Springfield Hospital
Where People Come First

NARRATIVE TO THE GREEN MOUNTAIN CARE BOARD
JULY 6, 2022

A. Executive Summary

Springfield Hospital is a Critical Access Hospital (CAH) with 25 Acute/Swing Beds & 10 Mental Health Beds. The Medical/Surgical/Swing/Observation is staffed for 15 beds and Mental Health for 10. For FYTD (05-31-22), the Hospital has an average daily census of 8.5 acute patients, 1.2 swing patients, and 7.4 psychiatric patients. The Hospital has 8,598 ED Visits (or 35.4 per day) in FYTD 22. Surgery Volume is 601 in FYTD 22 (composed of community needed General Surgery, ENT, Orthopedic, Urology, Gynecology, and Podiatry cases) along with 700 Endoscopy cases. In addition to Inpatient and Outpatient services, the Hospital offers scarce and needed professional services (Surgery, ENT, Gynecology, Orthopedics, Urology, Psychiatry, and Podiatry) in the service area. As of 5-31-22, the Hospital has 390 employees on the payroll and is a major economic factor in the Springfield and surrounding community.

In FY23, Springfield Hospital is focusing on reaching financial stabilization. The Hospital remains committed to providing access to essential healthcare services to Springfield, Vermont and the surrounding area. The importance of the Hospital to the health and well-being of the community continues to be demonstrated on a daily basis not only by responding to the on-going demands of the COVID pandemic, but also in providing routine care. The COVID-19 pandemic has presented numerous challenges to the Hospital in providing healthcare while keeping patients and staff safe. The Delta and Omicron variants both had a significant volume impact on the Hospital. The difficult payer mix, demographic profile, economic outlook, comparatively poor health status of our residents, shortage of trained health care professionals, and the increasing social factors (poverty, low educational attainment, drug use, crime, etc.), all have contributed to the challenges that the Hospital has faced in 2022. However, these circumstances also show the importance of the Hospital attaining financial stabilization and sustainability to ensure future healthcare access for the area.

The events of FY 2022 have made this a challenging year for Springfield Hospital in terms of the ongoing reduced volume and revenue due to COVID. The Hospital has been significantly impacted due to increased labor costs (primarily due to traveler and temporary staffing), as well as inflation and cost increases in other expenses. Volume and revenue have been a challenge, but have improved over the prior year. Volume and Revenue, along with cost pressure, have continued to drive negative margins for FYTD 22. The Hospital has posted a year over year (May) $1,720,370 improvement in margin (including grant income).

During FY 2022, Springfield Hospital Registered Nurses have voted to be represented by a union – United Nurses and Allied Professionals. The Hospital is engaged in negotiations for a first contract and expects to complete that process by the end of the year.

The Hospital continues a favorable relationship with North Star Health (f/k/a Springfield Medical Care Systems) since the two organizations split into separate, distinct corporations as a part of Chapter 11 reorganization. A Shared Services Agreement has allowed the organizations to continue to share costs while emphasizing an ongoing close and collaborative working relationship.

Comparing FY22 to FY23, several service changes should be noted. In FY22, the Hospital continued to benefit from the restructured Inpatient Hospitalist service provided by our Emergency Medicine provider group. This arrangement has allowed increased communication and coordination for our patients. In FY22, the Dartmouth Radiology group became our Radiologist provider and the University of Vermont became our Pathologist provider. The Hospital recruited a part time Podiatrist (who is increasing coverage), and a new full time Gynecologist (who replaces 2 part time providers). Recruitment efforts continue for a full time General Surgeon (to strengthen the existing program and replace locum coverage). The Hospital has restructured the provider model at The Windham Center, and is continuing to build program volume back to pre COVID levels. The Hospital is in the process of initiating a Pain Management Program (expected to start in September) which will bring this much needed service to Springfield. The Hospital continues to provide outpatient infusion services. Changes to physician coverage have necessitated that Oncology physician services have changed from on-site to telemedicine, and we are unable to offer chemotherapy to new patients.

For FY 23, the Acute Average Daily Census (not including OBS and Swing) is budgeted at 9.3 versus FY 22 Projected at 8.5. We expect the continued shortage of post-acute beds in the marketplace to help support our Swing Bed program. Swing census for FY 22 Projected is 1.3 and FY 23 is Budgeted at 1.4.

For our Mental Health Program, the Hospital has normalized operations in FY22 after having the Windham Center Unit dedicated to treat only COVID positive patients in FY21 via a collaborative agreement with the Department of Mental Health (DMH). For FY23, the census is budgeted at 8.5 versus FY Projected at 7.4. Census was restricted in FY 22 due to staff shortages (COVID and Staff Quarantine) as well as minor building repairs. The Hospital has an emphasis on meeting the Mental Health needs of the area.

The Emergency Department continues to serve an essential community need. For FY23, the ED is budgeted for 35.5 visits per day versus FY22 Projected at 34.7. This slight increase is based on very high daily visits in May (39.4) and June (38.7) and based on the FY21 trend on busier volume the second half of the fiscal year.

Operating Expenses are expected to increase in FY23 to $59,887,228 versus Projected FY22 of $57,327,249. Improvements in operations from prior years continue to be incorporated into our expenses, however increases in traveler costs, market adjustments, and supply increases due to inflation continue to be large factors. For FY23, we have been budgeted in COLA and 401K match (to remain competitive in a scarce labor market) as well as minor increases in needed positions (tied to increased revenue, recruitment, building repairs, laboratory, etc).

In summary, Springfield Hospital is requesting a 10% charge increase to bring stabilization to the Hospital in FY23. The FY 23 Budget NPR is projected to be 7.5% over the FY22 approved Budget.

B. YEAR-OVER-YEAR CHANGES

Please see ATTACHMENT A for the complete FY23 Operating Budget (Income Statement).

i. NPR/FPP OVERVIEW

a. Components of change over approved FY22 budget referencing relevant budget to projection variances

FY 23 Budgeted NPR Compared to FY22 Budgeted NPR:
NPR for FY23 is budgeted to be a 7.5% increase from the FY22 approved budget which is a $4M increase.

FY 23 Budgeted NPR Compared to FY22 Projected NPR:
NPR for FY23 is budgeted to be a 13.6% increase from the FY22 projected NPR which is a $7M increase.

Please see **Table 1** below with the NPR breakdown including utilization, rate, bad debt/charity care, and DSH components compared to the FY22 Projected and FY22 approved budget

Table 1:

FY23 Compared to:					
FY22 Projected			FY22 Approved Budget		
Net Patient Revenue					
Overall Increase	13.6%		Overall Increase	7.5%	
FY22 Projected:	$ 51,720,947		Fy22 Approved Budget:	$ 54,689,912	
Utilization	$ 4,841,910	8.2%	Utilization	$ 1,946,829	3.6%
Rate	$ 1,712,606	2.9%	Rate	$ 2,847,925	5.2%
DSH	$ (5,314)	0.0%	DSH	$ (73,884)	-0.1%
Bad Debt/Charity	$ 503,176	0.9%	Bad Debt/Charity	$ (632,143)	-1.2%
FY23 Budget	$ 58,773,325		FY23 Budget	$ 58,778,639	
NPR Increase	$ 7,052,378	13.6%	NPR Increase	$ 4,088,727	7.5%

i. Changes in NPR/FPP expected from Medicare, Medicaid, and Commercial; and other reimbursements from government payers.

Please see below Table 2-1 for overall NPR change from the FY22 Approved Budget, and Table 2-2 for overall NPR change from FY22 projected.

TABLE 2-1: NPR FY23 Change vs. FY22 Approved Budget

NPR	Total	Total Medicare	Total Medicaid	Total Commercial	Total Self-Pay/Other	DSH
$ Change from FY 2022 Approved Budget	$ 4,088,727	$ 9,240,445	$ (901,425)	$ (4,186,449)	$ 10,040	$ (73,884)
% Change from FY 2022 Approved Budget	7.5%	49%	-15%	-15%	3%	-9%

TABLE 2-2: NPR FY23 Change vs. FY22 Projected

NPR	Total	Total Medicare	Total Medicaid	Total Commercial	Total Self-Pay/Other	DSH
$ Change from FY 2022 Projection	$ 7,057,692	$ 2,059,151	$ 1,483,710	$ 3,492,876	$ 27,270	$ (5,314)
% Change from FY 2022 Projection	13.6%	8%	40%	17%	10%	-1%

ii. Include significant changes to revenue assumptions from FY22, ie. CMS, DVHA reimbursement policies, reimbursement adjustment, settlement adjustments, reclassifications, other accounting adjustments, rate changes, utilization, and/or changes in services.

See **Table 1** above for utilization and rate change impact. For revenue utilization assumptions, see **Section B ii NPR/FPP Utilization**.

For NPR assumptions by payer, the overall GPR charge increase assumes the current payer mix for calculating NPR. For Medicare, the NPR is based on an estimated calculation by using the FY23 budget for gross revenue and expenses in a Medicare cost report model based on the FY21 filed cost report. For Commercial payers, NPR was based on their contractual agreements with the payers. There is a minimal increase estimated for Medicaid. Current year percentages to Gross Revenue for Bad Debt and Charity Care were assumed to be the same for FY23.

The hospital is classifying Medicare Advantage plans in the Medicare payer category for FY23, a change from FY22 where it was classified as a Commercial payer.

There are no changes related to reimbursement adjustments, settlement adjustments, or other Accounting adjustments.

1. Include analysis reflecting a reduction in net revenue needs from non-Medicaid payers equal to any anticipated increase in Medicaid, Medicare, or other public health care program reimbursements and to any reduction in bad debt or charity care due to an increase in the number of insured individuals.

The current payer mix was used for FY23 NPR calculations and did not consider an increase in insured individuals. The increase in the number of insured individuals from the current payer mix would be difficult to predict in the current environment.

ii. NPR/FPP UTILIZATION

a. Describe any significant variances from the FY22 budget and projection (including changes in reimbursements and utilization). See Table 1 in the NPR/FPP Overview section above for the utilization impact. **See ATTACHMENT B-1 AND B-2** for FY23 volume assumptions compared to historical volumes which includes FY22 projected and the FY22 budgeted assumptions.

b. Please provide your occupancy rate per licensed and staffed bed, occupancy rate, and average daily census for FY23 versus FY22 and FY21. **See ATTACHMENT C.**

c. Referencing the data submitted in Appendix 3 of **Part B** below, explain changes in your utilization assumptions to support your NPR/FPP variances.

See Tables 3-1 and 3-2 for Gross Patient Revenue (GPR) significant changes from the FY22 Approved Budget and FY22 Projected, respectively.

Major GPR changes compared to the FY22 Approved Budget are primarily due to increased surgeries (GYN, Urology and Podiatry), a new pain management program, increased inpatient psychiatric census, and some increases for radiology services and physical therapy. Both the Emergency Dept. and Inpatient Med/Surg have a decrease in volume (from 36.1 to 35.5 visits per day, and ADC from 10.9 to 9.3, respectively) but the average charge in FY22 was higher than that budgeted for FY22 and the FY23 budget assumes that rate resulting in a budget-to-budget GPR increase. Decreases are in Nuclear Med due to the loss of a technician and needed upgrade to equipment, oncology/chemotherapy services, and some other ancillary departments. The Lab is

budgeted to go down significantly and is the result of a decrease in revenue during the current year and projecting FY23 using the current year as a base adjusted for FY23 adjusted admissions (there is a small increase from projected FY22 as shown in Table 3-2). Reference ATTACHMENT B-1 for related budget-to-budget volume changes for GPR changes described above.

Table 3-1: GPR Changes vs. FY22 Approved Budget (Utilization only, these exclude rate impact)

Category of Service	Total increase in Gross Revenues ($)
FY 2022 Approved Budget	120,057,959
Pain Management (new for FY23)	600,000
Radiology excluding Nuclear Med	188,000
Nuclear Med	(609,000)
Surgeries	2,100,000
Lab	(3,047,000)
Clinic plus Chemotherapy Drugs	(1,101,000)
Inpatient Psych	475,000
Inpatient Acute	630,000
Emergency Dept	1,033,000
Prof Svcs - Podiatry (new service FY22)	313,000
Prof Svcs - General Surgery	299,000
Physical Therapy	514,000
All Others	(523,608)
FY 2023 Proposed Budget	120,929,351

Significant changes from FY22 Projected are indicated in Table 3-2 below. Inpatient Med/Surg census is projected to go up (ADC of 8.5 to 9.3) primarily due to increased surgical volume budgeted as a result of additional surgeries anticipated for GYN, Urology, and Podiatry. These changes are a result of increased availability for Urology and Podiatry, and for GYN, due to hiring a full-time gynecologist as mentioned. Please reference ATTACHMENT B-2 for budgeted OR cases by Specialty. Other notable areas of increase are inpatient psych (ADC of 8.1 to 8.5), a new pain management program and an increase of Professional Services for General Surgery due to the recruitment of a second surgeon anticipated for ¾ of the year. The clinic and pharmacy will see a decrease due to chemotherapy now being limited to existing patients due to changing from on-site to telemedicine physician coverage. Reference ATTACHMENT B-1 for related FY22 Projected to FY23 Budget volume changes for GPR changes described above.

Table 3-2 GPR Changes vs. FY22 Projected (Utilization only, these excludes rate impact)

Springfield Hospital
GPR Utilization vs. FY22 Projected

		GPR Est. $ Impact	
Inpatient	Med Surg & Swing	$ 528,000	Med Surg - incremental increase of .3/day, and .5 due to increased surgeries (8.5 TO 9.3), Swing - .1 increase (1.3 to 1.4)
Inpatient	Psych	$ 755,000	Increase from 7.4 YTD to 8.5 Average Daily Census, change in staffing model, Current year issues include: FY22 down due to transport issues, COVID Staff offline 5 weeks, admissions on hold, 1 rm down due to heating issues,
Inpatient	Surgery	$ 350,000	Increase in Surgeries due to GYN, Uro, 2nd surgeon 3/4 yr
Inpatient	Ultrasound/Echo	$ 225,000	Increase in both Ultrasound/Echos, 30% Echo increase falls to IP (2.5x charge per procedure vs. Ultrasound),Ultrasound only 4% IP, 96% OP
Inpatient	Ancillaries	$ 437,000	Lab, Pharmacy, PT, OT
Outpatient	Mammography	$ 490,000	Increase from 2,121 to 3,000 procedures, FY21 2827
Outpatient	Surgeries	$ 1,429,000	Increase in Surgeries due to GYN, Uro, Podiatry 2nd surgeon 3/4 yr (Total cases both IP and OP, increase from Fy22 927 to 1068)
Outpatient	Emergency Dept	$ 324,000	Increase from 34.7 average visits per day to 35.5
Outpatient	MRI	$ 80,000	Increase from 1,262 to 1,300 procedures
Outpatient	Ultrasound/Echo	$ 96,000	Increase in both Ultrasound/Echos, 30% Echo increase falls to IP (2.5x charge per procedure vs. Ultrasound),Ultrasound only 4% IP, 96% OP
Outpatient	Lab	$ 260,000	Tied to Adjusted Admissions
Outpatient	Pain Mgmt	$ 600,000	Facility portion of pain in OR, did not include Clinic (minimal)
Outpatient	Clinic	$ (90,000)	Decrease due to chemo, no new pts. Due to loss of DH oncology services
Outpatient	Pharmacy	$ (853,000)	Net decrease due to decline in chemotherapy services, loss of provider
Professional	ENT	$ (95,000)	Reduction of provider in office from 4.5 days to 4
Professional	Urology	$ 73,000	Increase in days for Urologists
Professional	Surgery	$ 897,000	Increase in visits from 655 to 900 due to new second surgeon, 3/4 yr
Professional	Podiatry	$ 52,000	Increase in days for podiatrist
Professional	GYN	$ 58,000	Full time GYN provider and anticipated additional .5 provider
Net of All Others		$ (308,000)	
Total	(rounded)	**$ 5,308,000**	**GPR Utilization Increase**

iii. CHARGE REQUEST

a. Referencing the data submitted in Appendix 2 of Part B below, explain the hospital's overall charge request on the charge master in Table 1.

The Hospital requests a FY23 Charge Master increase of 10.0%. The Hospital is analyzing prices to ensure that charges are competitive and that charges are in line with best practice. Prices will be adjusted to reflect the result of the analysis.

b. Explain how the request impacts gross revenue, NPR and FPP by payer and what assumptions were used in quantifying the requested increase/decrease for each in Tables 2-3

Please see **Table 4** below for the Gross Revenue impact including utilization and rate components compared to the FY22 Projected and FY22 Approved Budget.

Table 4:

FY23 Compared to:	FY22 Projected		FY22 Approved Budget	
	Gross Patient Revenue			
	Overall Increase	**14.9%**	**Overall Increase**	**10.7%**
	Utilization	4.6%	Utilization	0.7%
	Rate	10.4%	Rate	10.0%
	FY22 Projected:	$ 115,620,918	Fy22 Budget:	$120,057,959
	Utilization*	$ 5,308,433	Utilization	$ 871,392
	Rate	$ 11,972,006	Rate	$ 11,972,006
	FY23 Budget	**$ 132,901,357**	FY23 Budget	**$132,901,357**
	Increase	**$ 17,280,439**	**Increase**	**$ 12,843,398**

For the NPR rate impact by payer, please see below **Table 5-1 and 5-2** for overall change from the FY22 Approved Budget, and Table 4-2 for overall change from FY22 projected.

Table 5-1: NPR Rate Impact from FY22 Approved Budget

Total	Total Medicare	Total Medicaid	Total Commercial	Total Self Pay Other
2,847,925	352,822	145,523	1,583,239	766,341

Table 5-2: NPR Rate Impact from FY22 Projected

Total	Total Medicare	Total Medicaid	Total Commercial	Total Self Pay Other
1,712,606	433,851	128,570	1,528,259	-378,074

c. Describe how the charge request affects the areas of service (specifically, inpatient, outpatient, professional services, etc.) in gross revenues, NPR and FPP by payer. Explain the underlying assumptions and methodology used to make that allocation.

We will be changing some charges individually from recommendations of a chargemaster review that was completed in FY22 as well as based on the results of an upcoming price benchmarking analysis which is planned to be before the end of the current fiscal year. The remaining charges to be across the board increases with the exception of those that have markups based on cost (pharmacy, etc.).

For NPR assumptions by payer, the overall GPR charge increase assumes the current payer mix for calculating NPR. For Medicare, the NPR is based on an estimated calculation by using the FY23 budget for gross revenue and expenses in a Medicare cost report model based on the FY21 filed cost report. For Commercial payers, NPR was based on their contractual agreements with the payers. There is a minimal increase estimated for Medicaid. Current year percentages to Gross Revenue for Bad Debt and Charity Care were assumed to be the same for FY23.

d. Please indicate the dollar value of 1% NPR/FPP FY23 in Table 3 of Appendix 2 of Part B below, overall change in charge. The value of a 1% charge increase is estimated to be $400K.

e. Please provide the following updates from the hospital's GMCB approved change-in-charge for FY22:
    i. Did the hospital receive the full amount of its approved FY22 rate increase from the commercial payers? Due to the Hospital submitting a revised budget, which was approved on November 8, 2021, implementation of the rate increase was delayed. Notice provisions in payer agreements required at least a 30-day notice. This delayed implementation until the end of the Quarter 1, FY23. Currently, most payers are honoring the rate increase with the exception of some Medicare Advantage plans which are not yet paying according to contract, and we are currently working to resolve this matter.

ii. Did the hospital increase its charges to the full approved amount for FY22, if not, why not and by how much did the hospital increase those rates?

Yes, the Hospital increased its charges by the 8.3% rate increase.

f. How did the resulting increase impact areas of service (specifically, inpatient, outpatient, professional services, etc.).

The total incremental breakdown of NPR by service area excluding bad debt, charity care and DSH are as follows:

Areas of Service	FY22 Budget NPR	FY23 Budget NPR	Difference
Hospital Inpatient (Incl. SNF & Rehab)	13,703,375	14,301,043	597,668
Hospital Outpatient	38,512,104	41,447,392	2,935,288
Professional Services	6,152,549	6,158,441	5,892
Other (specify)	-	-	
Total NPR not inc. Bad Debt/Free Care or DSH	$ 58,368,028	61,906,876	3,538,848

iv. ADJUSTMENTS (Physician transfers and accounting adjustments)

a. **Account for operational or financial changes, including provider transfers and/or accounting changes.**

Changes include:

- Launch of a Podiatry service in FY22, which began 10/8/21, 1 day/week; increased to 2 days/week effective 2/28/22. In August 2022, the provider will increase from 8 days per month to 10.
- General Surgeon – recruiting for one FTE; locum coverage in the interim.
- Gynecology – Transitioning 2 part time MDs to 1 full time MD/Surgeon beginning in September 2022; and recruiting for additional clinical support.
- Urology capacity has expanded; we expect resulting increased volume. Surgeons are now here every week, and offer same week appointments whenever possible.

v. OTHER OPERATING AND NON-OPERATING REVENUE

a. Explain the budgeted FY23 other operating revenue and non-operating revenue changes over the approved FY22 budget, as well as relevant FY22 budget-to-budget projection variances.

Other Operating Revenue is projected to increase $391K (15.8%) from the FY22 Budget and decrease approximately $3M from FY22 projected. The hospital has no significant Non-Operating items budgeted for FY23. The Hospital's Defined Benefit plan unrecognized pension expense is recorded as a Non-Operating item, however, it is not budgeted due to its volatility and not having information on performance until after the current fiscal year is completed. This calculation could be a swing in either direction so is not budgeted.

Other Operating Revenue consists of **four** major areas:

Adult Day Program Revenue and Grant Revenue– budgeted to be fully operational for FY23, after being at half capacity in FY22 due to COVID restrictions (expenses are also budgeted based on the assumption of full capacity). During FY22, the Adult Day program was supported by State COVID grant funding to cover the subsidy of the service. The grant funds were not budgeted for either FY22 and FY23. Both FY22 and FY23 budget were budgeted to be fully operational. The program revenue is budgeted $200K less for next year to be conservative. Compared to FY22 projected, the increase in program revenue will offset the decrease from the grant funding. ($1M Budget)

Master Shared Service Agreement with North Star Health (f/k/a Springfield Medical Care Systems) for shared services of Hospital staff (primarily administrative but also in clinical areas) which include Accounting, Human Resources, Materials Management, Engineering, Health Information Management, Credentialing (Provider and Insurance), Radiology and Pharmacy. A determined allocation is billed to the FQHC on a monthly basis. Compared to the FY22 budget, the FY23 budget reflects an increase (was budgeted conservatively in the current year as the agreement went into effect late FY21), and compared to FY22 projected, the budget is a decrease as some of the services are no longer utilized by the FQHC. ($900K Budget). The Hospital also receives shared services from the FQHC for Information Technology Management and Registration services which is shown as an expense in Salaries and Wages.

Grant Revenue – The Hospital is currently in the process of applying for several grants and continues to look for grant opportunities. The Hospital projects conservatively that it is likely to receive $500K from grant funding for FY23 and we are optimistic that this may be higher. This is a $300K increase from the FY22 budget and roughly a $500K decrease from FY22 projected. Reference Part B for $1M USDA Emergency Rural Health Care funding in FY22.

Provider Relief Funds – The hospital received $2.8M in Phase 4/ARPA funding in November/December 2021. It is anticipated that $2.5M will be used in FY22 with the remaining $300K in FY23 which represents the FY23 budgeted amount. This is a loose assumption as to which fiscal year the revenue will be recognized. By the end of FY22, the hospital will have to calculate the amount that can be recognized based on applicable criteria for COVID related uses under the PRF guidelines and will require a thorough analysis. This will be a $300K budget to budget increase as was not budgeted in FY22; and will be a decrease of $2.5M versus FY22 projected. Future provider relief funding is unknown and additional funding is not budgeted for FY23.

Smaller areas of Other Operating Revenue include Cafeteria Revenue, 340b revenue (most of this program is realized in drug savings and is reflective as a reduction in drug costs), and use of temporarily restricted funding (donations already received and anticipated to spend some on its donated purpose in FY23, i.e. oncology).

b. Please denote the COVID-19 advances, relief funds, and other grants received in Appendix 6 of Part B below, and the respective treatment of each funding source as of September 30, 2021 projected as of September 30, 2022, and budgeted as of September 30, 2023.

As stated in Part A, The Hospital received $2.8M of provider relief phase 4 funding and ARPA funding in November/December 2022. The FY22 projection includes an estimate of $2.5M of these funds to be realized with the remainder in FY23. Additionally, the Hospital received $1 million in May 2022 of UDSA Emergency Rural Health Care funding which has been recorded in FY22. The basis for this grant award was prior year lost revenue. Also as mentioned in part a) the Adult Day COVID grant is anticipated to be $318K for FY22, and $0 for FY23.

c. Please discuss to the best of the hospital's knowledge, any potential funds that could be received by the hospital (with an estimated timeframe) related to COVID-19 advances, relief funds, and other grants.

Springfield Hospital expects to apply for grant funding for workforce training, COVID-19 expense reimbursement, capital improvements, and telemedicine equipment. If successful, each of these could be received during FY23, but timing and dollar amounts are not certain at this point.

d. Explain the relative stability of significant sources of other operating revenue and non-operating revenue and discuss strategies to address revenue streams the hospital considers unpredictable or unstable.

MSSA: Springfield Hospital currently has a management shared services agreement with North Star Health (f/k/a Springfield Medical Care Systems) for shared administrative services, i.e. human resources, technology, engineering. The current annual revenue from this agreement is approximately $900K. The respective parties continue to evaluate the services provided to ensure that it remains a favorable arrangement for both parties.

Springfield Area Adult Day Service is currently operating at partial capacity and reduced hours. Following COVID shutdown, Adult Day reopened July 5, 2021 at the current reduced hours of 7 hours/day. Normal operation is 9 hours/day. Current average daily census is 14-16 patients/day. From July 21, 2021 to June 30, 2022, we received $307,072 grant funding and have approximately $106,000 funds to carryover to FY23. We have also requested an additional $80K funding for FY23, although no confirmation of this funding has been received to date.

Provider Relief Funding has brought welcome financial assistance during these challenging times facing the COVID pandemic. It's hard to speculate on what, if any, provider relief funding will be available in FY23. We will certainly apply for any government funding for which we are eligible.

Federal funding initiatives that could impact important funding streams in FY23 include 340B and sequestration. We continue to stay in close communication with our federal

delegation with regard to future potential areas that may impact the Hospital. For the most part, however, the federal items are out of our control.

vi. OPERATING EXPENSES

a. Explain changes in budgeted FY23 operating expenses over the approved FY22 budget.

$4.8M (8.8%) increase compared to the FY22 Budget

Salaries and Wages are increasing $1.2M (6.2%). These are for non-physician wages. Due to continued recruitment and retention challenges, unbudgeted market adjustments of approximately $600K (annual impact) were necessary in FY22 in certain areas to retain staff versus losing staff to regional competition. The full impact of these adjustments is included in the FY23 budget. For FY23, we have added $300K as a placeholder for market adjustments that may be necessary in the coming fiscal year due to continued market pressure that also includes the risk of retention due to traveler staff positions in the market being offered at a much higher rate. Additionally, we have added a 2% COLA in December, which is the same increase given the last two years. The estimated impact of the COLA is $246K. Prior to that, we had several years during Chapter 11 that the Hospital was not able to provide increases to staff.

The budget contains a 5.4 incremental increase in FTE's which includes 11.9 new FTE positions resulting in a $640K increase. After maintaining strict budget controls over positions throughout our Chapter 11 process and COVID, the Hospital needs to add a small number of FTEs to support additional volume in physician clinics, to improve laboratory services, physical therapy, and in-house engineering for maintenance and repairs. We also need to increase efforts in recruiting to address the tight job market.

Employee Benefits are projected to decrease $243K (4.5%) primarily as a result of lower costs experienced in FY22 for health insurance and overall employee benefits. The budget is based on the current year experience plus a 10% increase which is the predicted growth, preliminarily, for the hospital's self-insurance plan. The decrease is net of the increase of payroll taxes associated with the staff wages increases.

Medical Supplies will go up $243K (12.3%) as a result of the volume increase combined with a 5.5% inflation factor.

Drugs will remain basically flat (.5% increase) due to phasing out oncology services due to the conversion of on-site care to telemedicine contracted oncology provider in April 2022. The result of this change is that chemotherapy can no longer be initiated for new patients. We are treating existing oncology patients only, and are not able to accept new patients (other infusion therapy continues to be provided). At this time, it is uncertain if or when we can reinstate an on-site provider, so we have budgeted for the program to operate at 15% normal capacity for FY23.There is an average 5.5% inflation factor for drugs next year as well as a

projected increase related to volume (based on adjusted admissions), however this is offset by the estimated decline related to the chemotherapy drugs.

Management and Contract Services are budgeted to increase $745K (11.6%). Approximately half is attributable to additional costs for the Hospital's Emergency Department provider. Expenses that were previously budgeted in "Other Purchased Services" for Patient Billing and Coding are now budgeted in this category. These include increased current year costs that were underbudgeted for the Hospital's patient billing vendor that provides follow up on patient accounts and self-pay collections. The costs of these billing services increased as a result of higher collections during FY22 and are now included at the current run rate for FY23.

Other Purchased Services will go up $124K (3.9%). The most significant increase is for the cost of the processing of COVID lab tests to an external reference lab which was underbudgeted (by 66%) in FY22. Based on current year experience, this is an estimated $600K cost per year. Additionally, there are inflationary increases in the 5% range for lab services (reference labs, courier) and the hospital's MRI unit rental. This is offset with some current year (FY22) decreases related to a change of Radiology providers, and areas discussed above in Management and Contract Services that were previously included in this category.

Physician Fees will see a $379K (7.7%) rise due to several factors.

Podiatry:

The hospital began offering Podiatry services in FY22 which were not budgeted during the current year; and has added the cost of a part time provider for the FY23 budget. In August 2022, the provider will increase from 8 days per month to 10.

Urology:

Our current Urology providers are budgeted to increase as a result of increased hours planned for late FY22.

Gynecology:

We have successfully recruited a full time GYN provider who will start in September 2022, and another .5 FTE GYN provider is budgeted and currently being recruited. This replaces two part time GYN providers who were here through the first part of FY22, after which the Hospital has used locums to provide coverage for this service.

General Surgery:

For FY23, the Hospital budgeted to have a second surgeon start in the second quarter. This is a budget-to-budget increase over FY22. In FY22, a second surgeon was budgeted in the second half of the year at a higher rate. The lack of a second general surgeon in FY22 also drives an increase in locum costs for first quarter FY23. In FY23, we will continue to have additional locum call coverage 10 days per month.

Inpatient Psychiatry:

There is a decrease (cost savings) in provider costs for inpatient mental health services at The Windham Center due to a change in the provider staffing model in Spring 2022.

Travelers represent the largest budget-to-budget increase of $1.6M (123.6%). There are approximately 15 FTE's budgeted in total for FY23 for nursing, radiology techs, respiratory therapists, lab medical technologists, physical therapists, and occupational therapists. The hospital established 3-year contracts with international agencies for several of these positions, and we are seeking to obtain more. However, we have experienced immigration challenges. These international agency costs are fully budgeted in this category and the rate is much lower (about half) than that of a traveler. The budget represents a hybrid of traveler costs for the premium portion only (the amount that exceeds the cost if the FTE was employed, with that portion residing in Salaries and Wages). If determined to likely be a full year of traveler or international agency use, the cost was budgeted entirely here. Travel staff rates have exponentially risen during FY22 and, on average, are 3 or 4 times the rate of an employed position. We believe that costs will start to decline at some point in the current fiscal year and have budgeted most to be 3 times the rate of an employed position with the exception of positions that are staffed by international agencies.

Depreciation reflects a small increase at $40K (3.2%). We had minimal capital purchases during FY22 due to challenging operating performance. We believe it is critical to reinvest more in capital for FY23 to lower our aging plant and equipment and the budgeted depreciation increase reflects same.

Interest is minimal, in total, but budgeted to increase $20K (16.7%). We have several capital leases expiring in FY23, and have added costs due to anticipated financing for high priority equipment.

Provider Tax is budgeted to increase $695K (24.5%). While the provider tax expense is budgeted based on our current actual monthly billing, we have not received our annual projection for FY23. Therefore, the budget is based on 6% of NPR.

Other Expenses project a $214K rise (3.4%). This category includes food, supplies (office and non-medical), utilities, maintenance and repairs, accounting and legal fees, minor equipment, licenses and taxes, dues & subscriptions, recruiting, advertising, education and training, travel, postage, building and equipment rent, and other miscellaneous expenses. There is also a 5.5% inflation factor to several areas within this category. Significant areas of increase to the budget are building maintenance and repairs (which are consistent with current year experience), fuel and electricity costs, legal fees and non-medical supplies tied to volume increases and inflation. We have also added costs for advertising to help promote our services to increase volume and to help with hiring for open staffing positions. Recruiting fees are also increasing due to staffing challenges and the need to fill open positions that are currently either vacant or staffed by travelers -- with hopes to reduce these current extraordinarily high costs. Decreases for building rent in FY23 are due to the transition of property occupied by Hospital departments but owned by the local FQHC. We anticipate a property transfer to Springfield Hospital ownership by the end of FY22.

b. Describe any significant variances between your FY23 budget and FY 22 projections (e.g., variances in costs of labor, supplies, utilization, capital projects) and how those variances affected the hospital's FY23 budget.

$2.5M (4.5%) increase compared to FY22 Projected

Salaries and Wages are increasing $2.18M (12.0%). The bulk of this hike is the difference between FTE positions budgeted in FY22 that were not filled which represents an estimated $1.4M. Further, there is an estimated $1.1M impact due to new costs in FY23 for the additional market adjustments in FY23, COLA, and new staff FTEs discussed in Part A.

Employee Benefits are projected to rise $481K (10.6%). The budget is based on the current year experience plus a 10% increase, the predicted growth, preliminarily, for the Hospital's self-insurance plan. Also included is an increase for payroll taxes associated with the staff wage increases. The Hospital re-implemented the 401k employer match in January 2022 and represents a full year of those costs.

Medical Supplies will go up $312K (16.3%) as a result of the volume increase (primarily OR supplies) combined with a 5.5% inflation factor.

Drugs will decrease $509K (25.4%) due to the reduction of chemo drugs as result of phasing out oncology services as mentioned in Part vi. A.

Management and Contract Services are budgeted to go up $93K (1.4%). This is primarily driven by overall increases in contracted provider contracts, physical plant management contracts.

Other Purchased Services will go up $221K (7.2%). This is due to a recent increase in the hospital's security services contract, and includes 5% inflation increases for lab services and the MRI unit rental. As mentioned above, the hospital experienced significant costs in FY23 for external reference lab processing of COVID tests which is expected to increase due to inflation. We also include a small increase related to the volume of these tests, due to the uncertainty of the future variants of the pandemic in FY23.

Physician Fees are projected to decline $96K (1.8%). Primary reasons include:

Oncology –
FY23 does not include a budget for a provider as a result of no longer having the availability to offer services at the Hospital as previously mentioned.

Inpatient Psychiatry –
Cost savings realized as a result of a change in the provider staffing model.

Orthopedics –
Due to an anticipated reduction of hours for a provider

Surgery –
We anticipate a slight decrease from the current year with a second surgeon planned for January 2022. Full time locum coverage is needed in the first quarter and after the start of a new surgeon, we will need locum coverage on an ongoing basis to fill the call gap.

Provider increases that partially offset the decreases include:

GYN –

Cost increases are expected as 1.5 FTE's will replace part time coverage experienced during FY22. Volume is also projected to increase

Podiatry –

Due to an increase in hours. Volume is also projected to increase.

Urology –

Due to an increase in hours. Volume is also projected to increase.

Travelers are projected to decline by $1.1M (28.9%) from the current year. We are hopeful that rates will decline some from the current market and again are budgeting rates three times the rate of an employed position, combined with efforts to establish more international contracts to reduce cost. Recruiting and advertising initiatives for FY23 are anticipated to help attract staff to fill some open positions and eliminate some of the exceedingly high costs the Hospital is currently paying. The Hospital is striving to reduce traveler costs for FY23, yet the need to utilize travel staff is expected to continue. Please refer to **Section E Risk and Opportunities Part IV c)** for initiatives planned that will help reduce traveler use for FY23.

Depreciation is expecting a small increase at $33K (2.6%) for the same reasons as budget to budget.

Interest is minimal in total, but budgeted to increase $25K (16.7%) for the same reasons as budget to budget.

Provider Tax is budgeted to increase $272K (8.4%) directly as a result of the NPR increase.

Other Expenses anticipates a $792K rise (14.0%) and stems from a wide range of areas – *significant areas are listed below.* See Part A for expenses included in this category. Please note budget to budget only represents a 3.4% increase as many of the costs budgeted in FY23 were also budgeted in FY22; however, not fully utilized due to performance.

Recruiting and Advertising: Approximates $295K (39%) of the expense surge in this category which were not fully utilized in FY22, however budget to budget only represents a combined $50K difference. As mentioned, Recruiting and Advertising efforts next year are vital to help the hospital attract patients and staff.

Non-Medical Supplies: Comprises $121K (15%) of the increase with costs rising due to volume (mainly OR, Lab and Med Surg) but also factors in 5.5% inflation.

Staff Education and Training: Represents $79K (10%) of the increase as we have not been able to invest in education and training for several years due to the pandemic and Chapter 11 reorganization.

Minor Equipment: Represents about $64K (8%) for IT, Engineering/Plant, and Med/Surg primarily, and are equipment updates necessary in order to maintain patient care.

Food: Projected to rise $50K (6%), inflation driven but also includes those related to marketing efforts, the Hospital's Adult Day program (budgeted at full capacity for FY23 but operated in FY22 at 50% capacity due to COVID restrictions.

Other major areas include additional costs necessary to facilitate improvements in the Revenue Cycle coding, billing, registration, chargemaster) which were implemented during FY22 and represents a full year, ACO dues (based on current rate plus increase, changes in January), dues and subscriptions for Hospital and individual clinical/administrative areas, equipment rent, licenses and taxes, and utilities. Legal fees are expected to decline from the current year. Combined, these increases total $169K (21%).

c. Referencing the information and data submitted in Appendices 1 and 4 of **Part B** below and relevant portions of the FY23 budget submission, please discuss the categories of inflation and their relevance to the hospital's budget and operations. The budget assumes an overall 5.5% inflation factor for supplies, drugs, various contracted and purchased services, utilities, food, etc. which is an estimated $509K. A 2% cost of living adjustment of wages in December 2022 and $300K in market adjustments ($590K impact) as discussed in Section C. vi. Operating Expenses are estimated to have a total inflationary impact of $1.1M.

d. Describe any cost saving initiatives proposed in FY23 and their impact on the budget.
For FY23, we'll continue to evaluate all areas of operations for cost saving opportunities. There are no material cost savings initiatives projected to commence in FY23 that have not been previously discussed (i.e., Decreased traveler costs, change in inpatient psych provider staffing model).

Describe the impact operating expenses have on requested NPR/FPP.
The requested NPR is largely driven by the current year increase in expenses combined with FY23 increases described in detail in Part A and B. Increases are primarily due to continued staffing challenges (including recruitment and retention) that have driven higher traveler use and unprecedented costs in this market, combined with heavy market competition. Comparatively, the Hospital's current pay levels are below market in many areas. Cost increases for supplies, drugs and services, as well as those tied to volume, are a result of higher-than-normal inflation. While we have reduced costs in many areas, the majority of the increases are out of the Hospital's control and are necessary to continue to provide high quality patient care. The provider taxes, which are tied to NPR increases, rise as a result and are difficult for the Hospital to absorb. The DSH payments received by the Hospital offset the provider taxes by less than a quarter.

vii. OPERATING MARGIN AND TOTAL MARGIN

a. Discuss the hospital's assumption in establishing its FY23 operating and total margins. Explain how the hospital's FY23 margins affect its overall strategic plan. If the hospital relied on third party benchmarks or targets, please identify those benchmarks and sources (e.g., lending institutions, credit rating agencies, industry standards, parent company/affiliate policy). Please also discuss any relevant FY22 budget-to-projection variances.
The FY23 Operating Margin and Total Margin were developed based on the EBITDA and cash flow requirements for the Hospital to maintain financial sustainability and stability. Please reference ATTACHMENT A showing the FY23 Operating Budget which indicates a targeted operating margin

of 2.8% and EBITDA and Cash Flow calculation. This will allow the Hospital to cover its projected expenses plus meet principal debt payments, invest in high priority capital investments that were not funded during the pandemic and Chapter 11, as well as make the estimated required annual contributions to the Hospital's frozen defined benefit plan.

The Hospital is in a stabilization and recovery period from the pandemic and Chapter 11, and needs to rebuild the balance sheet and cash reserves which are at approximately 30 days cash on hand. This budget, supported by the 10.0% charge increase only projects the Hospital to maintain its cash reserves with minimal growth, as demonstrated in the EBITDA and Cash Flow calculation of ATTACHMENT A.

b. Does the hospital's budget request include support or a need to support any other entities outside of the physical hospital? An example includes a higher operating margin to transfer surplus to a subsidiary. If so, please provide the name of the subsidiary, the budgeted amount of the subsidy that will be required as part of the hospital's budget request and the financial impact of that subsidy on the subsidiary.

The Hospital budget request does not include support for any outside entities. The Hospital continues its relationship with North Star Health (formerly Springfield Medical Care Systems) to achieve economies of scale and operating efficiencies through shared services.

C. EQUITY

i. What is your hospital doing to recognize and correct inequities in your community, and prepare for the development of health equity measures?

RAND defines a health equity measurement approach as "an approach to illustrating or summarizing the extent to which the quality of health care provided by an organization contributes to reducing disparities in health and health care at the population level for those patients with greater social risk factor burden by improving the care and health of those patients."

The Diversity, Equity, and Inclusion Committee (hereafter "DEI") is a staff-led committee consisting of representatives from various Hospital departments, who will have a significant role in the development of strategies and best practices with regards to diversity, equity, and inclusion. The purpose of this committee is to develop and promote strategies and best practices within the realms of racial, social, sexual, and gender diversity. The DEI Committee further serves as an opportunity for non-committee members to have a place to provide suggestions and challenges for DEI. The goal of this committee is to provide organization-wide education and promotion of DEI so that everyone is provided with an educational, professional and inclusive experience. Our goal is to have this committee established by no later than the end of our fiscal year, and perhaps by August 2022.

Springfield Health Equity Initiative

Southeastern Vermont Community Action (SEVCA) has recently been contracted by the VT Public Health Institute (VtPHI) to facilitate a new Community Health Equity Partnership (CHEP) for the Springfield Health District through at least May of 2023. One of 12 partnerships statewide, CHEP will assist the Vermont Department of Health to meet the goals of the CDC Grant to Address Health

Disparities – specifically to "mobilize partners and collaborators to advance health equity and address social determinants of health as they relate to COVID-19 health disparities among populations at higher risk and that are underserved." As a part of this work, SEVCA will convene, facilitate, and support a Learning Collaborative which will decide upon a health equity challenge the community is facing, and distribute about $150,000 in low-barrier grant funding to community organizations addressing that challenge. Springfield Hospital is participating in this regional collaborative effort.

DEI Training
During FY 22, the Hospital has rolled out DEI training for all existing employees and new hires along with additional training for Department Managers. This training will continue in FY23.

D. WAIT TIMES

The Board staff and up to two Board members will establish a working group to include hospitals, Vermont Association of Hospitals and Health Systems, the Vermont Department of Financial Regulation, the Office of the Health Care Advocate, and other interested parties to determine by May 2, 2022, appropriate wait time metrics that hospitals shall submit as part of the FY23 budget process. If the workgroup is unable to determine appropriate metrics, the hospitals shall report the following for each hospital owned practice (for each primary care and specialty care), as well as, the top five most frequent imaging procedures. Specifically, please report for each practice and imaging procedure:

i. **Referral lag**, the percentage of appointments scheduled within 2 days of referral

ii. **Visit lag**, the percentage of new patients seen within 2 weeks, 1 month, 3 months, and 6 months of their scheduling date.

In each case, hospitals shall outline steps to resolve wait times.

Please refer to **Attachment D** for the Wait Times Study for Springfield Hospital.

E. RISKS AND OPPORTUNITIES

i. Please discuss the hospital's risks and opportunities I FY23. Recognizing the risks and opportunities in the current environment, please explain how the FY23 budget proposal supports strategies for addressing these issues.

Risks and opportunities include:
- Continued shortages of skilled healthcare professionals, resulting in high costs to fill temporary staffing needs.
- Uncertainty around future COVID strains and any potential impact on volume and revenue.
- Continued inflation.

We anticipated these factors, to the best of our ability, in our planning and budgeting process. Due to the unpredictable nature of COVID, we have not attempted to project any negative impact in FY22.

ii. Please describe the impact of COVID-19 on access to care/wait times at your organization, including the use of telehealth and telemedicine, COVID-19 related to safety protocols, and other relevant factors.

During FY 22, we experienced staff reductions due to COVID exposure, illness or quarantine which resulted in reduced volume. During the Delta and Omicron variants, the prevalence of COVID in the community also affected hospital volume.

iii. Please discuss any lessons learned from evolution of the COVID-19 pandemic thus far, and any positive changes the hospital has adopted or plans to adopt for the future.

Navigating COVID reinforced the value of incident command, and the ongoing working relationship with Vermont health agencies. It brought increased awareness of the vulnerability due to the fragility of supply chain, and erosion of public confidence due to potential exposure of the virus. We will continue to work closely with various State agencies to be sure resources are available to address the needs of our community.

iv. Please discuss the workforce challenges of the hospital as it relates to the following:

a. Vacancy rate by Primary Care MD, Specialty MD, RN, Nursing Support and All Other

Primary care – N/A due to primary care being provided by the FQHC.
Specialty care - We are recruiting one general surgeon and one mid-level provider (GYN).

Current vacancies are as follows:

Current Vacancies	
RN	**11**
LPN	**0**
LNA	**1**
NP and PA	**1**
Specialty MD	**1**
Other Vacancies	**38**
Total Vacancies	**52**

b. Provide your average turnover rates by Primary Care MD, Specialty MD, RN, Nursing Support and All Other for FY2018-FY2021.

Turnover rates for the current fiscal year are:
RN turnover rate 5.3% for May 2022; 13% for calendar YTD; 19.6% for fiscal YTD.
Total turnover rate 2.7% for May 2022; 8.8% for calendar YTD; 14.8% for fiscal YTD.

Turnover rates for FY2019-FY2021 are as follows: (FY18 data is not available)

Turnover	FY19	FY20	FY21
Specialty MD		0.0%	0.0%
NP and PA	24.0%	137.0%	0.0%
RN	22.2%	5.0%	22.4%
LPN	14.3%	18.9%	18.9%
LNA	16.0%	0.0%	41.1%
Total Turnover	36.2%	46.0%	23.4%

c. Report on initiatives and funding sources to reduce workforce pressures through recruitment and retention.

We are budgeting for market adjustments and 2% COLA for FY23. We are also working with Vermont Agency of Commerce and Community Development to explore funding assistance for implementation of various training programs. Other initiatives include:

- Implemented additional mental health wellness initiatives to help with current staff burnout concerns
- Created a Recruiter position to focus on recruitment; and be more proactive in recruitment efforts
- Focus on workforce development to establish a talent pipeline.
- Working closer with schools to establish a collaborative relationship.
- Seeking out all grant opportunities for assistance with wages and training
- Newly created committee initiatives for Recruitment/Retention, Employee Engagement/Culture and DEI
- Implemented premium per diem agreements with current staff to help eliminate travelers
- Implemented Extra Hours Bonus program to help fill vacant positions with current staff

d. Please comment on and quantify the impact of nursing and MD travelers on your budget request.

Travelers are budgeted at $2.85M for FY23, an increase over the FY22 budget of more than 2.25x. These are unforeseen costs that have challenged the hospital during the current fiscal year. While projected to decrease from FY22, the hospital expects continued reliance on travel staff in FY23. Regarding physicians, Locum MD's are fairly consistent for FY23 with continued locum orthopedic coverage needed. Based on a current physician vacancy, General Surgery locums will slightly increase on a budget to budget basis. The budget-to-FY22 projected will decrease as a second general surgeon is projected to begin in the second quarter of FY23.

The cost for travelers and locums has skyrocketed over the past year. Travel agencies are charging more than double what rates were pre COVID. This has had a huge impact on our expenses. There is nothing currently in place to prevent agencies from taking advantage of the COVID situation. Although there are ongoing investigations into very expensive agency price levels, this does not help our current costs.

e. Provide salaries per FTE, FTEs per adjusted occupied bed, and salaries expense to NPR. See Table 6 below for breakdown:

Table 6:

	FY22 Budget	FY22 Projected	FY23 Budget
Salaries per FTE			
Staff	$ 65,667	$ 69,520	$ 68,493
Providers	$434,866	$482,890	$322,318
FTE's per Adjusted Occupied Bed			
Staff	0.0451	0.0456	0.0498
Providers	0.0012	0.0012	0.0019
Salaries Expense to NPR			
Staff	35.0%	35.1%	34.6%
Providers	6.0%	6.5%	6.3%

*The table represents only employed physicians and not contractors or locums.

F. VALUE-BASED CARE PARTICIPATION

i. Referencing the data submitted in Appendix 5, if there are any value-based care programs that the hospital is not participating in for CY 2023, please explain why and describe any barriers that exist. What changes, if any, to each of these programs would need to be made in order to facilitate your participation?

Springfield Hospital is not participating in Medicare due to its critical access status. It would be essential that any program design support Springfield Hospital's cash, operating, and capital plans for ongoing stability and sustainability. Funding would have to demonstrate administrative efficiency and ample funding to its participants.

Assuming participation in one or more value-based care program(s) through OCV:

ii. Understanding that the pandemic has just started to recede, what changes in each of the hospital's cost centers that relate to value-based care initiatives (e.g. population health management, care coordination, chronic condition management, etc.) have been made as a result of participating in the ACO? Be specific in describing each cost center and how it has changed since joining the ACO. **Additionally, speak to how the fixed payments or other ACO payments from OCV are or are not advancing value-based care at your hospital.**

Primary care provider services are provided by North Star Health. We continue to work closely with North Star Health on population health strategies through our community needs assessment,

community health team participation, and collaborative OneCare VT work.

Specifically, regarding care coordination at the hospital, we added a care coordinator to work with our Emergency Department patients to establish care and improve outcomes.

We are working with OCV to analyze the data to develop future strategies for cost savings.

iii. A. As the pandemic recedes, what specific population health priorities are emerging for the hospital?

Current needs assessment priorities include:
- Dental Care/Oral Health
- Substance Use Disorder
- Mental Health
- Affordable Health Care

We are in the process of our 2022 Community Health Needs Assessment, due 9/30/22.

B. How will each of these priorities be conveyed to providers in order to impact care delivery?

In the previous cycle, we convened work groups, including hospital, FQHC, and community partners, around each initiative and will likely follow the same process.

C. How will success be measured for each of these initiatives?

Goals and measurements are defined by the individual work groups in their planning process.

iv. As of CY2022, OCV is providing each HSA with quarterly quality reports. How are the results of these reports being communicated to providers in a way that will impact care delivery and quality outcomes?

In the Springfield HSA, the local and predominant primary care network is North Star Health, a Federally Qualified Health Center (FQHC) with several locations throughout the region. North Star Health was previously known as Springfield Medical Care Systems and owned Springfield Hospital. Since successfully emerging from Chapter 11 Reorganization, these two organizations are now independently operated corporations.

The OCV reports are now shared directly with the FQHC and also with Springfield Hospital. Handling of the reports and resulting planning was previously managed by the FQHC as the parent organization. This process now includes collaborative efforts between the FQHC, Springfield Hospital clinical and quality teams, and OCV representatives to identify areas of concern, and address as appropriate, with the goal of high-quality care, at the lowest cost, in the appropriate setting, with high patient satisfaction.

v. A. Regarding the CY2020 settlement information for the hospital (Separate tables will be provided by GMCB), what are the planned investments of those dollars in furthering the hospital's health care reform goals? If no investments in health care reform were made with these dollars, how

were they invested?
The hospital received a settlement of $588,932 of which was used to help build cash reserves and support operations.

B. If the hospital experienced a net shared loss during this time period, how is the hospital using that information to inform change to the delivery system?
The hospital did not experience a net shared loss.

G. CAPITAL INVESTMENT CYCLE

i. In accordance with 18 V.S.A. 9435(f), describe the investment cycle and how it relates to the hospital's overall strategic plan. Discuss how the hospital's capital investment cycle has continued to evolve as a result of COVID-19. Please mention certain items and the resulting status as a result of COVID-19 (i.e. cancelled, postponed, rescheduled, etc.).

ii. If any of the hospital's anticipated capital investments are required improvements (e.g., regulatory or accreditation requirements), please identify and explain.
The Hospital is budgeting $1.5M for needed Capital improvements in FY 23. Key priorities include:

- AHU-1 (OR Air Handler) (to be funded by USDA grant funds)
- AHU-7 (Lab/Clinic Air Handler) (A&E Study in FY 23)
- AHU-8 (Pharmacy Air Handler) (USP Standards)
- Various clinical and support equipment

H. SUPPLEMENTAL DATA MONITORING. (Responses due Aug 5th)

i. Market Share Report: This will be a snapshot which will show the change in market share for "key service lines" over the past 5 fiscal years as reported by the state's hospital discharge database, VUHDDS. Market share will be defined as the percentage of service line charges from local residents (within a hospital's service area) versus non- local residents (outside a hospital's service area). Market share will be disaggregated by primary payer. See Patient Origin dashboard/ "Patient Origin by Hospital" tab for an example.

a. Does this report reflect material changes in your NPR actuals over this time period?
b. If not, how does the market share report distort or omit components of NPR?

ii. Reimbursement Analysis: This will outline patterns in the cost to deliver care for Vermont residents as reported to the state's all payer claims database, VHCURES. Cost will be assigned at a claim level as specified in Medicare's cost reporting. Service lines will be reported by Classifications for outpatient services. Note that only services with Medicare costs associated with them will be summarized in hospital-specific comparison tables broken down by primary payer group (Medicare, Medicaid, Commercial). In addition, the report will highlight providers with exceptionally low or high costs, reimbursements, and/or proportion of costs covered.

a. For any service lines in which your hospital is highlighted, comment on any observations about this service line and how it may be reimbursed differently from other

service lines you provide.

b. Are there any errors in the data as shown? Cite your own data where possible.

iii. Demographic Report: This report will summarize demographic data from the 2020 Census. Particular attention will be paid to CDC/ATSDR Social Vulnerability Index measures that relate to age and socioeconomic disadvantage.

a. How does the current makeup of your service area affect your budget assumptions?
b. Does the makeup of other service areas affect your budget assumptions? Explain.

Attachment A

SPRINGFIELD HOSPITAL
FY23 OPERATING BUDGET

	FY20 Actual	FY21 Actual	FY22 PROJECTED	FY22 BUDGET	FY23 BUDGET	Comparisons: FY22 PROJECTED ($)	Comparisons: FY22 BUDGET ($)	Comparisons: FY22 PROJECTED (%)	Comparisons: FY22 BUDGET (%)
GROSS PATIENT SERVICE REVENUE:									
Inpatient Revenue	$ 18,679,265	$ 17,663,027	$ 20,717,942	$ 22,381,612	$ 25,370,215	$ 4,652,272	$ 2,988,603	22.5%	13.4%
Outpatient Revenue	$ 65,178,256	$ 76,044,613	$ 83,158,948	$ 84,221,445	$ 93,790,920	$ 10,631,971	$ 9,569,474	12.8%	11.4%
Professional Services	$ 9,273,010	$ 11,105,361	$ 11,744,027	$ 13,454,902	$ 13,740,223	$ 1,996,195	$ 285,321	17.0%	2.1%
Total Gross Patient Service Revenue	**93,130,531**	**104,813,002**	**115,620,918**	**120,057,959**	**132,901,357**	**17,280,439**	**12,843,398**	**14.9%**	**10.7%**
Deductions from Revenue:									
Contractual Allowances	$ 49,259,043	$ 50,826,273	$ 61,288,603	$ 61,689,931	$ 71,002,861	$ 9,714,258	$ 9,312,930	15.7%	15.1%
Charity Care & Other Allowances	$ 918,533	$ 742,183	$ 812,050	$ 900,000	$ 933,417	$ 121,367	$ 33,417	14.9%	3.7%
Provision for Bad Debts	$ 4,046,159	$ 3,464,190	$ 2,554,631	$ 3,602,000	$ 2,936,440	$ 381,809	$ (665,560)	14.9%	-18.5%
Disproportionate Share	$ (883,307)	$ (808,333)	$ (755,314)	$ (823,884)	$ (750,000)	$ 5,314	$ 73,884	-0.7%	-9.0%
Total Deductions from Revenue	53,340,427	54,224,313	63,899,971	65,368,047	74,122,718	10,222,747	8,754,671	15.8%	13.4%
Net Patient Service Revenue	**39,790,104**	**50,588,689**	**51,720,947**	**54,689,912**	**58,778,639**	**7,057,692**	**4,088,727**	**13.8%**	**7.5%**
Other Operating Revenue*	$ 7,491,047	$ 4,026,097	$ 5,918,744	$ 2,454,525	$ 2,846,000	$ (3,072,744)	$ 391,475	-78.4%	15.9%
TOTAL OPERATING REVENUE	**47,281,151**	**54,614,786**	**57,639,691**	**57,144,437**	**61,624,639**	**3,984,948**	**4,480,202**	**7.2%**	**7.8%**
NPSR %	42.7%	48.3%	44.7%	45.6%	44.2%				
OPERATING EXPENSES:									
Salaries & Wages	$ 16,309,559	$ 17,616,580	$ 18,165,545	$ 19,168,229	$ 20,350,536	$ 2,184,990	$ 1,182,307	12.0%	6.2%
Employee Benefits & Payroll Taxes	$ 4,683,000	$ 4,474,083	$ 4,709,633	$ 5,433,601	$ 5,190,523	$ 480,889	$ (243,078)	10.6%	-4.5%
Medical Supplies	$ 1,644,755	$ 2,301,368	$ 1,909,380	$ 1,977,918	$ 2,221,041	$ 311,660	$ 243,123	16.3%	12.3%
Drugs	$ 1,341,900	$ 1,398,987	$ 1,999,094	$ 1,483,409	$ 1,490,533	$ (508,561)	$ 7,124	-25.4%	0.5%
Management & Contract Services	$ 5,276,618	$ 6,482,408	$ 7,088,866	$ 6,436,302	$ 7,181,892	$ 93,026	$ 745,590	1.4%	11.6%
Other Purchased Services	$ 3,085,452	$ 3,356,837	$ 3,085,003	$ 3,182,730	$ 3,306,249	$ 221,246	$ 123,519	7.2%	3.9%
Physician Fees	$ 6,705,763	$ 5,158,818	$ 5,422,039	$ 4,946,498	$ 5,325,628	$ (96,411)	$ 379,130	-1.8%	7.7%
Travelers	$ 656,846	$ 1,916,323	$ 3,999,430	$ 1,272,295	$ 2,845,000	$ (1,154,430)	$ 1,572,705	-28.9%	123.6%
Depreciation	$ 1,625,098	$ 1,540,685	$ 1,232,159	$ 1,225,000	$ 1,264,750	$ 32,591	$ 39,750	2.6%	3.2%
Interest	$ 408,785	$ 178,456	$ 115,282	$ 120,000	$ 140,000	$ 24,718	$ 20,000	21.4%	16.7%
Insurance	$ 741,887	$ 750,284	$ 688,394	$ 731,000	$ 594,963	$ (93,431)	$ (136,037)	-13.6%	-18.6%
Provider Tax	$ 3,508,015	$ 2,788,490	$ 3,254,731	$ 2,832,000	$ 3,526,718	$ 271,987	$ 694,718	8.4%	24.5%
Other Expenses	$ 6,607,741	$ 6,011,458	$ 5,657,692	$ 6,234,948	$ 6,449,395	$ 791,703	$ 214,447	14.0%	3.4%
TOTAL OPERATING EXPENSES	**52,595,418**	**53,974,777**	**57,327,249**	**55,043,929**	**59,887,228**	**2,559,978**	**4,843,298**	**4.5%**	**8.8%**
OPERATING INCOME (LOSS)	**(5,314,268)**	**640,009**	**312,442**	**2,100,508**	**1,737,412**	**1,424,969**	**(363,096)**	**-81.8%**	**-17.3%**
Operating Margin %	**-11.2%**	**1.2%**	**0.5%**	**3.7%**	**2.8%**				
Non-Operating Revenue (Net)	$ 576,500	$ 18,066,488	$ 204,475	$ -	$ 5,000	$ (199,475)	$ 5,000	-97.6%	
Unrecognized Pension Expense	$ (757,412)	$ 1,160,479	$ -	$ (750,000)		$ -	$ 750,000		-100.0%
INCR. (DECR.) IN UNRESTRICTED NET ASSETS	**(5,495,180)**	**19,866,976**	**516,917**	**1,350,508**	**1,742,412**	**1,225,495**	**391,904**	**-80%**	**29%**

*Fy22 Projected Other Operating Revenue includes $1,000,000 USDA grant rec'd in May and assumes $2.5M of the $2.8M Provider Relief Funds used by 9/30/22

EBITDA and Cash Flow:

EBITDA:	
Operating Income	1,737,412
Add Depr & Interest	$ 1,404,750
EBITDA Total	**3,142,162**
Debt Payments	(1,050,000)
Pension Expenses Funding	$ (450,000)
Capital Purchases	(1,500,000)
Net Cash Flow	**142,162**

ATTACHMENT B-1

Springfield Hospital
FY23 Utilization Budget

	FY20	FY21	FY22 Projected	FY 22 Budget	FY 23 Budget	Bud FY23 Vs. FY22 Projected	Bud FY23 Vs. Bud FY22
Admissions							
Medical/Surgical	880	857	703	882	**768**	9.3%	-12.9%
Swing	30	46	62	57	**69**	12.1%	21.4%
Psychiatric Admissions	191	160	262	267	**301**	14.9%	12.9%
Total Hospital	**1,101**	**1,063**	**1,027**	**1,206**	**1,139**	10.9%	-5.6%
Observation	**311**	**356**	353	381	**342**	-3.2%	-10.2%
Patient Days							
Medical/Surgical Days	4,270	3,262	3,106	3,987	**3,404**	9.6%	-14.6%
Swing	250	333	463	576	**519**	12.1%	-9.9%
Psychiatric Days	1,622	1,538	2,700	2,973	**3,103**	14.9%	4.4%
Total Hospital	**6,142**	**5,133**	**6,269**	**7,536**	**7,025**	12.1%	-6.8%
Observation	401	448	569	594	**476**	-16.4%	-19.9%
Average Length of Stay							
Medical/Surgical	4.9	3.8	4.4	4.5	**4.4**	0.3%	-2.0%
Swing	8.3	7.2	7.5	10.1	**7.5**	0.0%	-25.8%
Psychiatric	8.5	9.6	10.3	11.1	**10.3**	0.0%	-7.6%
Average Daily Census							
Medical/Surgical	11.7	8.9	8.5	10.9	**9.3**	9.6%	-14.6%
Observation	1.3	1.3	1.6	1.6	**1.3**	-19.1%	-16.4%
Swing	0.7	0.9	1.3	1.6	**1.4**	12.1%	-9.9%
Psychiatric	4.4	4.2	7.4	8.1	**8.5**	14.9%	4.4%
Ancillary Services							
Emergency Dept Visits	12,234	11,722	12,648	13,191	**12,958**	2.4%	-1.8%
Emergency Dept Visits Per Day	33.5	32.1	34.7	36.1	**35.5**	2.4%	-1.8%
Operating Room Cases	793	870	927	834	**1,068**	15.2%	28.1%
Endoscopy Procedures	770	1,092	1,046	1,164	**1,050**	0.4%	-9.8%
Laboratory Tests	284,702	248,752	228,717	256,266	**235,000**	2.7%	-8.3%
Pharmacy Drugs Dispensed	266,616	237,249	258,542	281,238	**269,000**	4.0%	-4.4%
Clinic	2,508	2,832	2,654	3,009	**2,434**	-8.3%	-19.1%
Mammography		2,827	2,121	2,805	**3,000**	41.5%	7.0%
Xray Exams	8,682	7,095	8,681	7,590	**8,800**	1.4%	15.9%
Bone Density				-	**500**		
MRI Procedures	992	1,124	1,262	1,251	**1,300**	3.0%	3.9%
Nuclear Medicine Proc.	256	166	27	120	**52**	89.6%	-56.7%
Ultrasound Procedures	2,546	2,799	2,314	3,162	**2,500**	8.0%	-20.9%
Echo	Not reported	772	686	741	**750**	9.4%	1.2%
CT Procedures	4,231	4,358	4,661	4,539	**4,650**	-0.2%	2.4%
EKG Procedures	4,469	5,307	4,718	5,706	**4,700**	-0.4%	-17.6%
Respiratory Procedures	17,565	25,328	22,070	24,906	**22,500**	1.9%	-9.7%
PT Units	31,095	40,899	46,906	46,632	**47,410**	1.1%	1.7%
Adult Day	3,123	820	3,031	6,151	**6,000**	98.0%	-2.5%
Pain Management - OR					**248**		
Specialty Practices							
Surgery	967	716	655	741	**900**	37.4%	21.5%
CVOSM	5,639	5,761	5,494	6,039	**5,500**	0.1%	-8.9%
ENT	2,344	1,986	1,723	1,869	**1,500**	-12.9%	-19.7%
Hospitalist	5,462	4,498	4,437	4,809	**4,716**	6.3%	-1.9%
Urology	2,358	2,338	2,213	2,679	**2,350**	6.2%	-12.3%
Gynecology	1,687	1,829	1,582	1,806	**1,700**	7.4%	-5.9%
Podiatry	-	-	835	-	**1,000**	19.8%	
Specialty Practices Total	**18,457**	**17,128**	**16,939**	**17,943**	**17,666**	5.9%	-1.5%
Adjusted Admissions	**5,489**	**6,308**	**5,731**	**6,469**	**5,964**	4.1%	-7.8%

ATTACHMENT B-2

FY23 BUDGET - OR Cases

	FY23 Bud Cases	Annualized Cases using Jan-May	Diff
ENT	50	48	2
Gen Surg	200	197	3
Ortho	400	401	(1)
GYN	168	50	118
Podiatry	90	50	40
Urology	160	132	28
Total	**1068**	**878**	**190**

ATTACHMENT C

	FY21	FY22 Projected	FY 23 Budget
Average Daily Census			
Medical/Surgical	8.9	8.5	9.3
Observation	1.3	1.6	1.3
Swing	0.9	1.3	1.4
Total Acute	**11.1**	**11.4**	**12.1**
Psychiatric	**4.2**	**7.4**	**8.5**
Beds			
Acute			
Licensed	25	25	25
Staffed	15	15	15
Psych			
Licensed	10	10	10
Staffed	10	10	10
Occupancy Rate			
Acute			
Licensed	44%	46%	48%
Staffed	74%	76%	80%
Psych			
Licensed	42%	74%	85%
Staffed	42%	74%	85%

ATTACHMENT D

Springfield Hospital - Wait Times - first two weeks of June 2022

	% Schedule within 3 days of receipt of referral	% Seen within 2 wks of schedule date	% Seen within 1 month of schedule date	% Seen within 3 months of schedule date	% Seen within 6 months of schedule date	Notes
ORTHOPAEDICS	100% of all who were able to be reached	86%	6%	0%	0%	4 pts declined appt
UROLOGY	100% of all who were able to be reached	63%	19%	0%	0%	3 pts declined appt
ENT	100% of all who were able to be reached	90%	0%	0%	0%	2 pts declined appt
PODIATRY	100% of all who were able to be reached	7%	7%	70%	0%	2 pts declined appt
GYN	100% of all who were able to be reached	60%	0%	20%	0%	2 pts declined appt
GENERAL SURGERY, INCLUDING ENDOSCOPY	75% - all patients are called within 24 hrs of receipt of referral	15%	13%	39%	0%	25 pts - unable to reach pt - referred back to primary care
CARDIOLOGY wk 6/6	0%	0%	5%	95%	0%	
CARDIOLOGY wk 6/13	0%	0%	0%	100%	0%	
Note: All appts are currently being scheduled in August. Referrals get scheduled in batches once each week. Patients are scheduled and sent a letter with appt. If a conflict, we ask that they call us to reschedule.						
RADIOLOGY						
CT Scans	100%	97%	0%	0%	0%	2 schedule in process; 1 declined
Bone Density	100%	62%	10%	28%	0%	
Echocardiogram	100%	13%	61%	26%	0%	
MRI	100%	88%	11%	0%	0%	2 in process; 1 declined
Mammography	100%	0%	10%	90%	0%	Note: staffing shortage
Ultrasound	100%	100%				