



Choosing Health

# NORTHEASTERN VERMONT REGIONAL HOSPITAL

January 31, 2023

Alena Berube  
Director of Health System Finances  
Green Mountain Care Board  
144 State St.  
Montpelier, VT 05620

Dear Ms. Berube:

Northeastern Vermont Regional Hospital has completed the FY 2023 Actual files, including the “Bridges” worksheet, and uploaded them into Adaptive. The following narrative describes factors contributing to the revenue and expense variances that occurred during fiscal 2023.

## **NET PATIENT REVENUE:**

Development of the fiscal 2023 budget volume was based on the FY2022 levels in many areas. Areas that experienced higher volumes than budgeted were our operating room, emergency services, pain management and radiology.

| NPR/FPP                 | Total          | % over/under |
|-------------------------|----------------|--------------|
| FY 23 Approved Budget   | \$ 110,057,847 |              |
|                         |                |              |
| Utilization             | 5,079,404      | 4.6%         |
| Reimbursement/Payer Mix | (3,562,763)    | -3.2%        |
| Bad Debt/Free Care      | 559,279        | 0.5%         |
| Physician Acq/Trans     | -              | 0.0%         |
| Changes in Accounting   | -              | 0.0%         |
| Changes in DSH          | 30,189         | 0.0%         |
| Other (please label)    | 0.00           | 0.0%         |
| Other (please label)    | 0              | 0.0%         |
| FY 23 Actual Results    | \$ 112,163,956 |              |

## **OTHER OPERATING REVENUE**

Other Operating Revenue higher than budget by \$3,091,000. This is a result of Grant funding of \$4,300,000 which offset a drop in 340B Revenue of \$1,700,000. The loss of 340B revenues is due to pharmaceutical manufacturing cuts to the program.

## **NON-OPERATING REVENUE**

Non-Operating Revenue was higher than budget by **\$1,300,000**. The majority of the favorable variance was due to realized and unrealized gains on invested funds. Due to uncertainty and volatility in the financial markets, NVRH does not budget realized and unrealized gains.

## **OPERATING EXPENSES**

### Northeastern Vermont Regional Hospital Bridges - FY 2023 Approved Budget to FY 2023 Actual Results

| Expenses                 | Amount         | % over/under |
|--------------------------|----------------|--------------|
| FY 23 Approved Budget    | \$ 115,843,767 |              |
| Salaries                 | 964,786        | 0.8%         |
| Fringe Benefits          | (325,031)      | -0.3%        |
| Physician Contracts      | 698,819        | 0.6%         |
| Contract Staffing        | 1,500,321      | 1.3%         |
| Supplies                 | 404,054        | 0.3%         |
| Drugs                    | 655,969        | 0.6%         |
| Facilities               |                | 0.0%         |
| IT Related               |                | 0.0%         |
| Health Reform Programs   |                | 0.0%         |
| Depreciation             | 341,749        | 0.3%         |
| Interest                 | 229,598        | 0.2%         |
| Health Care Provider Tax | 323,974        | 0.3%         |
| Purchased services HIM   | 252,761        | 0.2%         |
| Other various            | 63,008         | 0.1%         |
| Cost Savings             |                |              |
| FY 23 Actual Results     | \$ 120,953,775 |              |

During fiscal year 2023 expenses exceeded budget by \$5,110,008, or 4.41%. Following is a description of the major factors contributing to this variance.

### **Salaries exceeded budget by \$964,786**

- Salary increases were provided selectively to nursing staff to remain competitive as we continued our recruitment and retention efforts
- Incremental incentives for employed nursing staff

**Fringe benefits were lower than budget by \$325,031**

Pension and tuition reimbursement was below budget.

**Physician Contracts were over by \$698,819**

Surgical locum for the vacant surgery position

Emergency physician locums for vacant positions

**Contract Staffing**

The need for contract staffing throughout the year created an unfavorable variance to budget of \$1,500,321.

**Supplies**

Supplies exceed budget by \$404,054. This variance was due mainly to a higher number of major orthopedic surgical cases than anticipated.

**Drugs**

Increased utilization and higher drug costs created a \$655,969 negative variance.

**Depreciation**

Depreciation exceeded budget by \$341,749 due to capital lease adjustments.

**Interest**

Interest expense exceeded budget by \$229,598. This is related to the capital lease adjustments.

**Health Care Provider Tax**

The Tax exceeded budget by \$323,974 due to a higher NPR than originally budgeted.

**OPERATING MARGIN**

NVRH's Operating Margin for fiscal year 2023 was **\$587,000** or 0.5% of Total Operating Revenue.

**REPORTING OF COVID PRF FUNDS**

NVRH reported COVID-Provider Relief Funds as Other Operating Revenues. Our auditors agreed with this method of reporting the PRF funds.