

**Analysis of Brattleboro Retreat's Audited
Financial Statements FY15 through FY18
In Accordance with Act 53 of 2019
Presented to the House Committee on Health
Care**

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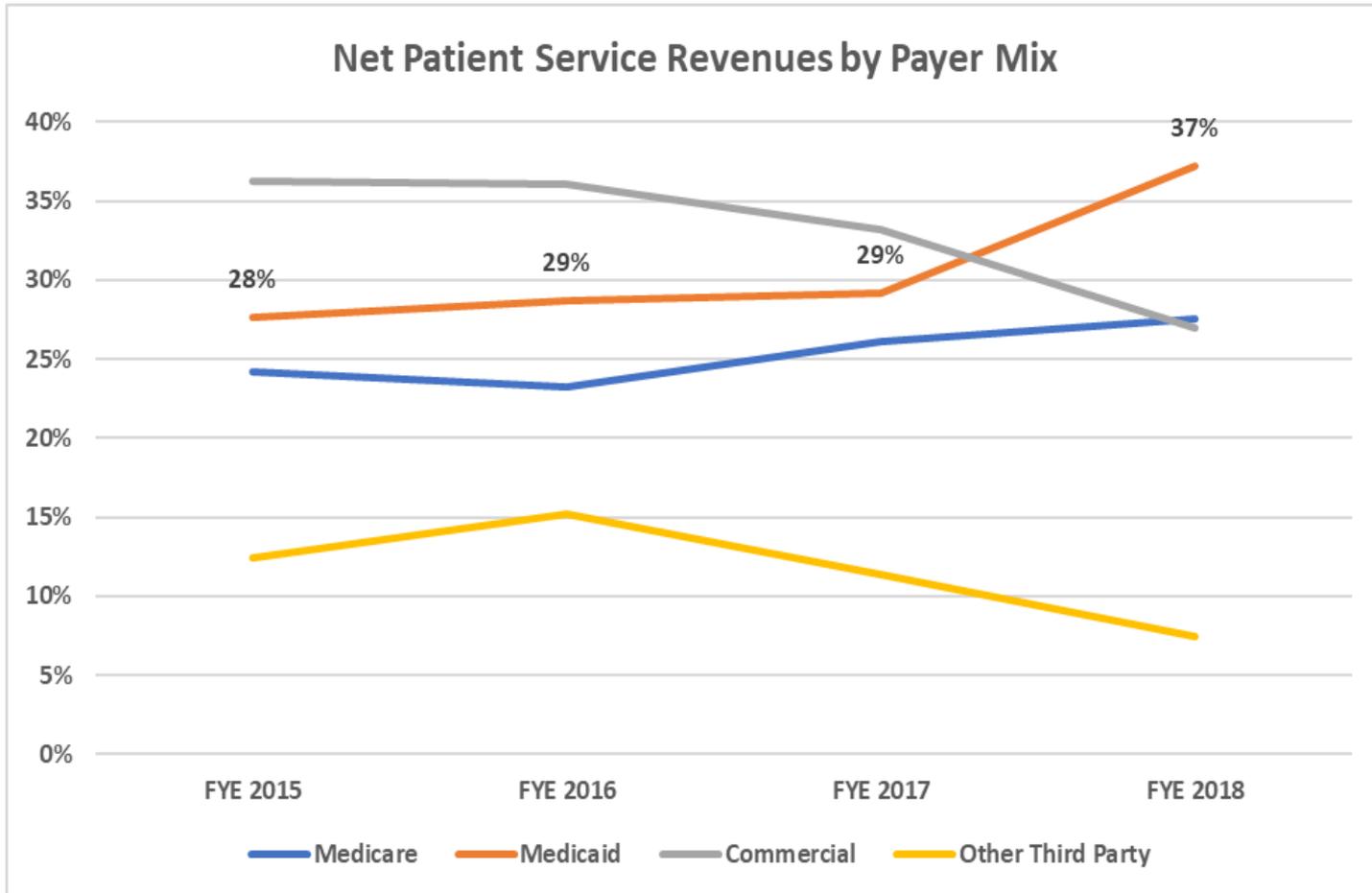
Statutory Authority

- Act 53 of 2019 gave GMCB limited fiscal oversight over each psychiatric hospital in the state licensed pursuant to chapter 43 of Title 18.
- This oversight is limited to a subset of the processes the Board undertakes for the other 14 hospitals in the state per 18 V.S.A. § 9375(b)(7), § 9372, and § 9456:
 - Does allow for the review of financial statements
 - Does **not** allow for the setting of financial targets or commercial rates.

Purpose and Scope of Analysis

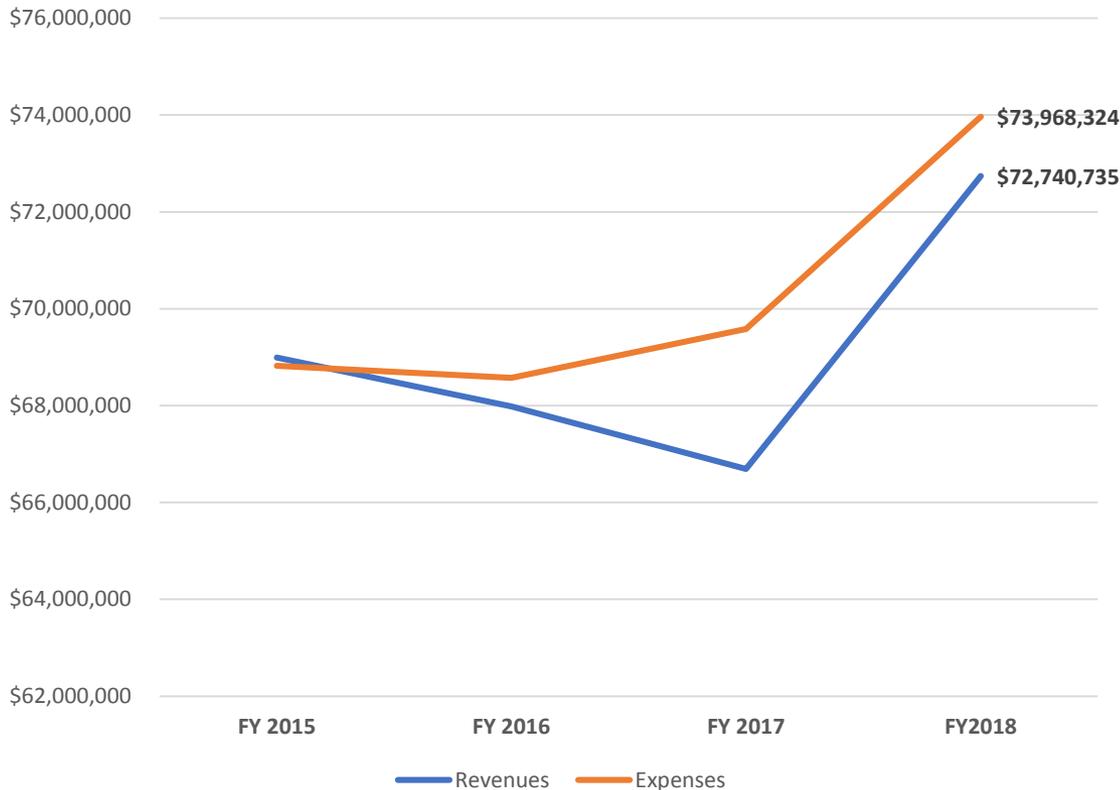
- Per Act 53 Board staff analyzed the most recent available three years of audited financial statements from the Brattleboro Retreat in order to assess its financial condition
 - Balance Sheet & Income Statement FY 2016 through FY 2018
- The analysis presented today is an *initial* step to understanding the Retreat's financial health
 - Staff will conduct further analysis of the Brattleboro Retreat's financial health (e.g. cash flow statement analysis)
 - The board continues to implement Act 53 and is open to feedback as it further develops its internal oversight processes

Payer Mix



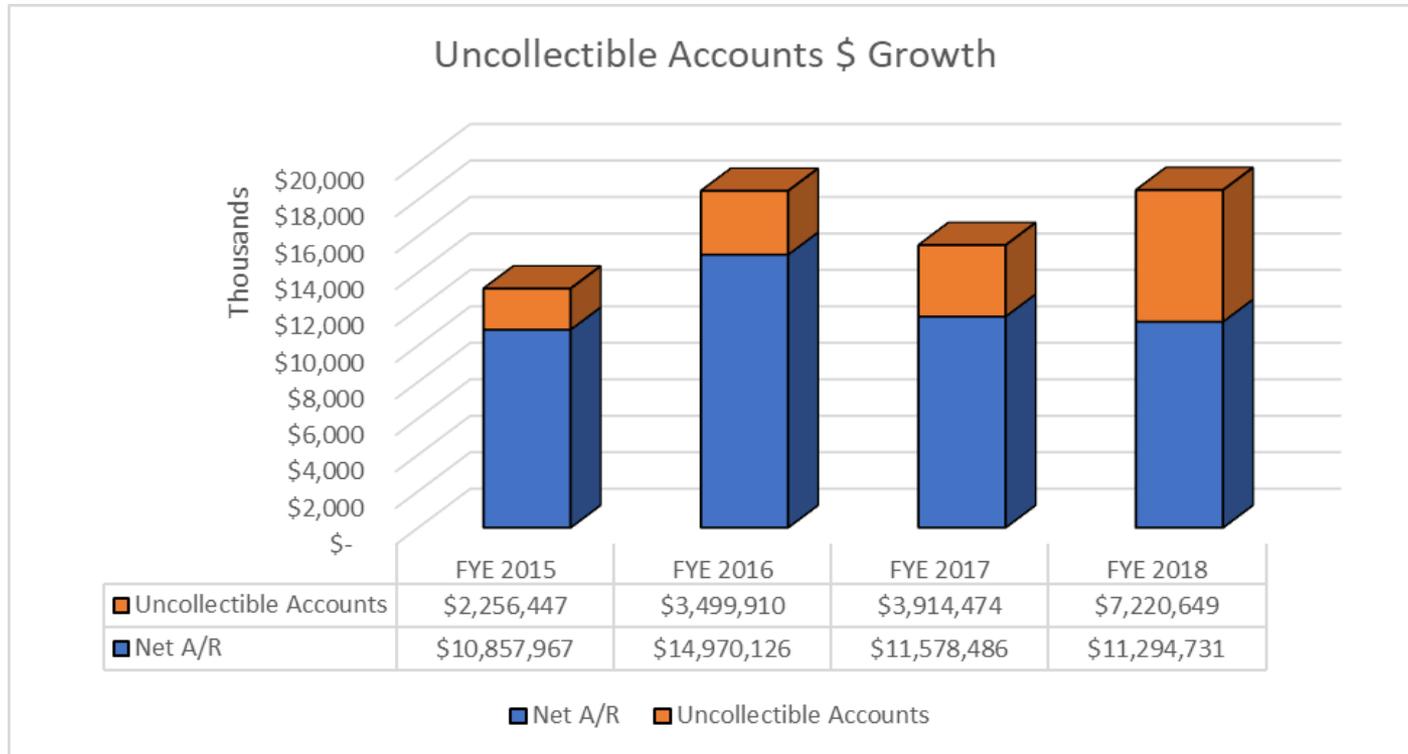
Key Insights

Total Operating Revenues vs. Operating Expenses



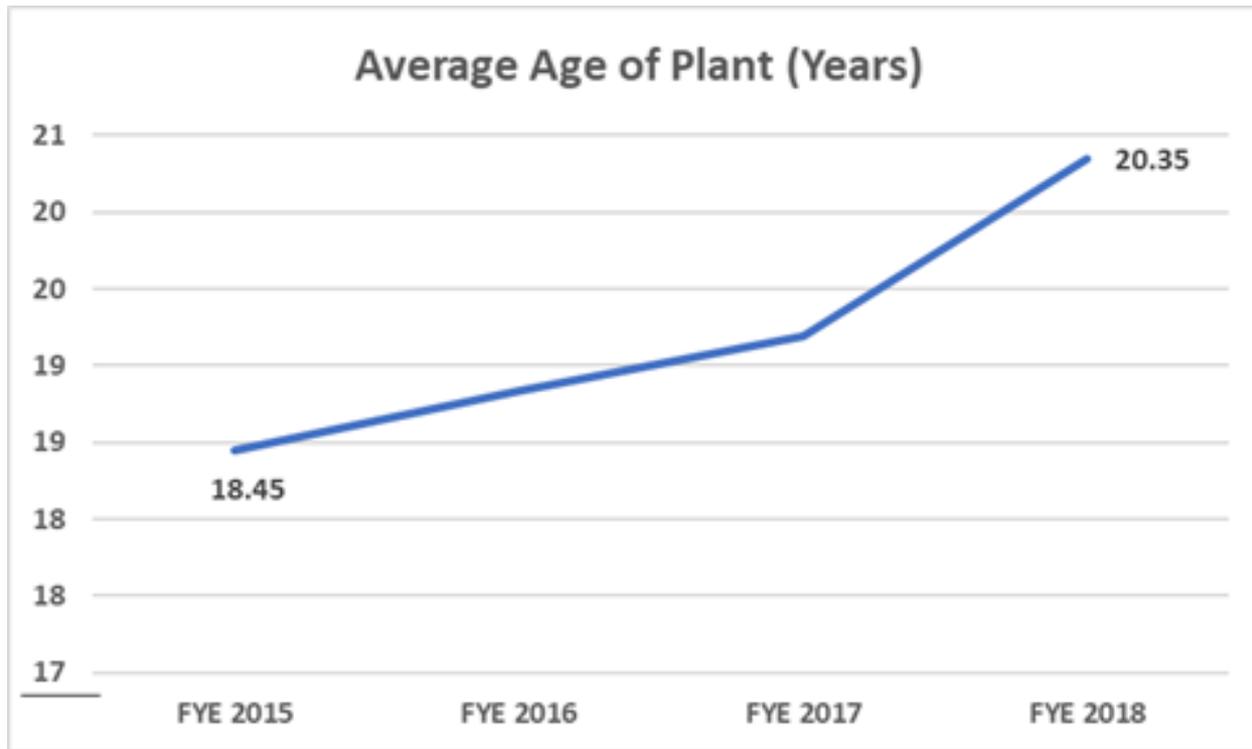
#1: Operating expenses are outpacing operating revenues resulting in sizable financial losses that are not being subsidized by non-operating income. Reserves are being utilized to cover the losses, resulting in a financially weakened organization.

Key Insights



#2: Net A/R is in decline, as uncollectibles are growing at an unsustainable rate. In FY 2018, the allowance for uncollectible accounts consist of 39% of gross accounts receivable, up from 17% in FY 2015.

Key Insights



#3: Age of plant now exceeds 20 years, which suggests that capital improvements to this facility are likely required in the near future to accommodate state and federal regulatory requirements.

Appendix: Key Balance Sheet Metrics

Balance Sheet (FY 2018)

- Net Assets: \$24.5 million (\$5.3 million restricted for 12 new psych beds, funded by the state)
- Days Receivable: 45
- Days Cash on Hand: 40
- Current Ratio: 1.89:1
- Debt Service Coverage Ratio: 1.63:1
- Allowance for Uncollectable Accounts as % of Total A/R: 39%
- Age of Plant: 20.35 years

Appendix: Key Income Statement Metrics

Income Statement (FY 2018)

- Total Revenues: \$72.7 million
- Total Expense: \$74.0 million
- Operating Margin: -1.69%
- Provider tax expense has doubled since FY 2015