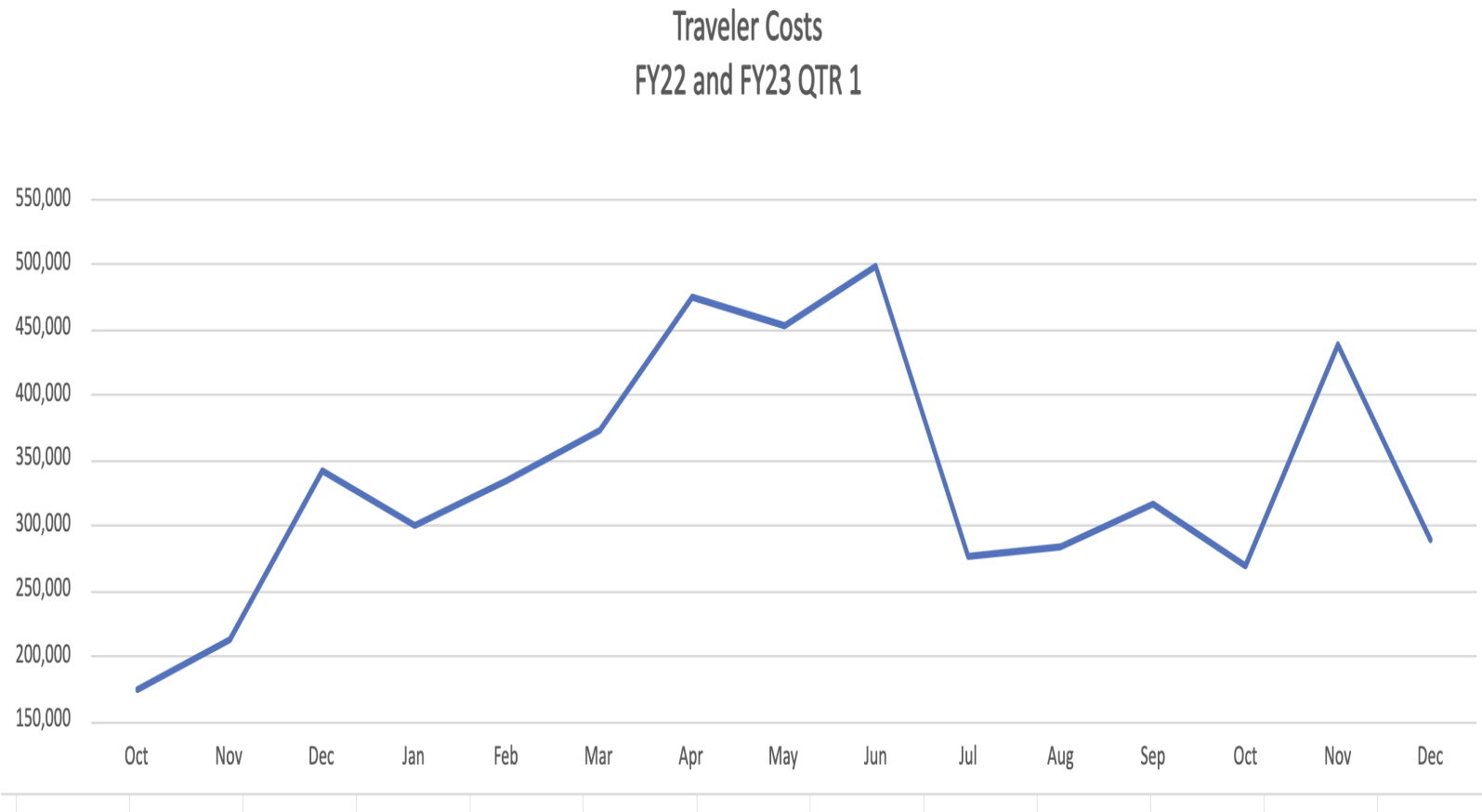
Financial Performance - FY'23 1st Qtr. Review

	OCT	NOV	DEC	YTD ACTUAL	YTD BUDGET	Change fr Bud YTD
GROSS PATIENT SERVICE REVENUE:						
Inpatient Revenue	$ 1,671,933	$ 1,369,048	$ 1,736,599	$ 4,777,581	$ 6,506,656	$ (1,729,075)
Outpatient Revenue	$ 7,735,603	$ 8,138,324	$ 7,896,109	$ 23,770,035	$ 23,368,014	$ 402,021
Professional Services	$ 1,021,768	$ 1,003,218	$ 937,689	$ 2,962,675	$ 3,623,748	$ (661,073)
Total Gross Patient Service Revenue	**10,429,304**	**10,510,591**	**10,570,397**	**31,510,291**	**33,498,418**	**(1,988,127)**
Deductions from Revenue:					-	-
Contractual Allowances	$ 5,572,430	$ 5,652,755	$ 5,700,405	$ 16,925,589	$ 17,896,611	(971,022)
Charity Care & Other Allowances	$ 51,691	$ 61,851	$ 99,202	$ 212,744	$ 235,273	(22,529)
Provision for Bad Debts	$ 318,619	$ 192,546	$ 373,591	$ 884,756	$ 740,144	144,612
Disproportionate Share	$ (62,943)	$ (62,943)	$ (62,943)	$ (188,828)	$ (189,042)	214
Total Deductions from Revenue	5,879,797	5,844,209	6,110,255	17,834,261	18,682,986	(848,725)
Net Patient Service Revenue	**4,549,507**	**4,666,382**	**4,460,142**	**13,676,030**	**14,815,432**	**(1,139,402)**
Other Operating Revenue	$ 177,075	$ 109,740	$ 138,474	$ 425,289	$ 694,074	$ (268,785)
TOTAL OPERATING REVENUE	**4,726,581**	**4,776,121**	**4,598,616**	**14,101,319**	**15,509,506**	**(1,408,187)**
Gross Rev per Day	**336,000**	**350,000**	**341,000**	343,000	364,000	
Net Rev per Day	**146,758**	**155,546**	**143,876**	148,653	161,037	

Financial Performance - FY'23 1st Qtr. Review

	OCT	NOV	DEC	YTD ACTUAL	YTD BUDGET	Change fr Bud YTD
OPERATING EXPENSES:						
Salaries & Wages	$ 1,727,282	$ 1,597,082	$ 1,702,502	$ 5,026,866	$ 5,095,989	$ (69,123)
Employee Benefits & Payroll Taxes	$ 387,218	$ 438,426	$ 382,711	$ 1,208,354	$ 1,302,418	$ (94,064)
Medical Supplies	$ 136,503	$ 135,236	$ 141,635	$ 413,374	$ 570,120	$ (156,746)
Drugs	$ 59,194	$ 164,009	$ 131,972	$ 355,175	$ 369,394	$ (14,219)
Management & Contract Services	$ 601,186	$ 684,235	$ 519,699	$ 1,805,120	$ 1,794,472	$ 10,648
Other Purchased Services	$ 214,991	$ 181,587	$ 213,692	$ 610,270	$ 827,664	$ (217,394)
Physician Fees	$ 410,555	$ 379,952	$ 463,574	$ 1,254,080	$ 1,342,349	$ (88,269)
Travelers	$ 268,653	$ 439,744	$ 290,193	$ 998,590	$ 717,095	$ 281,495 ✔
Depreciation	$ 100,362	$ 78,979	$ 90,231	$ 269,572	$ 316,188	$ (46,616)
Interest	$ 7,620	$ 9,592	$ 9,089	$ 26,302	$ 35,001	$ (8,699)
Insurance	$ 58,396	$ 58,396	$ 59,246	$ 176,038	$ 148,740	$ 27,298
Provider Tax	$ 271,723	$ 271,723	$ 271,723	$ 815,169	$ 881,679	$ (66,510)
Other Expenses	$ 432,775	$ 488,438	$ 523,160	$ 1,444,373	$ 1,602,761	$ (158,388)
TOTAL OPERATING EXPENSES	**4,676,457**	**4,927,399**	**4,799,425**	**14,403,282**	**15,003,870**	**(600,588)**
OPERATING INCOME (LOSS)	**50,124**	**(151,278)**	**(200,809)**	**(301,963)**	**505,636**	**(807,599)**
					-	**-**
Expenses Per Day	**151,000**	**164,000**	**155,000**	**157,000**	**163,000**	
NON-OPERATING REVENUE (NET)	$ (27,198)	$ 29,476	$ (1,869)	$ 408	$ 1,251	$ (843)
NET TRANSFERS IN/(OUT)	$ -	$ -	$ -	$ -	$ -	$ -
UNRECOGNIZED PENSION EXPENSE	$ -	$ -	$ -	$ -	$ -	$ -
INCR. (DECR.) IN UNRESTRICTED NET ASSETS	**22,925**	**(121,802)**	**(202,678)**	**(301,555)**	**506,887**	**(808,442)**

Action Step – Reduce Traveler Expense



Costs began increasing at the end of the 1st quarter of FY22 and continued to increase through Qtr 3.

Costs decreased starting in July (except November), primarily due to the premium per diem and extra hours bonus programs for nursing.

Our Goal…. Close the Gap!

	1st Qtr 23	Jan 23
Net revenue per day	$149K	$161K
Other operating revenue per day	5K	4K
Total revenue per day	154K	165K
Expenses per day	$157K	$163K
Difference per day	$ (3K)	$ 2K

Forward Looking Strategies

Revenues

- CHNA implementation – access – collaborate w/FQHC
- Increase awareness of local services
- Specialty growth areas – Surgery and GYN
- Revenue cycle improvement
- Inpatient, Windham Center & Adult Day Service – census
- Pursue grant funding

Expenses

- Continue expense management
- Specialty recruitment - Reduce locum coverage
- Reduce travelers – extra hours bonus & premium per diem programs
- Recruitment and training

GMCB Presentation - FY'23 1st Qtr. Review

QUESTIONS?