

Update and Overview on Vermont Hospital Financials

Presented to Senate Health and Welfare

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Report Date: March 24, 2021



Overview

1. Statute
2. Hospital Budget Guidance Overview
3. Hospital Budget Timelines
4. Recommended Abbreviated Hospital Budget Guidance
5. FY2020 System-wide Performance
6. Interactive Visualization

Statute



- Annually by October 1, the Green Mountain Care Board (GMCB) has the responsibility to review and establish community hospital budgets. In its review, the Board considers local health care needs and resources, utilization and quality data, hospital administrative costs, and other data, as well as presentations from hospitals, input from the Health Care Advocate and comments from the public. 18 V.S.A. § 9375(b)(7); 18 V.S.A. § 9456

Hospital Budget Guidance: Overview

Priorities

- Hospital financial health
- Ongoing regulatory alignment
- Data driven analysis and decisions
- Reasonable schedules and turnaround times

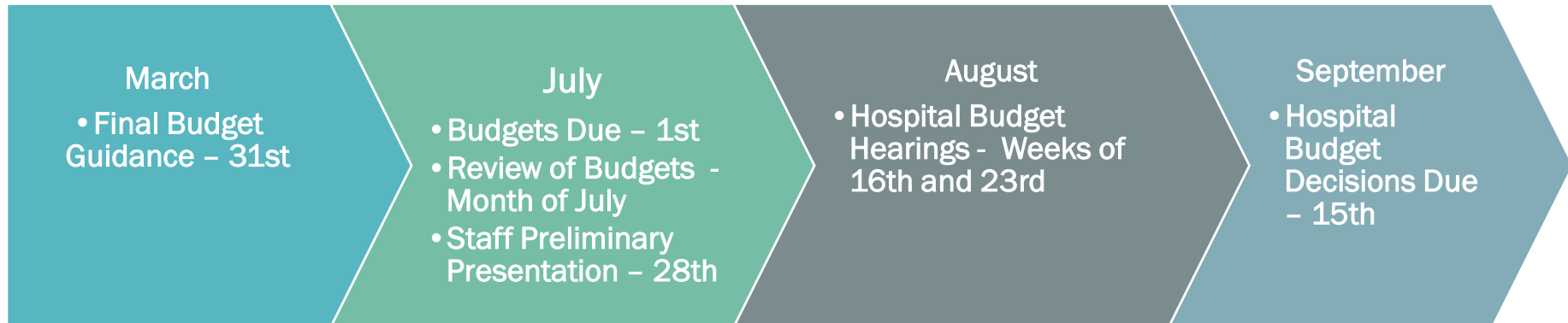
Process

- Limited CFO, VAHHS, and Health Care Advocate meetings
- Collaboration with GMCB legal, ACO team
- Public Process

Outcome

- Budget Guidance
- Align narrative and presentation
- Update appendices to support narrative and presentation

Hospital Budget Timelines



Abbreviate Guidance Recommendations

Pursuant to its emergency authority under Act 91 (H. 742) and recognizing hospital budget submission challenges created from the COVID-19 pandemic and that Budget Guidance is developed as a thoughtful and collaborative initiative, staff recommend the following deletions/additions to previous Budget Guidance:

- For FY2021
 - Submission date changed from July 1st to July 31st
 - An Abbreviated Excel budget template was used for each hospital
 - Eliminated “Non-Financial Reporting” requirement
 - Limited questions to those of a technical or clarifying nature.
 - Added COVID-19 impact

FY2021 Abbreviated Guidance Staff Recommendation



Item	Recommendation
COVID-19 impact	Add to timeline, introduction and narrative prompts
Part One "Non-Financial Reporting"	Remove
Data Input to Adaptive Insights	Remove for a later date, Use Excel file budget submission template
Comparative Financial Metrics	Remove - some included in Excel file template
NPR/FPP Overview	Consolidate
Other Operating and Non-Operating Revenue	Combine
Capital Investment Cycle	Remove borrowing, CON and non-CON questions
Organizational Structure	Remove
Service Line Assessment	Remove
Risks and Opportunities	Remove
Unique Patients	Remove
ACO Participation and Health Care Reform	Postponed Reserve and Settlement Table requirement to late summer early fall
	Remove questions - accounting challenges, hospital employee attribution, mental health and social services
Vermont Health Information Exchange Network	Remove
Appendices	Remove - Bridge Tables
	Remove - Change in Charge
	Remove - Utilization
	Remove - Inflation
	Remove - ACO Participation

Abbreviate Guidance Recommendations Continued



Recognizing hospital budget submission challenges created from the COVID-19 pandemic and that Budget Guidance is developed as a thoughtful and collaborative initiative, staff recommend the following deletions/additions to previous Budget Guidance:

- For FY2022
 - Submission date changed back to July 1st
 - An abbreviated Adaptive budget submission for each hospital:
 - Income Statement, Balance Sheet, Payer Revenue, Utilization, Staff/FTEs, Capital Expenditures.
 - Appendices Financial Workbook to support narratives and presentations - still under discussion:
 - Reconciliation (Bridges), Charge increases and NPR Detail, Utilization estimates, Inflation, Vaccine Clinics and Testing, Value-Based Participation, COVID-19 Advances, Relief Funds, and Other Grants
 - Eliminate: “Non-Financial Reporting” requirement
 - Limit questions to those of a technical or clarifying nature.
 - Exemption from Public Hearing Policy Criteria – Still under discussion

Fiscal Year 2020 Year-End Review

Fiscal Year 2020 Year-End Review



Vermont hospitals are required to report their Fiscal Year 2020 (FY2020) actual operating results as part of the Green Mountain Care Board's (GMCB) FY2020 budget orders. Additionally, hospitals are required to submit their FY2020 audited financial statements, as well as the hospital's parent organization's audited consolidated financial statements, if applicable. These documents, and other additional information, are available on the [Green Mountain Care Board website](#).

Note: Springfield Hospital did not submit audited FY2020 data at the time of this report. As a result, this report uses unaudited data submitted by the hospital for Fiscal Year-End September 2020.

FY2020 Enforcement Waived



At the May 27, 2020 Board Meeting, Board Member Robin Lunge made a motion to waive enforcement for FY2020 due to uncertainty from the pandemic. Board Member Jessica Holmes seconded the motion. The Board discussed the details of enforcement. The Board voted (4-1) by roll call to approve the motion.

[May 27, 2020 Meeting minutes](#)

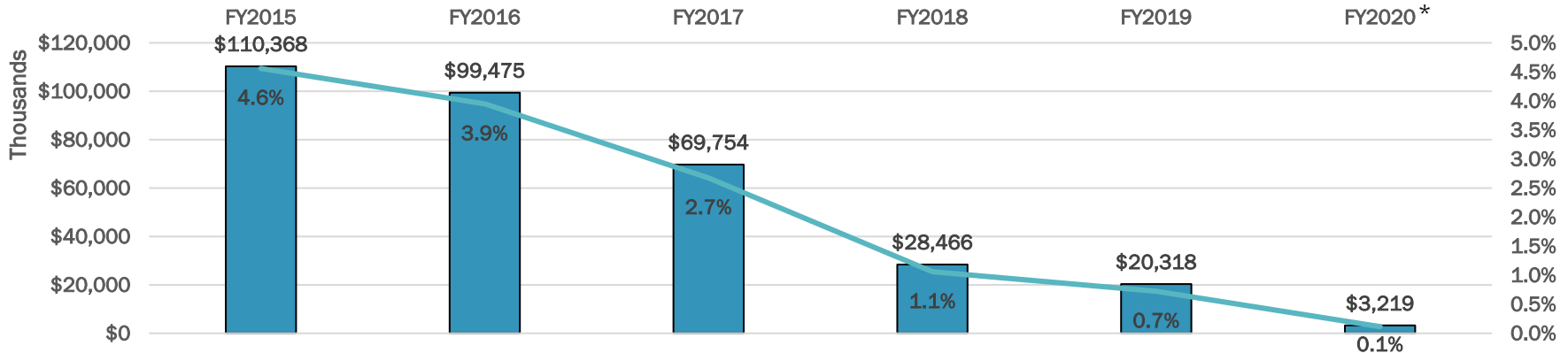
Vermont Hospital System



Vermont Hospital System			
Net Patient Revenue/Fixed Prospective Payments			
Actual 2020	Budget 2020	Variance (\$)	Variance (%)
\$ 2,425,294,019	\$ 2,717,331,641	\$ (292,037,622)	-10.7%
Operating Expenses			
Actual 2020	Budget 2020	Variance (\$)	Variance (%)
\$ 2,880,934,793	\$ 2,868,723,052	\$ 12,211,741	0.4%

Vermont Hospital System			
Net Patient Revenue/Fixed Prospective Payments			
Actual 2020	Actual 2019	Variance (\$)	Variance (%)
\$ 2,425,294,019	\$ 2,588,423,980	\$ (163,129,961)	-6.3%
Operating Expenses			
Actual 2020	Actual 2019	Variance (\$)	Variance (%)
\$ 2,880,934,793	\$ 2,795,444,000	\$ 85,490,793	3.1%

Operating Margin

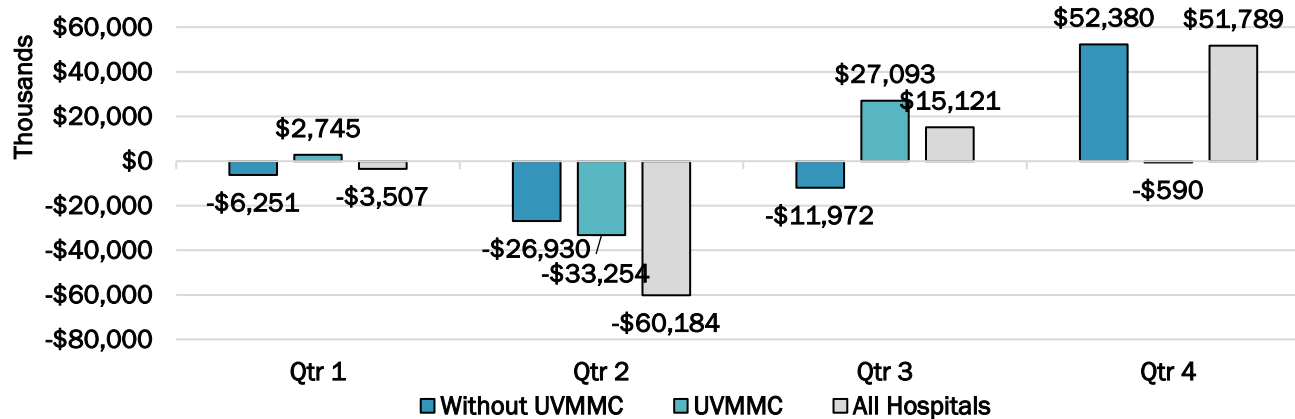


*FY2020 year-end results may change due to stimulus guidance.

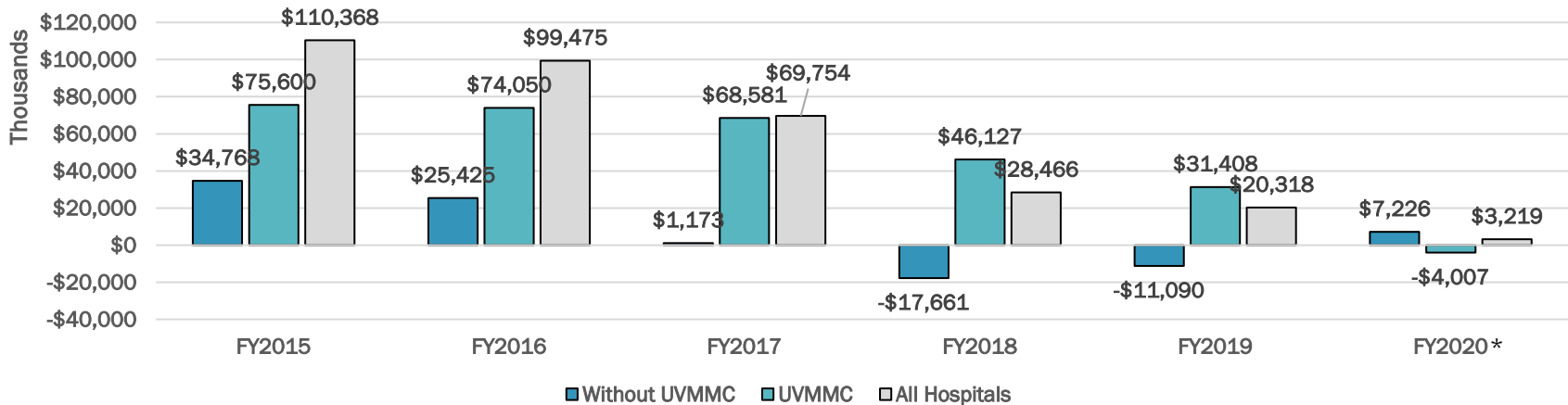
Vermont Hospital System



Operating Margin
FY2020 Quarterly Activity*



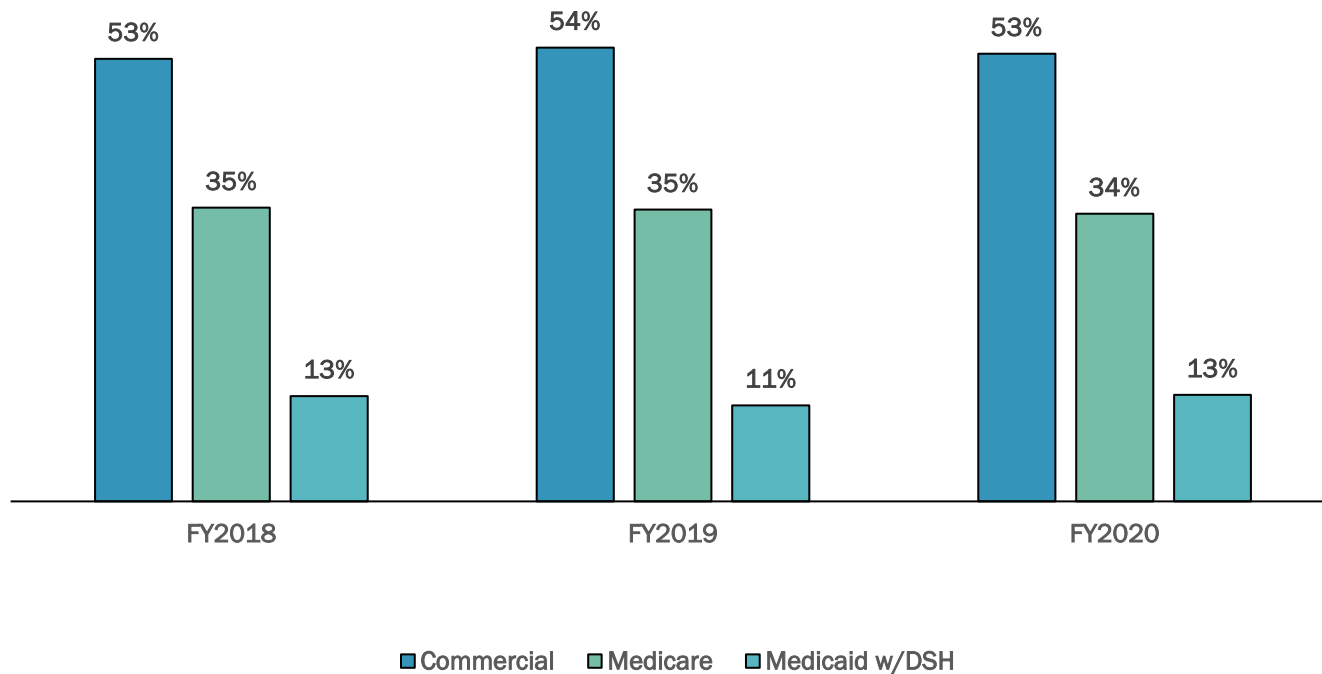
Operating Margin



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Payer Mix

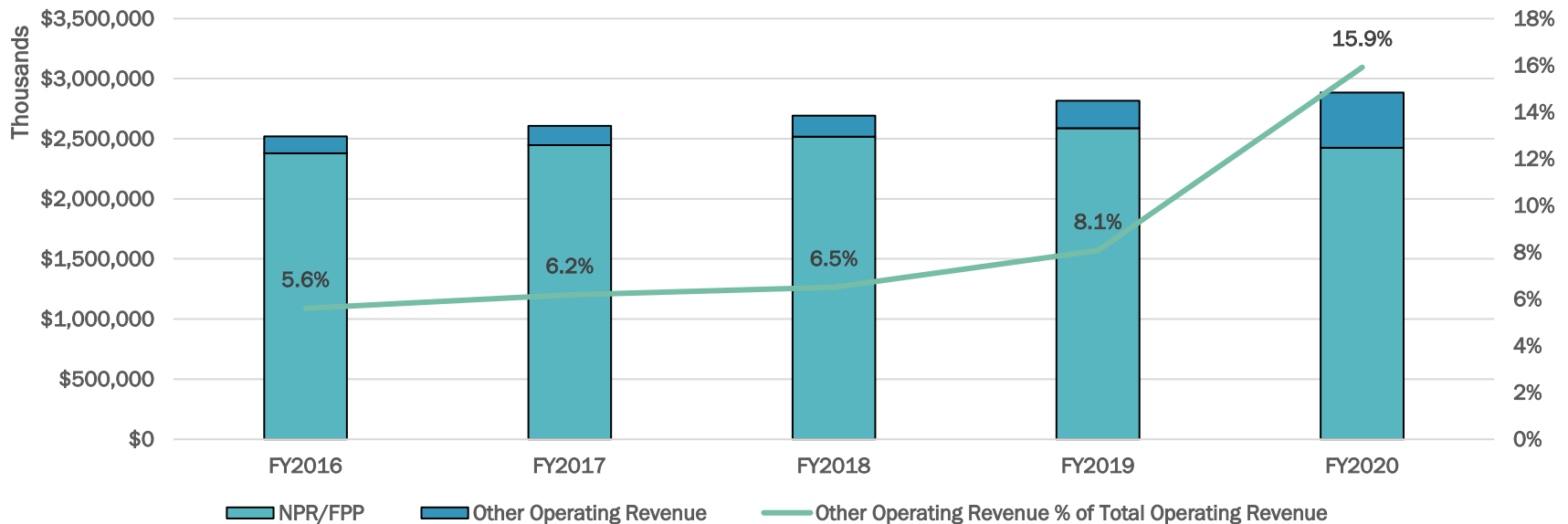
- System-wide, FY2020 payer mix did not indicate much shift from prior years despite the impact of COVID-19.
- On a per hospital basis, FY2020 payer mix affected each differently.



Increasing Reliance on Other Operating Revenue

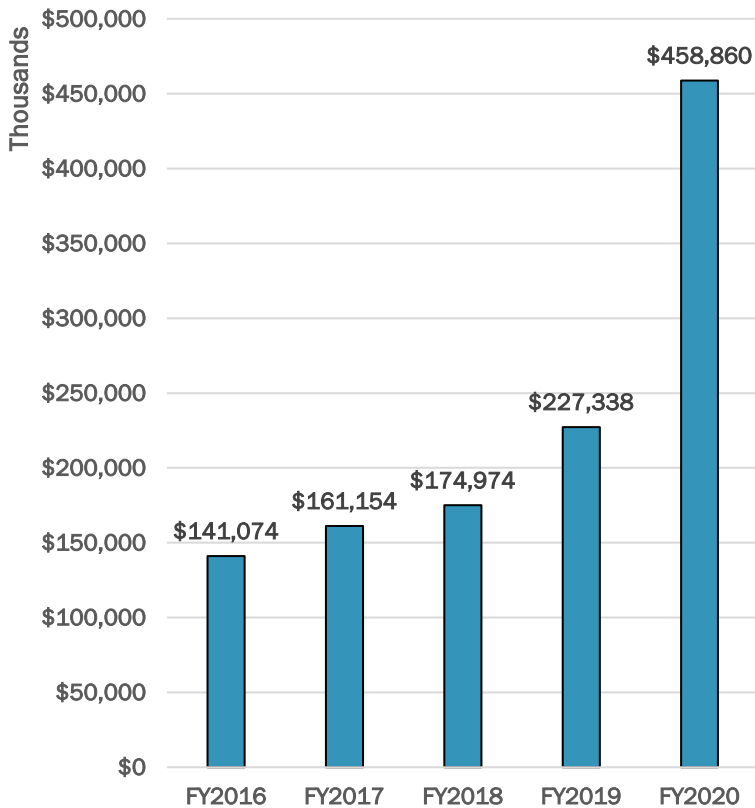
As the 2020 pandemic continued, operating margins deteriorated. Once the CARES Act was passed, hospitals applied for the different forms of relief funding. Several hospitals credited these funds as **critical to the sustainability of their organizations**.

Increasing Reliance on Other Operating Revenue

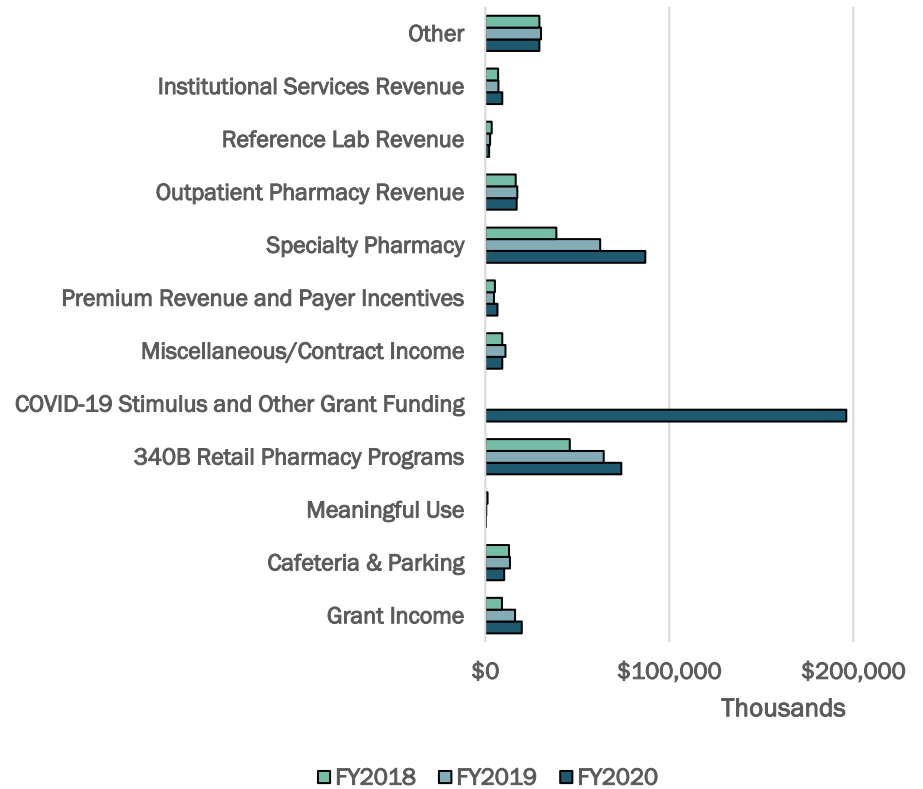


Other Operating Revenue

Other Operating Revenue



Categories of Other Operating Revenues



FY2020 Year-End Results: Operating Margin (\$)



Hospital	FY2019 Actuals	FY2020 Budget	FY2020 Actuals	Budget-to-Actual % Variance	Actual-to-Actual % Variance
Brattleboro Memorial Hospital	\$670,579	\$475,566	\$515,362	8%	-23%
Central Vermont Medical Center	(\$4,677,987)	\$187,103	(\$1,319,345)	-805%	-72%
Copley Hospital	(\$2,161,242)	\$1,004,619	(\$2,756,792)	-374%	28%
Gifford Medical Center	(\$413,707)	\$1,540,766	\$1,417,726	-8%	-443%
Grace Cottage Hospital	(\$1,301,798)	(\$1,263,830)	(\$378,786)	-70%	-71%
Mt. Ascutney Hospital & Health Ctr	(\$42,885)	\$0	\$538,310	#DIV/0!	-1355%
North Country Hospital	\$1,676,946	\$1,471,941	\$3,336,242	127%	99%
Northeastern VT Regional Hospital	\$1,627,193	\$1,613,350	\$1,181,218	-27%	-27%
Northwestern Medical Center	(\$8,905,148)	(\$248,287)	(\$1,111,516)	348%	-88%
Porter Medical Center	\$4,705,271	\$3,590,524	\$3,673,600	2%	-22%
Rutland Regional Medical Center	\$1,172,124	\$6,699,103	\$545,491	-92%	-53%
Southwestern VT Medical Center	\$5,583,044	\$6,052,474	\$4,766,481	-21%	-15%
Springfield Hospital	(\$9,021,953)	(\$985,156)	(\$3,181,720)	223%	-65%
The University of Vermont Medical Center	\$31,407,561	\$46,375,027	(\$4,007,273)	-109%	-113%
Total	\$20,317,997	\$66,513,200	\$3,218,998	-95.2%	-84.2%

FY2020 year-end results may change due to stimulus guidance.

Key Financial Indicators: FY2020 Year-End (as of September 30, 2019 and 2020)



Hospital	Days Cash on Hand ↑			Days Receivable ↓			Days Payable ↓			Debt Service Coverage Ratio To:1.00 ↑			Age of Plant ↓
	FY2019	FY2020	△	FY2019	FY2020	△	FY2019	FY2020	△	FY2019	FY2020	△	FY2020
Brattleboro Memorial Hospital	156.9	219.5	62.6	57.6	50.1	-7.4	52.8	95.8	42.9	3.5	4.4	0.8	12.9
Central Vermont Medical Center	95.5	131.6	36.1	48.9	55.1	6.1	70.4	96.6	26.2	1.3	1.4	0.1	14.0
Copley Hospital	62.1	199.8	137.7	29.2	28.0	-1.2	36.7	184.6	147.9	1.3	0.3	-1.0	11.8
Gifford Medical Center	236.8	332.9	96.1	42.8	52.0	9.2	51.5	121.6	70.1	2.1	3.7	1.6	17.4
Grace Cottage Hospital	92.5	266.7	174.2	35.0	39.4	4.4	98.1	149.4	51.3	-1.1	0.7	1.8	20.6
Mt. Ascutney Hospital & Health Ctr	144.4	207.0	62.6	40.2	40.8	0.6	76.2	126.1	49.9	5.6	3.6	-2.0	11.4
North Country Hospital	220.5	318.1	97.6	32.5	39.4	6.9	59.4	84.8	25.3	3.6	4.6	1.0	14.0
Northeastern VT Regional Hospital	107.4	206.6	99.2	39.9	40.2	0.4	48.7	85.2	36.5	5.1	4.5	-0.6	15.4
Northwestern Medical Center	255.2	289.8	34.6	41.5	46.6	5.0	39.8	116.0	76.2	-1.1	2.3	3.4	11.8
Porter Medical Center	128.5	166.5	38.0	60.7	81.3	20.6	51.4	92.0	40.7	9.0	8.3	-0.8	13.7
Rutland Regional Medical Center	201.8	274.5	72.7	40.5	34.6	-5.9	52.4	84.0	31.6	4.5	4.3	-0.1	14.4
Southwestern VT Medical Center	40.7	69.9	29.2	35.6	34.5	-1.1	55.7	82.6	26.9	13.4	11.8	-1.7	19.4
Springfield Hospital	16.6	0.0	-16.6	44.8	0.0	-44.8	176.8	0.0	-176.8	-0.7	0.0	0.7	17.2
The University of Vermont Medical Center	169.4	193.2	23.8	50.2	57.3	7.1	51.4	76.9	25.5	3.0	2.1	-0.8	11.6

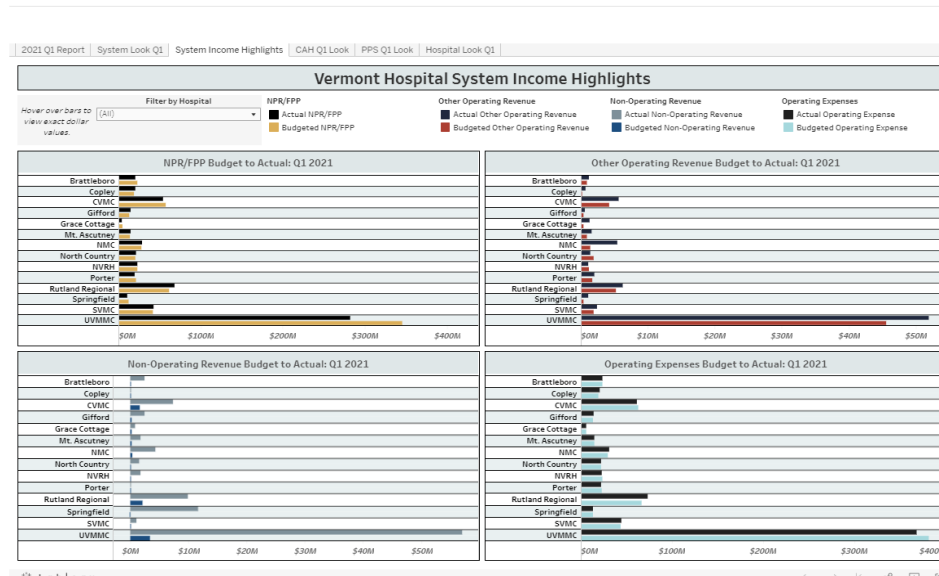
↑ increasing values are favorable; ↓ decreasing values are favorable

FY2020 Days Cash on Hand inflated due to stimulus funds.

Interactive Visualization

- From the GMCB Hospital Budget Review website
 - FY 2021 Actuals
- Launch an Interactive Window
- Link: <https://gmcbboard.vermont.gov/hospitalbudget/fy2021actual>

Hospital Budget Quarterly Report: Q1 2021



What's Next?

- Sustainability Planning,
- Continued movement to Value Based Care,
- Continuing to work with the hospitals on COVID-19 and post COVID-19 healthcare,
- Transparency,
- Health equity



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