

February 8, 2022

Actual FY 2021 Narrative

Please see below the “Bridges” report per your request.

FY 2021 Approved Budget to FY 2021 Actual Results – Net Patient Revenue

| NPR | Total | % over/under |
|-------------------------|---------------|--------------|
| FY 21 Approved Budget | \$ 82,736,960 | |
| | | |
| Utilization | 12,380,414 | 6.1% |
| Reimbursement/Payer Mix | (12,575,885) | -10.2% |
| Bad Debt/Free Care | 2,315,328 | 48.1% |
| Physician Acq/Trans | | |
| Changes in Accounting | | |
| Changes in DSH | (234,005) | -25.8% |
| Other Reform Payments | 600,185 | 92.7% |
| FPP | 5,332,279 | 83.5% |
| FY 21 Actual Results | \$ 90,555,276 | |

Utilization: For fiscal year 2021 revenues have exceeded budgeted amounts in several areas.

When completing the budget in March/April of 2020 a lot of uncertainty still existed as to how it would affect revenues in the coming months. Approximately 6 million dollars of the 12.3 million dollars identified as utilization was from surgical services and related areas such as anesthesia and PACU. This level of utilization was constant for the full fiscal year. The majority of the remainder of the utilization was attributed to the lab. Some of this is Covid related but most is related to higher ancillary services needing the testing. One other area that was over budget substantially was all of the radiology services most markedly, cat scan. The emergency room utilization did not meet budget levels despite the decrease in the budget from FY 20. Emergency room revenue was below budget by 3.1 million dollars.

Reimbursement/Payer mix: Although the table show 12.5 million change in reimbursement/payer mix, if you add in the FPP to the net revenue for both budget and actual the net reimbursement is 42% for budget and actual signifying no change.

Bad Debt/Free Care: Bad debt was under budget and free care was over budget for the net change of 2.3 million. We have a very active Navigator program here and they are working hard to either find appropriate coverage for our patients and or encourage them to apply for free care. This has a direct effect on the amount of patient revenue we have to write off to bad debt. We have been building this program for several years and the patients as well as the hospital is reaping the benefits.

Changes in DSH: Budget 2021 DSH payment was an estimate based on what was known when the budget was completed

Other Reform Payments: These payments are included in the FPP payments in FY 21 budget but in actual for FY 21.

FPP: This category represents the dollars received from OneCare Vermont for participating in the ACO. During FY2021, the Medicaid population was expanded which increased the payments significantly. THIs amount is an offset of the reimbursement decrease because it is net patient revenue for Medicaid.

Bridges - FY 2021 Approved Budget to FY 2021 Actual Results

| Expenses | Amount | % over/under |
|--------------------------|---------------|--------------|
| FY 21 Approved Budget | \$ 88,834,101 | |
| Salaries/Fringe Benefits | 2,567,933 | 4.6% |
| Physician Contracts | | |
| Contract Staffing | | |
| Supplies | | |
| Drugs | | |
| Facilities | | |
| IT Related | | |
| Health Reform Programs | | |
| Depreciation | (383,283) | -9.8% |
| Interest | (110,336) | -18.7% |
| Health Care Provider Tax | (258,532) | -5.3% |
| Other Non-Salary Expense | 3,362,945 | 14.0% |
| Cost Savings | | |
| FY 21 Actual Results | \$ 94,012,828 | |

Salaries: Salaries which include locums/travelers were over budget by 1.3 million. The variance in this line can be accounted for by traveler costs in amounts that we have not seen before. The highest number of travelers needed were mainly in the nursing departments but we also had travelers in our radiology departments and in primary care for both physician and nursing.

Fringe Benefits: Health insurance expense was over for the entire fiscal year of FY 21. The hospital is self insured. Budget is based on an average of past years. Some of the increase could be due to employees and their families delaying care during the beginning of the pandemic.

Health Care Provider Tax: Budget 2021 provider tax was an estimate based on what was known when the budget was completed

Other non-salary expense: The largest variance in non- salary expenses is supplies, specifically drug expense. This accounts for 1 million of the 3.3 million dollar variance. Repair and maintenance expenses were over budget 500K, this hospital is almost 50 years old and more unexpected repairs are needed each year. Contract services are over budget by 1.2 million. The majority of this is purchased lab expenses, this expense increase is related to the lab revenue increase.

The auditors advise the hospital to recognize all provider relief dollars received to operating revenue for Fy 21.