

HSF QUESTIONS FOR HOSPITALS



HOSPITAL 10: PORTER MEDICAL CENTER (PMC)

Follow-Up Questions and Requests Related to Your Budget Submission

On your executive summary

1. You write in your narrative that "maintaining the organization's current level of financial performance is imperative, as long overdue infrastructure investments are being prioritized" (page 6). Can you detail these infrastructure investments and why you believe they are necessary?
2. You write that Porter's "administrative costs have decreased by over \$750K from 2025 due to shared leadership with Elizabethtown Community Hospital" (page 6). How have your administrative costs changed overall in the past fiscal year (what were the key drivers and costs associated with each)? How are they projected to change in FY2025?

On substantive variations from last budget

3. You've been unable to fill the orthopedics OR vacancy since late FY23. What convinces you that you'll be able to refill that position in the coming year?
4. You've written "case management has improved during FY24 resulting in timely patient placement resulting in the ability to reduce swing and observation patients and increased acute patients." How have you been able to improve case management? To your knowledge, has this reduced ED length of stay?

On core justifications

5. You've requested a higher operating margin than any other hospital this year. Why do you believe a 4.6% margin is necessary, particularly when you're also requesting the board for a substantial rate increase?

On labor expenses

6. You expect significant drops in travelers as percentage of total FTEs from 2024 YTD to FY25 Budget (including a drop from about 25.5% of total FTEs to about 16.8% in your nursing staff and about 11.7% to about 7.2% in your 'other clinical' staff). You also predict similar drops in travelers as a percentage of total salaries. What makes you expect these drops?
7. How many new staff and clinical positions have you created since last year's budget submission? What are the labor expenses associated with these new positions? Please differentiate by the type of position.

On pharmaceuticals

8. Could you provide more detail on your planned pharmaceutical expenses? Why do you foresee that such expenses will increase by nearly 25%?
9. Does the 340B program reduce pharmaceutical prices for patients as well as the hospital? Can you please provide a sense of how much of the 340B discounts you're passing onto patients?

10. Do you make a profit off your pharmaceutical operations? If so, please specify how much. Please specify any profits made from the 340B program specifically.

On rate changes

11. Why is the majority of your commercial price increase allocated to inpatient?

On risk

12. On your rate decomposition sheet, you predict a large increase in volumes for Medicare and commercial: 3.9% Medicare FFS, 6.1% Medicare MA, and 5.9% Commercial. Why do you predict these levels? This somewhat contradicts FY24 Actuals data that shows your volumes have generally dipped -- particularly OR volumes. Do you have a mitigation strategy should these volumes not materialize?

On your income statement

13. You're budgeting for a large jump in swing beds PT care revenue, (~36%), even though you write in your narrative that you've improved case management and reduced swing bed patients. How do you reconcile these two statements?

On your workbook submission

14. Please review the rate decomposition details you submitted as well as the "summary" tab and explain the following (where available, show supporting calculations):
 - a. How did you arrive at the assumed rates of growth for price, volume, and payer mix shifts by payer?
 - b. For non-zero values in the "other" column, how did you derive these estimates?

Other

15. To what extent does your organization share physicians and other clinical staff with other hospitals in your network? Have you taken these partnerships into account in your budget?
16. Do you think Medicaid is underfunding the cost of delivering care to your Medicaid patients? If so, please quantify this amount based on 2023 actuals. Please explain your calculation.
17. Do you think Medicare is underfunding the cost of delivering care to your Medicare patients? If so, please quantify this amount based on 2023 actuals. Please explain your calculation.
18. In the attached spreadsheet, please review the measures of financial health that we have calculated for your hospital. We have included the measure definitions. Confirm that these calculated values reflect your understanding. If your financial measures differ from our calculations, please review our formulas, provide your calculation, and explain why you believe your calculation is a better measure for your organization.
19. Related to your nursing home, please provide the following (2023 actuals, 2024 projected, and 2025 budgeted):
 - a. Avg Cost per day
 - b. Avg Reimbursement per day, by payer
 - c. Avg Occupancy Rate
 - d. Operating margin

- e. Hospital subsidy to nursing home (if any)

Narrative Questions That Still Need to Be Answered

Question C.f (facility fees): Please describe the methodology your hospital uses to establish any facility fees and how much they totaled in FY24 and are expected to total in FY25.

Question F. b. (collections ROI): If you have a contract with a third party [for your collection efforts], please describe the return on investment for this decision compared to managing these activities internally as a part of Patient Financial Assistance Programs?