

Harrington Hospital 2017 Pre-Filed Testimony

Supplemental Information

September 22, 2017

Exhibit C Q 2

For each year 2014 to present please submit a summary table showing your operating margins for each of the following three categories of your total business: a) commercial, b) governmental and c) all other....

Summary Operating Margins FY'14 through FY'16 by Payer Group

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Commercial	(1,565,350)	(2,629,609)	4,340,908
Government	(8,933,192)	(2,110,771)	95,754
All Other	247,889	659,888	1,250,806
Total	<u>(10,250,653)</u>	<u>(4,080,492)</u>	<u>5,687,468</u>

Percent of Gross Business FY'10 through FY'16 by Payer Group

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Commercial	32.08%	31.35%	30.67%
Government	65.58%	66.44%	66.93%
All Other	2.34%	2.21%	2.40%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Governmental Payors : Medicare, Managed Medicare, Medicaid, Managed Medicaid, Commonwealth Care and HSN

Commercial Payors: Blue Cross HMO, PPO and Indemnity; Tufts Health Plan; Harvard Pilgrim; Fallon; GIGNA; Aetna and others

All Other : Workers' Compensation, Self Pay and other Governmental

*These are estimated based on cost report information. The hospital does not have a cost accounting system, which is expensive to acquire and maintain. The Hospital's current system does not track operating margins by payor or payor group. These figures are based on a rough model specifically pulled together to answer the question posed. It relies on cost reporting step down statistics many of which have become somewhat obsolete over time. It is likely that cost allocations using this method are very different from what would be seen in a well maintained cost accounting system.

INFORMATION ON PHYSICIAN COMPENSATION MODELS
 Please answer the following questions regarding the current compensation models for your *employed* physicians. Indicate N/A if your organization does not employ physicians. ☒ N/A

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The below information is based upon the physician employed in Harrington Physician Service's Inc.

- a. For **primary care physicians**, list the approximate percentage of total compensation that is based on the following:

Productivity (e.g., RVUs)	10
Salary	90
Panel size	
Performance metrics (e.g., quality, efficiency)	
Administrative/citizenship	
Other	

- b. For **specialty care physicians**, list the approximate percentage of total compensation that is based on the following:

Productivity (e.g., RVUs)	10
Salary	90
Panel size	
Performance metrics (e.g., quality, efficiency)	
Administrative/citizenship	
Other	

- c. Describe any plans to change your organization's compensation models for primary care and/or specialty care physicians that you employ.
 Harrington Physician Services, Inc is beginning a process to evaluate new compensation models. Variables in the models will include more productivity incentives, may include citizenship, quality and panel size