



Gifford Medical Center

FY 2025 Operating & Capital Budget



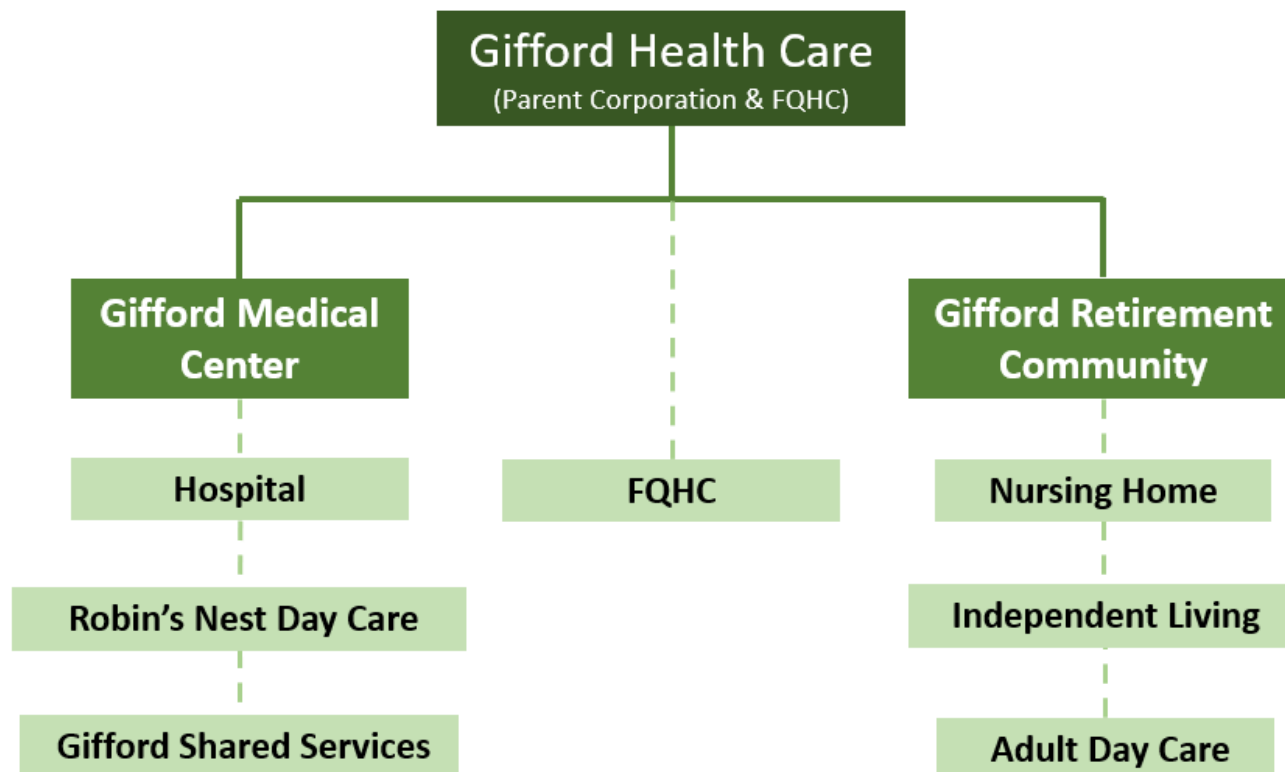
Green Mountain Care Board Hearing

August 12, 2024



Gifford Health Care & Subsidiaries

- Gifford Medical Center's financial performance is the primary revenue source for the entire organization.





Gifford Medical Center

- Inpatient Medical Surgical Care
- All Ambulatory Specialty Care Services (4 practice locations):

Orthopedics*

Neurology

OB/GYN

Podiatry

Chiropractic

Cardiology

Urology

General Surgery

Oncology*

- Ancillary Services
- Emergency Services
- Surgical Services
- Birthing Center Services
- Rehab Services





Gifford Health Care (5 sites)

- All Primary Care Services
- Psychiatry & Counseling Services
- Pediatric Services
- Care Coordination
- Blueprint & CHT
- School Based Health
- Diabetes Management & Education
- Addiction Medicine, Dental Care, Nutrition Counseling





Current State

- Recovery year for Gifford
 - New electronic record system
 - Revenue cycle improvement
 - Cost and efficiency initiatives
- Workforce
 - Staff development, recognition and on-boarding
- Affordability, community need, sustainability





Concerns & Risks

- EMR stabilization & optimization
- Financial sustainability and affordability
- Age of plant/capital spending
- Workforce challenges
- VT demographics
- Housing





Population Health Initiatives

- Created dedicated department, using data to inform care and affordability.

Data Driven Decision-Making

- New systems provide data to support clinical, strategic, operational, and financial decision making.

Community and Collaboration

- Community-focused and governed
- Engaged with our community and state partners



Strategic Plan 2022 - 2024

Strategic Framework

The four priorities identified were selected by Gifford's volunteer Board and leadership team as long-term focus areas with clear impacts on Gifford's success. The objectives and tactics within each priority may adjust periodically to accommodate the ongoing progress and needs of the organization.

People & Culture

Goal: Enhance Gifford's supportive culture to encourage stability and growth.

Objectives

1. Successfully retain and recruit clinicians and staff
2. Educate, develop and support the Gifford team
3. Strengthen and reinforce Gifford's collaborative culture

Population Health

Goal: Engage, educate and support our community to improve the health of the population.

Objectives

1. Invest in care coordination
2. Address community health needs
3. Ensure access to care and resources
4. Increase awareness of Gifford services

Infrastructure

Goal: Invest in systems and facilities to ensure organizational growth and sustainability.

Objectives

1. Develop and maintain a Master Technology Plan that reflects the evolving health care environment
2. Maintain a Master Facility Plan that reflects the evolving health care environment
3. Develop analytical capabilities to aid clinical and operational decision-making

Governance

Goal: Fulfill Gifford's mission and ensure sustainability through good governance.

Objectives

1. Fulfill the Board's fiduciary duties of care, loyalty and compliance
2. Be forward thinking, visionary and representative of the communities Gifford serves
3. Work to continuously improve Board capabilities and performance



Community Listening Sessions

- 2nd year holding community listening tours in our communities.
- Include 3 partner orgs this year – Clara Martin Center, Capstone, TriValley Transit, based on 1st year themes.
- Themes were consistent with those in our 2024 CHNA:
 - Lack of access to transportation, housing
 - Need greater access to:
 - Primary care and medical specialties
 - Mental health and dental care



Recurring

- Adjusted staffing models in line with patient utilization: med/surg, hospitalists, respiratory therapy - \$916k annually
- Combined management positions - \$102k annually
- Consolidated rehab sites - \$104k annually
- Outsourced coding function - \$462k annually
- Outsourced billing function – \$2m (estimated net impact)
- Energy efficiency – saved \$200k since 2017



Goals: ensure qualified workforce & reduce temp labor

- “Grow your own” – VSAC, based on VT Talent Pipeline
- Joint affiliation agreement with VTSU
- On-boarding programs
- Partner with DHMC Periop 101 Training Program
- Internal medical assistant training program
- LNA program with area technical programs
- International recruitment
- Employee recognition & culture



Value Committee Initiatives

- Multidisciplinary group utilizing data to:
 - Improve clinical outcomes
 - Reduce cost of care
 - Reduce avoidable utilization of services
- High-end imaging
- High emergency department utilizers



Value Committee Results:

▪ **High-End Imaging**

- Primary Care: 15.3% reduction in CT utilization
- Primary Care: 11% reduction in MRI utilization
- ED: 6.4% reduction in CT utilization
- Combined avoided charges to patients = \$411,450 annualized

▪ **High ED Utilizers (18 patients)**

- Reduced ED visits/month/patient from 1.2 to 0.8
- Reductions for 14 of the 18 patients
- Estimated annual savings/avoided charges = \$130,982
(\$7,277/patient)



- GMC and its affiliated organizations are committed to continuing our work to reduce health and health care disparities.
- DEI committee utilize CHNA data
- EMR registries highlight SDoH needs for CHT
- Strategic planning
- Training
- On-going initiatives



Rate Substantiation

- Incorporates a 6.8% commercial rate increase.
- This rate increase allows GMC to cover inflation and funding for needed capital improvements.

Inflationary Impact:	\$	%
Wages	678,643	2.0%
Pharmaceuticals	134,000	8.0%
Supplies & Expense	537,230	2.0%
Purchased Services	250,878	3.3%
Contract Labor	242,310	3.3%
Total Inflation	1,843,061	2.8%



Commercial Mix	39.08%
Commercial Portion of Inflation	720,268
Cost Shift MCR	827,534
Cost Shift MCD	295,258
Total Inflation	1,843,061
Commercial Portion of Capital Budget	1,328,720
Total Rate Substantiation	3,171,781
FY 2025 Incorporated Rate Increase	2,272,744



- Net Revenue + Fixed Prospective Payments, budget-to-budget, yields a 8.2% increase:

<i>Gifford Medical Center</i>	
<i>Net Patient Service Revenue</i>	
FY2024 Submitted Budget	64,068,762
FY2025 Proposed Budget	69,342,048
<i>Budget-to Budget ▲</i>	<i>8.2%</i>

- The change in NPSR is a result of several factors:
 - The FY2025 requested rate increase
 - A decrease in GMC's Fixed Prospective Payments
 - A budget-to-budget decrease in Utilization
 - Leveraging improvements in GMC's revenue cycle operations
 - Budgeted increases for Free & Discounted Care (Act 119) ¹⁶



FY 2025 Budgeted Margin

- The margin for GMC is 4.41%; however when evaluating the operating margin for the hospital, it is important to recognize that:
 - GMC is member of an Obligated Borrowing Group and is jointly and severally liable for meeting debt covenant requirements.
 - GMC has budgeted ~\$3.4M in capital expenditures for FY2025, much of which has been deferred from previous years.



Other Operating Revenue

- Decrease due to
 - Re-grouping of School Based Therapy up into NPSR
 - 340(b) revenue budgeted at ZERO due to pharmaceutical company restrictions.

Non-Operating Revenue

- Non-operating revenue consists solely of contributions. Gifford is fortunate to have generous support from our community and donors.
- GMC did not budget for investment Gains or Losses as the stock market is inherently unpredictable.



FY 2025 Budgeted Capital

- We have budgeted capital spending to ~\$3.4 million. This is less than the annual depreciation.
- This is not a sustainable strategy in order to address our age of plant (> 18 Years).
- GMC has deferred capital investments since FY2022
 - Facility Improvements – Emergency Room Renovation, Roof Replacement, Patient Access Remodel, Practice Renovations, & Portico Renovation
 - Large Equipment Purchases – X Ray, C Arm, Anesthesia Machines, Echocardiography Machine



GMCs FY 2025 Budget

- The Gifford team is focused on:
 - Community
 - Affordability, cost containment, sustainability
 - Workforce
 - Equitable care
- Our budget incorporates these priorities as we work to meet the needs of the communities we serve.

Thank you.