

## **HSF QUESTIONS FOR HOSPITALS**



# HOSPITAL 11: RUTLAND REGIONAL MEDICAL CENTER

## (RRMC)

### **Follow-Up Questions and Requests Related to Your Budget Submission**

On service-line changes

1. What type of cost-benefit analysis was conducted to ensure that these investments were the best use of funds?

On substantive variations from last budget

2. Why have you invested in a mobile MRI unit if MRI volumes were low in the beginning of FY24?
3. You attribute a \$3 million positive variance to last year's budget to "other misc. utilization changes" (page 6). Can you provide a more specific assessment of where volume has increased above FY2024 budgeted expectations. How have you recalibrated your expectations as to not underpredict your NPR for FY2025?

On utilization

4. The rate decomposition sheet shows a decrease in inpatient care utilization by \$6M (or 7%). Why did you experience a drop in Medicare and Commercial inpatient utilization?

On pharmaceuticals

5. 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?
6. Do you make a profit off your pharmaceutical operations. If so, can you please specify how much. Please specify any profits made from the 340B program specifically.

On rate changes

7. Why did you choose to allocate the majority of your commercial price increase to outpatient, with a slight rate cut to professional services?

On capital expenditures

8. Why was defined benefit plan discontinued? What has been the impact on your employees?

On financial indicators

9. What was the driving factor to your debt service coverage ratio improvement? Long term bond/mortgage debt is increasing \$7M, current portion of debt is *dropping* \$1.8M, and interest expense in only increasing \$14. Can you explain what happened and what drove that financial decision and planning moving forward?

On risk

10. How are you decreasing the variable cost structure to shield RRMC from unpredictable volumes?

On investments in mental health, SUD, LTC, and primary care

11. Do the "primary care-type services" cost more as a result of being delivered through a hospital rather than at a designated primary care facility?

On your workbook submission

12. 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

13. 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.
14. 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.
15. 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.