



BRH Sustainability & Recovery Plan

Board of Directors Meeting – May 28, 2024

Bartlett
Regional Hospital

Bartlett Regional Hospital Sustainability & Recovery Plan

BACKGROUND:

Bartlett Regional Hospital is currently running a \$10M annual budget deficit which risks its long-term financial sustainability and viability. An analysis was conducted comparing incoming revenue and operating expense for each of the following non-core hospital services:

RRC - ABA - Crisis Center - BOPS - Home Health - Hospice

Proposed Timeline:

- ✓ Bartlett Finance Committee – May 10th
 - Decision-Point Presentation and Management Recommendations
- Bartlett Board of Directors – May 28th
 - Decision-Point Review and Board Direction
- CBJ/BRH Joint Meeting – May 29th
- Community Feedback/Engagement Period - May 29th – June 19th
- Bartlett Finance Committee – June 24th
 - Review of Community Feedback/Formal Recommendations to Board
- Bartlett Board of Directors – June 25th
 - Review and Approve Final Recommendations



Bartlett Regional Hospital Strategic Goals 2024-2027

VISION: Bartlett Regional Hospital provides its community with quality, patient centered care in a sustainable manner.

Deliver seamless continuity of care

Deliver quality, cost effective medical care, meeting patients where they are with the services they need.

Support the development and alignment of employees, providers, and partners

Cultivate a work environment that enables our employees, providers, and partners to thrive, aligning around our shared mission, vision, and values.

Improve infrastructure to meet community needs

Develop and maintain the physical and technological infrastructure needed to meet the growing health care services, access, and convenience needs of our patients.

Optimize and drive strategic clinical growth

Achieve long term sustainability through optimization of operations and selective investment in service line growth.

Promote a distinct identity and brand

Strengthen community engagement and increase awareness of the range and quality of services offered, elevating the reputation of the organization within Southeast Alaska.



Bartlett Regional Hospital – Sustainability & Recovery Plan FY2025

Financial Analysis By Program	FY2025 Sustainability & Recovery Plan						
	Hospital/ WFC	RRC	ABA	Crisis Center	BOPS	Home Health	Hospice
FY2025 Financials – Budgeted							
Revenue	\$138.3	\$1.77M	\$461K	\$2.0M	\$1.06M	\$424K	\$504K
Expense	\$141.1	\$2.55M	\$1.11M	\$3.2M	\$3.86M	\$1.36M	\$951K
Margin	\$2.85M	\$782K	\$656K	\$1.2M	\$2.8M	\$934K	\$448K
Options Matrix							
Increase Reimbursement	Option	n/a	n/a	n/a	n/a	n/a	n/a
Reduce Cost/Realign	Option	n/a	n/a	n/a	Option	n/a	n/a
Subsidize	n/a	Option	n/a	Option	n/a	Option	Option
Close/CHOW	n/a	Option	Option	Option	n/a	Option	Option

Rainforest Recovery Center (RRC)

History & Background

Rainforest Recovery Center (RRC) is a 16-bed residential and outpatient treatment program. CBJ transferred management of RRC to Bartlett in 2000 due to operating losses well in excess of \$1M in the years leading up to the transfer (per CBJ CAFR), and a perception that Bartlett would be better suited to manage the program. CBJ provided limited funding to cover these losses until 2019. In FY's 2005, 2010, 2015 and 2023 RRC was subsidized \$1.66M, \$1.77M, \$1.8M, and \$1M, respectively. Subsidization through grants and tax revenue dropped to \$270K in 2024.

Current Conditions

- 1) RRC is currently losing \$655K during 8 months of operation. It is budgeted to lose approximately \$782K for FY2025.
- 2) Payor Mix is 89% Medicaid, 5% Commercial, and 4% private.
- 3) 40% of the patient population are CBJ residents.
- 4) Currently operating at base staff which can serve 16 residential patients.
- 5) There are currently 4 residential treatment programs in SE Alaska including RRC, and 30 programs statewide.
- 6) RRC cared for 316 unique patients during the last 3 years, with 25 patients receiving care more than once.

Proforma Analysis

Stat	FY23	FY24 Annualized	FY25 Budget
Pt Days	2,969	3,374	3,610
Outpatient Visits	338	344	350
Collections per pt day	\$487.66	\$479.90	\$490
Max Capacity Potential	\$2.848M	\$2.810M	\$2.861M
Actual Collections	\$1.448M	\$1.619M	\$1.769M
Operating Costs	\$2.987M	\$2.973M	\$2.551M

Analysis

- 1) Wages and benefits exceeded net revenue by \$1.4M in 2023, \$900K in FY24, and \$522K in the FY25 budget. Direct payroll costs far exceeding net revenues is difficult to fix.
- 2) Service reduction would not have a significant decrease in operating costs (meals, etc.), however any reduction in service would reduce revenue significantly thereby exacerbating the operating loss.
- 3) Staffing levels currently at minimal staffing levels.
- 4) Program would need to operate at 100% of capacity (with no increases to costs) to cover staffing costs in FY24.
- 5) Program closure would have minimal impact on Emergency Department utilization per ED physician leader.

Board Recommendation: Determine whether a 3rd party can be identified to take the program over in full from Bartlett. If this is not realistic, closure of the program. This program could be retained if the CBJ Assembly chose to provide a permanent subsidy. This is a difficult financial recommendation and is in no way a reflection of the individuals who provide and receive these services.



Bartlett Regional Hospital – Sustainability & Recovery Plan FY2025

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Reduce Cost/Realign	Option	n/a	n/a	n/a	Option	n/a	n/a
Subsidize	n/a	Option	n/a	Option	n/a	Option	Option
Close/CHOW	n/a	Option	Option	Option	n/a	Option	Option

Applied Behavior Analysis (ABA) Therapy

History & Background

Applied Behavior Analysis (ABA) is a program that had been privately contracted with the Juneau School District (JSD) prior to Summer 2021. ABA serves ages 2-21 with an autism diagnosis. June 2021, BRH hired an ABA Director with plans to accept referrals starting June 2021. Deemed to be a community need.

- 1) In June 2021, it was determined that ABA services would be added to BRH behavioral health programs. This program was co-located with Physical Rehab.
- 1) In July 2021, ABA services were thought to increase revenue to BRH from contracting with JSD. No proforma found. A total of 7 FTEs, including the director.
- 2) In October 2021, ABA opened an office off campus rented by BRH and had 62 referrals. Late 2023, ABA moved into the BRH Aurora Behavioral Health Center.

Current Conditions

- 1) ABA is currently losing \$646K during 8 months of operation. It is budgeted to lose approximately \$536K for FY2025.
- 2) Payor mix is 25% Medicaid, 67% Commercial and 2% other.

Proforma Analysis

- 1) A proforma was not found related to ABA.

FY 24 Data - Applied Behavior Analysis (ABA) Clinic	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
# of ABA Patients	17	17	17	17	18	18	18	18	18
# of Appointments scheduled	175	295	218	303	250	190	188	230	246
# of Appointments Attended	175	295	218	303	250	190	188	230	246
% of Appointments Attended	100%	100%	100%	100%	100%	100%	100%	100%	100%
# of Individuals on Waitlist	78	79	82	83	84	85	85	85	87
# of total hours	279	319.7	320.4	353.1	349.95	277	359	322	

Analysis

- 1) Wages & benefits exceeds net revenue by \$849K with FY25 projected loss of \$656K. Direct payroll costs far exceeding net revenues is difficult to fix, expenses exceeds gross charges, and ABA is a program that will not likely make enough revenue to be self sustainable.
- 2) ABA's two board-certified leaders have given their resignation notice effective June 13, 2024. This will result in the closing of the Bartlett program. Impacted program staff and families currently receiving services have been notified. These two staff intend to provide ABA therapy through private practice.

Board Recommendation: Support departing staff in start up of new ABA program through private practice.



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Crisis Observation Services (COS)/Crisis Residential and Stabilization Services (CSS) for Adults and Adolescents

History & Background

Adolescent and adult crisis services are needed in Juneau. In 2019 BRH committed to opening Crisis services for adult and adolescents.

1) Crisis Observation Services (COS)/Crisis Residential Stabilization Services (CSS), were scheduled to open in March 2023. Due to delays, services opened in December 2023.

2) Due to facility layout and staffing concerns, BRH was unable to open all four programs and opened to just adolescents for Crisis and Residential services.

Current Conditions

1) COS/CSS has had 24 encounters of adolescents since opening in December 2023. COS/CSS is currently expected to lose \$1.1M. It is expected to lose approximately \$2.2M for FY2025, which is its first full year of operation.

2) COS/CSS is paid on fee for service demonstration. Volume continues to be low, with COS services being reimbursed at \$121/hour and CSS reimbursed at \$940/daily rate.

Proforma Analysis

- 1) In a proforma, COS adolescent occupancy was estimated at 23% and CSS adolescent occupancy estimated at 75%. There was Net Margin per the proforma with all four programs; however, it was minimal. Challenges with staffing were not included in proforma related to using contract staff. Proforma did not address the total addressable market. Total potential volume in market is not known.

Revenue	FY 2024 Proforma	FY 2024 Estimate	FY 2025 Proforma	FY 2025 Estimate	FY 2025 Budget
Medicaid Revenue	\$ 2,015,260	\$ 236,777	\$ 2,037,854	\$ 521,017	\$ 1,969,356
Other Insurance Revenue	\$ 25,613	\$ 195,192	\$ 26,598	\$ 429,512	\$ 25,704
Non-Resourced Revenue	\$ -	\$ 4,304	\$ -	\$ 9,471	
TOTAL REVENUE	\$ 2,040,873	\$ 436,273	\$ 2,064,452	\$ 960,000	\$ 1,995,060

Expenses	FY 2024	FY 2024 Estimate	FY 2025 Proforma	FY 2025 Estimate	FY 2025 Budget
Wages, Taxes, Benefits - Direct Care Staff	\$ 1,720,602	\$ 1,399,747	\$ 1,745,355	\$ 2,902,955	\$ 2,907,057
Wages, Taxes, Benefits - Management + Support	\$ 309,968		\$ 315,126		
Sub-total Salary + Benefits	\$ 2,030,570	\$ 1,399,747	\$ 2,060,481	\$ 2,902,955	\$ 2,907,057
Shared Expenses (Facilities and Contract Staff)	\$ 587,765	\$ 80,954	\$ 586,690	\$ 221,371	\$ 282,904
Sub-total Subtotal Other Expenses	\$ 587,765	\$ 80,954	\$ 586,690	\$ 221,371	\$ 282,904
TOTAL EXPENSES	\$ 2,618,335	\$ 1,480,701	\$ 2,647,172	\$ 3,124,326	\$ 3,189,961

Total revenue minus total expenses	\$ (577,462)	\$ (1,044,428)	\$ (582,720)	\$ (2,164,326)	\$ (1,194,901)
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Analysis

- 1) Wages & benefits estimated to exceed net revenue by \$2M in FY25. This estimate is based on the first full quarter of operations where we have experienced volumes well below the proforma estimates.
- 2) Staffing levels currently at minimal staffing levels & are mostly contract labor.
- 3) Volumes and Revenue remain low and significantly below the proforma.

Board Recommendation: Program closure and space utilization plan development for Aurora building. This program could be retained if the CBJ Assembly chose to provide a permanent subsidy. This is a difficult financial recommendation and is in no way a reflection of the individuals who provide and receive these services.



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Subsidize	n/a	Option	n/a	Option	n/a	Option	Option
Close/CHOW	n/a	Option	Option	Option	n/a	Option	Option

Bartlett Outpatient Psychiatric Services (BOPS)

History & Background

Bartlett Outpatient Psychiatric Services (BOPS) opened in the 1990s and currently provides family psychotherapy and individual psychotherapy for ages 5 and up, as well as medication-assisted treatment for substance abuse disorder. BOPS utilizes the employed Psychiatrists that staff the hospital's inpatient Mental Health Unit (MHU) to help meet the communities need for Psychiatric services.

BOPS has grown from 4.12 FTEs in FY18 to 12.71 FTEs in FY24.

Proforma Analysis

1) A proforma was not found related to BOPS.

	2018	2019	2020	2021	2022	2023	2024	2025 Bud.
FTE's	4.12	5.41	11.67	13.63	15.93	14.98	12.71	13.69
Visits	4,817	4,171	4,955	6,667	2,352	3,813	3,516	3,811
Charges	2,025,921	2,478,345	3,040,990	3,104,126	4,717,012	1,975,223	1,856,228	2,112,325
Expenses	1,989,198	2,705,889	3,761,687	4,036,281	6,190,053	5,079,739	4,947,049	3,865,617

Current Conditions

- 1) BOPS is projected to lose \$2.8M in FY25.
- 2) Payor mix is 33% Medicaid, 52% Commercial and 15% other.
- 3) Commercial payers pay per a Fee Schedule.
- 4) Current staffing includes 6 providers and 5 clinicians with 2 of them being remote.
- 5) FY23 saw 1160 patients receive service. FY24 saw 958 patients receive service.
- 6) FY24 <15% cancel/no show rate.
- 7) 3 adults and 3 children/adolescents on waitlist.

Analysis

- 1) Decreased expenses in FY25 due to decrease in contract labor.
- 2) Expenses far exceed gross charges.
- 3) Five (5) Provider FTEs required for minimum staffing for BOPS and MHU.

Board Recommendation: Manage as a core service and pursue outpatient service reductions. Changes are within management's purview and do not require Board approval.



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Subsidize	n/a	Option	n/a	Option	n/a	Option	Option
Close/CHOW	n/a	Option	Option	Option	n/a	Option	Option

Home Health Services

History & Background

- 1) Bartlett's Home Health (HH) program was started in response to Catholic Community Services (CCS) closing their HH agency in October 2022. As a community need, BRH decided to develop its own program. BRH HH opened in May 2023 with patients first seen in August 2023.
- 2) BRH HH was developed in conjunction with a Hospice program, which had also previously been operated and managed in the community by CCS.
- 3) CCS had lower wages & benefits. BRH wage & benefit structure carries higher program costs while reimbursement rates have remained the same.

Current Conditions

- 1) HH has expended approximately \$470k during 9 months of operation. It is budgeted to lose approximately \$930k for FY2025, which is its first full year of operations.
- 2) Lack of consistently available physical rehab services provided has been a challenge due to staffing shortages.
- 3) The Director of the program recently resigned. It will likely take months to recruit an experienced leader.
- 4) Billing for services has yet to occur but is expected in May.
- 5) Working capital used to cover start up was approximately \$105k.
- 6) HH and Hospice share leased space costing \$2600 per month.
- 7) All patients served are in the CBJ area.
- 8) Payor Mix is 10% Medicaid, 79% Medicare, 9% private and 1% VA.
- 9) BRH has held initial discussions with a private HH and Hospice entity with interest in operating these programs in Juneau.

Proforma Analysis

- 1) A proforma was completed for HH using the assumption of combined services and management with Hospice. The proforma was presented to Board for approval in January 2023.
- 2) The combined HH and Hospice program was projected to breakeven 17-18 months after startup based mainly on net revenue growth due to volume, with Hospice as the more profitable service line. This assumed an average daily census (ADC) of 20 for HH and 25 for Hospice by month 18. HH has reached an ADC of 25 while Hospice remains at 10, or ~30% below proforma projections.
- 3) Proforma did not analyze the total addressable market. Although total potential volume is unknown, this service is largely constrained to the population of Juneau proper.
- 4) Alaska ranks 48/50 for home health utilization, according to 2020 and 2021 CMS data.

Stat	Proforma	Actual	Variance	Analysis
Episodes (admissions to HH services)	75	91	+16	Program growth occurred faster than anticipated but has relied significantly on therapy visits.
Charges per Episode	\$3000	\$3864	\$864	Charges range significantly based on case-mix weights.
FY24 Expenses	\$730K	\$471K	\$259k	Proforma assumed 50/50 split for expenses with Hospice and faster growth of that program
FY24 Revenues	\$255K	\$351K	\$96K	Home Health has grown its patient base faster than anticipated

Analysis

- 1) Through March 2024, wage and benefit expenses exceed gross revenue by \$55K. Direct payroll costs exceeding net revenues can be challenging to fix. The program appears to be trending in the right direction; however, with costs holding steady and revenues steadily increasing month over month.
- 2) Staffing levels currently at minimal levels and are shared with Hospice patients. However, HH is short on therapy staff. Adding those staff would add to net revenues but also to salaries and wages for incremental losses.
- 3) Volumes have been constrained (administrative decision) due to challenges meeting physical therapy needs.

Board Recommendation: The Board understands the importance of this program to the community and will work to ensure that services are retained in the community. Management will pursue transfer of operations to a 3rd party provider. If this is not successful, the Board and management will pursue permanent subsidization.

Hospice Services

History & Background

- 1) Bartlett's Hospice program was started in response to Catholic Community Services (CCS) closing their Hospice agency in October 2022. As a community need, BRH decided to develop its own program. BRH Hospice opened in May 2023 with patients first seen in August 2023.
- 2) BRH Hospice was developed in conjunction with a Home Health program, which had also previously been operated and managed in the community by CCS.
- 3) CCS had lower wages & benefits. BRH wage & benefit structure carries higher program costs while reimbursement rates have remained the same.

Current Conditions

- 1) Hospice has expended approximately \$510k during 9 months of operation. It is budgeted to lose approximately \$450k for FY 2025, which is its first full year of operations.
- 2) The growth and sustainability of Hospice programs are largely dependent on healthy referral patterns from PCPs.
- 3) The Director of program has recently taken on oversight of the associated Home Health program.
- 4) Billing for services has yet to occur but is expected imminently.
- 5) Working capital used to cover start up was approximately \$170k.
- 6) HH and Hospice share leased space costing \$2600 per month.
- 7) All patients are in the CBJ area.
- 8) Payor Mix is 13% Medicaid, 79% Medicare, 5% private and 3% VA.
- 9) BRH has held initial discussions with a private HH and Hospice entity with interest in operating these programs in Juneau.

Proforma Analysis

- 1) A proforma was completed for Hospice using the assumption of combined services and management with Hospice. The proforma was presented to Board for approval in January 2023.
- 2) The combined HH and Hospice program was projected to breakeven 17-18 months after startup based mainly on net revenue growth due to volume, with Hospice as the more profitable service line. This assumed an average daily census (ADC) of 20 for HH and 25 for Hospice by month 18. HH has reached an ADC of 25 while Hospice remains at 10, or ~30% below proforma projections.
- 3) Proforma did not analyze the total addressable market. Although total potential volume is unknown, this service is largely constrained to the population of Juneau proper.
- 4) Alaska ranks 48/50 for hospice utilization, according to 2020 and 2021 CMS data.

Stat	Proforma	Actual	Variance	Analysis
Admissions	69	39	-30	Proforma anticipated ADC of 15 by end of Year 1. Current ADC is 9-10.
Length of Stay	Avg: 92.1 Med: 17	27.8		LOS has steadily increased over time.
FY24 Expenses	\$730K	\$512K	\$218k	Expenses lower in part due to challenges growing the program.
FY24 Revenues	\$880K	\$345K	\$535K	Growth has not happened as quickly as anticipated in this program.

Analysis

- 1) Through March 2024, wage and benefit expenses exceed gross revenue by \$140K. Direct payroll costs exceeding net revenues can be challenging to fix. The program appears to be trending in the right direction; however, with costs holding steady and revenues steadily increasing month over month.
- 2) Staffing levels currently at minimal levels and are shared with HH patients. Both programs require 24 hour on call availability of nursing staff. A reduction in staff would have an outsized impact on remaining staff.
- 3) Donations of approximately \$200K have been collected in support of this program.

Board Recommendation: The Board understands the importance of this program to the community and will work to ensure that services are retained in the community. Management will pursue transfer of operations to a 3rd party provider. If this is not successful, the Board and management will pursue permanent subsidization.

Questions?

Proposed Timeline:

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