June 12, 2024

Mr. Owen Foster, Chair
Green Mountain Care Board
144 State Street
Montpelier, Vermont 05633

Subject: Formal Response to Notice of FY 2023 Budget Violation Dated June 5, 2024

Dear Chair Foster,

We have compiled and provided the requested information that Rutland Regional Medical Center ("RRMC") deems relevant, as outlined in the Notice of Violation ("Notice") received on June 6, 2024. This information is relevant to explaining RRMC's actual fiscal year 2023 operating performance in relation to its approved fiscal year 2023 budget.

Executive Summary

The primary reason RRMC's net patient revenue exceeded budgeted expectations was, notably, increased utilization (by approximately $14.7M), which enhanced access to care for our patients. Reimbursement-related factors, particularly improvements in denial management, accounted for only a minor portion of the increase (approximately $614K). Additionally, regarding ACO/FPP revenue, the rise in attributed lives led to higher than anticipated fixed prospective payments. Furthermore, RRMC benefited from a favorable calendar year 2022 risk settlement.

Conversely, negative impacts from payer mix, bad debt, free care, and the care of custodial patients awaiting placement adversely affected net patient service revenue.

Increased utilization in select service lines, including CT and Orthopedics, as well as a rising Medicaid ACO patient utilization rate, can be attributed to an inflow of patients from outside our service area seeking care at RRMC.

RRMC recognizes that it did not meet the FY 2023 enforcement parameter of 1%. However, Section I (2)A of the FY 2024 Budget Guidance ratifies the March 30, 2022 decision by the Green Mountain Care Board to establish the net revenue threshold, permitting an 8.6% aggregate increase between the FY 2022 actuals and the FY 2024 budget. RRMC's FY 2024 budget was formulated using FY 2023 projected performance as the basis. Upon realizing FY 2023 actual results, RRMC remained below the 8.6% threshold. The Green Mountain Care Board approved RRMC's FY 2024 budget based on the disclosed FY 2023 projections, which were submitted with an estimated 3.32% increase over the FY 2023 budget.

Actual performance for the first half of 2024 has been positive; however, we have observed a decline in acute inpatient services. Should this trend persist, it is likely to adversely affect RRMCs current performance. Conversely, based on the year-to-date performance, there remains the potential for RRMC to exceed the threshold.

Rutland Regional Medical Center		
FY 2023 Actual NPSR/FPP	325,035,200	
FY 2022 Actual NPSR/FPP	305,366,707	
FY 2023 Increase Over FY 2022	**19,668,493**	**6.44%**
FY 2024 Budget NPSR/FPP	328,821,700	
FY 2023 Actual NPSR/FPP	325,035,200	
FY 2024 Budgeted Increase Over FY 2023	**3,786,500**	
Total Increase Over FY 2022	**23,454,993**	**7.68%**
FY 2023 Physician Transfer NPSR - Anesthesia	883,145	

Due to RRMC's operating performance, RRMC was unable to achieve its desired margin target for FY 2023, which fell below budgeted expectations by 0.5%. The variance was driven by higher than anticipated expenses.

For additional reference, please refer to the attached narrative that accompanied our FY 2023 actual filing (Attachment 1). Moreover, items 2 and 4 within this document will demonstrate the notable increases in utilization.

Item 1 – Internal documents referencing operating performance:

Please refer to the documents provided via Federal Express package (sent on June 11, 2024) that includes communications with the RRMC Board of Directors discussing RRMC's FY 2023 operating performance, also as it relates to NPR/FPP, utilization, and operating expenses, as compared to its budgeted expectations, in accordance with the Green Mountain Care Board's Notice requesting documentation that is either internal and/or to the hospital's Board of Directors.

Item 2 – Documentation referencing factors that influenced revenue variances:

The core service areas contributing to the increase in revenue, resulting in noteworthy variances and explained below, were routine inpatient revenue, outpatient revenue, and professional service revenue.

Routine Inpatient Revenue

- Patient days exceeded budgeted expectations by 6.7%. However, it is imperative to highlight that RRMC continues to face a persistent challenge with "Level II Custodial Patients", patients awaiting placement in more appropriate care facilities. This subset of patients accounted for 8.7% of the annual patient day activity, with minimal associated reimbursement, thereby adversely affecting RRMCs capacity to accept acute care admissions.

Outpatient Revenue

- Outpatient service volume exceeded budgeted expectations, principally in the areas of imaging, emergency room services, pharmacy, endoscopy, and rehab therapy services.

Professional Revenue

- Professional anesthesia, cardiology, general surgery, and orthopedic service revenue surpassed anticipated expectations. It is important to note, in June 2022, RRMC terminated its agreement with an external third party and opted to employ its own professional anesthesia services. Based on the revenue data available during the FY 2023 budget process, our estimates were temperate, leading to actual revenue surpassing projections.

Please refer to the documentation provided in item 1 for additional internal references regarding revenue variances observed in FY 2023.

Item 3 – Documentation referencing factors that influenced expense variances:

Noteworthy expense variances include the following:

Unfavorable Variances

- Physician Contracts & Salary – unfavorable to budget due to provider vacancies and leaves of absence which necessitated continued reliance on locum and per diem providers. Additionally, due to an increase in education, hiring, and performance-based incentives, actual expenses surpassed expectation. RRMC prioritized preserving access to care for our patients and made the difficult decision to incur this additional expense rather than decreasing access.
- Contract Staffing – unfavorable to budget, which is a result of our continued reliance on temporary nursing and ancillary technician labor.
- Pharmaceutical Expenses – unfavorably exceeded budgeted expectations, commensurate with the revenue and inflationary increases experienced in FY 2023.

Favorable Variances

- Salaries – RRMC's Leadership made the decision to implement an FTE reduction plan in FY 2023 as part of cost saving measures and strategic financial restructuring aimed at stabilizing the organization following the unfavorable performance of FY 2022. This plan extended into the FY 2024 budget process. The expense savings was partially offset by the need to fill staffing vacancies with contract labor.
- Fringe Benefits – favorable to budget as a result of the reduction in FTEs as well as a financial audit reclassification of the terminated defined benefit pension expense to non-operating.
- IT Expenses – negotiated contractual reductions and credits contributed to the favorability in expense as well as IT project deferrals to FY 2024.

Please refer to the documentation provided in item 1 for additional internal references regarding expense variances observed in FY 2023.

Item 4 – Service line analysis:

The primary service lines contributing to the increase in utilization were the following:

Service Line	FY23 Actual Gross Revenue	FY23 Budgeted Gross Revenue	Variance
PHARMACY	143,670,932	127,439,058	16,231,874
CT SCANNNER	54,943,529	46,828,093	8,115,436
ANESTHESIOLOGY	19,435,198	12,474,739	6,960,460
EMERGENCY DEPARTMENT	64,867,754	57,745,155	7,122,599
VERMONT ORTHOPAEDIC CLINIC	35,388,614	30,801,023	4,587,591
OTHER SERVICES COMBINED	86,038,187	77,668,326	8,369,861

Favorable Variances

- Pharmacy – volume surpassed expectations, which was attributed to the introduction of newly utilized monoclonal antibody treatment drugs, primarily for the treatment of cancer, autoimmune, and infectious diseases.
- CT Scan – volume exceeded budgeted targets as local patient demand as well as patients from outside of Rutland's HSA sought services at our hospital. Within the $8.1 million variance in CT utilization, $1.9 million originated from areas outside of RRMC's HSA.
- Anesthesiology – as mentioned previously, RRMC terminated its agreement with an external third party and opted to employ its own professional anesthesia services. Utilizing the revenue information available at the time, which informed the FY 2023 budget process, our revenue estimates were moderate. Subsequent external coding reviews revealed that our budget estimates were based on block time rather than per-minute increments. This adjustment aligns with the coding enhancements RRMC referenced to its Board throughout the year. As a result, actual revenue surpassed budgeted projections.
- Emergency Department – emergency room services surpassed budgeted estimates, which related to a lack of access to primary care in our health service area. Our primary care partners in our community faced significant challenges in filling provider vacancies, leading to periodic closures of urgent care services in the area. Additionally, they were compelled to pause the acceptance of new patients due to staffing shortages.
- Orthopedics – the primary factor contributing to the increase in orthopedic utilization was the increase in patients from outside of our service area seeking these services. Within the $4.6 million variance in orthopedic utilization, $2.3 million originated from areas outside of RRMC's HSA.
- Other Services – notable variances specifically include cardiology and endoscopy services. The rise in cardiology stems from increased cardiac and stress testing, driven by enhanced accessibility. Moreover, endoscopy utilization improved notably post-COVID, reflecting focused efforts to increase access to this service. The increase observed in the general surgery department is attributable to the heightened professional volume in endoscopy procedures.

Across service lines, RRMC has observed an increase in Medicaid ACO utilization from patients outside our service area, which correlates with the latest ACO settlement data.

Please see the attached service line analysis (Attachment 2), which provides the requested utilization and expense reconciliation information.

Item 5, a., b., & c. – FY 2024 performance through the period ending April 30, 2024:

Please see the attached income statement and summary narrative for the period ending April 30, 2024, which provides current year-to-date results related to NPR/FPP, operating expense, and operating margin performance (Attachments 3 – 6). The far-right column of the income statement provides the requested comparison to prior year for the same period end.

Item 6 – FY 2024 forecast:

Please see the attached income statement which provides the requested FY 2024 forecast of NPR/FPP, operating expenses, and operating margin (Attachment 7).

Noteworthy variances include the following:

- Revenue – the volume increase can be attributed to the expansion of infusion services, coupled with the introduction of a second CT scanner in May, thereby enhancing access to care for our patients. Moreover, favorable trends persist in imaging and pharmacy revenue, alongside increased volume in outpatient surgical services.
- Fixed Prospective Payment Revenue – the ACO settlement for calendar year 2023 is favorable, predominantly comprising the reconciliation between HSAs due to patients outside of Rutland seeking services at RRMC beyond initial projections.
- 340B Revenue – RRMC continues to be unfavorably impacted by the decline in 340B revenue as manufacturers continue to constrain the program.
- COVID Funding – RRMC filed a 4th FEMA application for expenses that were incurred before May 11th, 2023, in October of 2023. This will be the final request for funding. The reimbursement award was $708K.
- Physician Salaries – unfavorable to budget due to provider vacancies and leaves of absence which is necessitating continued reliance on locum and per diem providers.
- All Other Salaries – unfavorable to budget as RRMC is experiencing an increase in salary per FTE and increases in premium pay and differentials.
- Contract Labor – contract labor continues to reflect a favorable variance as we experience a reduction in negotiated rates as compared to those budgeted in FY 2024; although the savings has started to diminish as the increased reliance on temporary nursing and ancillary technician labor persists.
- Interest Expense – interest expense is unfavorable to budget as RRMC's variable rate debt interest is higher than anticipated.

Should year-to-date utilization trends continue, RRMC may exceed its revenue targets and achieve its margin objectives by the end of the fiscal year. However, we cannot solely rely on the performance of the first half of the year, as a notable decline in acute inpatient volume has been observed in May. We will closely monitor the third quarter to assess utilization trends and ensure that margin improvement strategies are effectively aligned. Depending on the continued performance, adjustments to our projections may be necessary.

We remain available to answer any questions or inquiries you may have as it pertains to RRMCs fiscal year 2023 actual performance.

Respectfully,

Judi Fox | *J. Bertrand*

Judi Fox
Chief Executive Officer & President
Rutland Regional Medical Center

Jennifer Bertrand
Chief Financial Officer
Rutland Regional Medical Center

Attachments:

Attachment 1 – FY 2023 Actual Narrative
Attachment 2 – Service Line Analysis
Attachment 3 – RRMC Income Statement for the Period Ending April 30, 2024
Attachment 4 – RRMC Summary Narrative for the Period Ending April 30, 2024
Attachment 5 – RRMC Financial Narrative for the Period Ending April 30, 2024
Attachment 6 – RRMC Key Performance Indicator Summary for the Period Ending April 30, 2024
Attachment 7 – RRMC Projected Income Statement for the Period Ending April 30, 2024

Attachment 1 – FY 2023 Actual Narrative

January 31, 2024

Alena Berube, Director of Health Systems Finances
Green Mountain Care Board
144 State Street
Montpelier, Vermont 05602

Dear Alena,

The following narrative summarizes the operating performance of Rutland Regional Medical Center for the fiscal year ended September 30, 2023.

Overview

In Fiscal Year 2023, Rutland Regional Medical Center embarked on a period of recovery, stabilization, and strategic financial restructuring. Following a challenging 2022 fiscal year marked by a $12M operational loss and a $41M reduction in non-operating revenue due to investment losses, the organization faced a breach of debt covenants, putting $43M of debt at risk for a potential bank call. Although we successfully negotiated a covenant suspension with our banking partner, the resolution incurred additional costs. Moreover, this breach raised concerns regarding our future ability to seek additional debt in support of the hospital's Mission and Vision.

Similar to other healthcare institutions in Vermont, RRMC contends with ongoing challenges in striking the delicate balance between delivering high-quality healthcare access and managing our cost structure, all while addressing concerns related to affordability. Over the past year, the hospital has undertaken substantial and impactful initiatives to curb cost escalation and to proactively address cultural, workforce, and safety considerations. Our primary focus remains on upholding the delivery of high-quality care within our community by strategically investing in physicians, advanced practice providers, nurses, staff, facility improvements and equipment that align with community needs and facilitate timely access to care.

While the established initiatives provide an opportunity for future improvement, workforce challenges (current open positions for non-MD staff = 161 and physicians = 14) and inflationary pressures continue to impact our financial performance leading into fiscal year 2024.

Utilization

Rutland Regional Medical Center’s gross patient service revenue (GPSR) exceeded budgeted expectations by $48.5M (6.0%). Routine inpatient (room charges) revenue surpassed budget by $3.6M (3.35%), outpatient revenue by $24.5M (4.56%), and professional revenue by $23.0M (4.11%). However, inpatient ancillary service revenue fell below budgeted expectations by $2.6M (1.63%).

- ***Routine Inpatient Volume*** – patient days surpassed budget by 6.7%. However, it is important to emphasize that a persistent challenge exists for RRMC with patients in the hospital, referred to as "Level II Custodial Patients", awaiting placement in more suitable care facilities. These patients represented 8.7% of the annual patient day activity with minimal associated reimbursement and impacts RRMCs ability to accept acute care admissions. Please refer to the Net Patient Revenue section for information on how these patients contribute to the overall impact on net revenue.
- ***Routine Inpatient Ancillary Volume*** – fell short of budgeted expectations, primarily driven by lower than anticipated lab, respiratory therapy, and inpatient surgical service volume.
- ***Outpatient Volume*** – exceeded budgeted expectations, particularly in the areas of imaging and endoscopy as a response to reducing wait times. Furthermore, emergency room services surpassed budgeted estimates, which relates to a lack of access to primary care in our health service area.
- ***Professional Volume*** – Anesthesia, General Surgery, Cardiology, and Orthopedic professional services operated in excess of anticipated targets. In June of 2022, RRMC ended its agreement with an external third party and made the decision to employ professional anesthesia services. Drawing from the available revenue information at the time, which was used to inform the FY 2023 budget process, our estimates were moderate, resulting in actual revenue surpassing projections.

RRMC has been conscientiously engaged in identifying and addressing gaps that have led to notable improvements in access to care across multiple service areas. Those service lines include endoscopy, imaging, substance abuse treatment, orthopedics, and cardiology.

Net Patient Revenue & FPP

Rutland Regional Medical Center's net patient service revenue (NPSR) surpassed budgeted expectations by $11.1 million (3.5%). While this signifies an increase for FY 2023, it aligns with our FY 2023 projections submitted with our budget as well as aligns with the Board's aggregate growth guidance of 8.6% over FY 2022 Actual:

Rutland Regional Medical Center		
FY 2023 Actual NPSR/FPP	325,035,200	
FY 2022 Actual NPSR/FPP	305,366,707	
FY 2023 Increase Over FY 2022	**19,668,493**	**6.44%**
FY 2024 Budget NPSR/FPP	328,821,700	
FY 2023 Actual NPSR/FPP	325,035,200	
FY 2024 Budgeted Increase Over FY 2023	**3,786,500**	
Total Increase Over FY 2022	**23,454,993**	**7.68%**
FY 2023 Physician Transfer NPSR - Anesthesia	883,145	

- ***Utilization*** – as previously mentioned, RRMC has been ardently committed to identifying and rectifying wait times. As a result, we have achieved impactful progress within various service areas. This has resulted in increased utilization, which is the primary factor contributing to the favorability in net revenue.

- ***Reimbursement*** – with the implementation of a new insurance verification tool, we have been able to refine our denial management process, leading to improved compliance with prior authorization requirements.
- ***Payer Mix*** – in FY 2023, we experienced a shift in payer mix from commercial to Medicare Advantage, which resulted in a decrease in net revenue.
- ***Bad Debt/Free Care*** – Bad debt and free care increased proportionately with the increase in gross revenue, resulting in higher than budgeted write offs and an increase in free care support.
- ***Physician Transfer*** – as highlighted earlier, RRMC made the operational decision to transition its third-party professional Anesthesia services with a third party to an employed model. As a result of moderate projections, actual revenue surpassed initial projections.
- ***Level II Custodial Patients*** – the reimbursement impact of caring for our custodial patients awaiting placement was $2.95M for fiscal year 2023.
- ***ACO/FPP*** – for calendar year 2023, our attributed lives increased, resulting in higher than anticipated fixed prospective payments. Additionally, our calendar year 2022 OneCare risk settlement was favorable.
- ***State Psych Bed Cost Settlement*** – in an effort to meet state and community need for intensive psychiatric care, we have dedicated six of our twenty-four psychiatric beds to accommodate patients at this level of care. Reimbursement for these services is based on cost and settled at the end of each fiscal year.

NPR/FPP	Total	% over/under
FY 23 Approved Budget	$ 313,970,338	
Utilization	$ 14,730,097	4.7%
Reimbursement	$ 613,759	0.2%
Payer Mix	$ (1,040,712)	-0.3%
Bad Debt/Free Care	$ (5,111,992)	-1.6%
Physician Acq/Trans	$ 883,145	0.3%
Changes in Accounting	$ -	0.0%
Changes in DSH	$ (112,833)	0.0%
Level II Custodial Patient	$ (2,950,270)	-0.9%
ACO/FPP	$ 3,446,816	1.1%
State Psych Bed - Cost Settlement	$ 606,852	0.2%
FY 23 Actual Results	$ 325,035,200	3.5%

Other Operating Revenue

Other operating revenue experienced an increase over budgeted expectations by $842K (4.1%). The increase in income is primarily attributed to the receipt of COVID-19 FEMA Grant funding that was utilized to offset supplies and staffing expenses.

Similar to other hospitals reliant on 340b funding, RRMC contends with the ongoing repercussions of the manufacturer's constraints and erosion of the program. In anticipation of continued revenue decline, we prudently reduced our 340b revenue during the FY 2023 budget process; however, our estimates proved slightly cautious, as our 340b revenue ultimately surpassed budgeted expectations by 2.3%.

Operating Expenses

Total operating expenses exceeded budgeted expectations by 4.0%. Noteworthy variances include the following:

- ***Unfavorable Variances***
    - Physician Contracts & Salary – unfavorable to budget due to provider vacancies and leaves of absence which necessitated continued reliance on locum and per diem providers. Additionally, due to an increase in education, hiring, and performance-based incentives, actual expenses surpassed expectation. This was a deliberate decision to incur this additional expense to preserve access to care.
    - Contract Staffing – unfavorable to budget, which is a result of our continued reliance on temporary nursing and ancillary technician labor.
    - Pharmaceutical Expenses – commensurate with the revenue and inflationary increases experienced in FY 2023, pharmaceutical expenses unfavorably exceeded budgeted expectations.
- ***Favorable Variances***
    - Salaries – as part of our cost saving initiatives and strategic financial restructuring aimed at stabilizing and recovering from the unfavorable performance of FY 2022, RRMCs Leadership made the decision to implement an FTE reduction plan in FY 2023, which extended into the FY 2024 budget process. This was partially offset by the need to fill staffing vacancies with contract labor.
    - Fringe Benefits – favorable to budget as a result of the reduction in FTEs as well as an audit reclassification of the terminated defined benefit pension expense to non-operating.
    - IT Expenses – negotiated contractual reductions and credits contributed to the favorability in expense as well as IT project deferrals to FY 2024.

Expenses		Amount	% over/under
FY 23 Approved Budget	$	326,062,490	
Salaries	$	(1,015,350)	-0.3%
Fringe Benefits	$	(1,066,310)	-0.3%
Physician Contracts & Salary	$	4,182,093	1.3%
Contract Staffing	$	4,137,456	1.3%
Supplies	$	1,344,541	0.4%
Drugs	$	3,018,619	0.9%
Facilities	$	419,444	0.1%
IT Related	$	(1,071,930)	-0.3%
Depreciation	$	387,632	0.1%
Interest	$	223,272	0.1%
Health Care Provider Tax	$	(229,425)	-0.1%
Reference Lab and Reagents	$	1,206,113	0.4%
Insurance	$	(986,987)	-0.3%
Marketing	$	(380,037)	-0.1%
Other	$	2,919,046	0.9%
FY 23 Actual Results	$	339,150,667	4.0%

Operating Margin
Operating margin performance fell below budgeted expectations by 0.5% (Actual = 2.1% vs. Budget = 2.6%). The operating margin variance was driven by higher than anticipated expenses.

Non-Operating Revenue
Prior to January of 2006, RRMC provided a noncontributory defined benefit pension plan to eligible employees. In January of 2006, RRMC froze the defined benefit plan and enrolled eligible employees into a defined contribution plan. In June of 2022, RRMC approved the decision to terminate the defined benefit plan and in September of 2023, transferred the plan assets to an insurance company for annuitization. As a result of the transaction, RRMC recognized a significant loss; therefore, non-operating revenue performed far below budgeted expectations.

Debt Covenant Performance
Similar to other healthcare organizations, RRMC faced considerable challenges in meeting debt covenant obligations at the close of fiscal year 2022. This led to a shortfall in our debt service coverage bond covenant, necessitating the implementation of substantial improvement initiatives in FY 2023. Through the execution of these initiatives, RRMC was able to recover and ended the 2023 fiscal year in compliance with all covenants.

RRMCs debt covenants require a debt service coverage ratio of 1.4, days cash on hand in excess of 90 days, and a debt to capitalization percentage of less than 60%. At the close of FY 2023, RRMCs debt service coverage ratio reached 4.84, days cash on hand equated to 187.9 days, and debt to capitalization amount to 15%.

We remain available to answer any questions or inquiries you may have as it pertains to our fiscal year 2023 actual performance.

Sincerely,

J. Bertrand

Jennifer Bertrand
Chief Financial Officer

CC: Mr. Owen Foster, J.D., Chair – Green Mountain Care Board
Judi Fox, CEO – Rutland Regional Medical Center

Attachment 2 – Service Line Analysis

Service Line	Actual Units	Budgeted Units	Unit Variance	FY23 Actual Gross Revenue*	FY23 Budgeted Gross Revenue	Volume/Service Mix Variance	FY23 Actual Expense**	FY23 Budgeted Expense**	Variance
RUTLAND HEART CENTER	62,427	55,591	6,836	24,288,485	21,771,213	2,517,272	762,555	766,714	4,159
RUTLAND GENERAL SURGERY	18,945	15,770	3,175	10,550,854	8,789,398	1,761,456	275,203	328,350	53,147
VERMONT ORTHOPAEDIC CLINIC	96,283	82,723	13,560	35,388,614	30,801,023	4,587,591	563,665	542,986	(20,679)
CT SCANNNER	18,988	15,694	3,294	54,943,529	46,828,093	8,115,436	811,995	652,894	(159,101)
DIAGNOSTIC IMAGING	25,315	24,842	473	14,284,435	12,945,333	1,339,102	463,716	550,029	86,313
EMERGENCY DEPARTMENT	33,968	29,190	4,778	64,867,754	57,745,155	7,122,599	1,321,435	1,160,387	(161,048)
PHARMACY	955,149	949,095	6,054	143,670,932	127,439,058	16,231,874	25,522,853	22,370,945	(3,151,908)
ANESTHESIOLOGY*	50,873	29,050	21,823	19,435,198	12,474,739	6,960,460	145,271	93,704	(51,567)
ENDOSCOPY	4,404	4,114	290	24,785,219	23,059,057	1,726,162	890,296	706,505	(183,791)
REHAB THERAPY & PHYSIATRY	42,522	38,012	4,510	12,129,194	11,103,324	1,025,870	92,613	141,744	49,131

*Gross revenue variances presented materially exceeded budegted expectations, with the defined threshold set at $1M.

**Expenses do not include salary-related costs.

Attachment 3 – RRMC Income Statement for the Period Ending April 30, 2024

RUTLAND REGIONAL MEDICAL CENTER
CONDENSED STATEMENT OF INCOME AND EXPENSE
Summary of All Departments
For the Seven Months Ending Tuesday, April 30, 2024

	MONTH				YEAR TO DATE				PREVIOUS
	ACTUAL	BUDGET	VARIANCE	% OF VAR.	ACTUAL	BUDGET	VARIANCE	% OF VAR.	YTD ACTUAL
OPERATING REVENUE									
Inpatient Routine Revenue	$9,482,030	$9,257,246	$224,784	2.43%	$65,442,942	$65,409,913	$33,029	0.05%	$65,199,646
Inpatient Ancillary Revenue	$11,064,462	$10,691,830	$372,632	3.49%	$79,963,664	$76,684,366	$3,279,298	4.28%	75,230,967
Outpatient Revenue	$50,439,246	$45,866,127	$4,573,119	9.97%	$337,926,799	$324,908,955	$13,017,844	4.01%	295,432,718
Professional Revenue	$9,420,728	$8,606,734	$813,994	9.46%	$60,963,063	$62,483,815	($1,520,752)	(2.43%)	62,415,213
TOTAL PATIENT SERVICE REVENUE	80,406,466	74,421,937	5,984,529	8.04%	544,296,468	529,487,049	14,809,419	2.80%	498,278,544
Total Allowances	49,378,226	46,081,634	(3,296,592)	(7.15%)	$335,605,005	$327,822,409	($7,782,596)	(2.37%)	301,776,461
Provision for Uninsured	1,987,590	1,508,877	(478,713)	(31.73%)	$12,351,182	$10,735,154	($1,616,028)	(15.05%)	8,897,068
Medicaid DPS	(276,563)	(272,847)	3,716	1.36%	($1,936,446)	($1,909,929)	$26,517	1.39%	(1,865,199)
Net Allowances	51,089,253	47,317,664	(3,771,589)	(7.97%)	346,019,741	336,647,634	(9,372,107)	(2.78%)	308,808,330
NET PATIENT SERVICE REVENUE	29,317,213	27,104,273	2,212,940	8.16%	198,276,727	192,839,415	5,437,312	2.82%	189,470,214
FIXED PROSPECTIVE PAYMENT REVENUE	(747,047)	(31,059)	(715,988)	(2305.25%)	($529,502)	($384,583)	($144,919)	37.68%	812,439
NET PATIENT SERVICE REV & FPP	28,570,166	27,073,214	1,496,952	5.53%	197,747,225	192,454,832	5,292,393	2.75%	190,282,653
Other Operating Revenue	1,521,575	1,488,435	33,140	2.23%	$9,381,121	$10,477,431	($1,096,310)	(10.46%)	12,534,348
COVID Funding	100,000	0	100,000	100.00%	$600,000	$0	$600,000	100.00%	700,000
TOTAL OTHER OPERATING REVENUE	1,621,575	1,488,435	133,140	8.94%	9,981,121	10,477,431	(496,310)	(4.74%)	13,234,348
TOTAL OPERATING REVENUE	30,191,741	28,561,649	1,630,092	5.71%	207,728,346	202,932,263	4,796,083	2.36%	203,517,001
OPERATING EXPENSES:									
Salaries & Payments to Physicians	3,565,553	3,159,947	(405,606)	(12.84%)	24,052,857	22,369,633	(1,683,224)	(7.52%)	22,876,023
Salaries - Other	8,499,824	8,247,956	(251,868)	(3.05%)	61,130,810	58,282,788	(2,848,022)	(4.89%)	60,763,528
Supplies & Expense	9,660,841	9,061,905	(598,936)	(6.61%)	66,190,845	64,138,723	(2,052,122)	(3.20%)	64,119,079
Temporary Staff	1,079,647	1,152,577	72,930	6.33%	7,350,143	8,144,877	794,734	9.76%	9,505,628
Fringe Benefits	3,324,835	3,670,586	345,751	9.42%	22,414,926	23,487,909	1,072,983	4.57%	24,178,680
CHCRR Subsidy	10,487	10,487	0	0.00%	73,408	73,409	1	0.00%	143,698
ACO Dues	115,686	115,004	(682)	(0.59%)	795,286	805,028	9,742	1.21%	759,639
Medicaid Tax Assessment	1,642,889	1,639,109	(3,780)	(0.23%)	11,312,236	11,473,763	161,527	1.41%	10,612,402
Provision for Depreciation	1,075,810	1,075,812	2	0.00%	7,602,396	7,602,399	3	0.00%	7,303,844
Interest & Other Bond Expense	117,236	90,874	(26,362)	(29.01%)	850,781	647,970	(202,811)	(31.30%)	856,769
TOTAL OPERATING EXPENSES	29,092,808	28,224,257	(868,551)	(3.08%)	201,773,688	197,026,499	(4,747,189)	(2.41%)	201,119,290
EXCESS OPERATING REVENUE	1,098,933	337,392	761,541	225.71%	5,954,658	5,905,764	48,894	0.83%	2,397,711
NON-OPERATING REVENUE (EXPENSE):									
Available for Operations	738,370	33,604	704,766	2097.27%	3,288,079	212,498	3,075,581	1447.35%	2,953,666
Vanguard Increase (Decrease) in Unrealized Gains/Losses	3,616,496	667,648	2,948,848	441.68%	20,934,473	4,005,888	16,928,585	422.59%	14,804,656
TOTAL NON-OPERATING REVENUE	4,354,866	701,252	3,653,614	521.01%	24,222,552	4,218,386	20,004,166	474.21%	17,758,322
EXCESS OF REVENUE OVER EXPENSE	5,453,800	1,038,644	4,415,156	425.09%	30,177,210	10,124,150	20,053,060	198.07%	20,156,033
CHANGE IN NET ASSETS	$5,453,800	$1,038,644	4,415,156	425.09%	$30,177,210	$10,124,150	20,053,060	198.07%	20,156,033
NET REVENUE TO GROSS REVENUE	35.5%	36.4%	(0.9%)	(2.5%)	36.3%	36.3%	0.0%	0.0%	38.2%
OPERATING MARGIN	3.6%	1.2%	2.4%	200.0%	2.9%	2.9%	0.0%	0.0%	1.2%
TOTAL MARGIN	18.1%	3.6%	14.5%	402.8%	14.5%	5.0%	9.5%	190.0%	9.9%

Attachment 4 – RRMC Summary Narrative for the Period Ending April 30, 2024

RRMC
Financial Summary
April 30, 2024

Financial Ratios:

- ***Profitability*** – Total Margin reflects a surplus of $5.5M, favorable to budget by $4.4M. The operating margin experienced a surplus of $1.1M, which is favorable to budget by $762K.
  - The total margin surplus was driven by higher than anticipated investment gains.
  - The operating margin surplus was driven by higher than anticipated revenues.
  - The year-to-date operating margin is favorable to budget: 2.9% vs. a target of 2.3%.
- ***Leverage*** – Ratios remain favorable:
  - Debt to capitalization (covenant < 60%) = 13%
  - Debt Service Coverage Ratio (covenant > 1.4) = 5.39
- ***Liquidity*** – Days Cash on Hand (covenant > 90 days) = 217.7 days. This reflects an increase from the prior month of 6.8 days. The increase is primarily attributed to favorable investment activity and the receipt of our OneCare CY 2022 Medicaid settlement.

Financial & Operational Synopsis:

- ***Gross Patient Revenue*** – favorable to budget by $6.0M (8.04%).
  - Routine inpatient revenue was favorable to budget by $225K. Patient days and average daily census were favorable to budget by 4.4% (Patient days = 3,018 Actual vs. 2,890 Budget; ADC = 96.2 Act vs. 91.8 Bud).
    - Custodial patients awaiting placement comprised 5.9% of the month's patient day activity with minimal to no associated reimbursement.
  - Inpatient ancillary revenue was favorable to budget by $373K; this was predominantly a result of higher than expected imaging, pharmacy, and lab volume.
  - Outpatient revenue was favorable to budget by $4.6M; this was primarily driven by higher than anticipated imaging, pharmaceutical, surgical service, and radiation therapy volume.
  - Professional revenue was favorable to budget by $814K; the principal service areas contributing to the increase were the West Ridge Center, orthopedics, and cardiology.
- ***Net Patient Revenue + Fixed Payments*** – favorable to budget by $1.5M (5.53%).
  - The net revenue surplus was primarily attributed to favorable shifts in procedural mix and increases in volume (Procedure mix comprised 14% of the favorability and volume comprised 72%).
  - The collection rate, prior to adjustments, comprised 16% of the improvement; however, after all revenue adjustments are accounted for, the effective collection rate did fall below budgeted expectations by 0.9%.
  - Notable, unfavorable net revenue variances were associated with:
    - A negative shift in payer mix from Medicare to Medicare Advantage, resulting in a net revenue deficit of $59K, or -2%.
    - Higher than anticipated uncompensated care as compared to budget, which equated to a negative variance of $479K.
- ***Expenses*** – unfavorable to budget by $869K (3.08%).
  - ***Physician Salaries*** – unfavorable to budget by $379K, primarily driven by provider vacancies and leaves of absence which is necessitating the reliance on per diem and locum providers. Additionally, we incurred sign-on recruitment bonuses for critical provider positions that needed to be filled.
  - ***Non-MD Salaries*** – unfavorable to budget by $278K, the variance is driven by increases in salary per FTE, as well as premium and differential pay.
  - ***Supplies & Expense*** – unfavorable to budget by $599K, predominantly a result of varying departments exceeding budgeted expectations as well as increases in pharmaceutical and PET scan expense, which is commensurate with the increase in volume.
  - ***Temporary Staff*** – favorable to budget by $73K as a result of the lower than anticipated rate per FTE, this is partially offset by the increased reliance on temporary labor (FTEs = 64.8 Actual vs. 52.7 Budgeted).

Monthly Financial Discussion Points
April 2024

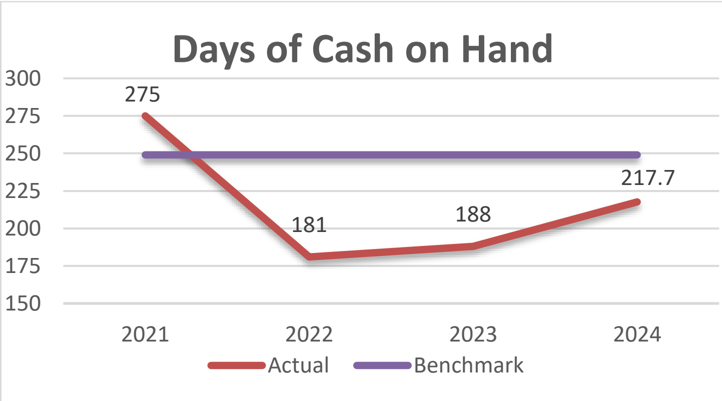
Cash - In April, cash increased $6.4 million when compared to March. This led to a 6.8 day increase in days cash on hand, from 210.9 in March to 217.7 in April. The cash increase was driven by an investment gain of $4.4 million and a 2022 Medicaid OCV Settlement of $1.1 million.

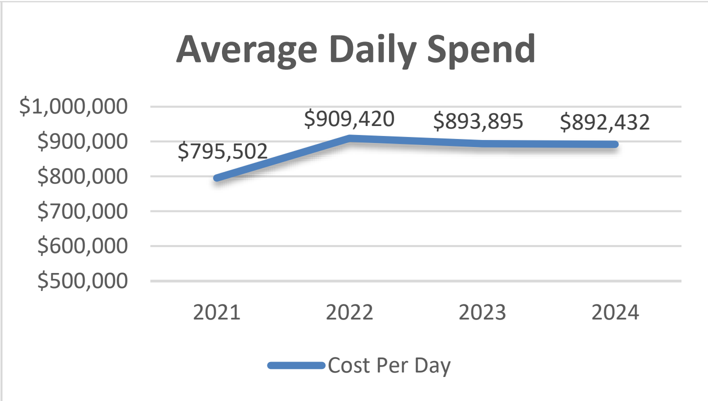
Together, including operating accounts, investments and endowments, cash totals $198.7 million. Not included in this balance is cash and investments held in RRHS. As of April 30th, this balance was $26.2 million.

Sources and Uses of Cash

Sources:			**Uses:**		
Investment Gain	$	4,355,000	Changes in Working Capital	$	516,000
Operating Income	$	1,099,000	Capital Expenditures	$	461,000
2022 Medicaid OCV Settlement	$	1,095,000	Principal Payments	$	292,000
Non-Cash Expenditures (Depreciation)	$	1,076,000			
Total Sources	$	7,625,000	**Total Uses**	$	1,269,000

Change in Cash (Reduction): $6.4 million





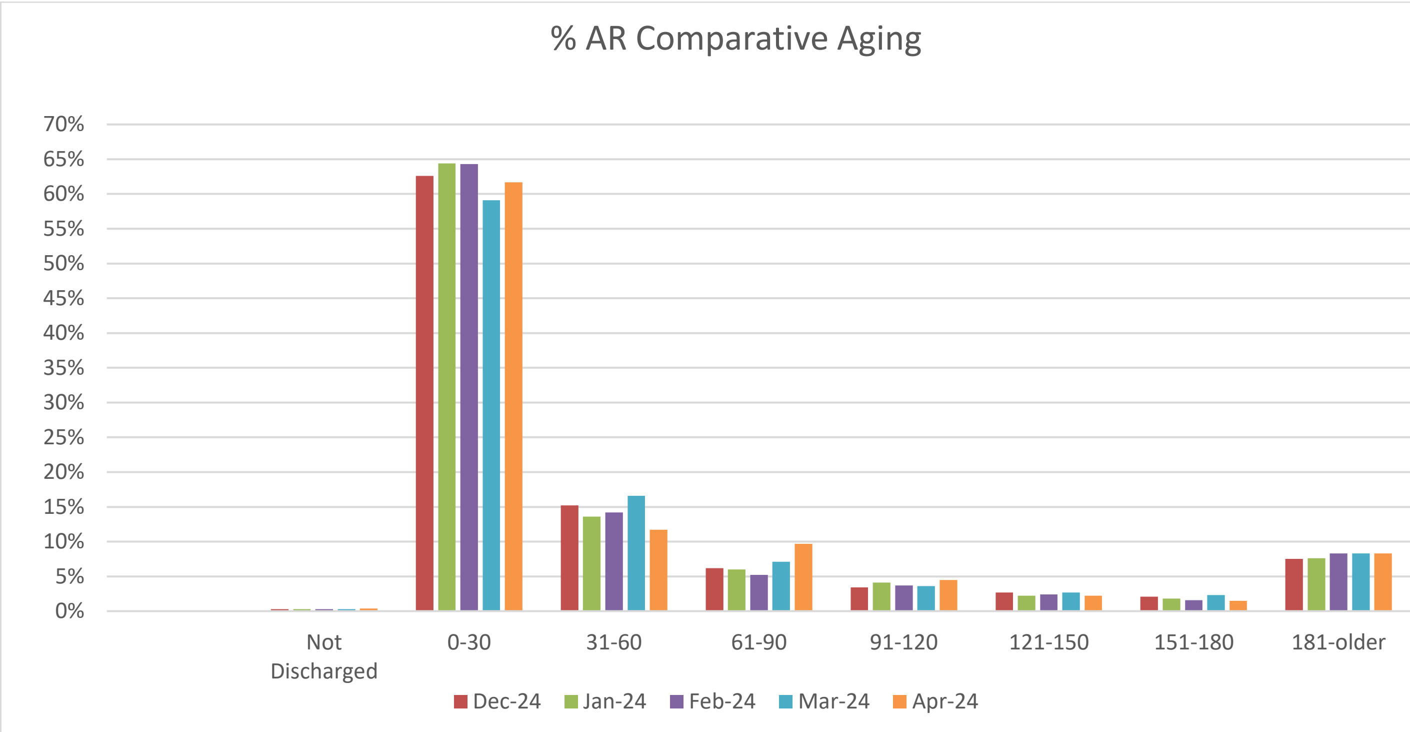
Capital – Capital budget approvals for Fiscal 2024 support $18.8 million of capital funding, including carryovers from prior years projects that have yet to be completed which total $3.6 million.

Total actual capital spending in April was $461,500.

FY 2024 Funding Summary	Total Project Budget	Current Year Proj Spending	Current Year Spending to Date	Current Year Remaining Funding
Prior Year Carryovers:				
Security Camera Replacement	$ 355,200	$ 10,700	$ 38,800	$ (28,100)
Device Refresh	$ 404,700	$ 3,600	$ 3,600	$ -
Arthrex 4K Video System	$ 661,000	$ -	$ -	$ -
Ambulatory Care Renovations	$ 1,210,000	$ 263,900	$ 2,700	$ 261,200
Access Control System Ccure	$ 821,200	$ 88,100	$ 75,900	$ 12,200
Ventilator EMR Integration	$ 254,700	$ 254,700	$ -	$ 254,700
5th Floor Comfort Care Suites Enhancement	$ 410,000	$ 4,100	$ 64,900	$ (60,800)
Phillips Monitors - ICU	$ 469,200	$ 400	$ 400	$ -
Operating Room Renovations Phase 1	$ 1,270,000	$ 100,800	$ 22,200	$ 78,600
Infusion Suite Project	$ 1,188,800	$ 1,014,700	$ 723,800	$ 290,900
Other Carryovers < $250,000	$ 2,353,500	$ 1,888,700	$ 628,100	$ 1,260,600
Capital Budget 2024:				
Major Facilities > $500,000				
S-6 Air Handler Replacement	$ 2,250,000	$ 2,250,000	$ -	$ 2,250,000
Operating Rooms Renovation	$ 1,910,000	$ 1,910,000	$ 443,900	$ 1,466,100
Food Services Hoods and HVAC	$ 1,950,000	$ 1,950,000	$ 785,000	$ 1,165,000
Major Equipment > $250,000				
Replace Omnicell Anesthesia Workstation	$ 483,900	$ 483,900	$ 410,700	$ 73,200
Replace Chemistry Analyzers	$ 770,000	$ 770,000	$ 46,800	$ 723,200
GE Ascend CT Scanner	$ 1,400,000	$ 1,400,000	$ 580,000	$ 820,000
Stryker System 9 Power	$ 646,900	$ 646,900	$ 661,100	$ (14,200)
Medical/Surgical Bed Replacement	$ 616,000	$ 616,000	$ 620,600	$ (4,600)
Nurse Radio Replacement	$ 275,000	$ 275,000	$ 145,000	$ 130,000
Other - Facilities < $500K and Equipment < $250	$ 3,493,000	$ 3,493,000	$ 1,356,800	$ 2,136,200
FY 2024 Approved Contingency Requests	$ 2,931,600	$ 2,931,500	$ 840,900	$ 2,090,600
FY 2024 Remaining Contingency Funds Available	$ (1,581,600)	$ (1,581,600)	$ -	$ (1,581,600)
Total	**$ 24,543,100**	**$ 18,774,400**	**$ 7,451,200**	**$ 11,323,200**

Accounts Receivable

Days in Accounts Receivable (AR) for April were 45 days, an increase from 43 days in March. On average, 60% of all open Accounts Receivable are associated with claim balances that are less than 30 days old or in-house.



Settlements

To account for changes in reimbursement RRMC carries additional settlements to support expected payment reductions over and above those reserved for as part of the monthly contractual allowance process. These settlements require close monitoring and review.

In addition to payment differences, we use our settlement accounts to track our contract with the State of Vermont to support the 6-bed inpatient psychiatric unit which is State funded, Blue Cross prospective payment process, One Care VT ACO settlements and our Medicaid Disproportionate Share program (DSH).

In total our current settlement position is $7.9 million, and includes the following:

General Reserve: **$5,355,000**

To support the general reserve RRMC intends to allocate reserves for claims processing that have a high likelihood of dispute, including one-day stays, site of service, observation care, bundled services, and Cost Report appeal issues.

Regulatory Reserve (RACS): $610,000

Open Cost Reports / Settlements: $1,938,000

Receivables:

- IP State Psych Settlement – $299,247 updated FY 2023 for Cost Report impact and FY 24 revisions
- Blue Cross/Blue Shield - $1,847,190 prospective payment timing, claims more than payments advance
- ACO 2023 Settlement - $275,000

Payables:

- Medicare ACO Fixed Payment - $2,407,465 - settlement for Program year 2023 and 2024
- Open Cost Reports - $1,398,841 FY 24
- Medicaid Disproportionate Share - $553,128 - timing for the program

Bonds and Mortgages

To date we have $40.2 million in debt. Of this amount, approximately $26.9 million is fixed rate debt with the USDA and $13.3 million is variable rate debt held by TD Bank.

To comply with covenants the banks required that we maintain the following financial metrics:

- **Days of Cash on Hand: Greater than 90 days -** Current position is 217.7 days
- **Debt Service Coverage: 1.4 times** - Current position 5.39 times
- **Debt to Capitalization: 60%** - Current position 13%

RRMC continues to have access to a $25 million cash line, which we have not had to draw from.

Overall Income Performance Summary

Gross Patient Service Revenue (GPSR) was $6.0 million above budgeted expectations. **Inpatient Routine Revenue** was over budget $225,000. **Inpatient ancillary services** were over budget by $373,000. **Outpatient ancillary services** were over budget $4.6 million. **Professional (Provider) Revenue** was over budget $814,000. The Outpatient positive variances were driven by high-dollar drugs, diagnostic imaging, cardiology, surgery, endoscopy, respiratory and radiation therapy services. The Inpatient Ancillary positive variance was driven by ED, diagnostic imaging, cardiology, lab, pharmacy, endoscopy and respiratory. The professional positive variance was driven by West Ridge Center, Vermont Orthopedic Clinic, Rutland Heart Center, and Rutland Digestive Services.

The April net to gross was 35.5% which was below the budget of 36.4%. Year to date, the net to gross is 36.3% and meeting budget. In April, higher than expected volume and improved payer reimbursement was offset with high denial write-offs, above budget Bad Debt estimates and updated Cost Report settlement estimates.

April operating expenses were over budget by $869,000. The largest drivers of our expense overage were related to physician locum expenses, salary expenses and supplies. Physician locum expenses were $206,000 over budget, with locums covering in psych, hosptialist, women's health, as well as general surgery. We saw continuing shift differentials, overtime, and premium pay that exceeded budget by $170,000 in April. Lastly, the large supply variances were mainly related to Pharmacy, Laboratory and Pet scan expenses which totaled $455,000.

Patient Related – Revenue and Reimbursement

Inpatient Volume

In April, total patient day volume was over budget 135 days (excluding nursery). The average daily census (ADC) of 99.4 patients was 4.5 patient days over budget.

Patient days are an outcome of the number of admissions and the length of each patient's stay. Admissions (discharges) were 522, and 27 over budget. The average length of stay (ALOS) was 5.71 and was .04 under budget.

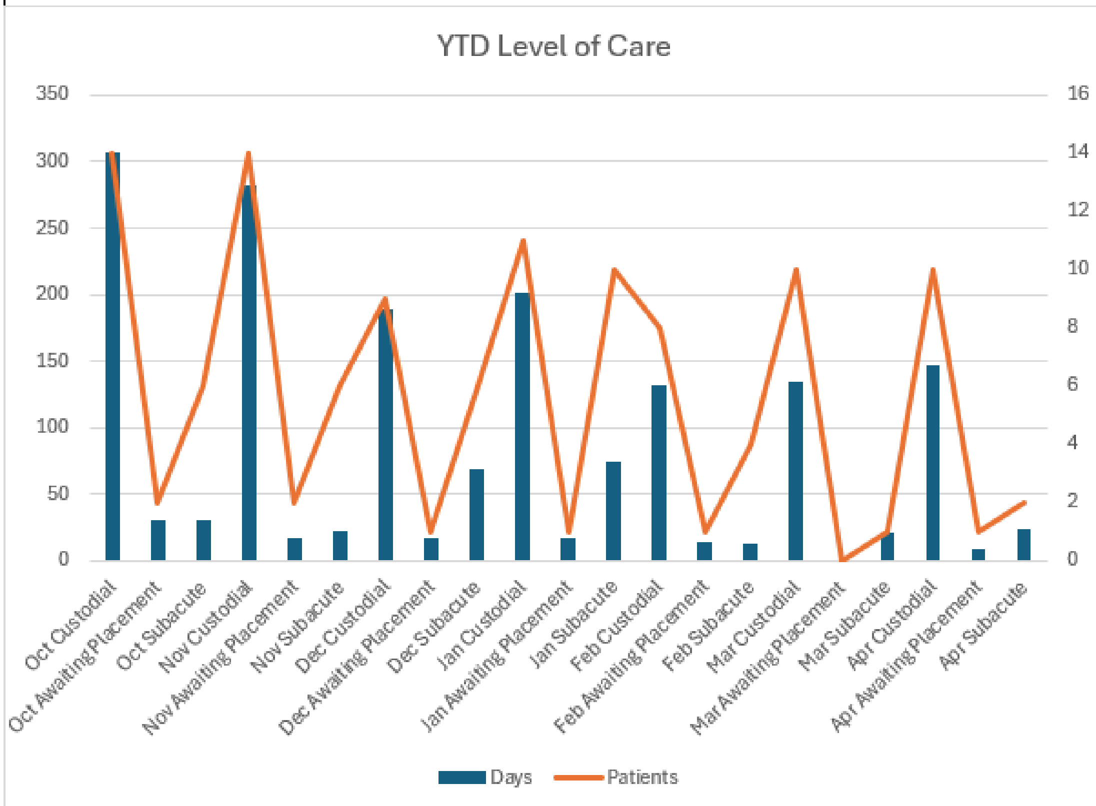
Patient Day Impact	
22 more Acute Discharges	127
Increase in Length of Stay	9
Total Patient Day Variance	135

Average Daily Census by category is listed below (excludes nursery).

	ADC ACTUAL	ADC Budget	ADC Variance	Patient Day Variance
Medical & Surgical	73.8	67.9	6.0	179
Awaiting Placement	5.9	6.9	-1.0	-29
Psychiatric	19.7	20.2	-0.5	-15
Total	99.40	94.90	4.5	**135**

Awaiting Placement Patients

An average of 6 patients per day and 177 total patient days in April did not require acute care services. YTD 8.4% of all patient days are not considered an acute level of care. These populations will continue to challenge our inpatient access to care as the long-stay patients limit bed availability and drive significant financial losses. This continues to require strategic action and planning, not only at RRMC but state-wide.



NOTES:
Apr YTD Non Acute Care Days are 8.4% of Total Patient Days

Apr YTD Non Acute Care ADC is 8.2. 8.5% of our ADC is Non Acute.

Inpatient Ancillary Volume – Inpatient ancillary revenue was over budget by $373,000 or 3.49%.

Services of note include:

Positive Variances:

➢ Diagnostic Imaging	$ 622,000	CT, MRI, Nuclear Med, US, volume overall, 30% over
➢ Pharmacy	$ 311,000	High dollar and unbudgeted drugs
➢ Lab	$ 179,000	Volume 9% over - chemistry, microbiology, and reference lab
➢ Cardiology Testing	$ 142,000	Bubble Contrast Echo, 30 over
➢ ED	$ 130,000	Volume 13% over
➢ Endoscopy	$ 84,000	EGD, 11 over
➢ Respiratory	$ 60,000	Subsequent vent days 12 over

Negative Variances:

➢ Operating Room	$ 592,000	Volume 33% under
➢ Radiation Therapy	$ 68,000	Volume 88% under

Outpatient Volume – Outpatient ancillary revenue was over budget by $4.6 million or 9.97%.

Services of note include:

Positive Variances:

➢ Diagnostic Imaging	$ 1.4 million	CT, MRI, IR, US and Pet volume overall, 16% over
➢ Pharmacy	$ 1.1 million	High dollar and unbudgeted drugs
➢ OR	$ 712,000	Volume 11% over
➢ Radiation Therapy	$ 257,000	Volume 20% over, IMRT delivery
➢ Cardiology	$ 146,000	Echoes 28 tests over, electrocardiograms 105 over
➢ Endoscopy	$ 125,000	6 Colonoscopies, 13 EGDs over
➢ Respiratory Therapy	$ 82,000	Spirometry 37 over, PFT Diffusion 70 over
➢ ED	$ 79,000	Volume 2% over

Negative Variances:

➢ Foley Cancer Center	$ 107,000	Coding delays
➢ Distribution	$ 87,000	Volume 60% under
➢ OP Floor Care	$ 68,000	Volume 24% under, observation hours

Professional Volume – Professional (Provider) revenue was over budget by 814,000 or 9.46%.

Services of note include:

Positive Variances:

➢ West Ridge Center	$ 194,000	March and April HUBs posted in April
➢ Vermont Orthopedic	$ 173,000	Volume 11% over
➢ Rutland Heart Center	$ 172,000	IP volume 41% over, OP volume 18% over
➢ ED	$ 105,000	Volume 17% over
➢ Digestive Clinic	$ 93,000	Volume 24% over, Colonoscopies 56K over
➢ Pulmonary	$ 79,000	Volume 107% over

Negative Variances:

➢ Women's Health	$ 66,000	Volume 29% under

Reimbursement

Change in Reimbursement – In total Net Patient Service revenue was over budget $1,496,000. Net to gross was 35.5% against a budget of 36.4%. Net to Gross % was driven by the variances below.

Positive Variance:

Utilization/Rate/ Payer Mix	$ 3,022,000
Medicare Shadow Activity	$ 357,000

Negative Variance:

Medicaid ACO activity	$ 716,000
Denial Management impact	$ 632,000
Uncompensated Care	$ 479,000
Open Cost Report Settlements	$ 193,000

In response to the GMCB Budget order stating both the 2024 budget was approved as submitted and commercial rate increases were capped at the maximum rate increase of 5.6%, RRMC has filed a formal 2024 Budget Order appeal. Northwestern Medical Center and RRMC are jointly moving ahead with the appeal working with legal counsel. The appeal before the VT Supreme Court occurred on April 17th.

Accountable Care Organization (ACO)

2023 Performance Year

To date in calendar 2023, the Medicaid Fully Prospective Payments are almost break even with Fee for Service payments. One Care Vermont is anticipating an RRMC shared loss of $366,000 and an RRMC non-Rutland service area reconciliation gain of $1.2 million. The Medicare ACO program activity indicates a $1.5 million return of the Advance (RRMC received more advance than patient claims activity) and a $46,000 shared savings. As of April, a total shared savings of $275,000 has been recorded. Additional amounts will be recorded as claim activity continues. OneCare VT is working with the State to examine the Medicaid Total Cost of Care target and anticipates the shared savings to increase. OneCare Vermont is also refunding 3.5% of the 2023 RRMC participation fees, totaling $47,000 as part of the 2023 settlement.

RRMC is continuing to participate in the CMS AHEAD model discussions at the state level and with the Green Mountain Care Board. Information on the ST of VT application for participation in the AHEAD model is expected in June.

Non-patient Revenue:

Other Operating Revenue: In April, we generated $1.6 million in other operating revenue, which was $133,000 over budget. Retail Pharmacy had a strong month with a positive variance of $150,000.

340B Pharmacy Program - Revenue from contract pharmacy activity was $373,000 and below budget by $222,000. Drug manufacturers continue to limit 340B eligible purchases, driving down oncology and other specialty drugs which reduces contract pharmacy revenue. Year to date, there has been a $1.9 million negative variance in contract pharmacy revenue and an associated $1.3 million reduction in contract pharmacy expenses. As of April year to date, RRMC is meeting the criteria for participation as a DSH hospital which provides the maximum benefit of the 340B program.

Provider Relief Funds (PRF):

FEMA - We filed a 4th application for expenses that were incurred before May 11th, 2023, in October of 2023. This will be the final request for funding relating to COVID. The application has moved to awarded status. The federal portion of the award is $707,409. We have recognized $100,000 of this funding in the April financial statements, bringing our FYTD recognition to $600,000 in COVID funding.

Rutland Health Foundation

In April, the Rutland Health Foundation raised $15,839 bringing the FY24 cumulative year to date total to $403,319 with a cost to collect of $.47 for every $1.00 raised.

The Development Committee is focused on building collateral materials for the PET scanner campaign, which is currently being promoted in conjunction with the upcoming Green Mountain Gala as the kick-off to the campaign and summer fundraising.

The 2024 Green Mountain Gala is coming up on Saturday, June 1, at the Southside Steakhouse in Rutland. Guests will enjoy hand-crafted hors d'oeuvres, varied cuisine stations, and dancing to one of Burlington's hottest bands, ***A House on Fire***. Staff continue to work to promote the event, encourage ticket sales and finalize sponsorships.

Expense – Total expenses over budget by $869,000

Physician Expense: Over budget by $379,000

Positive Variances

➢ Positive FTE Variance	$24,000	

Negative Variances

➢ Locum Coverage	$206,000	Psych, Hospitalist, Women's Health, & Gen. Surgery
➢ Per Diem/LOA Coverage	$89,000	
➢ Sign on Bonuses	$85,000	Women's Health & General Surgery
➢ Other Physician Payments	$10,000	
➢ Physician Contracts (incl. Volume)	$14,000	

Salary Expense: Over budget by $278,000

Positive Variances

➢ Positive FTE Variance	$	150,000	Open FTE Positions
➢ Positive COLA	$	57,000	COLA lump sums paid in December budgeted all year

Negative Variances

➢ Salary per FTE variance	$	208,000	
➢ Differential Pay	$	155,000	Premium pay, shift diffs, OT, Incentive Plans
➢ Misc Pay	$	52,000	Retro, Hiring Agreements
➢ Non Worked Paid	$	28,000	
➢ CTO Cash Out	$	27,000	
➢ Overtime	$	15,000	

All Other Expenses: Over budget by $211,000

Positive Monthly Variances - $718,000

- ➢ Fringe Benefits $346,000 – *Health Insurance*
- ➢ Pharmacy $173,000 – *340b Program*

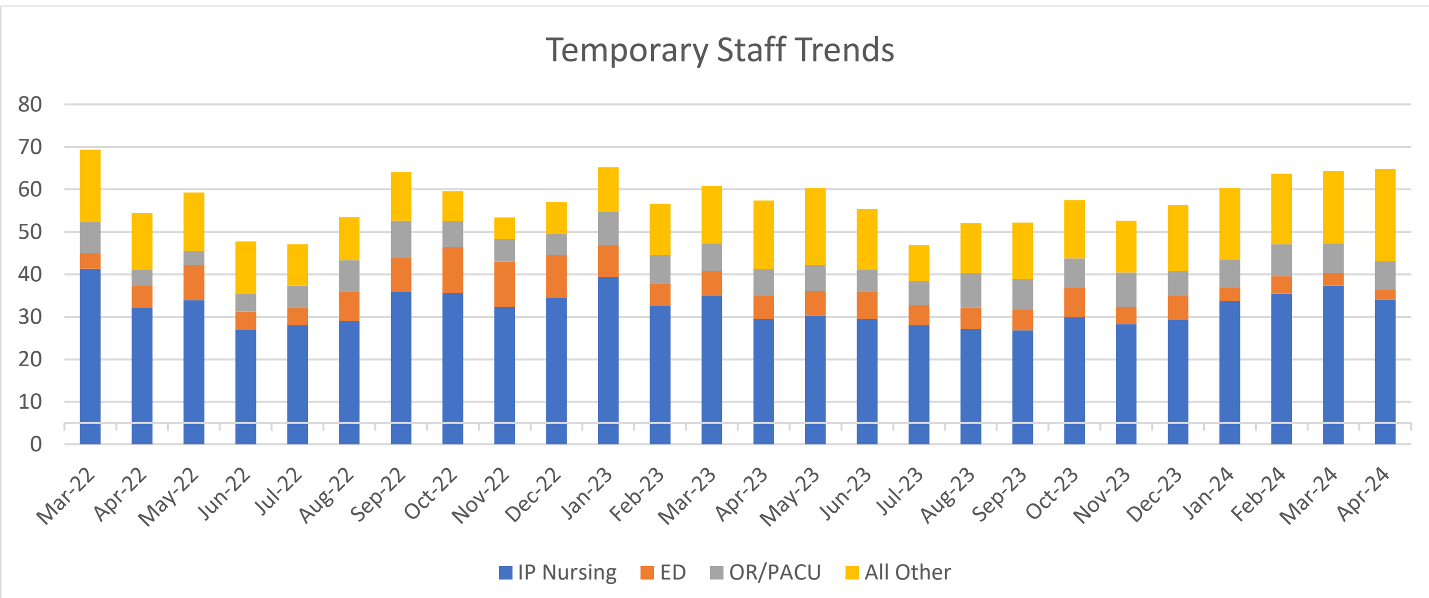
- Temp Staff $73,000 - *Driven by a reduction in rates*
- IT Works $65,000 – *Oracle*
- Operation of Plant - *$61,000 – Utilities*

Negative Monthly Variable Variances - $929,000

- Various Departments over budget $239,000
- Pharmacy - $197,000 – *Injectables & Retail Pharmacy Drugs*
- *Laboratory $170,000 – Supplies*
- Pet Scans $88,000 – *Volume*
- CT Scanner $67,000 – *Supplies, Repairs & Maintenance*
- Operating Room $61,000 – *Volume*
- Legal Fees $57,000 – *Regulatory & General Matter*
- Unrelated Business Tax $50,000

Non-Operating Revenue Investment

Our total non-operating revenue was $4.4 million, which includes donated capital of $82,000 for the 5th Floor Comfort Care Suites Enhancement. Our investments gains were $4.3 million, which was based on March's performance. The year-to-date investment gain is 15.48%. Vanguard manages our investment portfolio. In total, including pension funds that remain at after the Pension funds were transferred to Nationwide in September 2023, Vanguard holds $190.0 million in assets.

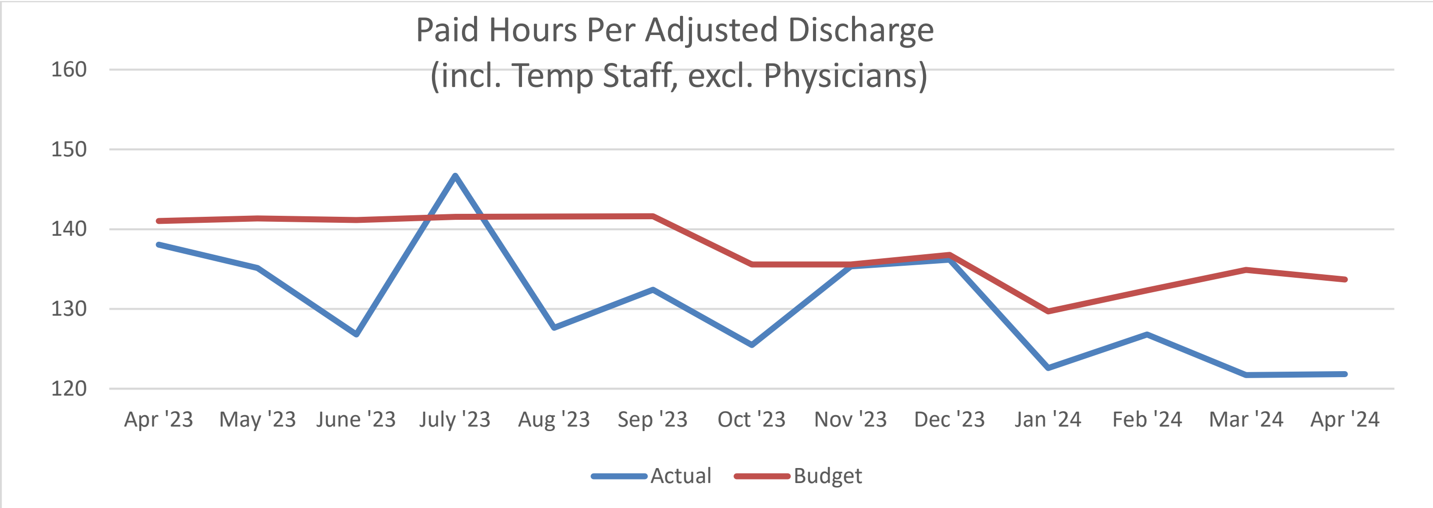


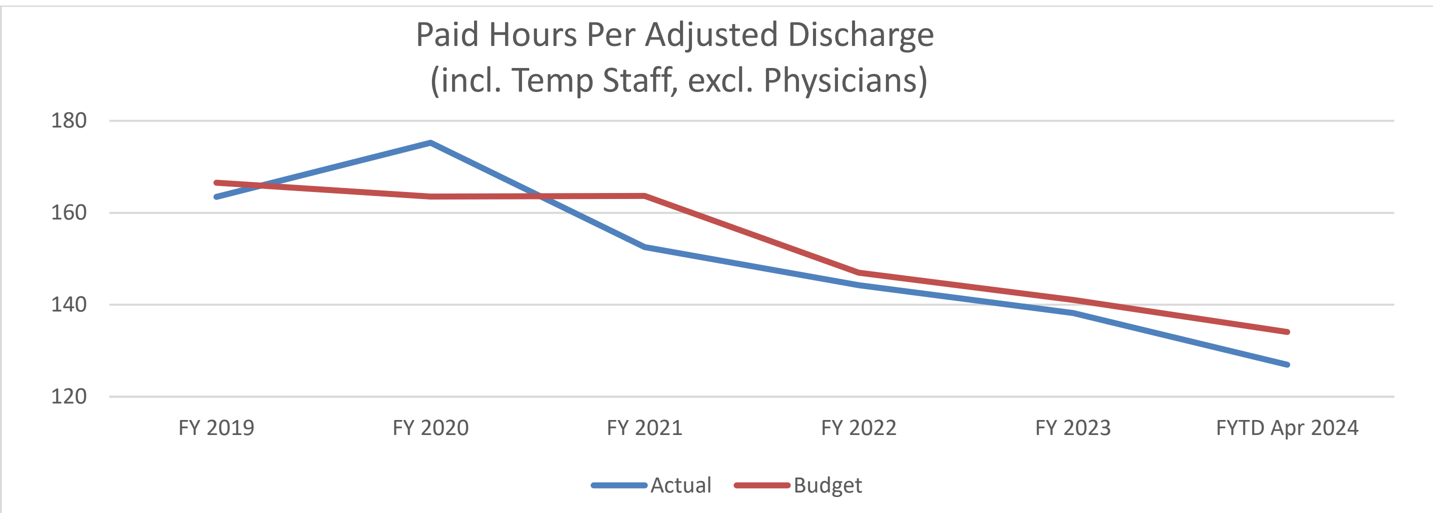
FTEs/Productivity Management

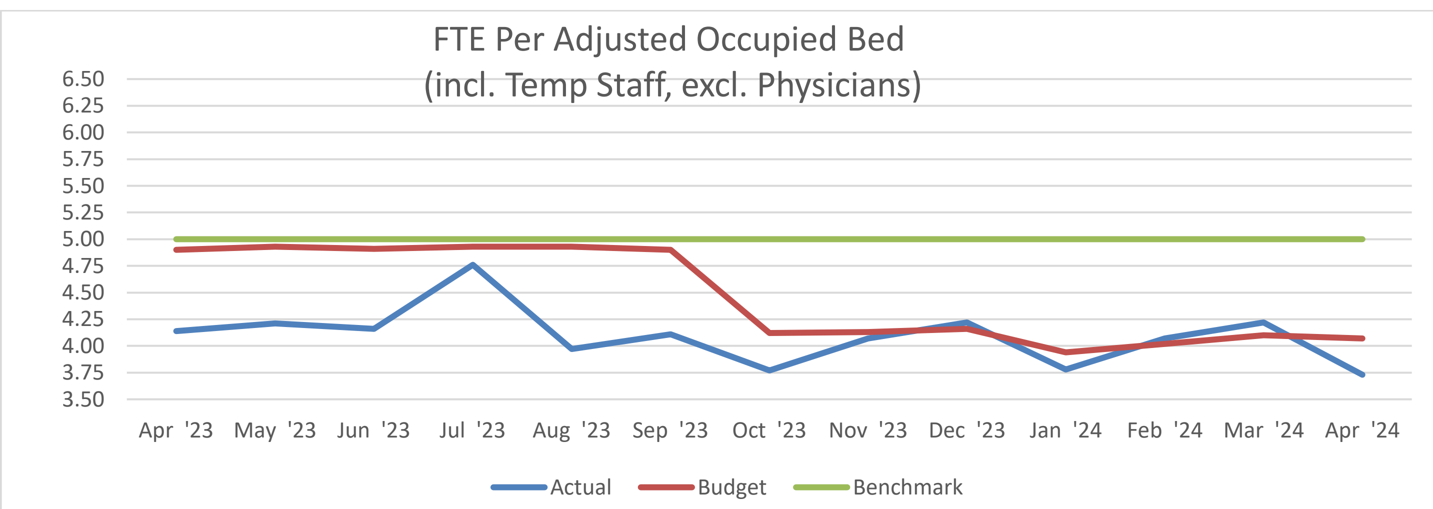
April FTE's of 1,209 was 4 more than March and was 30 FTEs under budgeted expectations. Continuing in April, we are still onboarding new grad RNs. In April there were 9.7 new grad RNs FTEs who incurred 1,660 hours of training. Upon completion of orientation these new grads will assume positions that are currently being filled by travelers.

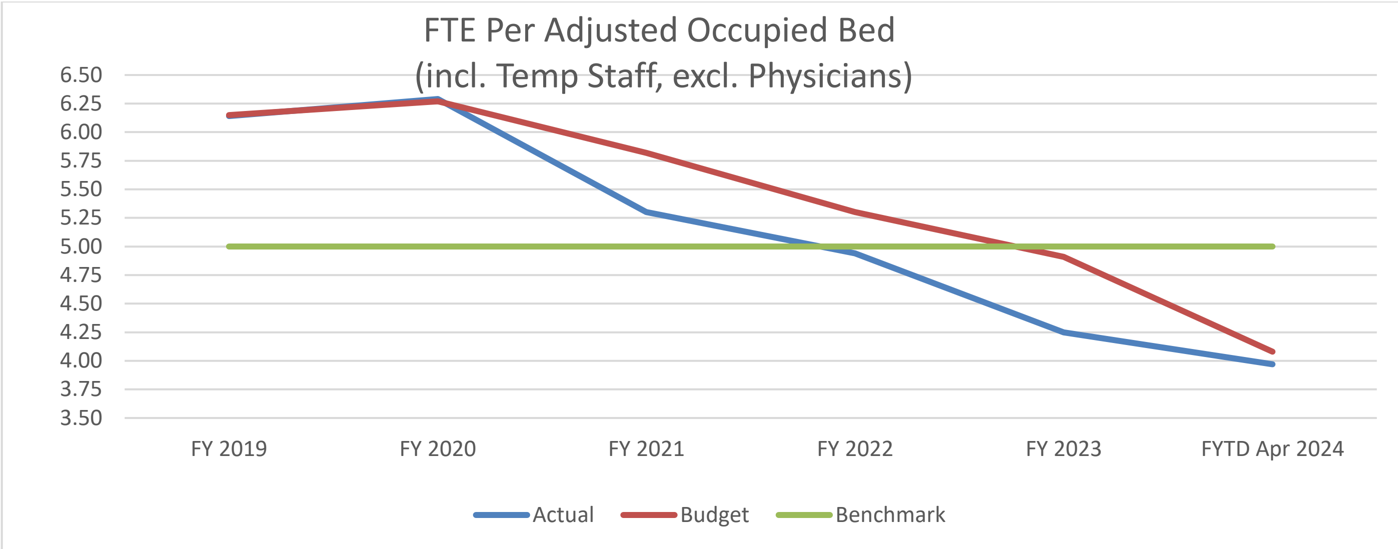
Temporary staff FTEs for April were 64.8, which is 12 FTE's over our budget. In terms of productivity, the paid hour per Adjusted Discharge productivity measure is under budget 8.9%. The day-based measure (FTEs per Adjusted Occupied

Bed) is under budget 8.3%. The difference between the two measures is a result of the decrease in length of stay and specifically the change in the Level II patient population.








FTE Per Adjusted Occupied Bed
(incl. Temp Staff, excl. Physicians)
6.50
6.25
6.00
5.75
5.50
5.25
5.00
4.75
4.50
4.25
4.00
3.75
3.50
FY 2019
FY 2020
FY 2021
FY 2022
FY 2023
FYTD Apr 2024
Actual
Budget
Benchmark

Attachment 6 – RRMC Key Performance Indicator Summary for the Period Ending April 30, 2024

Rutland Regional Medical Center
Key Performance Indicators
For the Period Ended April 30, 2024

	Month To Date			Year To Date				FY 2024	FY 2023
	Actual	Budget	Variance	Actual	Budget	Variance	Prior Year	Budget	Actual
Financial Performance:									
Net Revenue	28,570,166	27,073,214	1,496,952	197,747,225	192,454,832	5,292,393	190,282,653	328,821,698	325,035,200
340B Pharmacy Program	373,482	595,890	(222,408)	2,261,169	4,210,961	(1,949,792)	6,219,762	7,250,000	9,161,349
Other Operating Revenue	1,248,093	892,545	355,548	7,719,952	6,266,470	1,453,482	7,014,586	10,766,328	12,376,786
Total Operating Revenue	30,191,741	28,561,649	1,630,092	207,728,346	202,932,263	4,796,083	203,517,001	346,838,026	346,573,335
Expenses	29,092,808	28,224,257	(868,551)	201,773,688	197,026,499	(4,747,189)	201,119,290	338,945,714	339,150,665
Operating Margin	**1,098,933**	**337,392**	**761,541**	**5,954,658**	**5,905,764**	**48,894**	**2,397,711**	**7,892,312**	**7,422,670**
Operating Margin %	3.6%	1.2%	2.4%	2.9%	2.9%	0.0%	1.2%	2.3%	2.1%
Non-Operating:									
Non-Operating Revenue	4,354,866	701,252	3,653,614	24,222,552	4,218,386	20,004,166	17,758,321	7,724,650	(8,555,369)
Total Margin	5,453,799	1,038,644	4,415,155	30,177,210	10,124,150	20,053,060	20,156,032	15,616,963	(1,132,699)
Total Margin %	18.1%	3.6%	14.4%	14.5%	5.0%	9.5%	9.9%	4.5%	-0.3%

				Year To Date				FY 2024	FY 2023
				Actual	Budget	Variance	Prior Year	Budget	Actual
Bond Covenant Performance:									
Debt Service Coverage Ratio > 1.4				5.4	4.85	0.54	3.4	4.85	4.84
Days Cash on Hand > 90				217.7	193.3	24.4	186	193.3	188.3
Debt to Capitalization < 60%				13%	15%	-2%	15%	15%	15%

	Month To Date			Year To Date				FY 2024	FY 2023
	Actual	Budget	Variance	Actual	Budget	Variance	Prior Year	Budget	Actual
Revenue Cycle Performance:									
Effective Collection Rate	35.5%	36.4%	-0.9%	36.3%	36.3%	0.0%	38.2%	36.3%	37.7%
Days in A/R				45	43	2	41	43.0	44.0

	Month To Date			Year To Date				FY 2024	FY 2023
	Actual	Budget	Variance	Actual	Budget	Variance	Prior Year	Budget	Actual
Operational Performance:									
FTEs:									
Nursing	264.37	271.51	(7.14)	267.08	271.51	(4.43)	264.56	271.51	265.79
Non-Nursing	944.86	967.52	(22.66)	944.03	967.52	(23.49)	979.41	967.52	970.93
MD	69.05	70.75	(1.70)	69.48	70.75	(1.27)	69.21	70.75	68.84
Total	1,278.28	1,309.78	(31.50)	1,280.59	1,309.78	(29.19)	1,313.18	1,309.78	1,305.56
Contract Labor FTEs	64.83	52.70	(12.13)	59.94	52.70	(7.24)	58.64	52.70	52.16
Compensation Ratio	57.6%	60.0%	-2.4%	58.1%	58.3%	-0.2%	61.7%	58.9%	59.7%
Salary Per FTE (Not Including Contract Labor & Physicians)	$ 84,609	$ 79,881	$ (4,728)	$ 86,566	$ 80,765	$ (5,801)	$ 83,737	$ 80,985	$ 83,888
Expense Per Adjusted Discharge	$ 16,004	$ 16,911	$ 907	$ 16,327	$ 16,753	$ 426	$ 17,828	$ 16,760	$ 17,237

	Month To Date			Year To Date				FY 2024	FY 2023
	Actual	Budget	Variance	Actual	Budget	Variance	Prior Year	Budget	Actual
Key Volume Statistics:									
Routine Patient Days	2,805	2,641	164	18,739	18,673	66	18,945	32,155	31,570
Custodial Care Days	177	206	(29)	1,746	1,442	304	1,574	2,467	3,020
Total Routine	2,982	2,847	135	20,485	20,115	370	20,519	34,622	34,590
Nursery Days	36	43	(7)	254	306	(52)	324	525	527
Total Patient Days	3,018	2,890	128	20,739	20,421	318	20,843	35,147	35,117
Custodial Care Patient Days %	5.9%	7.1%	-1.3%	8.4%	7.1%	1.4%	7.6%	7.0%	8.6%
Average Length of Stay									
Routine (Excl. Custodial Care & Nursery)	5.13	5.17	(0.04)	6.02	6.22	(0.21)	6.31	5.35	5.23
Total ALOS (Incl. Custodial Care & Nursery)	5.23	5.43	(0.20)	6.40	6.54	(0.14)	6.61	5.62	5.53
Average Daily Census	96.19	91.84	4.35	111.94	110.52	1.42	112.74	96.29	96.21
Emergency Room Visits	2,678	2,537	141	19,929	17,763	2,166	17,737	30,450	31,045
OR Cases									
IP Cases	65	77	(12)	543	541	2	550	929	925
OP Cases	353	360	(7)	2,468	2,517	(49)	2,466	4,315	4,214
Provider Visits	6,439	6,198	241	41,366	41,787	(421)	44,337	78,774	79,727

Attachment 7 – RRMC Projected Income Statement for the Period Ending April 30, 2024

Rutland Regional Medical Center
Budget Year FY24
Statement of Revenue and Expense

	FY23 Actual	FY24 Budget	FY24 Projection	Variance Budget to Projection
OPERATING REVENUE				
Patient Service Revenue	$ 862,623,623	$ 904,554,594	$ 931,975,711	3.03%
Total Deductions	$ (524,189,136)	$ (560,069,781)	$ (578,677,507)	3.32%
Provision for Free Care	$ (6,616,116)	$ (7,353,249)	$ (7,549,003)	2.66%
Provision for Bad Debt	$ (11,269,121)	$ (10,986,232)	$ (13,327,253)	21.31%
Provision for Medicaid DPS Payments	$ 3,229,309	$ 3,274,163	$ 3,319,966	1.40%
Net Patient Service Revenue	$ 323,778,559	$ 329,419,495	$ 335,741,914	1.92%
Fixed Prospective Payment Revenue	$ 1,256,641	$ (597,796)	$ 1,150,000	-292.37%
Net Patient Service Revenue & FPP	**$325,035,200**	**$ 328,821,699**	**$ 336,891,914**	**2.45%**
Other Operating Revenue	$ 6,071,764	$ 5,735,256	$ 5,573,154	-2.83%
340b Revenue	$ 9,182,871	$ 7,250,000	$ 3,429,411	-52.70%
Retail Pharmacy	$ 5,453,070	$ 5,031,072	$ 6,130,203	21.85%
COVID Funding	$ 830,431	$ -	$ 708,000	
Total Operating Revenue	**$346,573,335**	**$ 346,838,027**	**$ 352,732,682**	**1.70%**
OPERATING EXPENSES				
Salaries Payments To Physicians	$ 39,887,154	$ 38,524,393	$ 41,007,611	6.45%
Total Nursing Inpatient	$ 21,876,927	$ 19,474,271	$ 22,192,196	13.96%
Total Ancillary Patient Care Services	$ 52,869,758	$ 50,046,494	$ 54,543,563	8.99%
Total Support Services	$ 28,999,185	$ 30,822,429	$ 28,363,583	-7.98%
Total Salaries Excluding Physicians	**$103,745,870**	**$ 100,343,194**	**$ 105,099,342**	**4.74%**
Supplies Expense	$ 104,882,858	$ 104,052,927	$ 105,464,614	1.36%
Contracted Staff ST	$ 14,565,469	$ 14,023,020	$ 13,301,214	-5.15%
Total Employee Benefits	$ 35,838,388	$ 40,782,658	$ 39,285,935	-3.67%
Other General Expenses	$ 6,165,909	$ 5,969,703	$ 5,962,065	-0.13%
ACO Fees	$ 1,313,875	$ 1,380,048	$ 1,380,050	0.00%
Medicaid DPS Tax Assessment	$ 18,608,795	$ 19,669,302	$ 19,503,995	-0.84%
Depreciation Expense	$ 12,845,571	$ 13,089,033	$ 13,089,033	0.00%
Interest & Other Bond Expense	$ 1,443,378	$ 1,111,436	$ 1,464,333	31.75%
Total Operating Expense	**$339,297,269**	**$ 338,945,714**	**$ 345,558,192**	**1.95%**
INCOME FROM OPERATIONS	$ 7,276,067	$ 7,892,313	$ 7,174,490	-9.10%