

American Rescue Plan State Fiscal Recovery Fund Recommendation Cover Sheet

Please submit this document with any recommendations for funding from Rhode Island’s allocation of federal fiscal recovery funds available through the American Rescue Plan Act. This information will be made available to the public along with any detailed documents submitted that describe the proposal. It is encouraged that such documents identify clear goals and objectives and quantifiable metrics.

This is not a formal request for funds, and submission of recommendations does not guarantee a response, public hearing, or appropriation from the General Assembly.

Name of Lead Agency: Butler Hospital

Additional agencies making recommendation (if applicable): N/A

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Brief Project Description (details attached)

Provide premium pay for workers to support recruitment and retention of hospital workers. Funds will be used to cover the cost of employee incentive pay programs and contract agency labor costs currently being incurred due to COVID-19 public health emergency.

Total request: \$5.2 million per year for each of 3 years / \$15.6 million total

One-time or Recurring Expense? Recurring

ARPA Eligibility Category (check all that apply) – See link for further information
<https://www.rilegislature.gov/commissions/arpa/commdocs/Treasury%20-%20Quick-Reference-Guide.pdf>

- Respond to the public health emergency and its economic impacts XX
- Premium pay to eligible workers XX
- Government services/state revenue replacement _____
- Water/sewer/broadband infrastructure _____



**Recommendation for ARPA Funding Investment
December 31, 2021**

This funding recommendation is made by Butler Hospital, a member of the Care New England Health Care System. Butler Hospital is Rhode Island's only non-profit, free-standing psychiatric hospital for adults and adolescents, which has been treating patients for over 175 years.

Note that a separate funding recommendation has been submitted by Butler Hospital to create a 25-bed short-stay unit to address the lack of capacity for patients in need of inpatient behavioral health services and to alleviate over-crowding in emergency rooms across Rhode Island.

Impact of COVID-19 Pandemic on Butler Hospital

Patient volume and operating expenses at Butler Hospital were both negatively affected in the early months of the COVID-19 public health emergency. Patients avoided non-essential hospital care. The hospital made essential investments in additional staffing, supplies, and facilities to provide necessary testing, surveillance, vaccination, safety protocols and direct care to patients with COVID-19. To offset lost revenue and incremental expense, Butler Hospital received federal COVID relief funding of \$3.1m and \$4.0m in FY2020 and FY2021, respectively. Without this critical financial support, Butler Hospital would have lost \$5m in that same two-year period. For FY2022, Butler is forecast to lose a minimum of \$600,000 in the absence of additional relief funding.

Current Problem to be Addressed:

The COVID-19 pandemic has exacerbated patient demand for behavioral health services. Butler Hospital is uniquely qualified to meet this demand with providers who have expertise and experience in the treatment of all major psychiatric illnesses and substance abuse. However, COVID-19 has also contributed to labor shortages at Butler Hospital, necessitating reliance on premium pay to retain and attract essential health care workers. The current vacancy rate is 21% for all Butler employees and 23% for registered nurses. This compares to average vacancy rates of 12% and 9% respectively pre-pandemic. Since the pandemic began, premium pay hours have increased by 67%. Premium pay per hour, adjusted for usual cost of living increases, has increased by 9%. Further, competition for certain essential jobs has stiffened as out-of-state employers offer wages that are higher than the average in Rhode Island. Initiatives and resources have been established to enhance recruitment however it is unlikely that staffing and labor costs will stabilize in the short term, with expectation that this labor crisis could continue for a minimum of three years.

Recommended Solution to be Applied:

Butler Hospital recommends the use of eligible ARPA funds to offset the incremental cost of premium pay in the form of a recurring payment of \$5.2 million per year for 3 years. Funds will be used to provide premium pay for workers at Butler Hospital during the COVID-19 emergency period and to increase base pay for essential care workers to remain competitive with other employers in the region.

Risk of Not Funding:

Behavioral health services are in short supply in Rhode Island. Butler Hospital is a major provider of these vital services and is key to helping to decant over-crowded emergency departments at medical/surgical hospitals across the state. However, Butler does not have sufficient financial reserves to survive this current labor crisis in the long-term and failure to provide adequate financial support will exacerbate the behavior health crisis and fuel a public health disaster.