Springfield Hospital

Where People Come First

September 5, 2024

Owen Foster, Chair
Green Mountain Care Board Members
144 State Street
Montpelier, VT. 05602

Dear Chair Foster and GMCB Members:

Please accept this letter in response to your three follow up questions to our budget presentation**:**

1) **Please provide any available data on rates of avoidable utilization of the emergency department for each year since efforts began to address this issue with the ACO and FQHC.**

   We have requested this data from OneCare VT, and they are collaboratively working on pulling the data though it has not yet been finalized. With permission, we will forward upon receipt.

2) **Do you anticipate spending more than you otherwise would spend to achieve increased utilization? If so, by how much.**

   Yes, we will experience an increase primarily in variable expenses to achieve our increased utilization. However, we do not expect any significant increase in fixed cost to achieve the growth. Our budget anticipates growth of 20 surgeries per month. That equates to less than one additional procedure per day -- and we have the schedule capacity to absorb that within our current minimum staffing levels. Our Community Health Needs Assessment identifies access to specialty services as a need. For needed care that is appropriate for Springfield Hospital, our position remains the same: we can provide the care with improved local access and lower overall cost. There will be added variable costs for medical supplies for the increase in surgical procedures. As a low-cost provider, however, those same variable costs would likely be higher at a second chosen facility.

Additionally, please note that our General Surgery staff joined first quarter of FY24 and it is important to allow a reasonable amount of time to build the practice. We are now also offering fusion biopsies, a new Urology service, as of July 2024, and recently increased Gynecology provider time for one of our two providers from three days per week to four. The budget also anticipates Endoscopy growth as we now have a part time dedicated general surgeon for that service.

3) **Please provide admissions and transfer data as discussed during the hearing.**

For FY'24 year to date through August (11 months), we have transferred 635 patients. This includes transfers to The Windham Center, our inpatient mental health unit located in Bellows Falls, VT.

In addition to the questions received from the budget presentation on August 26th, we would like to provide the following information regarding the GMCB staff recommendations presented on Wednesday, September 4th.

1) Springfield Hospital has come a long way on its path to sustainability. We have implemented a tight expense management strategy and are working to rebuild consumer confidence, local access to services, and utilization. Our recovery is a long-term process, with ups and downs that require flexibility, ingenuity, and ongoing prudent management.

We are proud to emphasize that we are seeing positive results with nearly a $3M improvement over prior year. Please see FY24 YTD results below through July (10 months) compared to the prior year.

While expense management is clearly part of our daily management process, the key to our success lies in our ability to rebuild lost volume. **Restricting our NPR, most importantly, limits patient access to needed services and, equally important, imposes a barrier to our ongoing sustainability strategy.**

	July 2024 YTD	July 2023 YTD
Gross Patient Service Revenue	120,668,750	104,562,851
Net Patient Service Revenue	52,353,993	45,211,222
Other Operating Revenue	1,008,210	1,473,978
Total Operating Revenue	53,362,203	46,685,199
Less Total Operating Expenses	53,193,022	49,480,711
Operating Income (Loss)	169,181	(2,795,512)

2) ***While a 13% NPR utilization growth in FY25 is above the 3.5% guidance for the year, it is important to note that including the FY25 requested NPR, the yearly NPR budgeted growth has averaged 2.1% annually since FY2017.*** The 2.1% NPR growth average compares our budgeted FY'25 NPR ($68,698,778) to budget FY'17 NPR ($59,147,241). This budget-to-budget growth over the 8-year period totals 16.2%, or 2.1% per year, which is less than the 3.5% annual growth if using that benchmark assumption retroactively. ***Our average NPR growth rate of 2.1% is low over this period and should be strongly considered for approval of the FY25 13% NPR Growth request***.

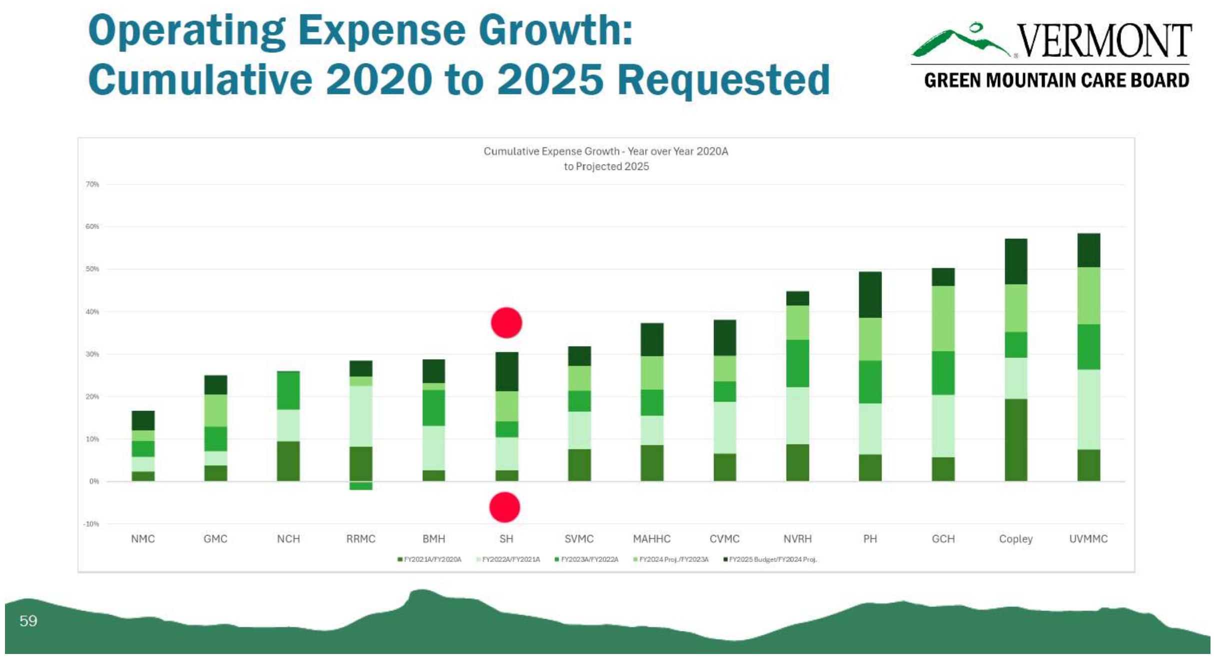
3) Limiting our NPR growth to 6% would require a limit of .9% expense growth over projected FY24 expenses. This would result in a 5.1% or $4.2M reduction in budgeted expenses which is completely unrealistic (see Table 1 below). Further cuts may result in service line reduction, negatively impact patient access to care and ultimately increase overall cost of care delivery. With current inflation and wage pressures, this equates to yet further expense reductions. We are currently managing as tight a budget as possible while ensuring we meet staffing and other mandatory requirements.

Table 1

	Submitted Budget	GMCB Staff Recommended Budget	FY24 Projected
NPR	$ 68,698,778	$ 64,463,436	$ 62,687,663
Total Operating Revenue	$ 69,637,778	$ 65,402,436	$ 63,902,961
Total Expenses	$ 68,648,859	$ 64,413,517	$ 63,826,600
Operating Income (Loss)	$ 988,919	$ 988,919	$ 76,361
Expense Growth		0.90%	
		.9% Expense Growth IF limited to 6% NPR Growth	

As shown in our budget presentation, our cumulative expense growth from 2020 to 2025 ranks #6 out of the 14 hospitals in the State, being on the lower end of expense growth. (See Table 2 below)

Table 2



An NPR restriction would limit our effort to restore competitive wages and negatively impact our effort to reduce traveler expense which is a priority for FY25. Not being able to restore competitive wages in FY25 would have a severe impact on recruiting and retention. We are currently experiencing high staff turnover and difficulty recruiting due to our current wage levels and would likely incur an increase in traveler reliance and higher costs. While increasing wages should decrease traveler expense in the long run, this is a process that takes time.

In closing, thank you for your inquiry and the opportunity to respond. Based on the success of our ongoing sustainability strategy, we request your approval of our budget as submitted. Please let us know if you have any additional questions. Thank you.

Respectfully submitted,

Robert A. Ad

Robert Adcock, CEO, Springfield Hospital