

Hospitals & Clinics and MCA FY25 Budget Kickoff

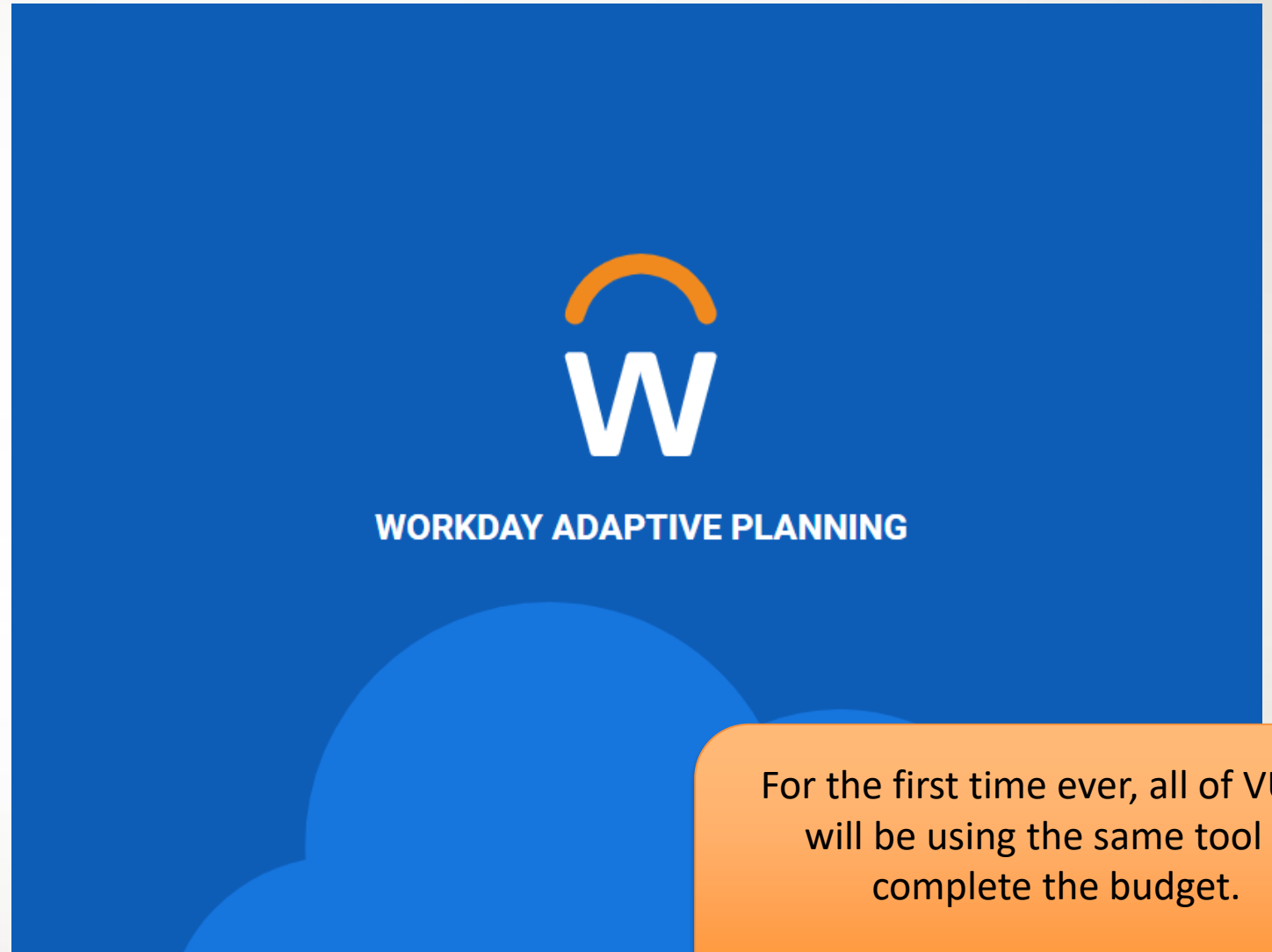
January 29, 2024

1pm

AdaptiveBudgetCEMCA@vumc.org

Please ensure your microphone is muted

New Year, New Tool !

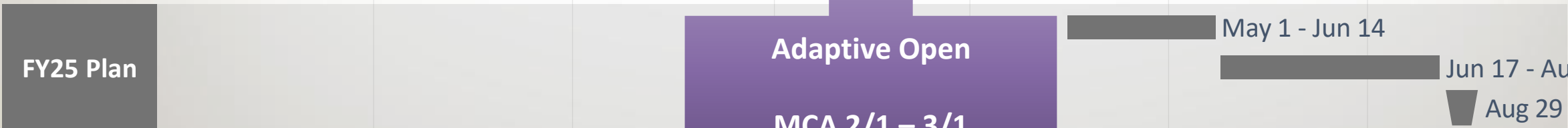
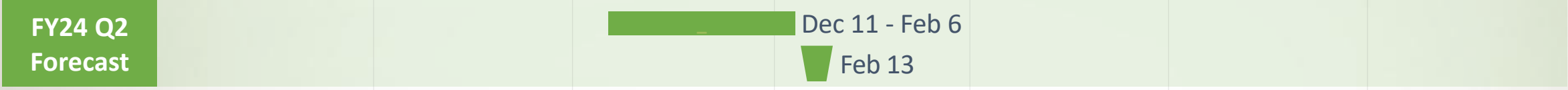
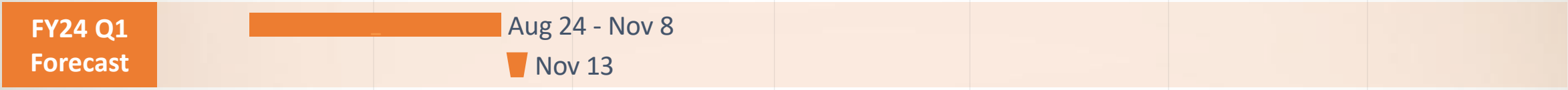
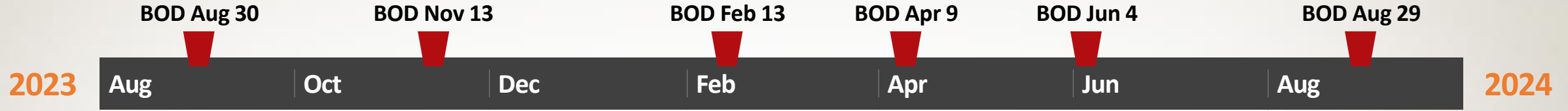


For the first time ever, all of VUMC will be using the same tool to complete the budget.

Welcome to the party VHS!

Agenda

- Budget Calendar/Timing
- Workday Adaptive Planning Overview
- FY25 Budget Process Highlights
- Reporting
- Training and resources
- General Reference
- Q&A
- Appendix: FY25 Budget Guidelines



Adaptive Open

MCA 2/1 – 3/1
H&C/VHS/HPS 2/1 – 3/29
Exec Reviews 3/26- 4/30

OR case and visit target (detailed) developed and loaded in Adaptive



Dec 1 - Jan 26

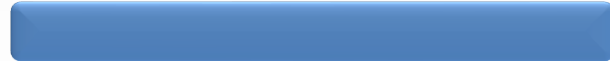


OR case and visits adjusted; all other volumes budgeted



Feb 1 - Feb 16

Non-variable revenue and expenses budgeted in Adaptive



Feb 1 - Mar 29

Variable revenue and expenses budgeted in Adaptive



Feb 19 - Mar 29

VUMC Executive Reviews



Mar 26 - Apr 30

BOD meeting materials developed



Apr 22 - May 24



2024



Feb 1

Adaptive released



Mar 1

MCA budgets
completed in Adaptive




Jun 4

BOD meeting
approve FY25 Budget

New Kid on the Block



Production - Vanderbilt University Medical Center | Home

Welcome to Workday Adaptive Planning

 **What's New** [View What's New Report →](#)

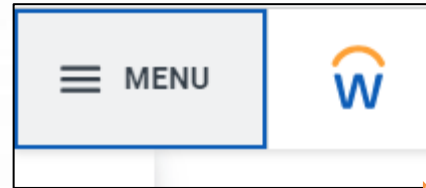
Learn more about the updates in our new release

Quick Links

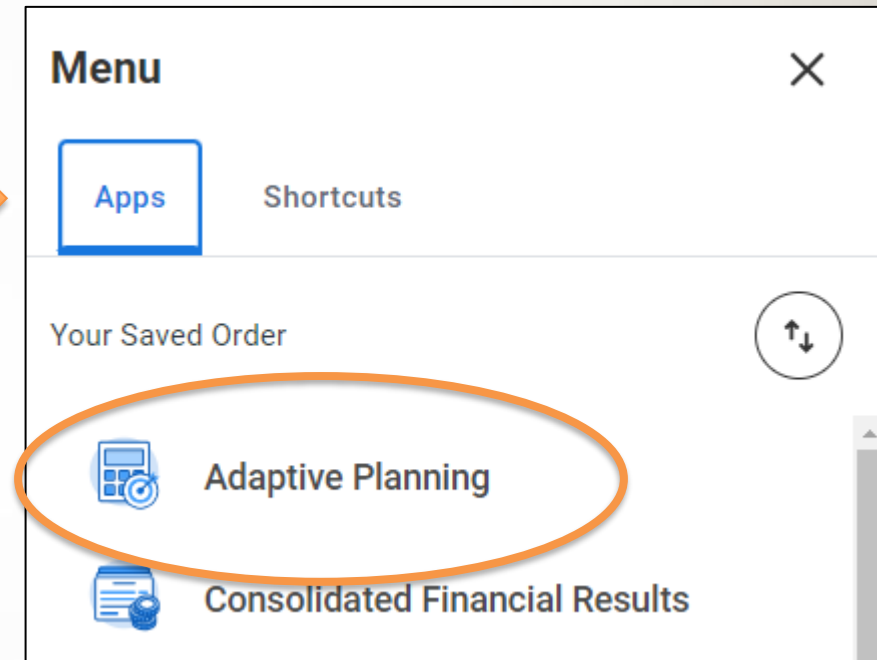


Adaptive Overview

- Web-based tool; access via an app in WD
 - From left corner (hamburger)
 - Under Apps



- Integrated with other Divisions across the organization, including VMG/AE
 - Actions may impact others in ways they did not before (volumes)



- New phrase for the season...What are your filters? 😊

Key Adaptive Terms

Version

- Location of the data for the task at hand
- Since we do FC, Budget and LRP in the same tool, **this is the FIRST thing you check when you get into Adaptive**

Sheet

- Building blocks of Adaptive
- Looks much like an excel worksheet

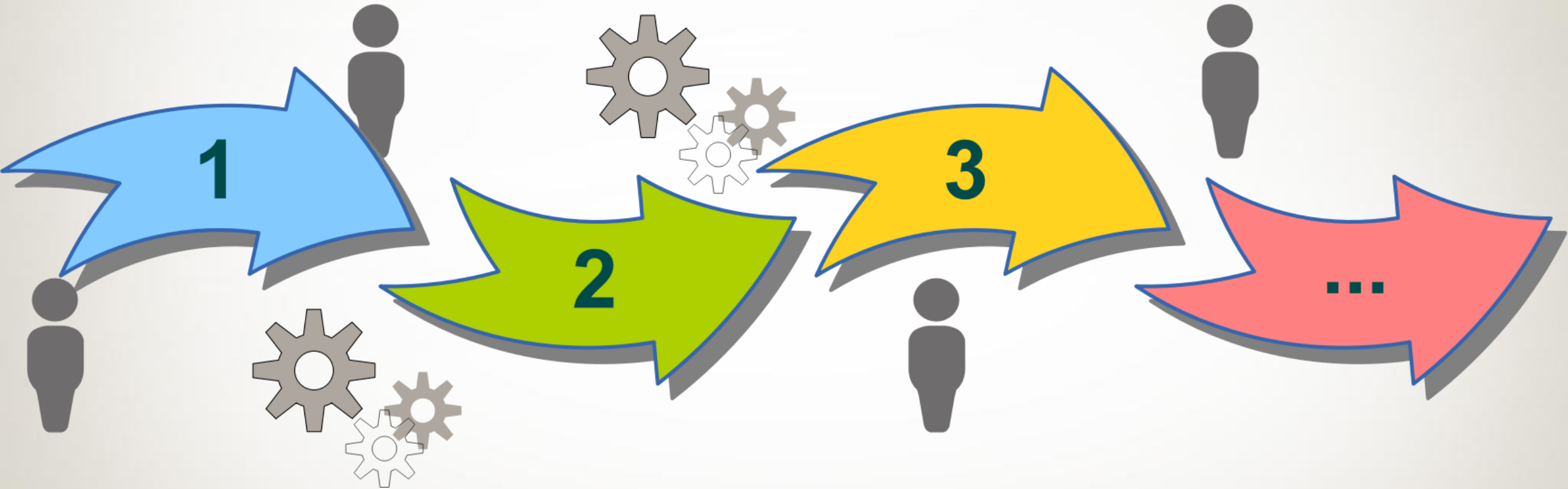
Dashboard

- Collection of related Sheets
- Provides streamlined approach to related tasks
- **Your primary entry to budgeting in Adaptive**

Level

- aka Cost Center

FY25 Budget Process Highlights



Process Starts with Volumes

- OR cases and clinic visit targets loaded to Adaptive at the provider level
 - Visits and OR cases must be a collaborative effort between VMG and the rest of the Clinical Enterprise
- Other stats such as ED visits and procedures are budgeted by the operations cost center with the support of Finance

Edits to all volumes should be complete by February 16th so that the volume driven revenues and expenses can be budgeted

Gross Charges

- **Inpatient gross charges**
 - Budgeted in a single center for each operating entity (VUH, MVJVH, VWCH, etc).
 - Access to this center is limited to the Revenue Team
- **Outpatient gross charges**
 - Budgeted in individual centers; based on key OP volume for that center
 - Key stats for Expenses and OP Gross Charges are in the BUD-CC Assigned Planning Stat sheet
 - If you do not have a key OP stat to drive gross charges, but have historically recorded OP revenue (typically smaller amounts), then you'll be able to override/enter your budgeted amounts on the BUD-OP Gross Revenue Dashboard
- **Price increase**
 - Adaptive does not include any increase in Gross Charges for FY25; Any price increase will be applied after the budget is complete in Adaptive

All Labor

- Current positions at 1/31/24
- Non-productive rates based on historical actual
- Annual increase already included at cost center level budgets – **no need to add**
- Market increases will be budgeted centrally by OOF

Fixed

- Budget on Roster Tab of Labor Dashboard
- By position

Variable

- Target FTEs driven by stats
- Budget Variable FTEs on Variable Labor Tab of Labor Dashboard
- By job profile
- HPU changes must be approved through Finance

Staffing

- Vacant positions not loaded in Adaptive
- Fixed positions budgeted on Roster; can start as early as system release
- Variable staffing dynamically based on budgeted volumes – [do not start on this until after February 16th](#)
- New fixed positions (not replacement) and Vacancy budgeted on New Position/Vacancy tab

Release & Completion

- February 1st – March 29th enter budget details into Adaptive
- Contact your Finance liaison for timing of Division and/or Entity reviews

Budget Targets

- All Groups must complete a budget; none will be prepopulated to match Target
- Budget Targets approved by MCA Executive Leadership
- Target is Operating Expenses before Shared (should agree to the ‘Total Expenses without Shared’ line at the bottom of the BGT.12 Budget Detail Report – MCA)
- Any expenses over Target must be approved by your MCA Executive Leader

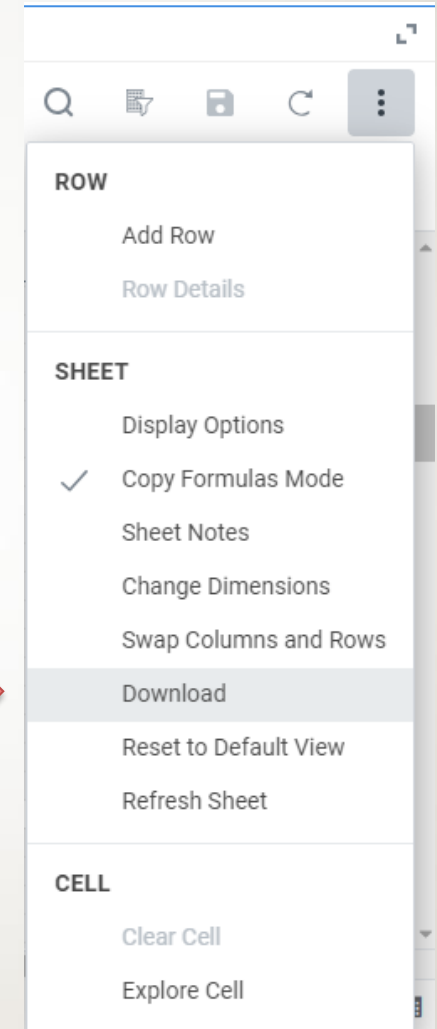
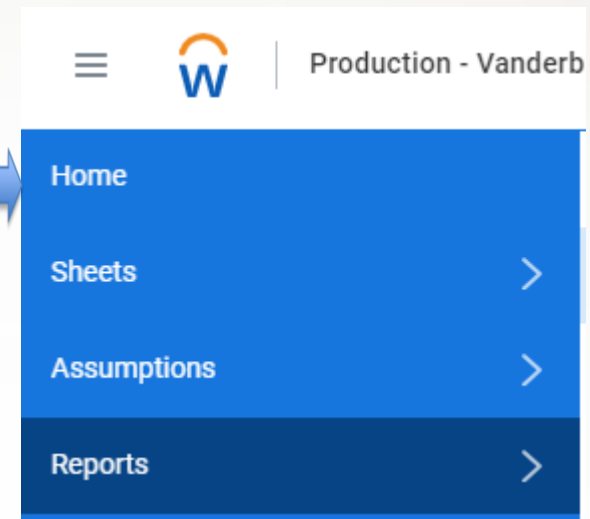
Release & Completion

- February 1st – March 1st enter budget details into Adaptive to meet Target
- Most accounts and spend categories will be populated with a rolling 12-month average
- Vacant positions NOT loaded in Adaptive

Budget Review – exception based (not 100%)

Reporting

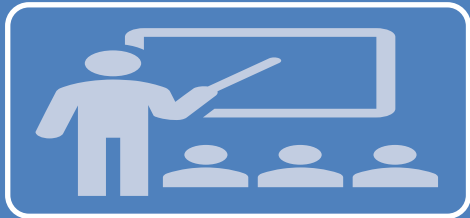
- **Reports built in Adaptive**
 - No longer go to Business Objects
- **Real time updates** (not 15 min)
- Reports can be saved to excel or pdf (excel preferred)
- **Data** can also be downloaded from any sheet in the tool and saved to excel; allows for analysis to be done while budgeting



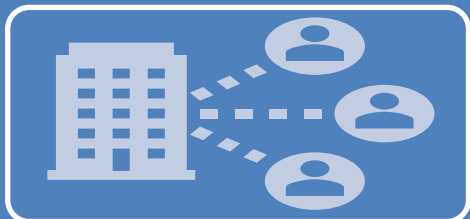
Training & Resources



Kickoff live and recorded, slides available



Live, remote classes from January 30th – February 9th; recorded version available afterward



Drop-in sessions MWF 11:30 – 12:30 between February 12th and March 1st



User guides, reporting guides, other resources available on the Adaptive website

OTHER

stuff



- **Rolling 12** - Rolling 12 month of historical actuals used to 'seed' (populate/baseline) many non-labor expense and non-patient revenue accounts
 - Look at each account and spend category/revenue category combinations to see if what's 'seeded' appears reasonable. We've only been on Workday for 9 months, so these rolling 12-month averages could be low.
 - May have similar situation with some department statistics.
- **12- month spread of FY25 Budget** – All budgets completed for all 12 months of the FY during the annual process
 - Initial spreads based on spread of stats or history; can be edited during budget process
 - No second process in May/June
- **Stats as integrated drivers** – even more important that they are completed first
 - They impact gross charges, variable labor and variable expenses automatically

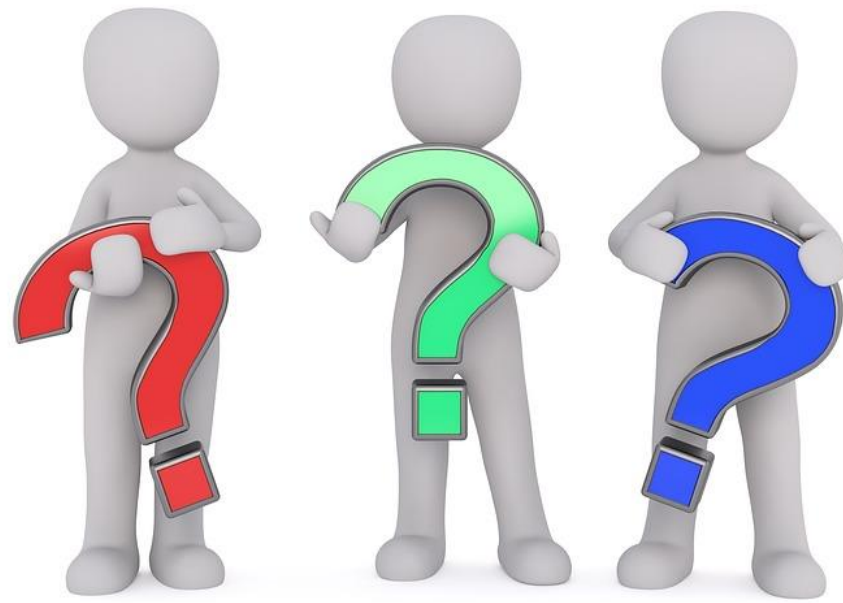
- **Vacancy**
 - **H&C centers** – Vacancy in the H&C centers will be budgeted at the center level and completed by Finance
 - **MCA centers** – Operating expense targets were calculated including (net of) any vacancy from FY24 budget; reach out to Budget Team if questions
- **Desktop Support (AWS)**
 - Monthly charge is \$41.67/month for each device. Annual charge is \$500
 - Recorded in account 6340 SC038 Allocated IT Services
- **SLAs**
 - If you have SLA revenue or expense, you should have been in contact with Karen Anne Pittman or Donna DePasquale regarding your FY25 budgets

General items

- **‘No category’** - If you see a budget populated for a revenue or expense with ‘no category’, you should overwrite it with \$0 and budget the \$ in the appropriate SC/RC
- **New Cost Centers** – if you need to add a cost center for approved programs in the FY25B, add the center in Workday and it will be available in Adaptive the next day.
 - No more P-centers
- **White cells** – Edits can only be made to white cells; if you’re at a point when you want to make a budget adjustment but don’t see white cells...check your filters and level
- **This is not new** – As in eBudget, Adaptive Planning only feeds Revenue, Expenses and Statistics back to the GL at the center/account/spend or revenue category level; changes to personnel do NOT go back into Workday HCM.

Appendix/Guidelines

Questions?



<https://www.vumc.org/finance/welcome>

VUMC Office of Finance

Home Finance Departments Delegation of Authority Financial Systems Directory Financial a



Welcome

[VUMC FY2025 Budget Training and Reference Materials](#)

MyWorkday Implementation

Welcome Training Hub Workday Word Change Network Communications New Releases

Budget

The annual operating budget process begins with gathering volumes and other key drivers.

The **FY25 Budget Kickoff Meetings** are scheduled for **January 29, 2024**.

- AE/VMG: 10:00am - 11:30am
- MCA and H&C: 1:00pm - 2:30pm

Live, virtual training sessions begin **January 29, 2024**. Search "**WDBudget**" in the [Learning Exchange](#) to register.

Quick Links:

[VMG & Academic Enterprise - Clinical Enterprise \(Hospitals & Clinics\) - Medical Center Administration \(MCA\) - Additional Resources](#)

VMG & Academic Enterprise

Team email box: budgetprofinance@vumc.org

FY25 Annual Budget Kickoff Meeting: January 29th, 10am-11:30am [Join Here](#)

Training Quick Links

[Town Halls and Workshops](#)

- [Upcoming Town Halls](#)
- [Research Town Hall Recordings](#)
- [Upcoming Workshops](#)
- [Workshop Recordings](#)
- [HR Town Hall Recordings](#)

[Security Roles & Guides](#)

[Quick Reference Guides](#)

- [Adaptive Planning \(Forecast, Budget, LRP\)](#)
- [Getting Started in Workday](#)

Email us at AdaptiveBudgetCEMCA@vumc.org

Budget Guidelines

Contents

- Expense Guidelines
 - Labor (productivity, vacancy, special pay, prem pay, OT, non-prod)
 - Non-labor
- Impact of Clinical Expansion
- MCA
 - Profit share spread

Wage and Market increases

- Annual Wage increase
 - 3.5% effective 1/1/2025
 - Will be applied to position level (fixed positions) or at the job profile level (variable positions)
 - Adaptive system will automatically reflect this; no action needed by users
- Market increases
 - Will be determined by the Budget Team in communication with HR
 - Divisional financial leads will budget in a central administrative center
 - Data is not available at the unit/department cost center level for the target groups until immediately before implementation. A detailed analysis is needed to determine the amount because some employees will already be at or over the target and not receive the increase. The % increase for each employee will also vary. This analysis is completed as close to implementation as possible because the employee make-up in the cc/target group can materially change between budget build and effective date of the increase.

Vacancy Factor Guideline

Background

- Historic usage of a vacancy factor has occurred primarily in the H&Cs and RSM. Typically, one or several costs centers per division held the Vacancy Factor. The Clinical Depts do not budget with a vacancy factor, they budget as if all positions will be filled the entire year (exc new position timing)
- If we didn't use a vacancy factor, budgeted operating income would be negative or far under the target. We technically have too many FTEs approved in the organization and full employment would cause VUMC to miss financial targets (this is a source of risk)
- Vacancy is likely to persist for the foreseeable future, if not forever

Budget Vacancy defined

- Fixed Cost Centers; Vacancy, for these purposes, is defined as a situation where Actual FTEs are less than the Roster list of positions
 - example: cost center lists 10 budgeted positions (FTE basis), but actual results for an accounting period are 9 due to turnover and delays in re-hiring. Vacancy is $1 \text{ short} / 10 \text{ listed} = 10\%$ for the period
- Variable Cost Centers; Vacancy, for these purposes, is defined as a situation where Actual FTEs for the Units of Volume are less than the budgeted ratio of FTEs per Unit of volume
 - example: cost center has a budget of 15 hours per patient day, (FTE basis), but actual results for an accounting period are at 14 hours per patient day due to difficulties getting full staffing each shift. Vacancy is $1 \text{ short} / 15 \text{ targeted for the volume} = 6.7\%$ for the period

Vacancy Factor Guideline Recommendation

- H&C, RSM, MCA
 - Finance to calculate the FY23 and FY24 FYTD actual vacancy for the Division and use the FY24 actual as the Budget vacancy
 - If a division has reason to believe this amount could increase an allowance can be made to allow a division to change it by 1% point
 - Each vacancy factor for a division can reside in a central center, or in a specific admin center for an Area or Department;
 - Vacancy must be budgeted using the vacancy sheet/tab in Adaptive to ensure that all vacancy is included in reporting consistently
- AE and Clinical Depts, VHS, VHPS
 - At this time no change to their philosophy is recommended given the challenge of converting to Workday Planning
 - As the new system stabilizes, we recommend revisiting

Vacancy Factor Data

(VUH, AOD, AOR, RSM, MCJCHV, VPH, VWCH, VBCH, VTHH, MCA)

FY23 Actual Reporting		VUH	AOD	AOR	RSM	MCJCHV	VPH	VWCH	VBCH	VTHH	MCA	Total
Actual Paid FTEs		6,893	2,823	768	418	3,128	318	925	266	433	3,638	19,610
Total Paid Prod %		103.8%	92.4%	102.1%	102.8%	98.7%	96.3%	100.9%	108.9%	110.5%	106.7%	101.7%
Total Paid Variance in FTEs to Target		267	(214)	16	13	(42)	(12)	8	24	46	246	351
Add: Vacancy already netting budget FTEs down		310	330	85	-	153	26	1	0	1	305	1,211
Actual Vacancy i calc		577	116	101	13	111	14	9	24	47	551	1,562
Actual Vacancy f calc		7.7%	3.9%	11.6%	3.0%	3.4%	4.3%	0.9%	8.3%	9.7%	13.1%	7.4%
FY24 FYTD Nov Actual Reporting		VUH	AOD	AOR	RSM	MCJCHV	VPH	VWCH	VBCH	VTHH	MCA	Total
Actual Paid FTEs		6,704	2,788	803	451	3,103	322.8	842.5	263.7	437.6	3,736	19,452
Total Paid Prod %		101.6%	100.1%	99.3%	103.3%	101.6%	101.9%	107.8%	89.2%	107.7%	103.3%	101.9%
Total Paid Variance in FTEs to Target		107.2	2.2	(6.0)	15.0	50.8	6.2	40.0	6.6	7.6	123.6	353
Add: Vacancy already netting budget FTEs down		425	119	43	15	120	19	24	5	12	376	1,157
Actual Vacancy in FTEs		532	121	37	30	171	25	64	12	20	500	1,510
Actual Vacancy factor		7.3%	4.2%	4.4%	6.1%	5.2%	7.2%	7.1%	4.2%	4.3%	11.8%	7.2%

Non-Productive Labor

Non-Productive rates		
Per Executive Labor Dashboard		
	MCJCHV	All Other
FY23 Non-productive %	14.60%	11.69%
FY24 YTD Nov Non-productive %	13.41%	10.76%
FY25 Guideline Recommendation	14.50%	11.70%

- FY25 budget non-prod guideline derived from Actual Kronos non-prod history; with no changes to the PTO plans anticipated, this should align with productivity reporting with the FY25 Budget
- Current Adaptive build provides non - productive % inputs for MCJCHV and all other OEs. These percentages will be applied to all cost centers and job categories.
- Benefit of new tool is that all users will attend training, where it will be reinforced that the Budget expense and FTEs are based on PAID FTEs and includes both productive and non-productive time
- Cons Labor Sheet – provides data needed to confirm overall non-productive rate included in the Budget for a Division (see next slide)

Cons Labor Sheet

Displaying Non-productive Budget

Production - Vanderbilt University Medical Center | Dashboards

Budget - Labor Level CC00060 VUH 4E Obstetrics Operating_Entity_Att All

Labor - Roster Labor - New Positions & Vac... Labor - Variable **Fringe & Consolidated Labor**

Budget - Consolidated Labor

Levels CC00060 VUH 4E Obstetrics Worker All Program All Grant All Gift All Fund All Job_Profile

Job_Category_Att All

#	ACCOUNTS BY TIME	Y24	FY2024	JUL-2024	AUG-2024	SEP-2024	Q1-FY25	OCT-2024	NOV-2024	DEC-2024
20	▼ Non Productive Pay (SC365/ SC154 for Temp/Faculty)									
21	Fixed Non-Productive	485	73,724	7,765	7,765	7,509	23,039	7,759	7,509	7,759
22	New Position Non Productive	0	0	11,866	11,866	11,474	35,206	11,856	11,474	11,856
23	Vacancy Non-Productive									
24	Variable Non-Productive	0	0	136,488	136,245	135,991	408,723	135,675	135,752	135,859
25	Total	485	73,724	156,119	155,877	154,973	466,969	155,290	154,735	155,474

- Can be run for a center or Operating Entity
- Displays total and components of non-productive pay
- Provides a check of total non-productive time included in a Division's Budget; should align with guideline

Overtime Guideline

Overtime FTEs % of Total Paid FTE									
Per Executive Labor Dashboard									
	VUH	AOD/AOR	RSM	MCJCHV	VPH	VWCH	VTHH	VBCH	MCA
FY23 OT %	4.02%	1.60%	1.96%	3.12%	4.37%	4.30%	3.70%	2.04%	1.55%
FY24 YTD Nov OT%	4.68%	1.35%	1.98%	3.64%	4.31%	3.40%	3.10%	1.68%	1.53%
FY25 Guideline per Division Finance Leadership	4.25%	1.50%	2.00%	3.10%	4.40%	4.00%	3.70%	2.00%	1.50%

- **Overtime** - Will be budgeted at the position level for fixed, non-salary positions (as a % of total pay) and at the job profile level for variable positions (as % of monthly pay).

Production - Vanderbilt University Medical Center | Reports / BGT.09 Overtime

Time FY2025 | Version Budget End to End Testing | Operating_Entity_Att OEAOD Adult Outpatient Davidson Clinics

Levels	Overtime \$	Total Staff Wages	OT %
▶ Otolaryngology PCC (Rollup)	0	5,106,424	0.00%
▶ Primary Care PCC (Rollup)	0	21,121,719	0.00%
▶ Dermatology PCC (Rollup)	0	4,937,793	0.00%
▶ Hearing and Speech PCC (Rollup)	0	17,847,395,961	0.00%
▼ VHVI PCC (Rollup)			
▼ VHVI PCC - Non-IP Nursing (Rollup)			
CC00405 AOD VHVI Clinical Vascular Laboratory	0	784,393	0.00%
CC00425 AOD VHVI Clinical Support	0	317,138	0.00%
CC00304 AOD VHVI Cardiac MRI	0	629,988	0.00%
CC00309 AOD VHVI Cardiology Clin...	35,660	8,569,898	0.42%
CC00780 AOD VHVI Heart Station	0	2,822,829	0.00%
CC00587 AOD VHVI Echo Lab	0	2,590,518	0.00%
CC01298 AOD VHVI Non-Invasive Diagnostic Nurses	0	1,405,978	0.00%
CC01305 AOD VHVI Nuclear Lab	0	417,347	0.00%
CC01976 AOD VHVI Telehealth & Remote Patient Monitoring	0	966,035	0.00%
CC02290 AOD VHVI 100 Oaks	0	573,652,455	0.00%
CC02292 AOD VHVI Ambulatory Nursing Director	0	105,713	0.00%
CC02294 AOD VHVI Anticoagulation	0	1,601,546	0.00%
CC02322 AOD VHVI NPs	0	1,743,404	0.00%
CC02325 AOD VHVI OP Administration	0	1,031,124	0.00%
CC02331 AOD VHVI VAD Administration	0	611,928	0.00%
Total VHVI PCC - Non-IP Nursing (Rollup)	35,660	597,250,293	0.01%

Overtime Report

- Report run at an OE level
- Provides OE OT % composite
- Drillable to the cost center level for details/analysis

Premium Pay

Premium Pay SC401								
	VUH	Adult Ambulatory	RSM	MCJCHV	VPH	VWCH	VTHH	VBCH
FY22 Actual	14,092,917	1,297,348	9,342	5,798,929	1,131,418	2,554,297	1,636,803	730,600
FY22 % of Total Staff Wages	2.24%	0.55%	0.03%	2.40%	5.07%	3.83%	4.71%	3.66%
FY23 Actual	16,733,736	1,131,323	13,566	7,212,669	934,549	3,886,602	2,578,257	1,003,903
FY23 % of Total Staff Wages	2.43%	0.42%	0.04%	2.57%	3.59%	5.03%	6.90%	4.71%
FY24 YTD November	8,820,942	432,384	4,041	3,566,865	209,279	1,231,935	889,155	441,554
FY24 % of Total Staff Wages	3.15%	0.38%	0.02%	2.99%	1.92%	4.18%	5.82%	5.01%
FY24 YTD November Annualized	21,170,261	1,037,721	9,698	8,560,476	502,270	2,956,644	2,133,972	1,059,730
FY24 Budget	11,851,271	237,324	-	2,657,348	395,646	2,483,867	1,538,735	-
Guideline per Division Finance Leadership	\$ 21,000,000	\$ 1,000,000	\$ 10,000	\$ 8,500,000	\$ 500,000	\$ 2,500,000	\$ 2,000,000	\$ 1,000,000

- **Premium Pay SC 401**– Specific list of pay codes that align with Belinda’s productivity reporting (to be included in Guidelines and Kickoff Document)
- Typically budgeted in a single cost center within each Division
 - Please use the section at the bottom of the Variable sheet to budget this

Special Pay SC414								
	VUH	Adult Ambulatory	RSM	MCJCHV	VPH	VWCH	VTHH	VBCH
FY22 Actual	37,440,406	6,511,292	714,097	10,451,740	767,886	2,525,257	2,096,685	1,135,438
FY22 % of Total Staff Wages	5.94%	2.77%	2.26%	4.33%	3.44%	3.79%	6.04%	5.69%
FY23 Actual	41,582,571	6,050,330	560,544	9,192,765	883,811	3,946,511	1,823,326	1,060,331
FY23 % of Total Staff Wages	6.03%	2.25%	1.46%	3.27%	3.40%	5.11%	4.88%	4.97%
FY24 YTD November	9,205,478	3,015,740	303,373	3,135,243	262,767	1,130,017	241,047	315,615
FY24 % of Total Staff Wages	3.29%	2.63%	1.71%	2.63%	2.41%	3.83%	1.58%	3.58%
FY24 YTD November Annualized	22,093,147	7,237,777	728,095	7,524,583	630,641	2,712,041	578,513	757,476
FY24 Budget	15,262,882	1,075,507	-	6,857,804	542,000	1,546,748	613,000	453,000
Guideline per Division Finance Leadership	\$ 25,000,000	\$ 6,500,000	\$ 750,000	\$ 8,000,000	\$ 600,000	\$ 2,500,000	\$ 750,000	\$ 750,000

- **Special Pay aka Other Non-Productive Pay SC414**– Specific list of pay codes that align with Belinda’s productivity reporting (included in Guidelines and Kickoff Document)
- Currently no changes to Special Pay programs are anticipated in the near future
- Typically budgeted in a single cost center within each Division
 - Please use the section at the bottom of the Variable Labor sheet to budget for this

Premium/Special pay codes

Spend Category	Earnings Code	Earnings Code Description	Spend Category	Earnings Code	Earnings Code Description
SC401 SWB: Premium	CBP	Call Back Pay (CBP)	SC414 SWB: Other Non-productive	BNF	Bonus -No FLSA (BNF)
SC401 SWB: Premium	D01	\$1 Premium Pay (D01)	SC414 SWB: Other Non-productive	BON	Bonus (BON)
SC401 SWB: Premium	D02	\$2 Premium Pay (D02)	SC414 SWB: Other Non-productive	BRE	Bereavement Exempt (BRE)
SC401 SWB: Premium	D03	\$3 Premium Pay (D03)	SC414 SWB: Other Non-productive	BRV	Bereavement (BRV)
SC401 SWB: Premium	D04	\$2.50 Relief Charge Nurse Prem (D04)	SC414 SWB: Other Non-productive	CBR	Medical Supplement Allowance (CBR)
SC401 SWB: Premium	D05	\$5 Premium Pay (D05)	SC414 SWB: Other Non-productive	FFB	Referral Bonus (FFB)
SC401 SWB: Premium	D06	\$6 Premium Pay (D06)	SC414 SWB: Other Non-productive	HSD	Housestaff Orientation (HSD)
SC401 SWB: Premium	D07	\$7 Premium Pay (D07)	SC414 SWB: Other Non-productive	HSS	House staff Supplement (HSS)
SC401 SWB: Premium	D08	\$8 Premium Pay (D08)	SC414 SWB: Other Non-productive	ISV	In-service (ISV)
SC401 SWB: Premium	D10	\$10 Premium Pay (D10)	SC414 SWB: Other Non-productive	JRY	Jury Duty (JRY)
SC401 SWB: Premium	D15	\$15 Premium Pay (D15)	SC414 SWB: Other Non-productive	JYE	Jury Duty Exempt (JYE)
SC401 SWB: Premium	D16	\$1.60 Premium Pay (D16)	SC414 SWB: Other Non-productive	LMP	Lump Sum Payment (LMP)
SC401 SWB: Premium	D20	\$20 Premium Pay (D20)	SC414 SWB: Other Non-productive	MGE	Mileage Reimbursement -taxable (MGE)
SC401 SWB: Premium	D22	\$2.25 Premium Pay (D22)	SC414 SWB: Other Non-productive	NCB	Tax "Gross-Up" (NCB)
SC401 SWB: Premium	D30	\$30 Premium Pay (D30)	SC414 SWB: Other Non-productive	NWK	Non-worked Pay (NWK)
SC401 SWB: Premium	D35	\$3.50 Premium Pay (D35)	SC414 SWB: Other Non-productive	PAL	Paid Administrative Leave (PAL)
SC401 SWB: Premium	D4A	\$4 Premium Pay (D4A)	SC414 SWB: Other Non-productive	PLE	Parental Leave (Exempt) (PLE)
SC401 SWB: Premium	DCP	Dedicated Call Pay (DCP)	SC414 SWB: Other Non-productive	PLH	Housestaff Parental Leave (PLH)
SC401 SWB: Premium	ECP	Exempt Call Pay (ECP)	SC414 SWB: Other Non-productive	PLN	Parental Leave (non-exempt) (PLN)
SC401 SWB: Premium	FLT	Float Pool Differential (FLT)	SC414 SWB: Other Non-productive	REL	Relocation / Moving Expenses (REL)
SC401 SWB: Premium	HLP	Holiday Premium (HLP)	SC414 SWB: Other Non-productive	S2S	Site to Site Travel (S2S)
SC401 SWB: Premium	L02	Lead Differential (L02)	SC414 SWB: Other Non-productive	SGN	Sign-On Bonus (SGN)
SC401 SWB: Premium	LSP	Late Stay Pay (LSP)	SC414 SWB: Other Non-productive	STGU	State Tax Reimbursement Gross Up (STGU)
SC401 SWB: Premium	OCN	On-Call Non-worked (OCN)	SC414 SWB: Other Non-productive	SVR	Separation Pay (SVR)
SC401 SWB: Premium	OCV	On-Call Visit (OCV)	SC414 SWB: Other Non-productive	VIPBRE	VIP Bereavement Exempt (VIPBRE)
SC401 SWB: Premium	P05	\$0.50 Premium Pay (P05)	SC414 SWB: Other Non-productive	VIPBRV	VIP Bereavement NonExempt (VIPBRV)
SC401 SWB: Premium	P15	\$1.50 Premium Pay (P15)	SC414 SWB: Other Non-productive	VIPJRY	VIP Jury Duty NonExempt (VIPJRY)
SC401 SWB: Premium	P35	\$3.50 Premium Pay (P35)	SC414 SWB: Other Non-productive	VIPJYE	VIP Jury Duty Exempt (VIPJYE)
SC401 SWB: Premium	PRP	Premium Pay (PRP)	SC414 SWB: Other Non-productive	VIPPLE	VIP Parental Leave Exempt (VIPPLE)
SC401 SWB: Premium	SB1	\$100 Premium (SB1)	SC414 SWB: Other Non-productive	VIPPLN	VIP Parental Leave NonExempt (VIPPLN)
SC401 SWB: Premium	SB2	\$200 Premium (SB2)			
SC401 SWB: Premium	SB5	\$50 Premium (SB5)			
SC401 SWB: Premium	SB7	\$75 Premium (SB7)			
SC401 SWB: Premium	UWP	Union Weekend Premium (UWP)			
SC401 SWB: Premium	VCB	VIP Call Back (VCB)			
SC401 SWB: Premium	VSF	VIP Stand By (VSF)			
SC401 SWB: Premium	VSH	VIP - Sunday Pay (VSH)			

Spend Category and name in Workday that equates to Special Pay

Labor Standards Guidelines

(for variable cost centers using Kronos Analytics)

- Kronos Productivity Standards as of Dec 2023 (FTEs and HPU's) loaded into Adaptive
- FTEs will flex with Volume (Unit of Service) Changes
- HPU's are not editable
- Hours per Unit improvements are encouraged during the budget process
 - Cost centers that are 3 years old or less should be evaluated for economies of scale (new services that have ramped up)
 - Cost centers over benchmark should have an action plan to improve
- Hours per Unit increases should be minimal and require approval from Divisional Executive VP/President and Finance VP and can only be allowed if divisional FY25 budgeted operating income exceeds the target
 - Exceptions will be allowed for new cost centers or splitting one center into multiple (Division remains held to the same overall standard)

Discretionary Expense Guideline

			FY24 Actual		June YTD FY23
	FY25 Budget Recommendation	FY24 Budget	November YTD	Nov YTD Annualized	Actual
Adult Outpatient Davidson Clinics	2,200,000	2,281,401	626,676	1,504,022	2,092,792
Adult Outpatient Regional Clinics	450,000	457,171	206,927	496,625	528,590
Population Health Employer Solutions	150,000	155,366	54,755	131,412	130,598
Vanderbilt University Adult Hospital	3,800,000	3,861,880	1,518,591	3,644,618	4,393,765
Vanderbilt Wilson County Hospital and Clinics	250,000	192,836	112,144	269,146	385,243
Vanderbilt Bedford Hospital	140,000	67,529	88,021	211,250	139,094
Vanderbilt Tullahoma-Harton Hospital	450,000	196,130	192,134	461,122	528,928
Monroe Carell Jr Children's Hospital at Vanderbilt	2,000,000	1,991,669	971,235	2,330,964	2,586,441
Vanderbilt Psychiatric Hospital	160,000	168,504	36,613	87,871	118,421
Retail, Specialty & MCP Pharmacy	500,000	333,995	198,619	476,686	422,533
Vanderbilt Medical Group (305)	6,276,671	6,276,671	1,788,415	4,292,196	5,136,803
VUMC Academic Enterprise	12,503,058	12,503,058	8,382,841	20,118,818	21,032,821
Medical Center Administration	25,020,905	25,020,905	8,519,586	20,447,006	32,850,296
	53,900,634	53,507,115	22,696,557	54,471,737	70,346,325
VHS, VIP & VHPS	6,800,000	6,774,792	2,390,259	5,736,622	6,097,924
Total	60,700,634	60,281,907	25,086,816	60,208,358	76,444,249

- Discretionary expenses defined on next slide
- Patient care travel is included recorded in 6330 SC376 and may support small increase in some Divisions
- FY24 Budget was reduced from FY23; FY24 actuals on target to meet FY24 Budget in many areas
- FY25 budget Recommendations provided by Divisional Finance Leadership to maintain FY24 levels of spend unless circumstances support otherwise

Discretionary Expenses

Workday Discretionary Accounts			
Account	Description	Spend Category	Description
6260	Employee Engagement & Development	SC107	Work related associations
6260	Employee Engagement & Development	SC108	Employee training
6260	Employee Engagement & Development	SC131	Employee engagement
6260	Employee Engagement & Development	SC314	Professional development
6270	Telephone & communications	SC364	Telecomm media services
6290	Advertising & promotion	SC014	Advertising
6330	Travel & entertainment	SC109	Entertainment
6330	Travel & entertainment	SC111	Entertainment - alcohol
6330	Travel & entertainment	SC376	Travel
6330	Travel & entertainment	SC377	Travel - foreign
6330	Travel & entertainment	SC411	Meetings expense
6400	Other services & expenses	SC082	Gifts-in-kind expense
6400	Other services & expenses	SC131	Employee engagement

Bed Expansion Projects

- As we continue to invest in the future of the Medical Center, we have the following Board approved major projects that have significance to the FY25 Budget. The current (as of this date) expected openings are in the table below for VUH and the MCJCHV locations.
- All new expenses to support this growth should be aligned with the VMG recruitment plan and the original pro forma that was approved with the project. Hospital start-up expenses as indicated for new staff orientation, instruments, non-capital items, etc. should be in line with the current timing of the project and also the original pro forma. **Divisional Finance officers should review and approve all items related to major new projects.**

Recast January 2024					
	Floor	Beds	Date	% of FY Open	Avg Beds Open
FY2025					
		0		0%	0
Open cadence same as June 2023 - assume open first day of the month and the next floor 60 days later					
FY2026	7	30	Oct-25	75%	23
5 Floor:	8	30	Dec-25	58%	18
	9	30	Feb-26	42%	13
	10	30	Apr-26	25%	8
	11	30	Jun-26	8%	3
		150		42%	63
FY2027	7-11	150		100%	150
1 Floor	12	30	Aug-26	92%	28
		180		99%	178

MCJCHV Building					
	Floor	Beds	Date	% of FY Open	Avg Beds Open
FY2025					
Adult	14	38	Sep-24	83%	32
Peds	12	38	Mar-25	33%	13
		76		58%	44

MCE 9 ORs June 2025

Net 9 new. Adding 11 new but taking down existing VORs 3 & 4 to build a Cath Lab for the fifth floor cardiology cases.

Business Days Monthly Spread

- Adaptive allows for monthly budget spreads to be completed during the annual budget process. The Business Days listing on the next slide provides the business days by month, adjusted for VUMC observed Holidays.
- This reference should be a guide to spreading monthly visit volumes, while also taking into consideration other known impacts such as provider time away (conferences, maternity, paternity, etc.).

FY25 Holidays		
<u>Date</u>	<u>Holiday Name</u>	<u>Day of Week</u>
4-Jul	Independence Day	Thu
2-Sep	Labor Day	Mon
28-Nov	Thanksgiving	Thu
29-Nov	Thanksgiving Day After	Fri
24-Dec	Christmas Eve	Tue
25-Dec	Christmas Day	Wed
1-Jan	New Years	Wed
20-Jan	Martin Luther King Day	Mon
26-May	Memorial Day	Mon

Business Days by Month

Fiscal Year	Report Period	Month	Calendar Days	Business Days	% of annual
2025	1	Jul-FY25	31	22	8.7%
2025	2	Aug-FY25	31	22	8.7%
2025	3	Sep-FY25	30	20	7.9%
2025	4	Oct-FY25	31	23	9.1%
2025	5	Nov-FY25	30	19	7.5%
2025	6	Dec-FY25	31	20	7.9%
2025	7	Jan-FY25	31	21	8.3%
2025	8	Feb-FY25	28	20	7.9%
2025	9	Mar-FY25	31	21	8.3%
2025	10	Apr-FY25	30	22	8.7%
2025	11	May-FY25	31	21	8.3%
2025	12	Jun-FY25	30	21	8.3%
				252	100%

Common School related 'breaks'

Davidson Co Fall October 7-11, 2024

Williamson Co Fall October 7-11, 2024

Davidson Co Spring March 10-14, 2025

Williamson Co Spring March 10-14, 2025

Supply & Equipment Inflation Rates

Below are the inflation indicators to be used for the FY25 budget. These can be applied to the amounts seeded into Adaptive for the categories listed below.

Medical Supplies/Equipment

Cardiology Overall	2.4%	Orthopedic Overall	2.1%
IV Solutions	3.5%	Pharmaceuticals	3.8%
Lab consumables	1.7%	Medical Equipment	2.0%
Medical Gases	4.0%	Surgical Supplies	2.2%
Medical Supplies	2.7%	Medical overall	2.7%

Non-Medical Supplies/Equipment/Services

Food Products	3.3%	Paper Products	4.0%
Purchased Services	3.5%	Office Supplies	3.0%
Office Furniture	4.0%	Overall Inflation	2.9%

MCA Guidelines

- It was agreed to move to a composite OH rate by Operating Entity for FY25 budget and actual
 - The cost center level detailed allocations will continue to be calculated by the Planning team; that workup will be the source of the composite divisional allocations.
 - Initial Draft composite rates will be based on FY24B
 - During the FY25 Budget Process, MCA budgets will be loaded into the cost center detail file and the composite rates in Adaptive will be updated and loaded into Adaptive
- Two new Operating Entities will be included in the FY25 Budget
 - Clinical Shared Services Division (comprised of Lab, Pharmacy and Central Sterile from VUH + RSM) will NOT participate in overhead allocations, as it is an overhead area itself
 - Ambulatory Surgery Division (comprised of Belle Meade Surgery Center, FEL, Franklin Surgery Center from VUH)
- Profit Share CC budget will be spread based on VUMC monthly operating income
 - Any month that has <\$0 operating income will budget \$0 profit share expense

Budget Transfer Policy

PURPOSE:

To define situations where budget transfers (amendments) can be made in the general ledger (Workday) and therefore reflected in our reporting systems.

SCOPE:

This policy adheres to the common element Scope statement presented in the [Finance & Revenue Cycle Policy on Policies](#).

DEFINITIONS:

Chief Financial Officer & Treasurer (CFO): The corporate officer primarily responsible for managing the financial risks of the organization

FTE statistic (Full Time Equivalent) - A conversion of workload hours into the number of full-time individuals required to complete that work. Assumes that 40 hours per week is considered "full time"

General Ledger (GL): Workday software system used to track and maintain financial activity

Income Statement: Financial statement that reports the company's financial performance over a specific accounting period

Vanderbilt University Medical Center (VUMC): As defined in the [Finance & Revenue Cycle Policy on Policies](#)

VUMC Board of Directors (BOD): Members who have been appointed to jointly oversee the activities of the organization at the highest management level

VUMC Budget Team: VUMC team in Finance responsible for consolidating and preparing each fiscal year budget for presentation to and approval by the VUMC Board of Directors

POLICY:

Annually, a thorough process involving all aspects of VUMC operations is undertaken to develop a financial budget for the following fiscal year. This budget is presented to and approved by the Board of Directors and will be used throughout the year as the basis for variance analysis discussions at BOD meetings.

Although every effort is made to ensure that the budget is as accurate as possible at the time it is finalized, there may be material operational changes that could require a change or shift of monthly budget amounts throughout the year. The purpose of this policy is to provide guidance regarding when those budget changes can be made in our general ledger and (therefore) reporting tools.

The following are instances when budget transfer adjustments may be made:

- a. Transfers must be approved by the respective Division Executive Leader and Divisional Finance Leader. If those approvals are obtained the transfer request will go to the Chief Financial Officer for final approval.
- b. Adjustments approved by the Vice President of Finance that, if not performed would generate grossly inaccurate productivity reporting

To request a budget transfer, contact the VUMC Office of Finance Budget Team. If requesting a transfer of Salaries and Benefits, you must provide the applicable FTE statistic.