



FY21 Actual to Budget Results

Please note that Springfield Hospital's FY21 financial statement audit is not yet complete (as of 03-04-22) and the summary is based on FY21 current amounts which are subject to change.

Springfield Hospital experienced lower volumes for both inpatient and outpatient services during the first half of FY2021 as a result of the continued impact of the pandemic. The Windham Center inpatient psychiatric unit restricted inpatient census to COVID positive psychiatric admissions only after the onset of the pandemic in May 2020 through March 2021. This was an initiative that Springfield Hospital worked collaboratively with the State of Vermont to provide this service to the State. The State provided grant funds to the Hospital during this time to support the change in inpatient psychiatric operations. **The FY2021 budget did not anticipate for this change in services, therefore Gross Patient Revenue (GPR) and Net Patient Revenue (NPR) were negatively impacted by this change, however recorded Grant Revenue which was the predominant reason for the large increase of Other Operating Revenue.** The last half of FY2021, Springfield Hospital experienced higher volumes for inpatient acute census, the Emergency Department and many ancillary services, although still not meeting pre-pandemic levels in many areas. Operating Room cases remained steady during the year and did not experience a reduction compared to other areas. During this time, we experienced significant staffing challenges as was the case throughout the State. These staffing shortages necessitated that the Hospital use an increased number of contracted staff and travelers. The costs for these services have risen exponentially since the pandemic and were not anticipated or budgeted at these higher levels.

Springfield's **unaudited** FY21 operating margin is \$636K, which is primarily the result of favorable year end audit adjustments of a \$4.4M increase to NPR related to removing prior FY year (2019 and 2020) OneCare Vermont (OCV) ACO estimated reserves from the balance sheet as a result of ACO final settlement notifications for these years. This impact is included in the Reimbursement/Payer Mix change of the NPR breakdown below. The Hospital stopped participating in the Medicare portion of OCV in 2019 and continues to participate in the Medicaid and BCBS programs.

FY21 Budget to Actual:

NPR/FPP	Total	% over/under
Fy21 Approved Budget	\$ 50,600,317	
Utilization	(2,663,351)	-5.3%
Reimbursement/Payer Mix*	912,207	1.8%
Bad Debt/Free Care	1,940,110	3.8%
Changes in DSH	(200,594)	-0.4%
FY21 Actual Results	\$ 50,588,689	0.0%

*includes \$4.4M OCV ACO favorable adjustments for 2019 (\$1.7M and 2020 \$2.7M)

For **Net Patient Revenue**, hospital utilization suffered a \$2.6M decrease primarily resulting from the lower volumes and the Windham Center temporary conversion for the first 6 months of the year that was discussed previously. For these same reasons, GPR experienced a 4.8% overall shortfall from budget driven by inpatient and outpatient shortfalls of 22% and .8%, respectively. Professional Service (Specialty) GPR exceeded budget by 3.8%.

The overall NPR performance basically meeting the FY21 budget was largely the result of the OCV risk levels being reduced to zero as mentioned previously. Bad Debt and Free Care were less than budget by a total of 3.8%, which was mainly due to a decrease in bad debt. We believe this is due to several factors including the Hospital's partnership with Valley Health Connections who assists underinsured/uninsured patients get access to affordable coverage; also the Hospital engaged in "early out" third party services mid FY20 resulting in increased follow up with patients and increased collections as a result, as well as multiple special enrollment periods were given to the uninsured to give them an opportunity to enroll in coverage, etc. and lastly the pandemic resulted in many patients choosing not to get care.

Other Operating Revenue experienced a 229% (or \$2.2M) increase compared to budget due to the State grant funding to support the Windham Center inpatient psychiatric COVID unit thru March 2021. The Adult Day program was closed for operations for most of FY21 due to the pandemic and opened back up for services in July 2021, however at limited capacity. During this time period, state funding helped support the fixed costs of the program. Additionally, the Hospital recorded close to \$1M in unbudgeted revenue for the Master Service Services Agreement (MSSA) with Springfield Medical Care Systems (SMCS) for shared services that went into effect in late FY20. Prior to this agreement, the related staffing expenses were shown as a reduction for the SMCS allocated portion and are now recorded at the full amount and offset by the MSSA revenue.

Operating Expenses were up 4.5% from budget (See "**Expenses**" breakdown below).

- There was a 2.8% (or \$510K) decrease in Salaries for employed non-provider staff that were offset by a 445% (or \$1.5M) increase from budget for Contract Staffing. The Hospital experienced a 30 FTE shortfall from budget for employed staff as a result of employees affected or exposed to COVID as well as employee turnover and difficulty filling vacant positions. In FY21, 40 full-time and part-time positions were vacant and 13 of those were filled. See "**Recruiting Summary**" table below showing open and filled positions by service area for FY21.
- The Hospital used contract staffing in many key areas including Inpatient Care (both Med Surg and Psych Unit), Radiology, Lab (International staff), Occupational Therapy, Emergency Department, and Operating Room.
- Fringe Benefits were less than anticipated primarily due to less health insurance claim experience but also in part due to lower FICA payroll taxes resulting from the FTE shortfall.
- Physician Contracts were up 14% (\$1.1M) largely due to higher costs from switching from employed to contracted Hospitalist providers, but also due to a full year of General Surgery locums which has since been replaced by a full-time surgeon in FY22.
- Supplies experienced a 10% (or \$167K) increase from budget primarily due to OR supplies and higher level OR cases.
- Facilities expense was up slightly due to our aging plant which continues to require repairs and maintenance.
- IT related costs were up 33% (or \$178K) due to increased testing and security for prevention of cyber and ransomware attacks, and additional equipment, tablets, and software
- Health Reform costs decreased by over half as a result of choosing not to participate in the Medicare portion of the OneCare Vermont ACO program.
- Depreciation expense decreased due to the aging plant and not being able to purchase much capital over the last couple of years as a result of the financial impact of Chapter 11 and the pandemic to the organization.
- Interest Expense was up 12% (or \$19K) due to not budgeting for the CMS debt that was part of the Chapter 11 settlement as this was not known at the time the budget was prepared.

- The other major budget increases relate to Chapter 11 related fees for legal and US Trustee that were only budgeted for the 1st quarter but were required to be paid through the 3rd quarter when the Chapter 11 case was officially closed. Springfield also did not include much for COVID related expenses in the FY21 budget and experienced \$726K more in costs for staff (testing), lab processing, and supplies.

EXPENSES	Total	% over/under
FY21 Approved Budget	\$ 51,668,061	
Salaries	(510,013)	-2.8%
Fringe Benefits	(508,228)	-10.2%
Physician Contracts	1,173,054	14.5%
Contract Staffing	1,565,215	445.8%
Supplies	166,566	10.3%
Drugs	7,073	0.5%
Facilities	30,788	2.2%
IT Related	178,251	33.4%
Health Reform Programs	(86,820)	-58.1%
Depreciation	(323,095)	-17.3%
Interest	19,252	12.1%
Health Care Provider Tax	(286,330)	-9.3%
Other	157,741	1.6%
Other - COVID	726,639	712.0%
FY21 Actual Results	\$ 53,978,154	4.5%

Recruiting Summary



