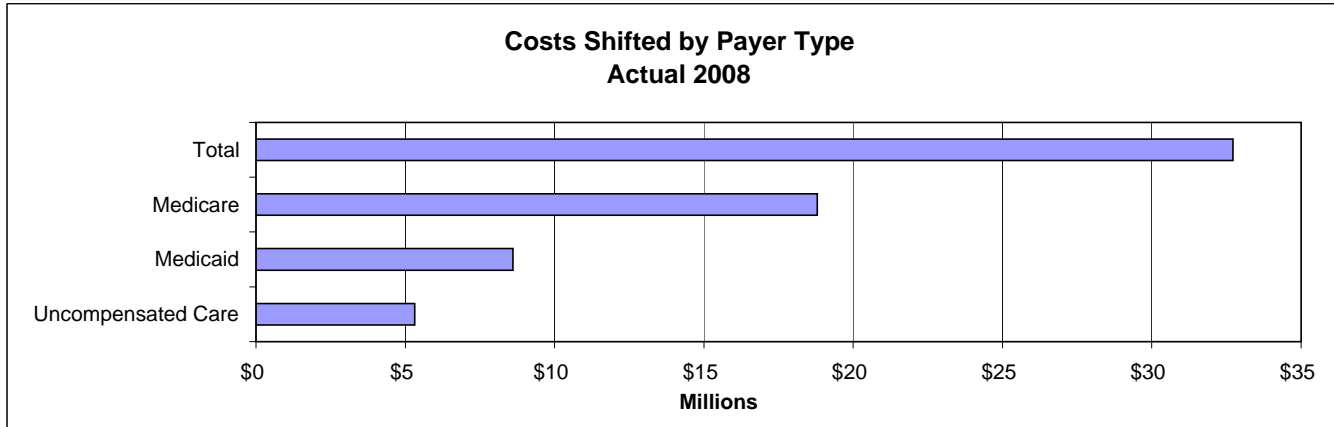


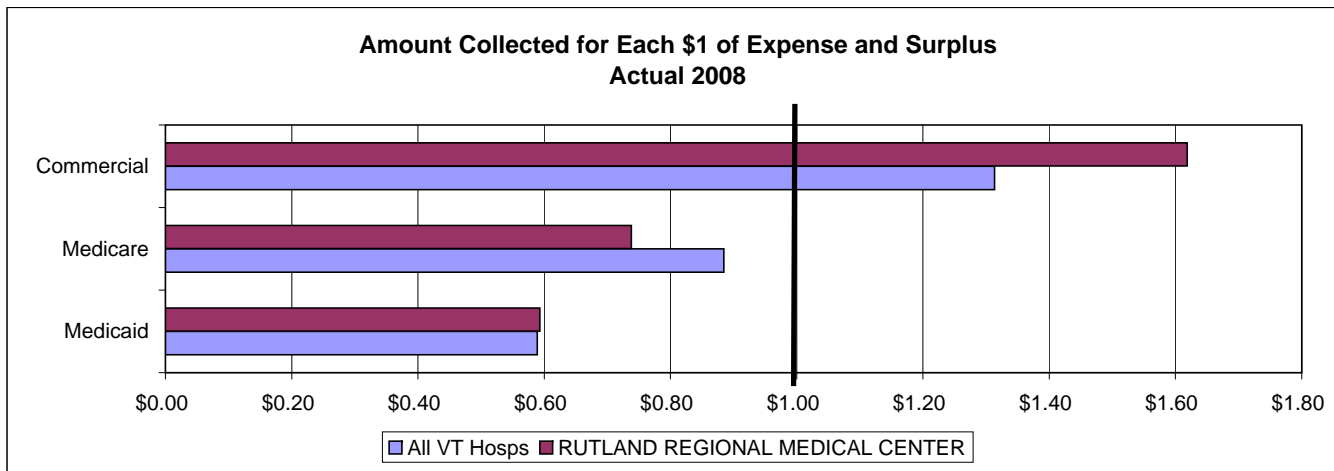
RUTLAND REGIONAL MEDICAL CENTER

Cost Shift

A hospital incurs costs to provide services to their patients. All patients, regardless of their ability to pay, are billed the same price for the same service. Sometimes the payment received by the hospital is less than cost for the services provided. This includes payments from uninsured, Medicare, and Medicaid patients. When the payment doesn't cover the cost to provide those services, this unreimbursed cost is passed on to other payers; this is the "cost shift". The ability to cost shift helps the hospital maintain its financial health.



This graph shows the costs shifted by Medicare, Medicaid, and Uncompensated Care to other payers. The top line shows the total cost shift, which is the sum of the costs shifted to others who pay.



This graph shows amount of money collected for each dollar of expense and surplus. If a payer (Commercial, Medicare, or Medicaid) is above \$1.00, then it pays more on average than the costs of its patients. If a payer is below \$1.00, then it pays less on average than the costs of its patients.

RRMC Medicare reimbursement is lower than the State average largely due to the fact that several VT hospitals have Critical Access Status which provides them with increased reimbursement. RRMC does not qualify for the Critical Access Program due to our size. State and Federal programs (Medicare and Medicaid) paid RRMC approximately \$27 million less than the total cost of care provided. This factor has the effect of causing a higher cost shift to non-public (commercial) payers, resulting in Commercial payers subsidizing State and Federal programs.