



# Copley Hospital



## 2021 Operational Budget

July 21<sup>st</sup>, 2020



1. Introduction/Overview/Hospital Vision
2. Net Patient Revenue/Fixed Prospective Payments & Summary of Budget Request
3. Income statement, balance sheet, and cash flow statement
  - a. NPR/FPP (Medicare, Medicaid, and Commercial Revenue Assumptions)
  - b. Other Operating and Non-Operating Revenue
  - c. Expenses
  - d. Change-in-Charge Request
  - e. Adjustments (provider transfers and accounting) - (None)
4. Service Line Adjustments
5. Risks and Opportunities
6. Capital Budget Plans



- Joseph Woodin, Administrator
- Jeff Hebert, CFO
- Donald Dupuis MD, CMO
- Kathy Demars, RN, Board Chair



Independent, Non-Profit Critical Access Hospital (1 of 8 in VT)



Service Area = ~30,000 Patients



25 Bed Critical Access Hospital with 1,900 Admissions



12,800 Emergency Department Visits



460 Employees (375 FTE's, 460 Paychecks, 540 Active Staff – not counting Travelers)



176 Members on Medical Staff representing 27 Specialties



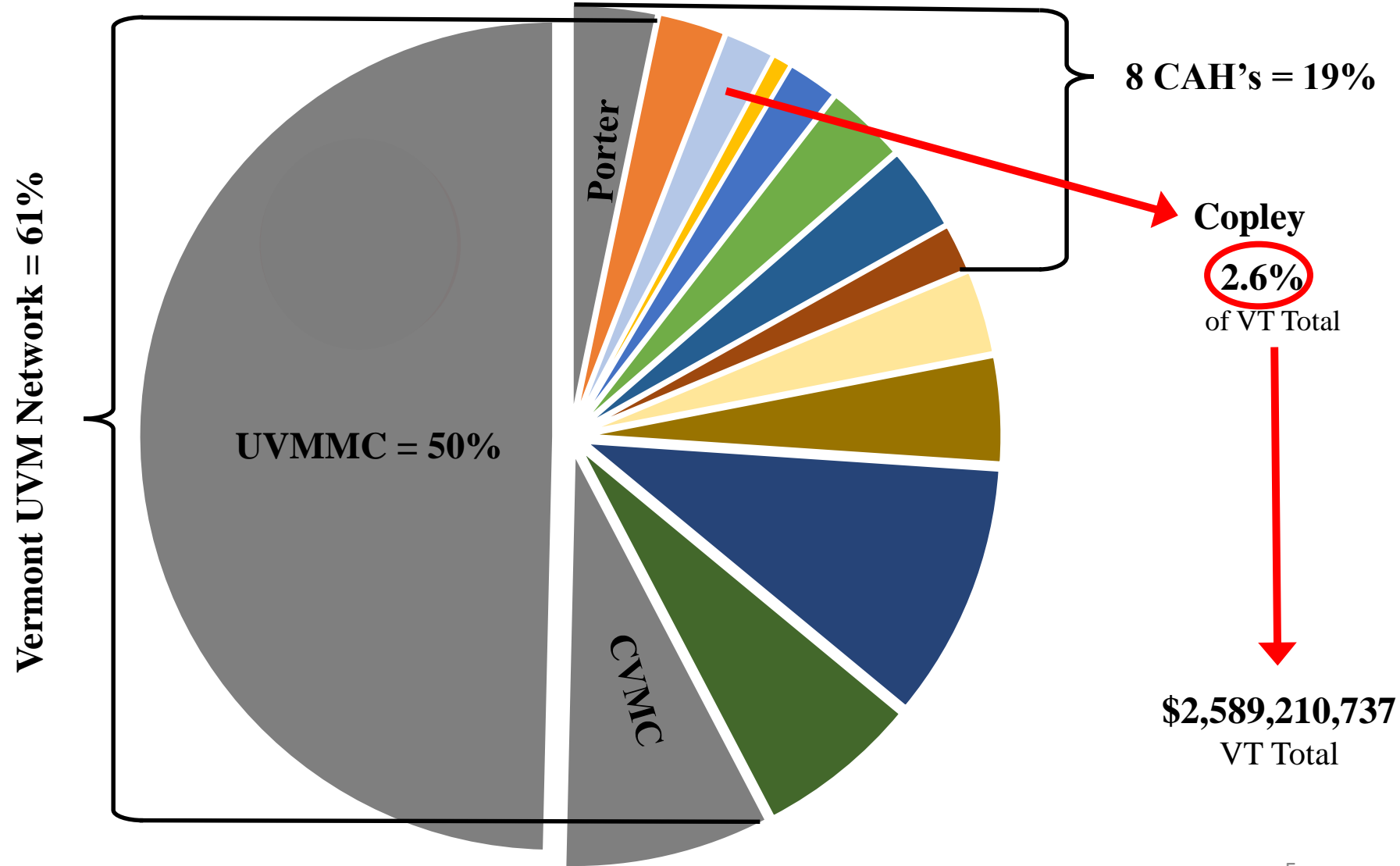
\$67 million Net Revenue: 2.6% of the State's oversight of 14 Hospitals



# Overview: Net Patient Revenue

- Porter
- Copley ★
- Gifford ★
- Grace Cottage
- Mount Ascutney
- North Country ★
- Northeastern
- Springfield
- Brattleboro ★
- Northwestern ★
- Rutland
- Southwestern
- CVMC ★
- UVMMMC

★ Required to participate in sustainability planning



# Overview: Payment Methodologies



50%	The University of Vermont Medical Center	Tertiary PPS
<hr/>		
	Brattleboro Memorial Hospital	PPS
	Central Vermont Medical Center	PPS
31%	Northwestern Medical Center	PPS
	Rutland Regional Medical Center	PPS
	Southwestern VT Medical Center	PPS
<hr/>		
	Copley Hospital	CAH
	Gifford Medical Center	CAH
	Grace Cottage Hospital	CAH
19%	Mt. Ascutney Hospital & Health Ctr	CAH
	North Country Hospital	CAH
	Northeastern VT Regional Hospital	CAH
	Porter Medical Center	CAH
	Springfield Hospital	CAH

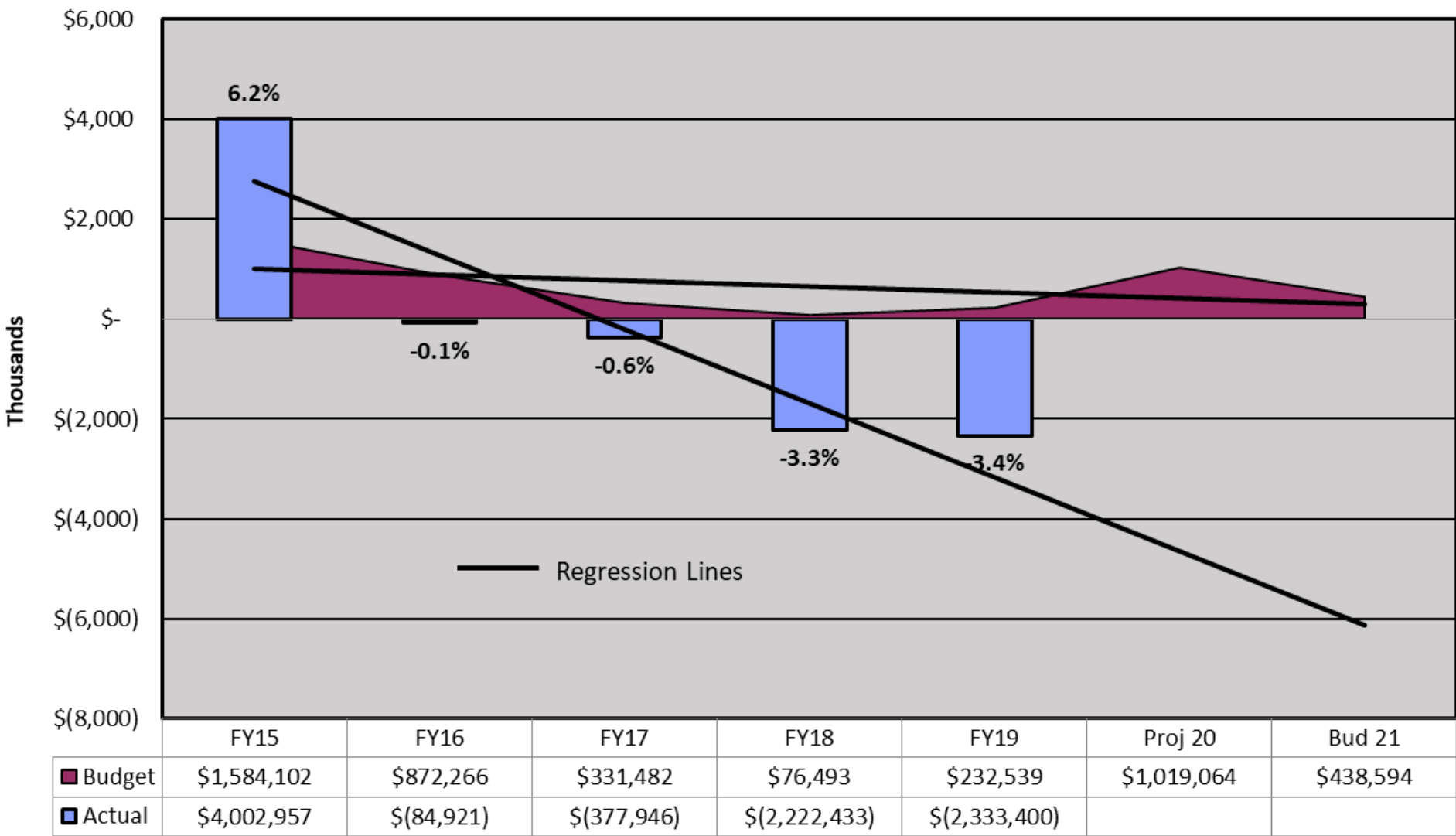
**PPS:** A healthcare payment system used by the federal government since 1983 for reimbursing healthcare providers/agencies for medical care provided to Medicare and Medicaid participants. The payment is fixed and based on the operating costs of the patient's diagnosis.

**CAH:** Medicare pays CAHs 101 percent of their allowable costs for most services.



# Overview: Past Financial Performance

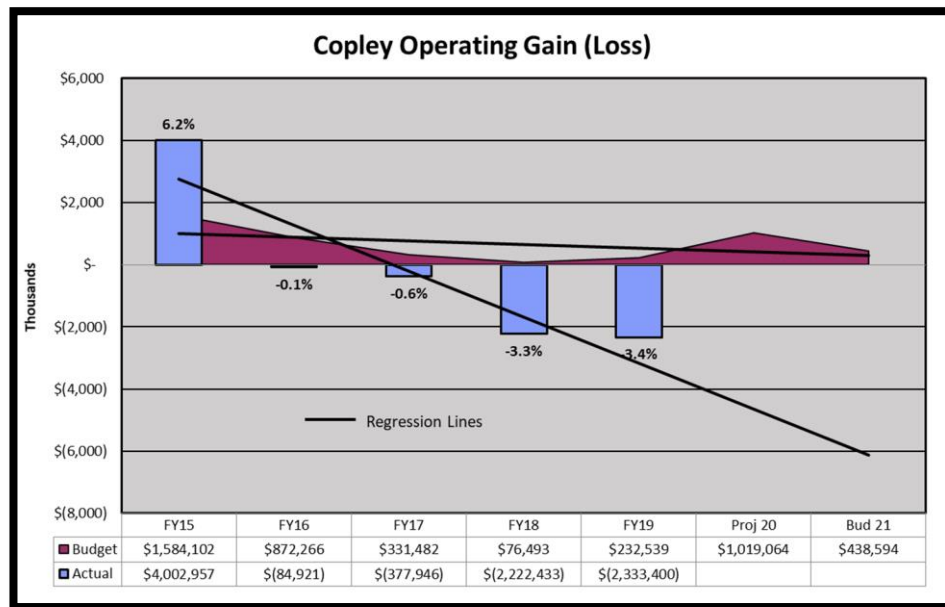
## Copley Operating Gain (Loss)





# TURNAROUND...?

- **Financial recovery of a hospital that has been performing poorly for an extended time.** To effect a turnaround, a company must acknowledge and identify its problems, consider changes in management, and develop and implement a problem-solving strategy.



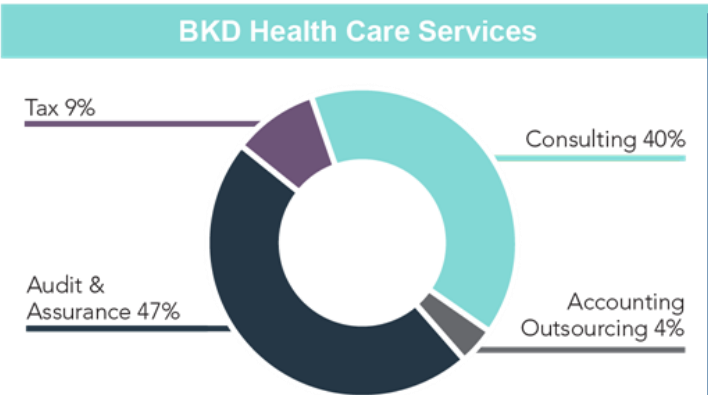
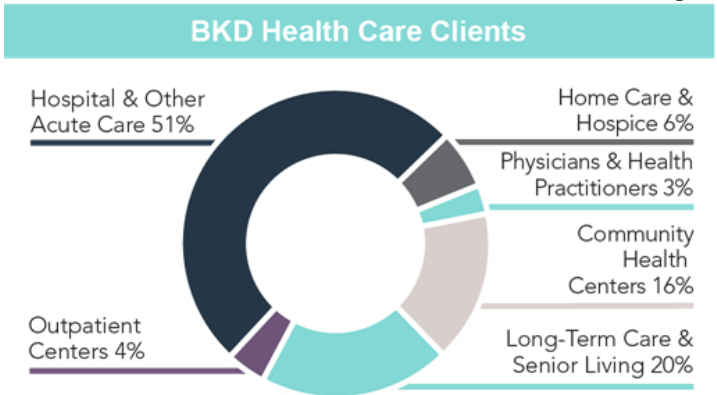
*Turnaround* efforts can be risky and don't always end in success. According to a *Harvard Business Review* study, about 70% of all turnaround efforts fail.



## Quick Facts:

- Clients:** Closely held businesses, publicly traded companies, governmental entities, not-for-profit orgs and individuals
- Total Personnel:** Approximately 2,900
- Partners & Principals:** Approximately 300
- FY 2019 Revenues:** Approximately \$663 million
- Founded:** 1923
- Locations:** 40 offices in 18 states

## National Health Care Group:



**180 Critical Access Hospitals**  
**275 CHC's & FQHC's**  
**1,100 Long Term Care Facilities**

## References:

- Rutland Medical Center
- North Country Hospital
- Southwestern Vermont Health Care
- Central Vermont Medical Center
- Gifford Health Care
- Mt. Ascutney Hospital and Health Center
- Central Maine Healthcare
- Maine Health

## Quality Slides

### ➤ Patient Satisfaction (HCAHPS) Data

1. HCAHPS: Communication with Doctors
2. HCAHPS: Communication with Nurses
3. HCAHPS: Recommend Hospital To Family

### ➤ Patient Safety Data

4. Total # of Patient Falls
5. Total # of Patient Falls with Injury
6. Hospital Restraint Use

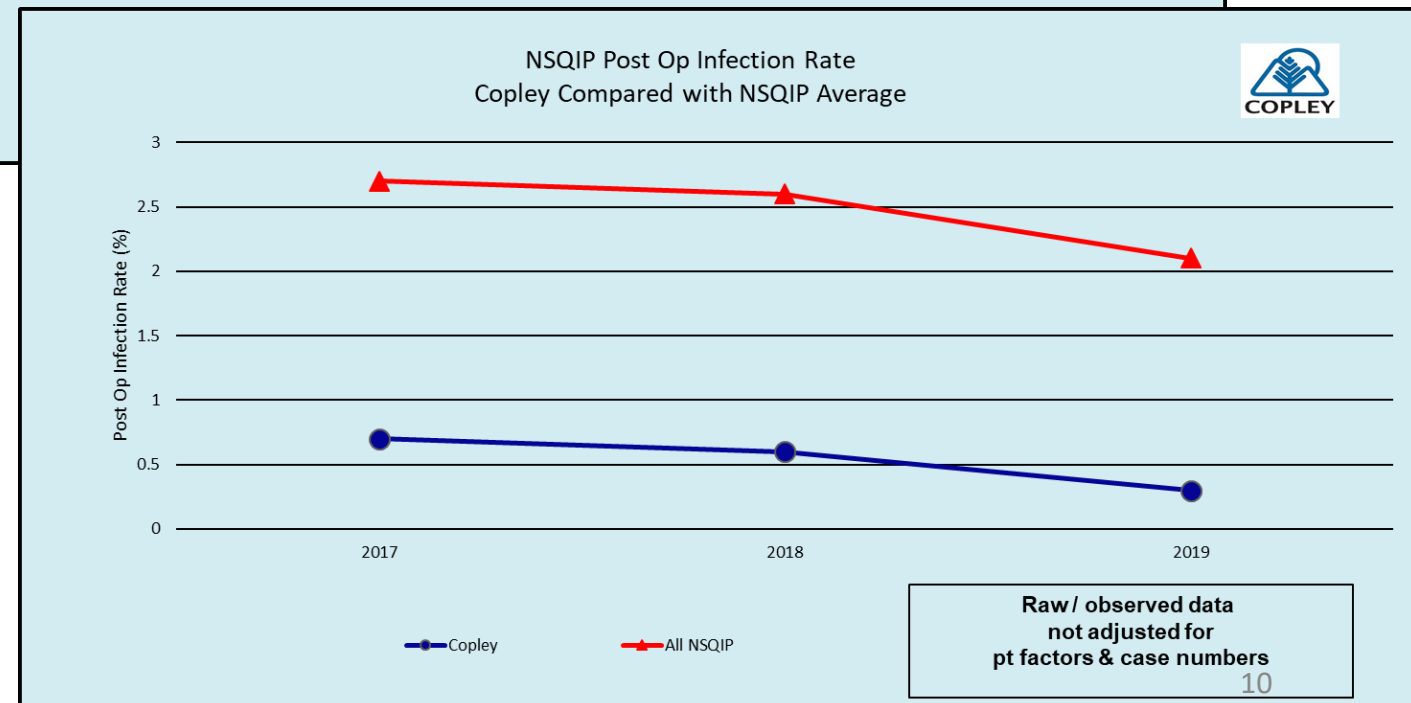
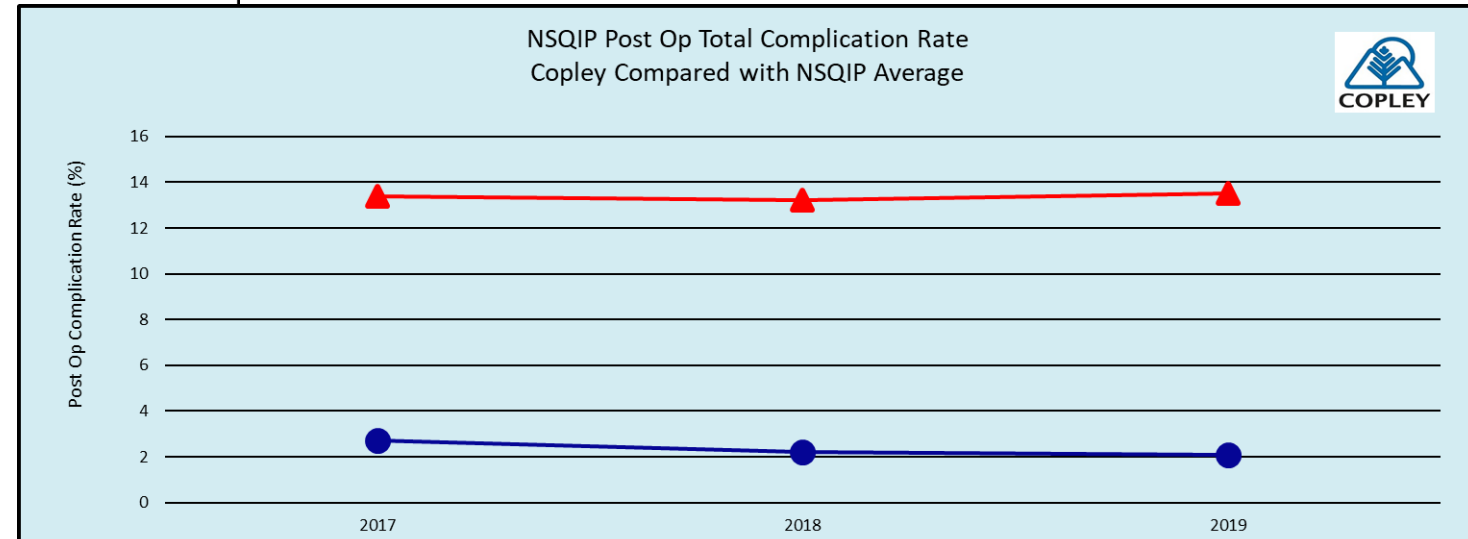
### ➤ Clinical Quality Data

7. Prenatal Care in the First Trimester
8. Mothers Choosing to Breastfeed
9. Mothers Smoking During Pregnancy
10. NSQIP: Post Op Complication Rate
11. NSQIP: Post Op Infection Rate
12. NSQIP: Post Op Re-Admission Rate

### ➤ Quality/Risk/Compliance

11. Patient Grievance Rate
12. Open Occurrence/Closed Occurrence rate per Month
13. Hand Hygiene Compliance
14. Antibiotic Prescribing Guidelines
15. Copley All Cause Readmission Rate vs. other CAH and PPS Hospitals

# Quality Monitoring and Improvement





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HOSPITAL**

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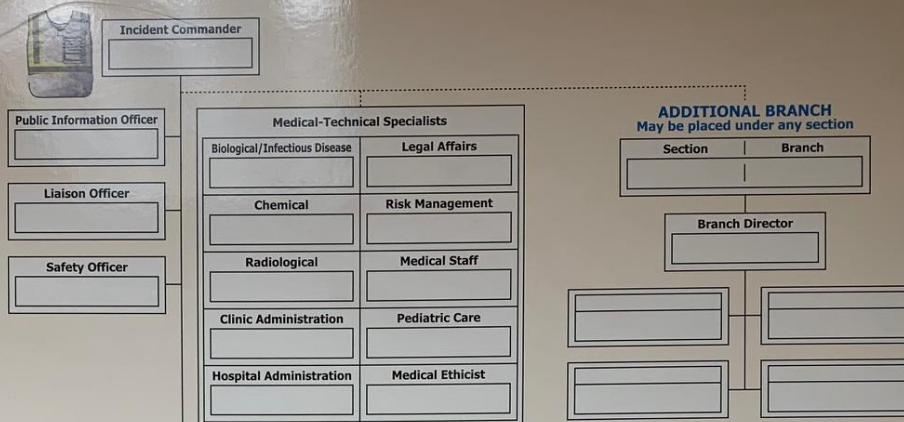
2014 Fifth Edition

76 Position  
Command Board

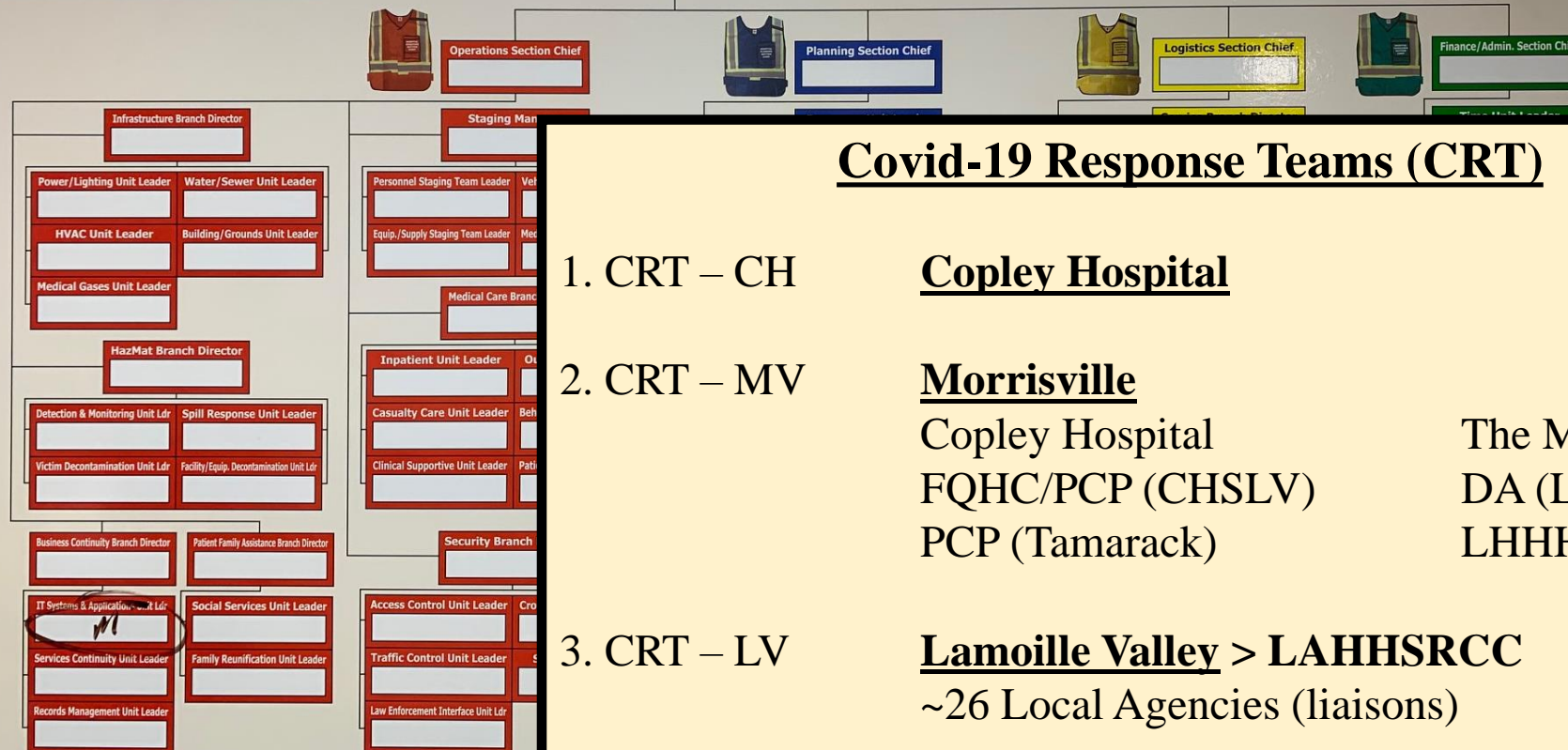
Incident Name

Start Date

Time



**CAUTION**  
Use Sharpie EXPO  
Dry Erase or Marks-A-Lot  
Dry Erase Markers ONLY!  
Any Other Dry Erase Markers  
May Damage Board.  
Permanent Markers Will  
Damage Board



## Covid-19 Response Teams (CRT)

1. CRT – CH

Copley Hospital

2. CRT – MV

Morrisville

Copley Hospital  
FQHC/PCP (CHSLV)  
PCP (Tamarack)

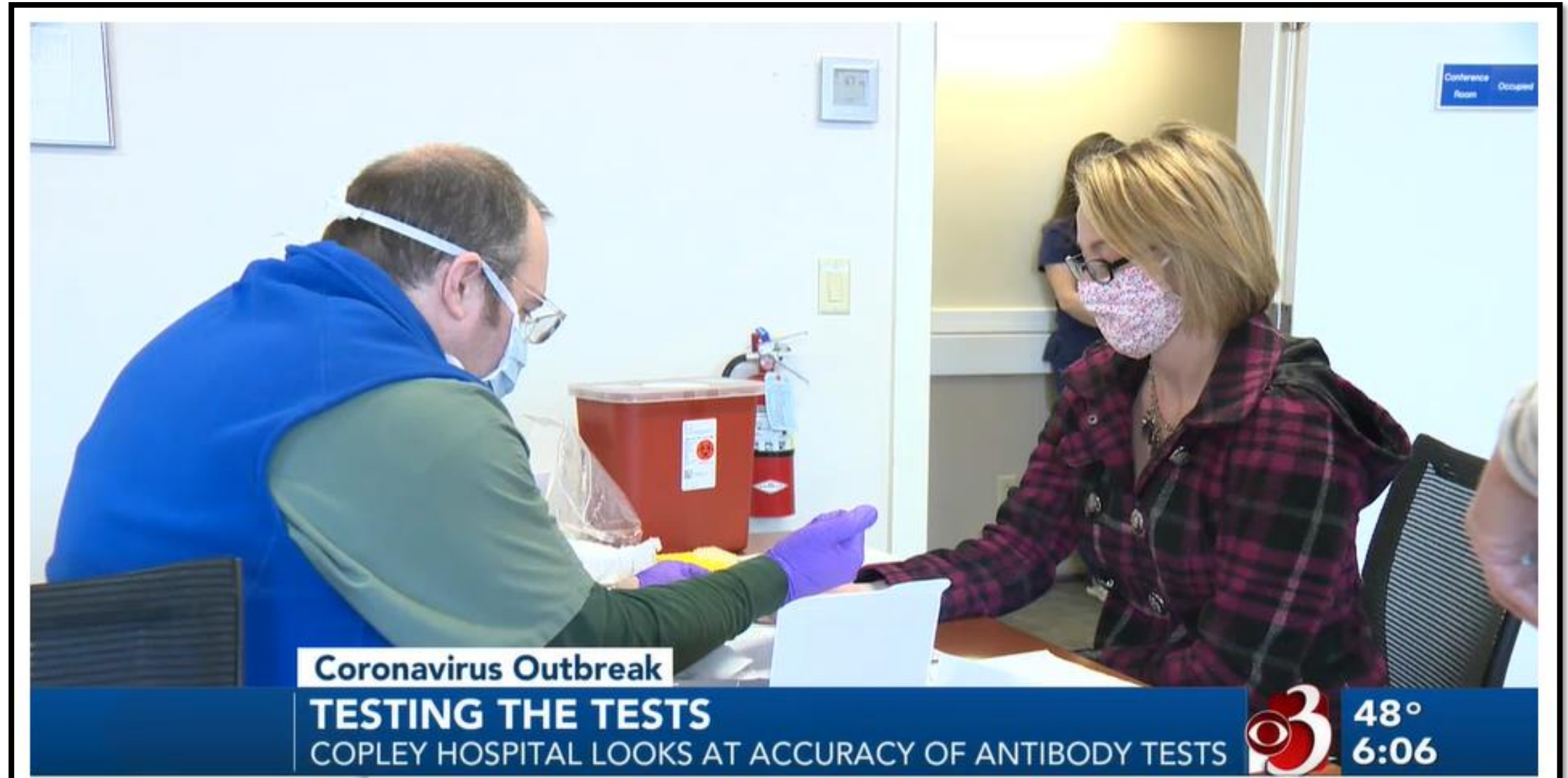
The Manor (SNF)  
DA (LCMHS)  
LHHH

3. CRT – LV

Lamoille Valley > LAHHSRCC

~26 Local Agencies (liaisons)







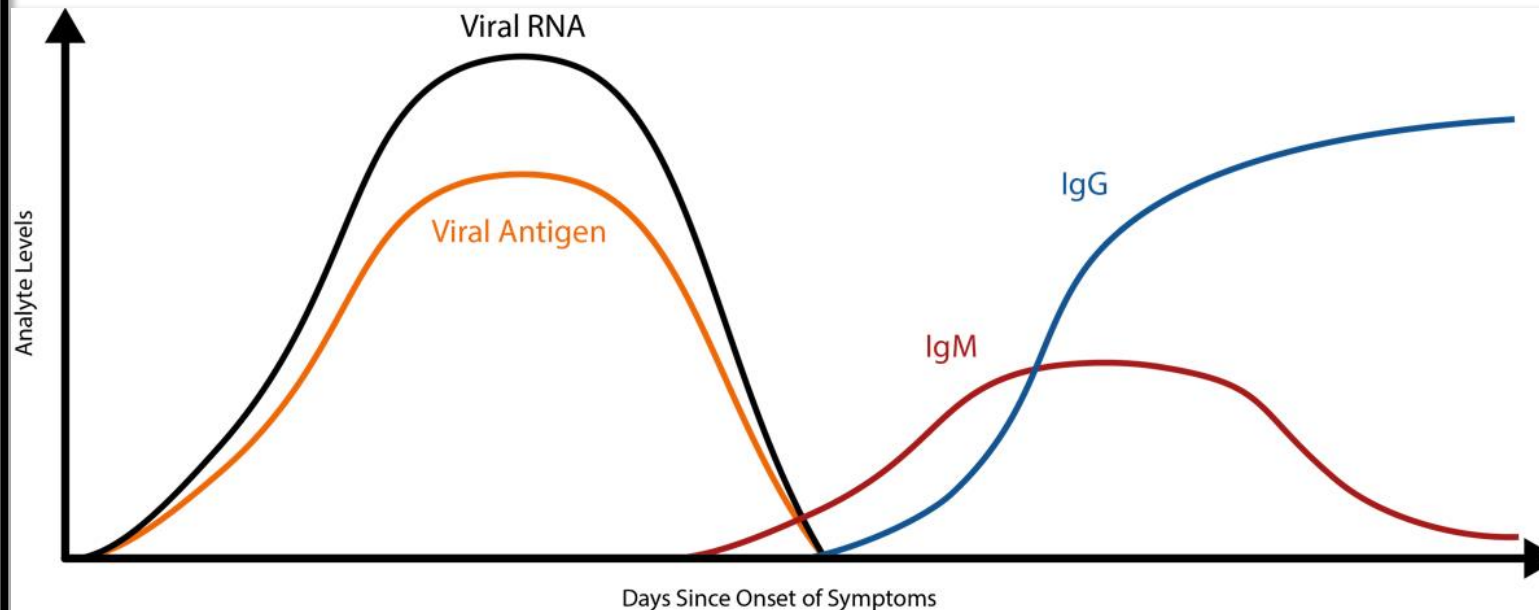
## Serology (Antibody) Testing

- Program Leaders:
  - Dr. Catherine Antley – Pathologist (UVM, Copley, etc.)
  - Dr. Don Dupuis – Chief Medical Officer
  - Amy Fitzgerald – VP Human Resources
  - Amy Shopland – Director of the Laboratory
  - Cole Pearson, RN – Lead Tester
- Vendor: RayBiotech:
  - Peachtree Corners, Georgia, Founded 2001
  - Noted Customers: CDC, Harvard University, Dana-Farber, Colgate-Palmolive, Emory University, Pfizer, National Institutes of Health
- Copley Started testing on 4/6/2020
- Using IgM (1,000) and IgG (500)

Three types of clinical laboratory COVID-19 or SARS-CoV-2 tests are being developed:

- Molecular
- Viral antigen
- Host antibody tests (serology)

They detect the virus in different ways.





# Overview: COVID 19 Testing

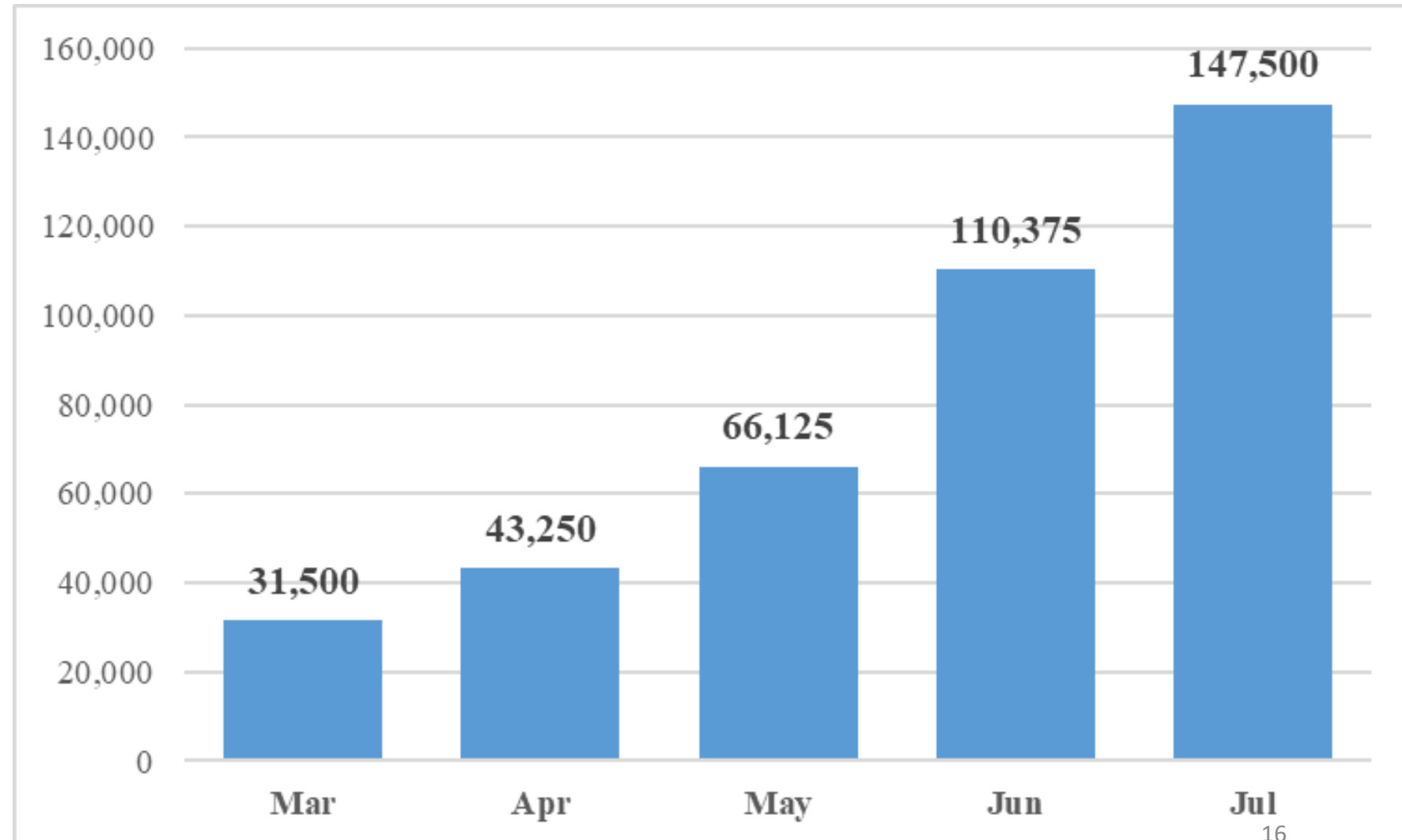


## COVID Facts:

**March - July**

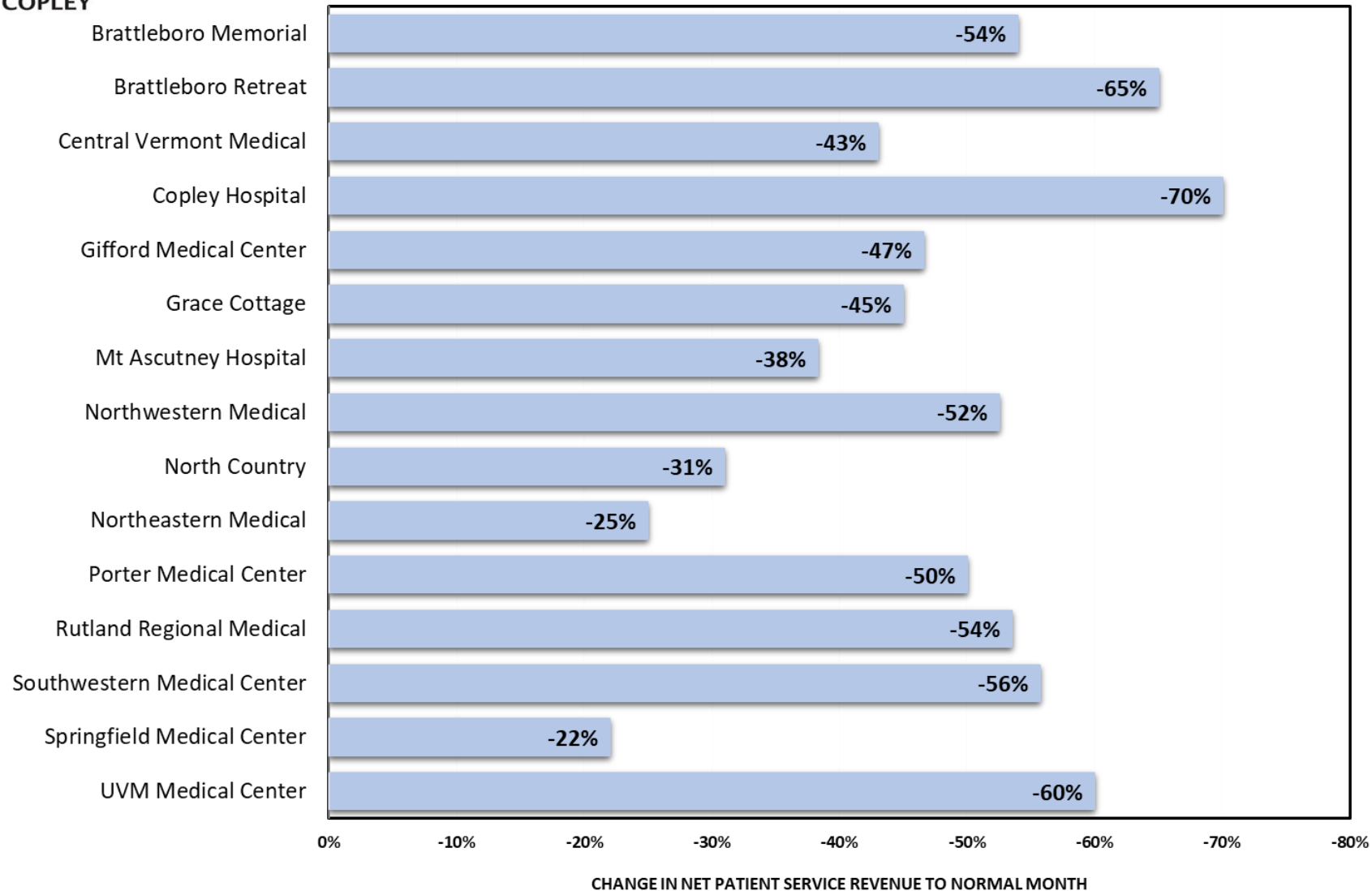
### REVENUE:

- Price = \$125
- Vol = 3,190
- Gross = \$399k
- ~Net = \$223k



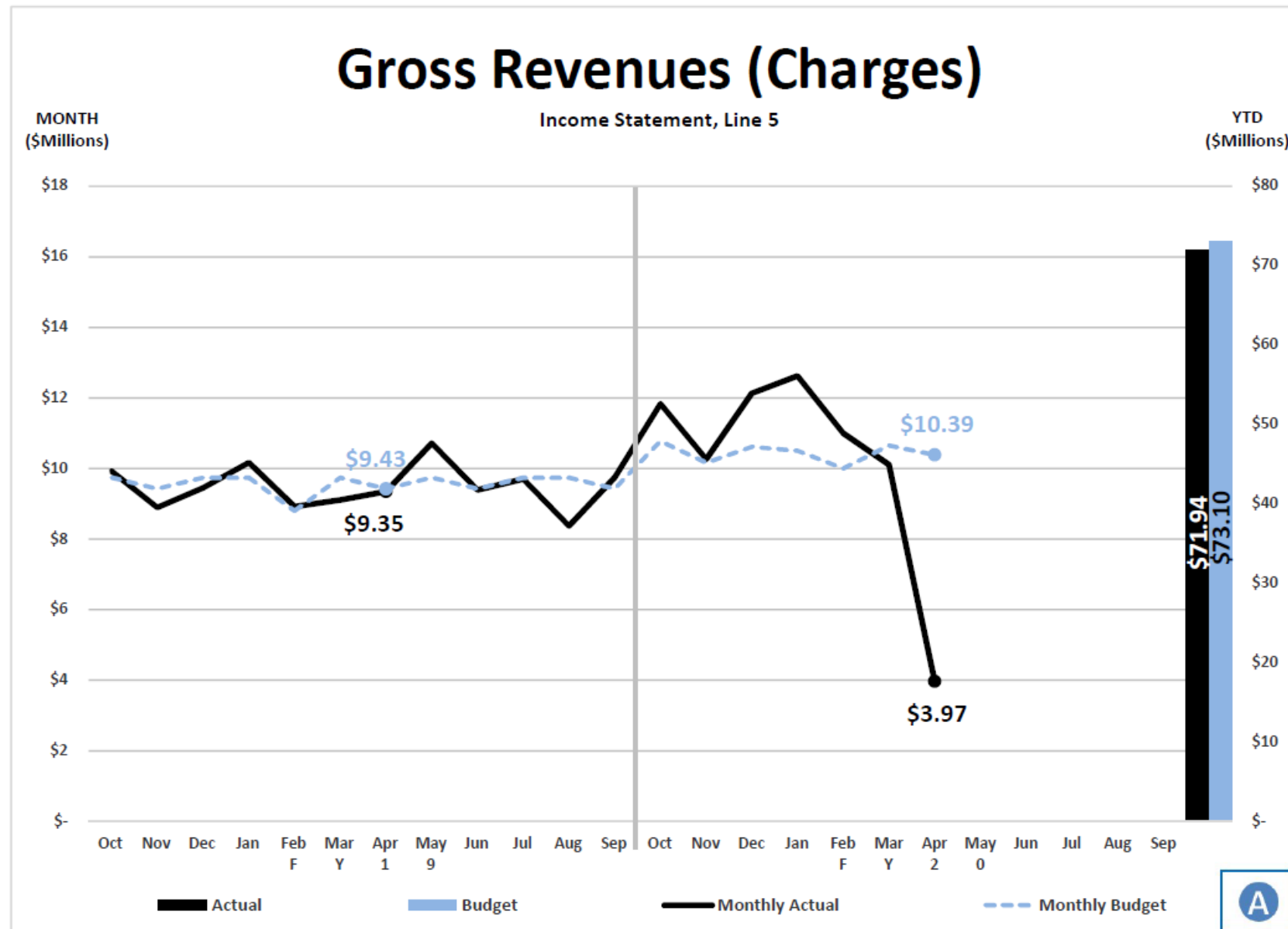


## Change in Net Patient Service Revenue to Normal Month



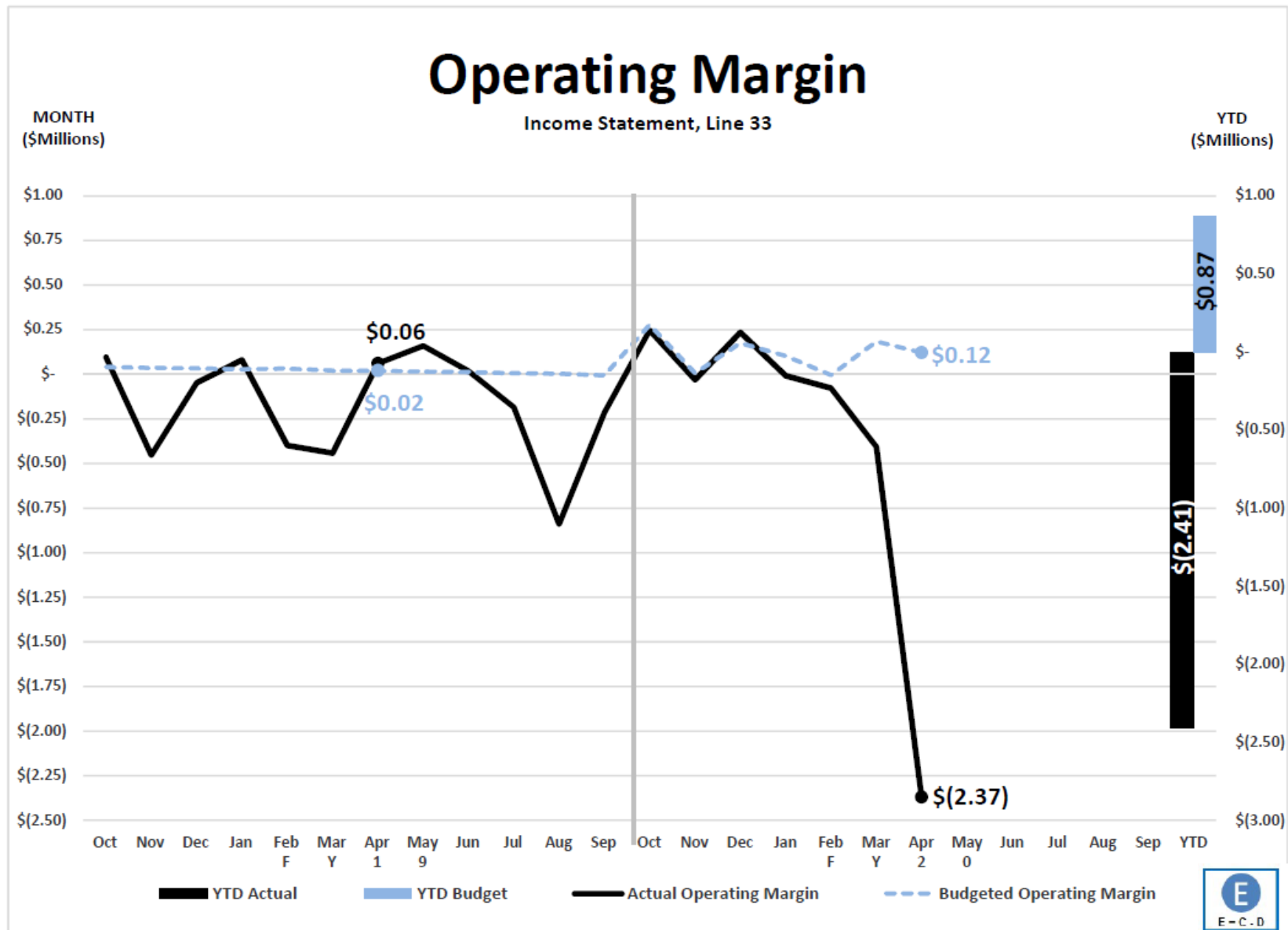


# Overview: COVID 19



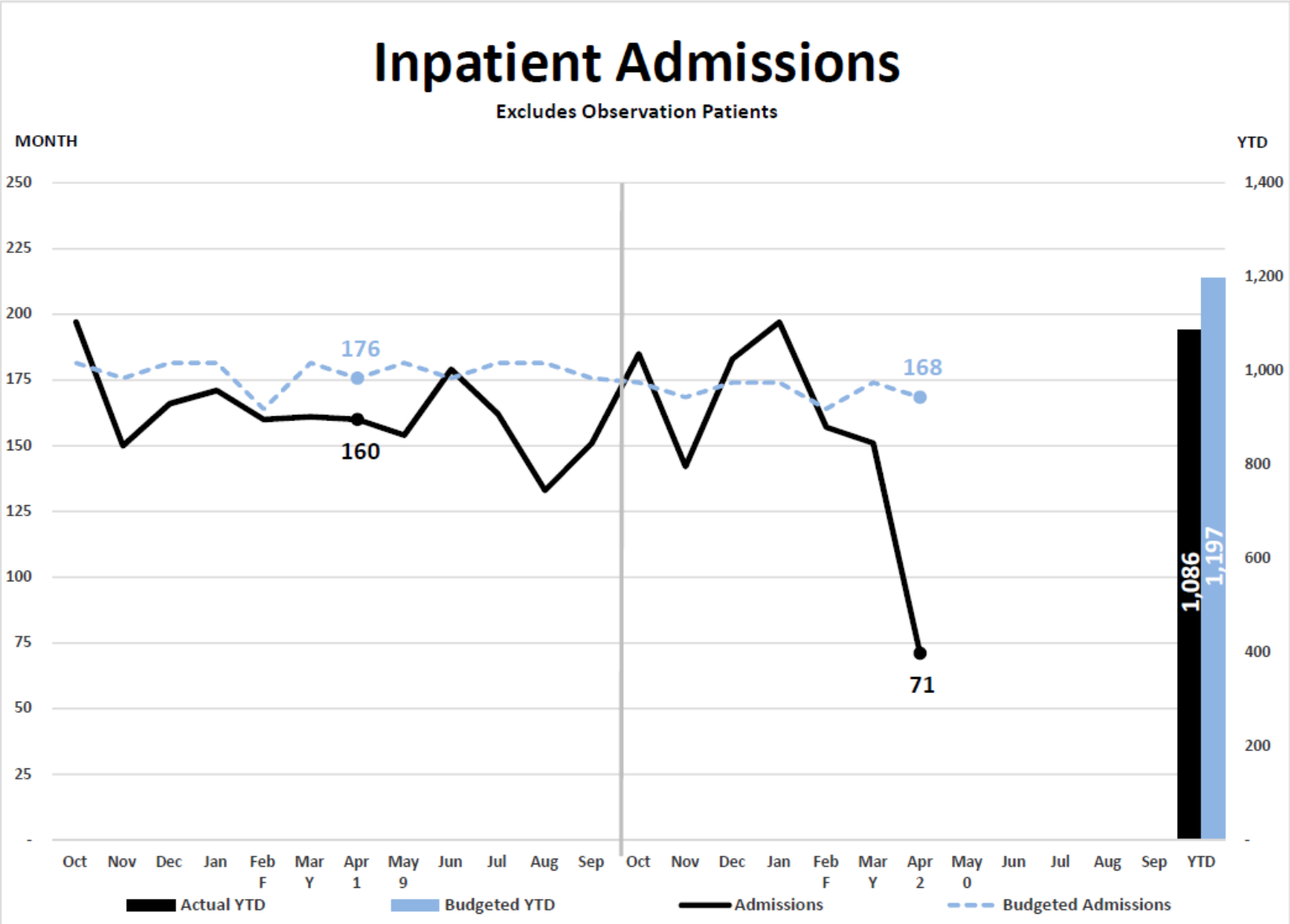


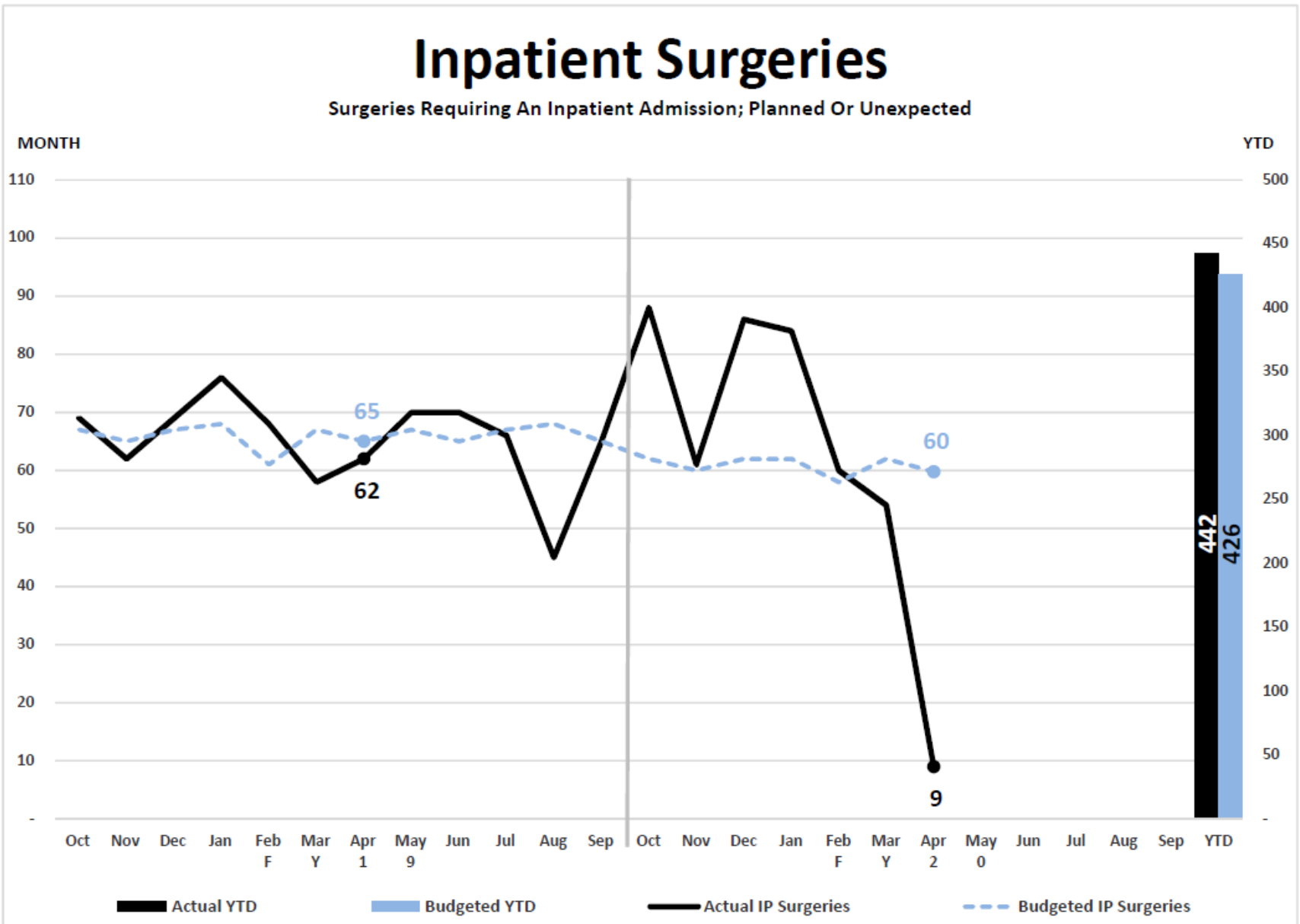
# Overview: COVID 19

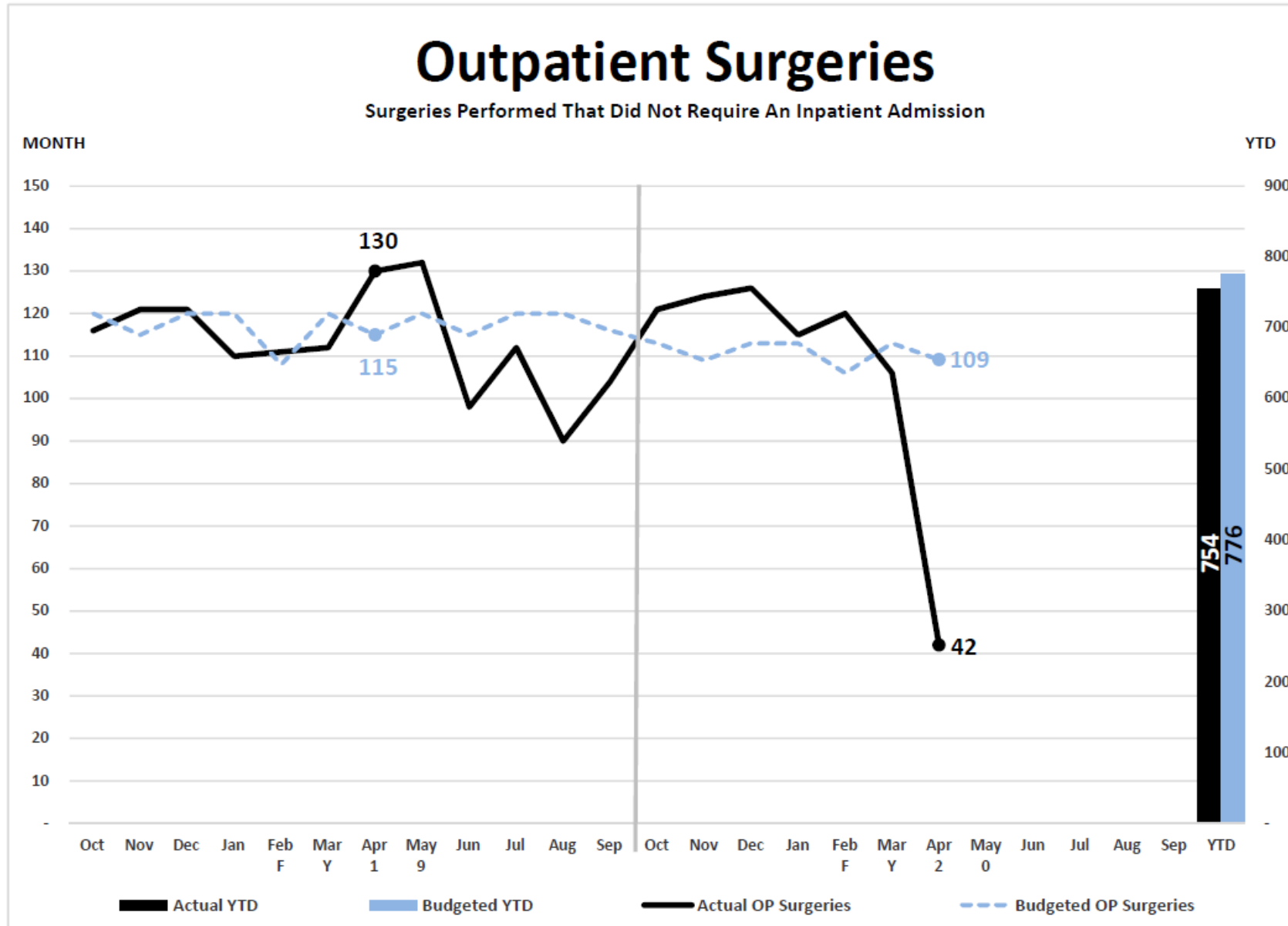




# Overview: COVID 19

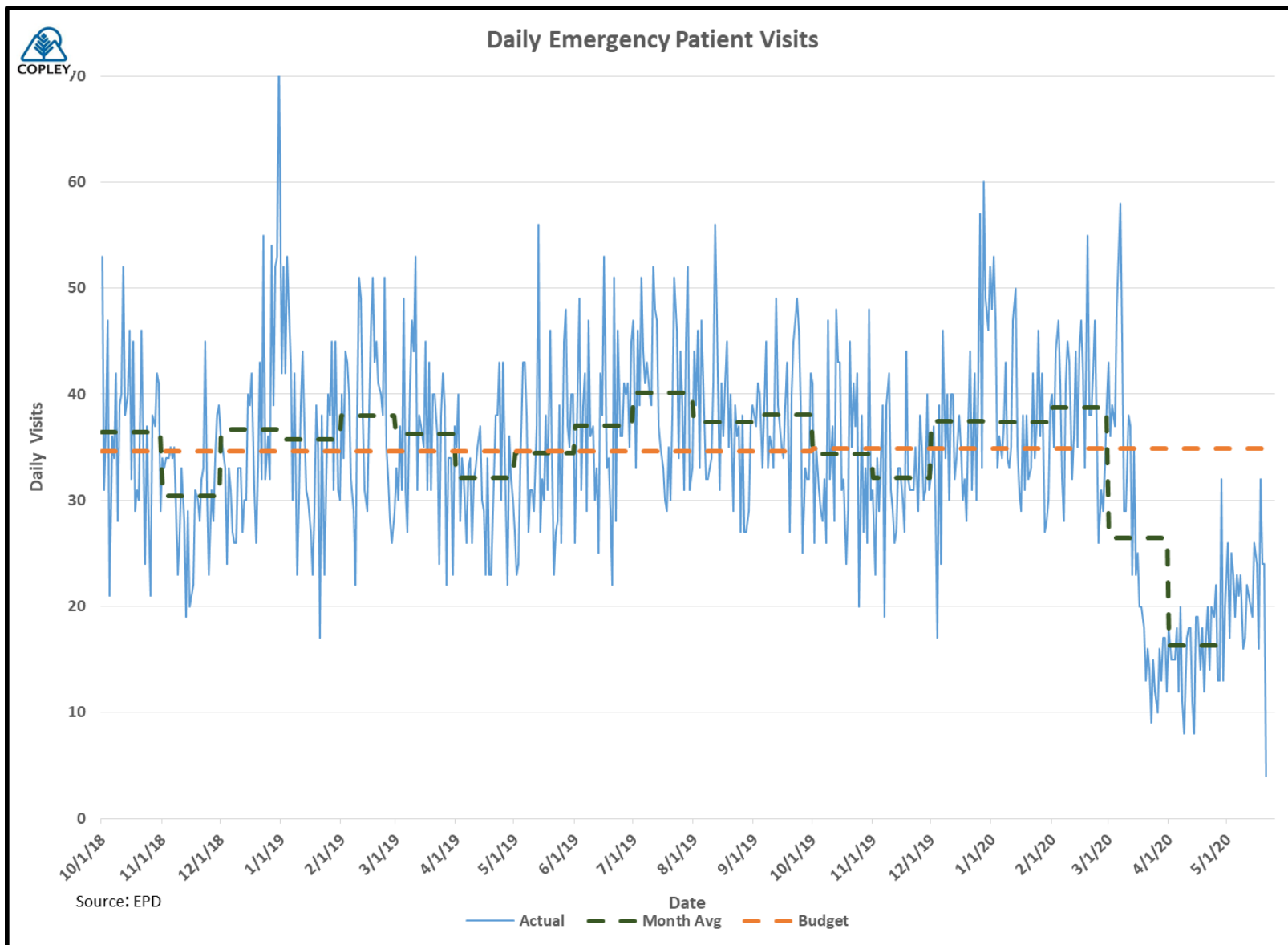




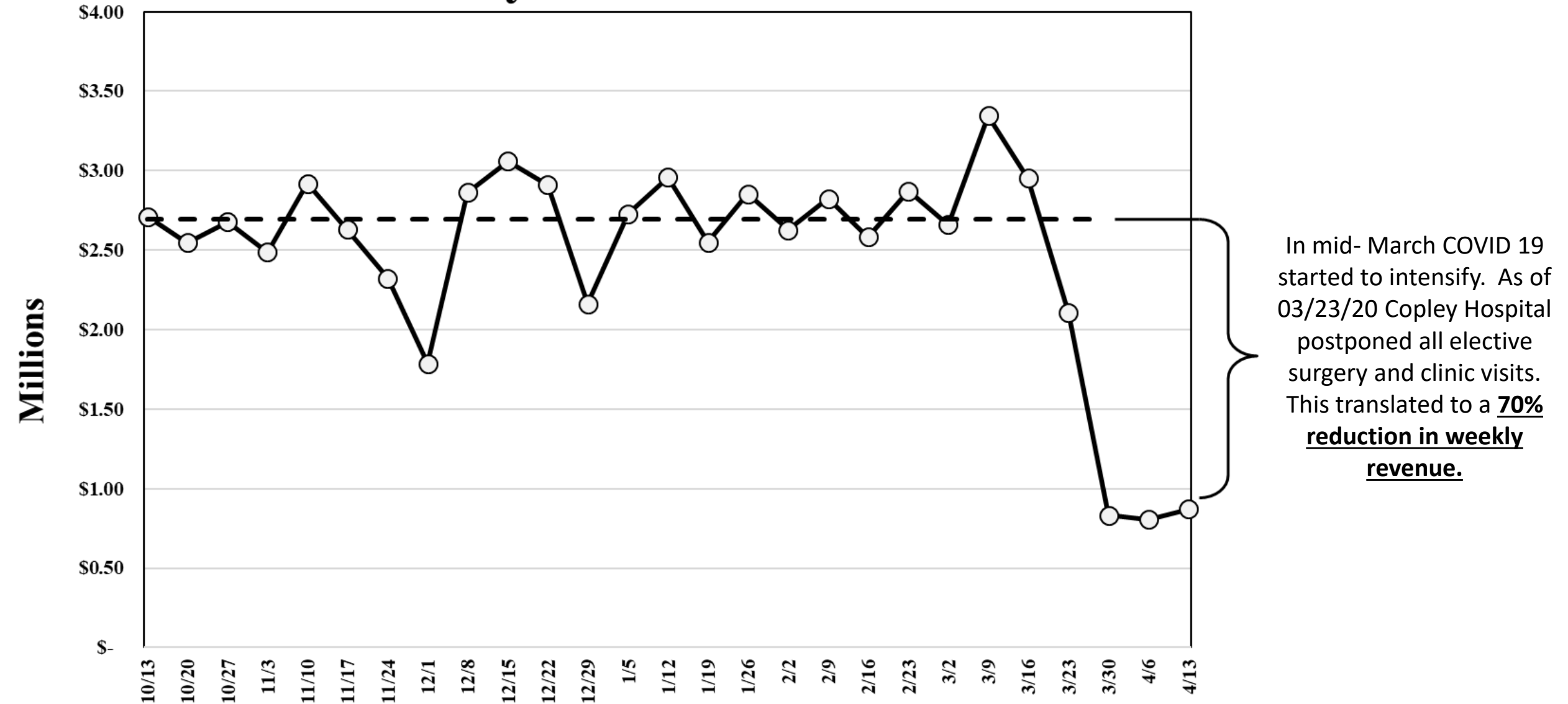




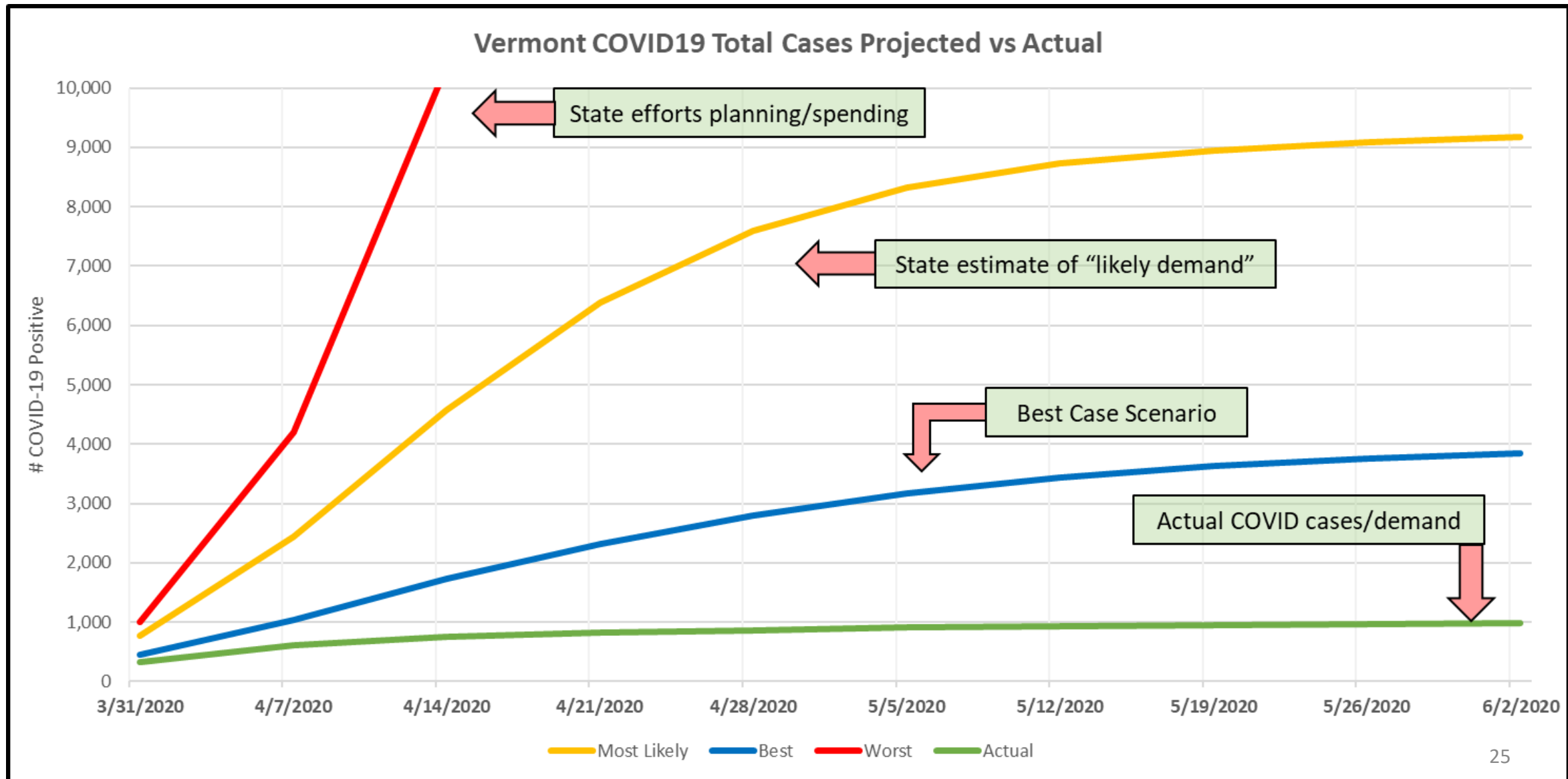
# Overview: COVID-19



# Weekly Gross Revenue

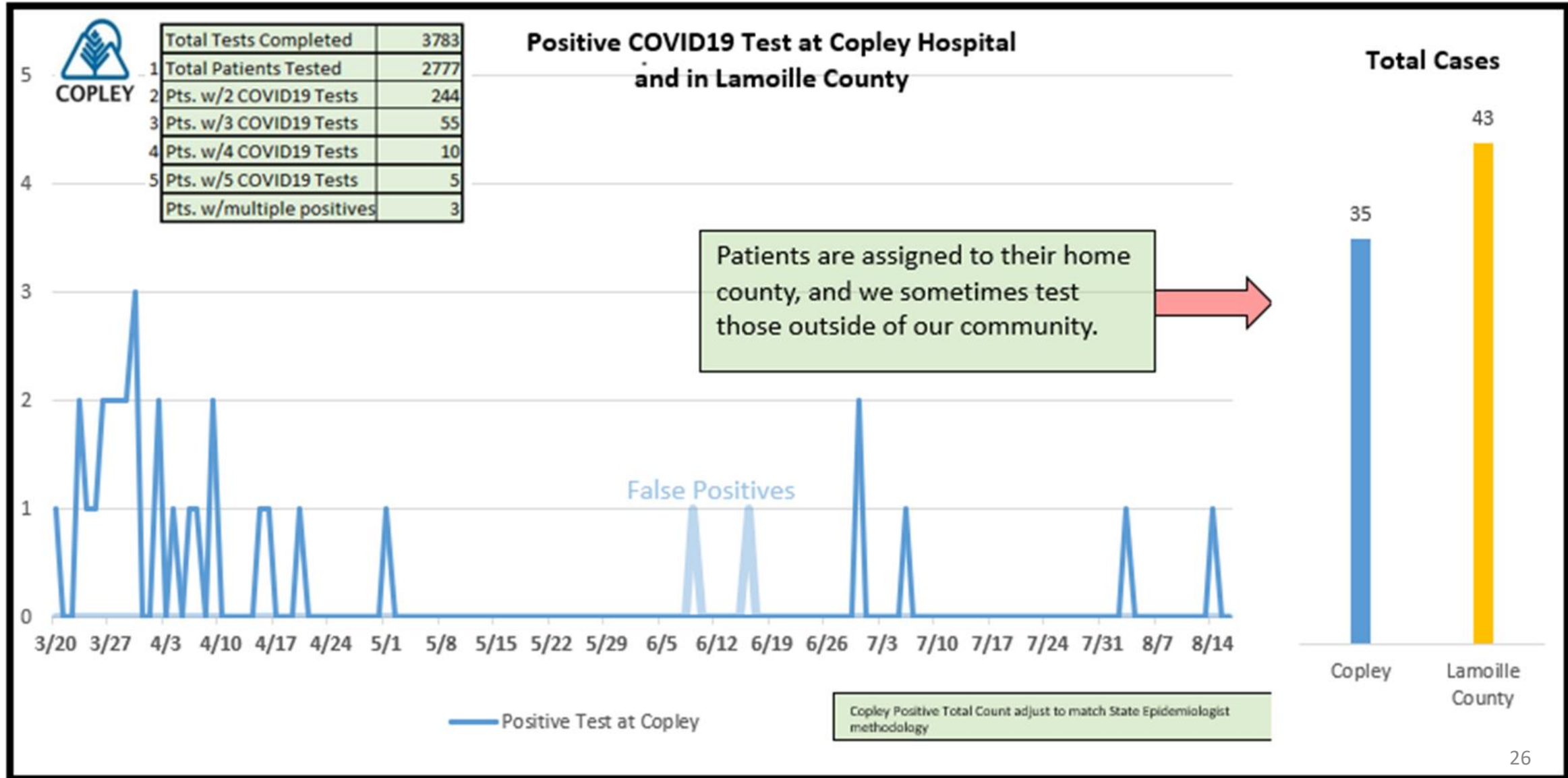


# Overview: COVID 19





# Overview: COVID 19





## LOCAL NEWS

# Patients in need of emergency care are avoiding hospitals due to COVID-19, doctors say





## England campaign targets seriously ill patients avoiding hospitals

**Campaign will urge people with serious non-coronavirus-related conditions to seek help**

- [Coronavirus - latest updates](#)
- [See all our coronavirus coverage](#)



▲ Attendances at accident and emergency departments are so far on course to be one million lower this April than last. Photograph: Edward Moss/Alamy

A government campaign has been launched to encourage people who are seriously ill with non-coronavirus conditions such as heart attacks to seek help amid concerns some are avoiding hospitals.





## Healthcare providers are here for you.

During the COVID-19 crisis, don't ignore your health care needs. Seek the medical attention you or your loved one needs by:

- keeping regular appointments with your doctor or provider
- going to the Emergency Room when necessary
- calling 9-1-1 for Emergency Services

We are here to serve your health care needs.



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# Income Statement



	2020 PROJ	2020 Bud	2021 Bud	20B-20P	20P-21B	20B-21B
<b>REVENUES</b>						
<b>Gross Patient Care Revenue</b>	<b>\$ 120,459,602</b>	<b>\$ 124,871,420</b>	<b>\$ 141,951,641</b>	<b>-4%</b>	<b>18%</b>	<b>14%</b>
Disproportionate Share Payments	\$ 452,125	\$ 454,323	\$ 455,000	0%	1%	0%
Bad Debt	\$ (2,639,908)	\$ (1,997,944)	\$ (2,967,799)	32%	12%	49%
Free Care	\$ (862,648)	\$ (749,229)	\$ (1,404,966)	15%	63%	88%
Deductions from Revenue	\$ (53,454,473)	\$ (49,920,208)	\$ (65,783,290)	7%	23%	32%
<b>Net Patient Care Revenue (NPR)</b>	<b>\$ 63,954,698</b>	<b>\$ 72,658,362</b>	<b>\$ 72,250,586</b>	<b>-12%</b>	<b>13%</b>	<b>-1%</b>
Fixed Prospective Payments	\$ 3,656,910	\$ -	\$ 4,820,035		32%	
<b>Total NPR &amp; FPP</b>	<b>\$ 67,611,608</b>	<b>\$ 72,658,362</b>	<b>\$ 77,070,621</b>	<b>-7%</b>	<b>14%</b>	<b>6%</b>
COVID-19 Stimulus and Other Grant Funding	\$ 5,210,421		\$ -			
Other	\$ 991,843	\$ 813,681	\$ 828,681	22%	-16%	2%
<b>Other Operating Revenue</b>	<b>\$ 6,202,264</b>	<b>\$ 813,681</b>	<b>\$ 828,681</b>	<b>662%</b>	<b>-87%</b>	<b>2%</b>
<b>Total Operating Revenue</b>	<b>\$ 73,813,871</b>	<b>\$ 73,472,043</b>	<b>\$ 77,899,302</b>	<b>0%</b>	<b>6%</b>	<b>6%</b>
<b>EXPENSES</b>						
Salaries/Contracts/Benefits	\$ 42,006,141	\$ 41,335,661	\$ 44,797,842	2%	7%	8%
Health Care Provider Tax	\$ 3,984,804	\$ 3,954,800	\$ 4,363,408	1%	10%	10%
Depreciation/Amortization	\$ 2,786,074	\$ 2,894,873	\$ 2,808,851	-4%	1%	-3%
Interest - Short and Long Term	\$ 105,019	\$ 105,448	\$ 100,000	0%	-5%	-5%
Other Operating Expenses	\$ 23,912,769	\$ 24,176,642	\$ 25,390,608	-1%	6%	5%
<b>Operating Expense</b>	<b>\$ 72,794,807</b>	<b>\$ 72,467,424</b>	<b>\$ 77,460,709</b>	<b>0%</b>	<b>6%</b>	<b>7%</b>
<b>Net Operating Income</b>	<b>\$ 1,019,064</b>	<b>\$ 1,004,619</b>	<b>\$ 438,593</b>	<b>1%</b>	<b>-57%</b>	<b>-56%</b>
Non-Operating Revenue	\$ 394,741	\$ 317,200	\$ 302,200	24%	-23%	-5%
<b>Excess (Deficit) of Rev over Exp</b>	<b>\$ 1,413,805</b>	<b>\$ 1,321,819</b>	<b>\$ 740,793</b>	<b>7%</b>	<b>-48%</b>	<b>-44%</b>



## **Volume:**

- Inpatient services are expected to decrease slightly (1.7%) from projected 2020 pre-COVID-19 volumes.
- Outpatient services are expected to decrease (3.7%) from projected 2020 pre-COVID-19 volumes.
- Clinic visits are expected to decrease (4.7%) from projected 2020 pre-COVID-19 visits.

## **Payer Mix:**

- Due to the economic impact of the pandemic, Copley has adjusted its payer mix to reflect an increase in Medicaid and self-pay patients.
- Medicare volumes continue to increase due to the aging demographics of our community.
  - Vermont is the 3rd oldest state and is aging at a faster rate
  - % of Vermonters age 65+ is growing while the % under age 20 is declining

(source: State Health Assessment Plan: Healthy Vermonters 2020; Vermont Department of Health State Health Assessment)

## **Rate Increase:**

Copley has requested a rate increase of 8.0%, and each 1% is worth \$673,969 which results in a total request of \$5,391,753 related to rate.



## **Rate Increase (continued):**

### **Medicare:**

Critical Access Hospital (CAH) payments are based on costs and the share of those costs allocated to Medicare patients. Copley receives cost-based reimbursement for inpatient and outpatient services provided to Medicare patients. The cost of treating Medicare patients is estimated using cost accounting data from Medicare cost reports.

Copley has realized the rate increase in its NPR for Medicare due to the relationship in the increase of cost per services unit as compared to the increase in charges.

### **Medicaid:**

Copley is not budgeting any additional reimbursement from Medicaid.

### **Commercial:**

Increases in gross charges will increase net patient service revenue but not on a dollar for dollar basis. Commercial insurance impact varies depending on the individual payer contracts.



# Income Statement: Other Operating Revenue

Funding Sources	Fiscal Year 2020			Fiscal Year 2021		
	Available Funds	Paid Back	*Grant Revenue	Available Funds	Paid Back	*Grant Revenue
Medicare Advance Funding	\$ 10,927,961	\$ 1,821,327	\$ -	\$ 9,106,634	\$ 9,106,634	\$ -
State Funding	\$ 911,083	\$ -	\$ 409,987	\$ 409,987	\$ -	\$ 409,987
Federal Funding	\$ 5,837,948	\$ -	\$ 4,669,039	\$ 1,069,593	\$ -	\$ 1,069,593
Other (BCBSVT)	\$ 2,309,951	\$ -	\$ -	\$ 2,309,951	\$ 2,309,951	\$ -
Other (PPP-Offset of expenses)	\$ 5,037,900	\$ -	\$ -	\$ 5,037,900	\$ 5,037,900	\$ -
Other (HRSA)	\$ 99,317	\$ -	\$ 99,317			
Other (VHEPC)	\$ 13,636	\$ -	\$ 13,636			
Other (VAHHS)	\$ 18,442	\$ -	\$ 18,442			
<b>TOTAL:</b>	<b>\$ 25,156,238</b>	<b>\$ 1,821,327</b>	<b>\$ 5,210,421</b>	<b>\$ 17,934,066</b>	<b>\$ 16,454,485</b>	<b>\$ 1,479,580</b>

\*Grant Revenue is realized as "Other Revenue" on the P&L

**Medicare Advance Funding** - To increase cash flow to providers of services and suppliers impacted by COVID-19, the Centers for Medicare & Medicaid Services (CMS) issued advance payments to Medicare Part A providers and Part B suppliers.

**State Funding** - COVID-19-specific Medicaid Retainer funding is to ensure continued operations through the month of April for eligible Medicaid-enrolled, Vermont-based or border provider organizations.

# Income Statement: Other Operating Revenue



**Federal Funding** - HHS allocated targeted distribution funding to providers in areas particularly impacted by the COVID-19 outbreak, rural providers, and providers requesting reimbursement for the treatment of uninsured Americans. The funds give relief to those providers who are struggling to keep their doors open.

**Other (BCBSVT)** - To increase cash flow to providers of services and suppliers impacted by COVID-19, Blue Cross Blue Shield of Vermont issued advance payments.

**Other (PPP)** - The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. SBA may forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses. Copley's covered period (during which to spend the PPP loan) is the end of October, after which Copley will submit the application for forgiveness.

**Other (HRSA)** - Funding from the Small Rural Hospital Improvement Program (SHIP) is granted to small rural hospitals responding to this health crisis. Funds are used by hospitals for safety (ensuring hospitals are safe for patients and staff), response (detecting, preventing, diagnosing, and treating COVID-19), and maintaining hospital operations.

**Other (VHEPC/VAHHS)** – Grants used to support response, the preparedness and response activities, and the needs of hospitals, health systems, and health care providers on the front lines of the COVID-19 pandemic.



## ➤ Salaries & Wage

### ○ FTE Increases Budget 2020 to Budget 2021

✓ Food & Nutrition (COVID) - 1

✓ Pt Access (COVID) – 2.8

✓ Housekeeping (COVID) - 0.5

✓ Information Technology – 2

✓ Administration – 1.9

✓ Clinic OB – 0.5

### ○ Merit/Market Increase **2.0%** (CONFIDENTIAL)

➤ Benefits – 5.0%

➤ Utilities – **(7.4%)**

➤ Pharmaceuticals – 5.5% - 6.5%

➤ Other Non Salary increases ~ +3%

➤ MCPI (Medical Care Inflation Index) = 4.8% as of April 2020

Request: 8% increase in Gross Revenue (charges)  
Estimated Result: 4.6% increase in Net Revenue



## Rate Increase:

- Copley has requested a rate increase of 8.0%, and each 1% is worth \$673,969 which results in a total request of \$5,391,753 related to rate.

## Financial Pressures:

- Copley has budgeted an overall operating margin of 0.56% or \$438,593. After years without generating income from operations, Copley needs to achieve a reasonable operating margin for the next several years in order to rebuild cash reserves necessary to weather unexpected downturns, take on risk in payment reform, invest in necessary equipment and infrastructure improvements, and provide financial stability for our employees and community.
- Inflationary expenses growth, especially those related to the rising costs of pharmaceuticals and the labor market and the use of travelers to fill key staffing vacancies.
- Shift to Medicare to provided care for an aging population. Also, due to the economic impact of the pandemic, Copley has adjusted its payer mix to reflect an increase in Medicaid and self-pay patients.
- Money received through the Accelerated and Advance Payment programs in the spring of 2020 served as a lifeline caused by the dramatic drops in revenue due to delays in non-emergency procedures. Without this lifeline Copley only had a month of cash caused by the pandemic, further enforcing the need to rebuild cash reserves.





# Income Statement: Change-in-Charge Request

	5 Yr (2016-2020)		10 Yr (2011-2020)		15 Yr (2006-2020)		2021	
	Ave submit	Thru 2020 Average Appro ved	Ave submit	Thru 2020 Average Appro ved	Ave submit	Thru 2020 Average Appro ved	Submitted	Approved
	3.90%	<b>3.02%</b>	4.96%	<b>4.45%</b>	5.79%	<b>5.28%</b>	4.92%	
	3.42%	<b>2.63%</b>	4.74%	<b>4.22%</b>	5.63%	<b>5.15%</b>	8.50%	
Copley	2.94%	<b>0.64%</b>	3.52%	<b>2.37%</b>	3.77%	<b>3.01%</b>	8.00%	
	3.44%	<b>2.93%</b>	4.30%	<b>4.80%</b>	5.47%	<b>5.66%</b>	8.00%	
	4.54%	<b>4.54%</b>	5.48%	<b>5.48%</b>	5.72%	<b>5.55%</b>	4.00%	
	4.28%	<b>4.28%</b>	5.64%	<b>5.50%</b>	6.03%	<b>5.94%</b>	3.20%	
	4.32%	<b>4.32%</b>	4.68%	<b>4.68%</b>	5.39%	<b>5.30%</b>	4.30%	
	4.23%	<b>4.23%</b>	5.19%	<b>5.16%</b>	5.35%	<b>5.23%</b>	3.60%	
	4.16%	<b>3.64%</b>	5.14%	<b>4.86%</b>	5.96%	<b>5.69%</b>	3.90%	
	1.76%	<b>0.68%</b>	2.98%	<b>2.17%</b>	4.88%	<b>3.73%</b>	19.90%	
	3.48%	<b>3.28%</b>	5.02%	<b>4.92%</b>	5.91%	<b>5.53%</b>	5.75%	
	1.83%	<b>1.75%</b>	4.79%	<b>4.75%</b>	6.05%	<b>5.62%</b>	6.00%	
	3.32%	<b>3.17%</b>	5.15%	<b>4.89%</b>	6.72%	<b>5.99%</b>	3.50%	
	3.86%	<b>3.86%</b>	4.64%	<b>4.50%</b>	4.88%	<b>4.75%</b>	4.00%	

System Average  
System Wtg Avg  
Median

3.53%	<b>3.07%</b>
3.67%	<b>3.23%</b>

4.73%	<b>4.48%</b>
4.88%	<b>4.77%</b>

5.54%	<b>5.17%</b>
5.68%	<b>5.42%</b>

6.26%	
7.34%	est.
4.61%	

**Lowest Increase**  
**Highest Increase**



# Income Statement: Change-in-Charge Request

## Vermont Community Hospitals

**\*2018 All Payer Cost of Care**

	5 Yr (2016-2020)		10 Yr (2011-2020)		15 Yr (2006-2020)		
	Ave submit	Thru 2020 Average Appro ved	Ave submit	Thru 2020 Average Appro ved	Ave submit	Thru 2020 Average Appro ved	
Copley	3.90%	3.02%	4.96%	4.45%	5.79%	5.28%	
	3.42%	2.63%	4.74%	4.22%	5.63%	5.15%	
	2.94%	0.64%	3.52%	2.37%	3.77%	3.01%	
	3.44%	2.93%	4.30%	4.80%	5.47%	5.66%	
	4.54%	4.54%	5.48%	5.48%	5.72%	5.55%	
	4.28%	4.28%	5.64%	5.50%	6.03%	5.94%	
	4.32%	4.32%	4.68%	4.68%	5.39%	5.30%	
	4.23%	4.23%	5.19%	5.16%	5.35%	5.23%	
	4.16%	3.64%	5.14%	4.86%	5.96%	5.69%	
	1.76%	0.68%	2.98%	2.17%	4.88%	3.73%	
	3.48%	3.28%	5.02%	4.92%	5.91%	5.53%	
	1.83%	1.75%	4.79%	4.75%	6.05%	5.62%	
	3.32%	3.17%	5.15%	4.89%	6.72%	5.99%	
	3.86%	3.86%	4.64%	4.50%	4.88%	4.75%	
System Average		3.53%	3.07%	4.73%	4.48%	5.54%	5.17%
Median		3.67%	3.23%	4.88%	4.77%	5.68%	5.42%
			Lowest Increase		Highest Increase		

**Lowest Increase** **Highest Increase**

### 15 Year Average:

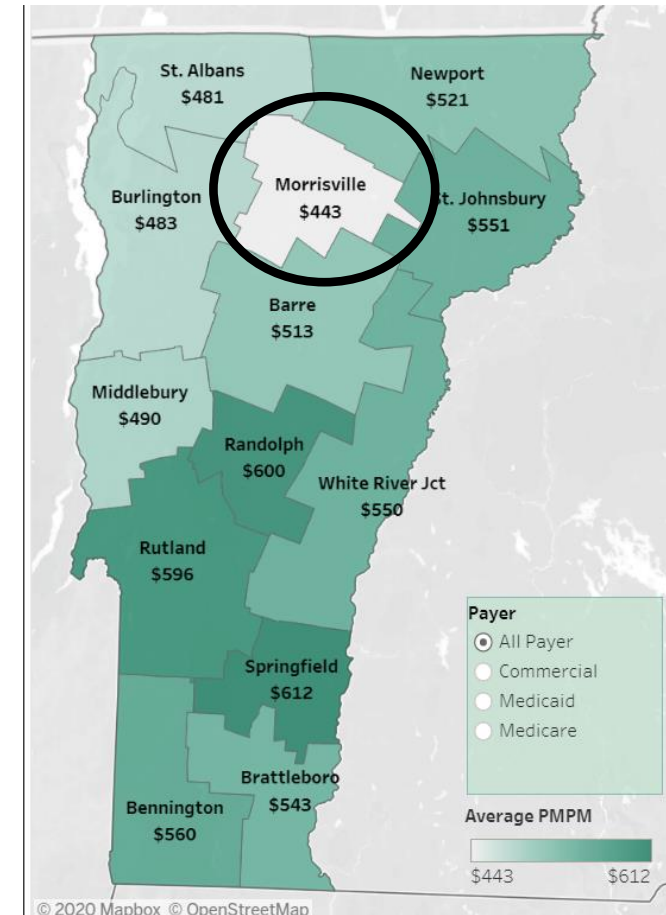
- **Lowest**
- 2.17% lower than system average
- 2.98% lower than system high

### 10 Year Average:

- Second Lowest
- 2.11% lower than system average
- 3.13% lower than system high

### 5 Year Average:

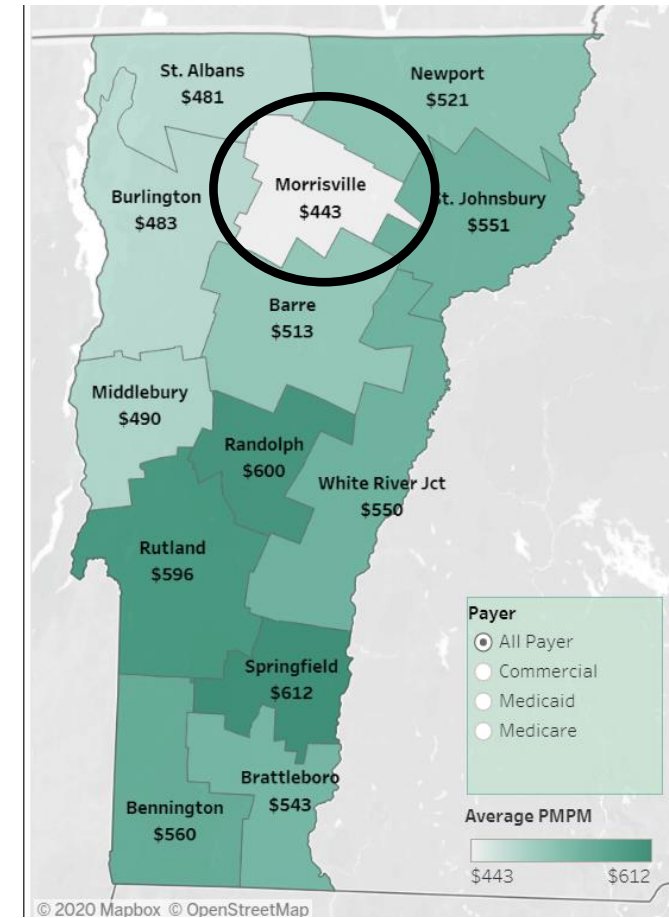
- **Lowest**
- 2.43% lower than system average
- 3.90% lower than system high





# Income Statement: Change-in-Charge Request

## \*2018 All Payer Cost of Care

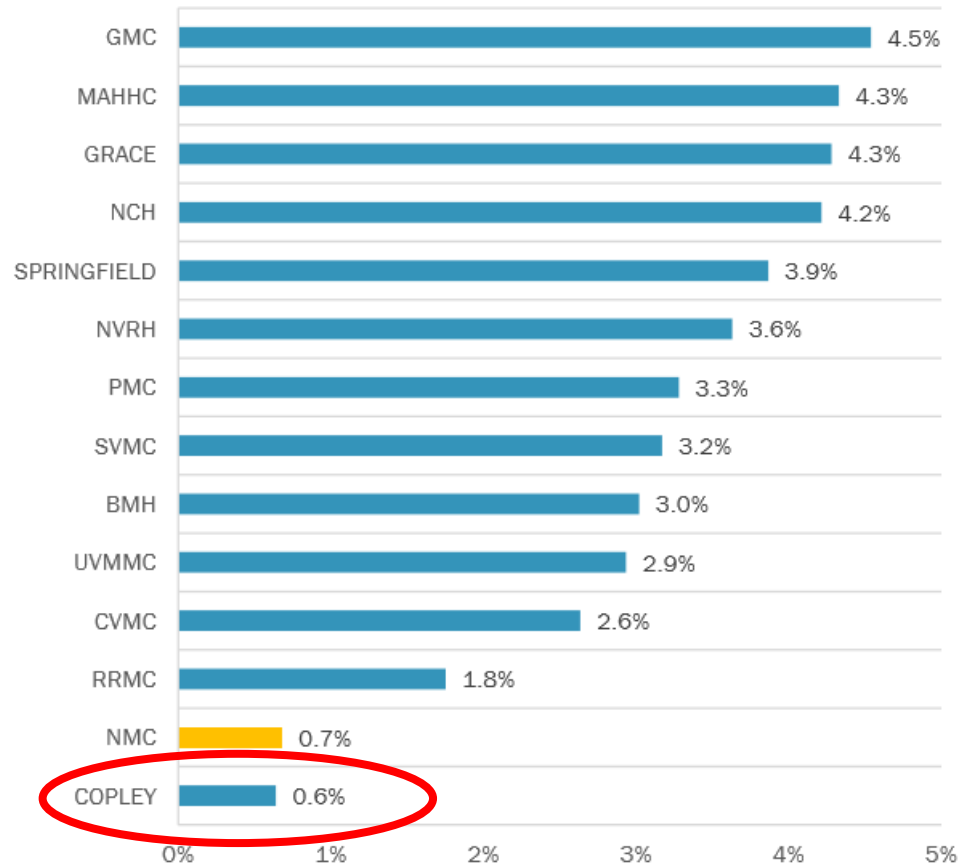


# Change in Charge:

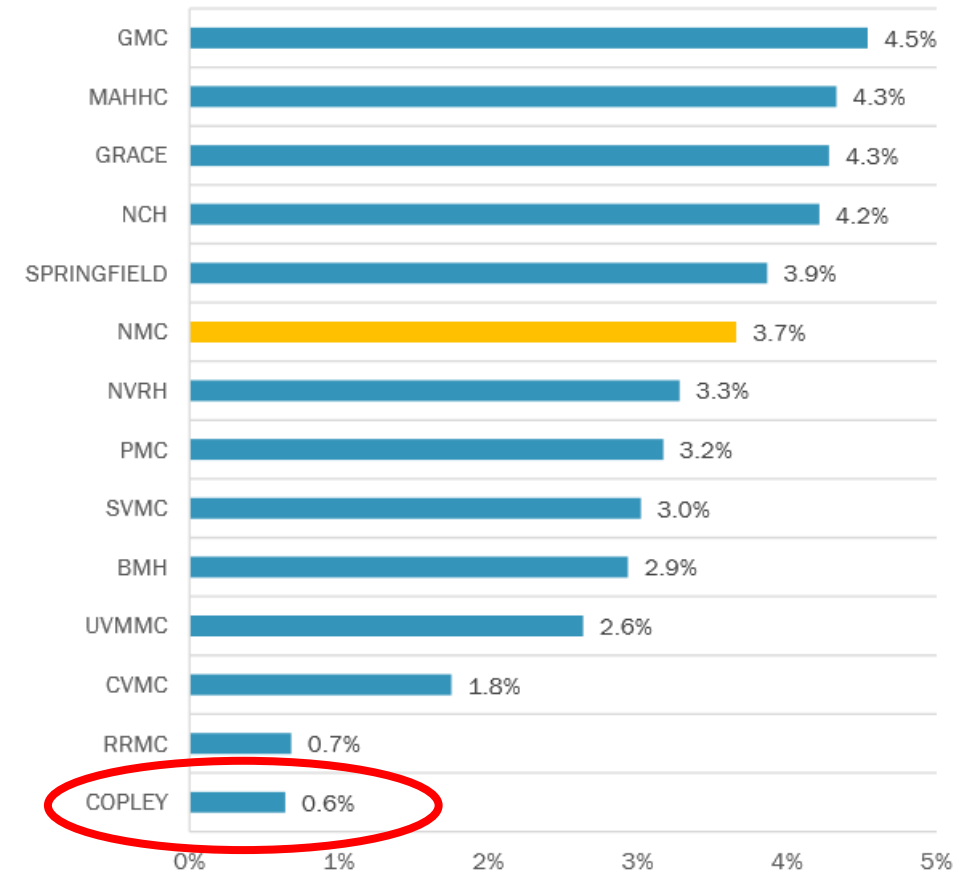
## 5-year Average -8.0%, 0.0%, 3.5%, 2.0%, and 5.9%

Other Presentation this Year

5 Year Average of Approved Rates



5 Year Average of Approved Rates-  
NMC mid-year request



# Historical Compliance with Budget Orders

Compounded Average Annual Increase (FY2011-FY2020)

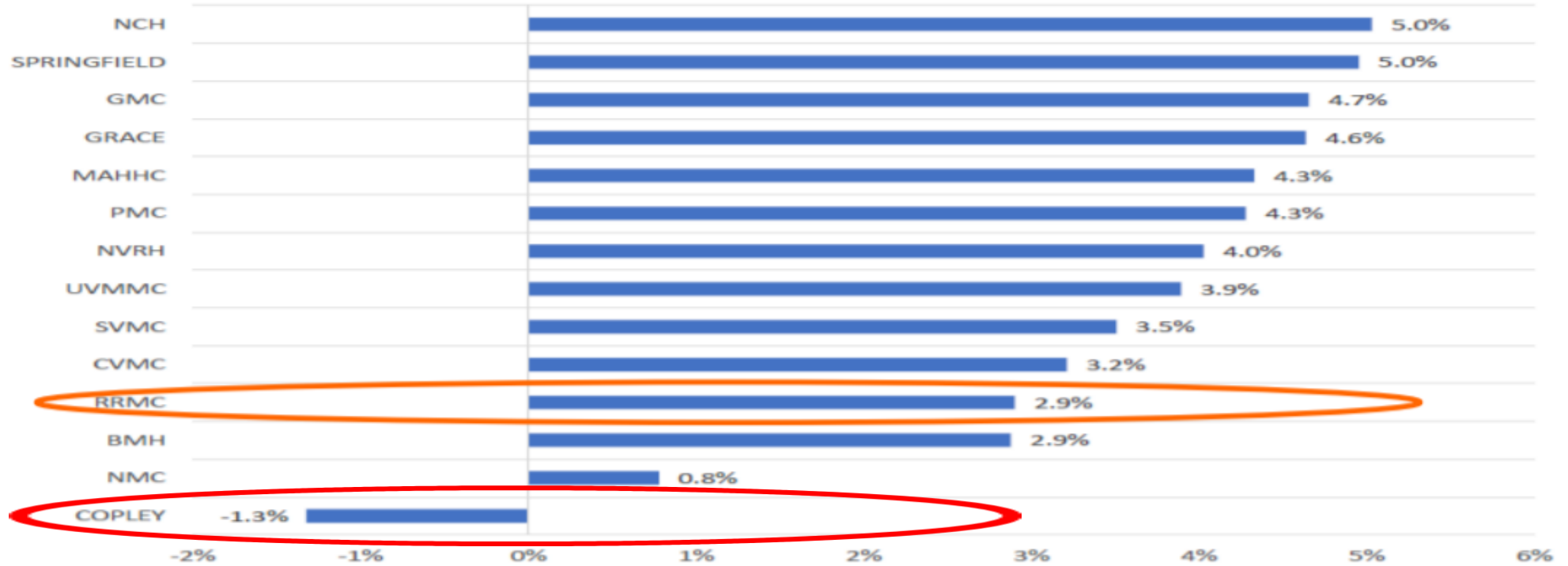




Previous Presentation earlier this Year

# Approved Change in Charge 5-year average

5 Year Average of Approved Rates



	FY16	FY17	FY18	FY19*	FY20	5-year average
Approved %	3.7%	-5.1%	4.9%	2.6%	NA	2.9%
Submitted %	3.7%	-5.1%	4.9%	3.0%	2.7%	3.0%



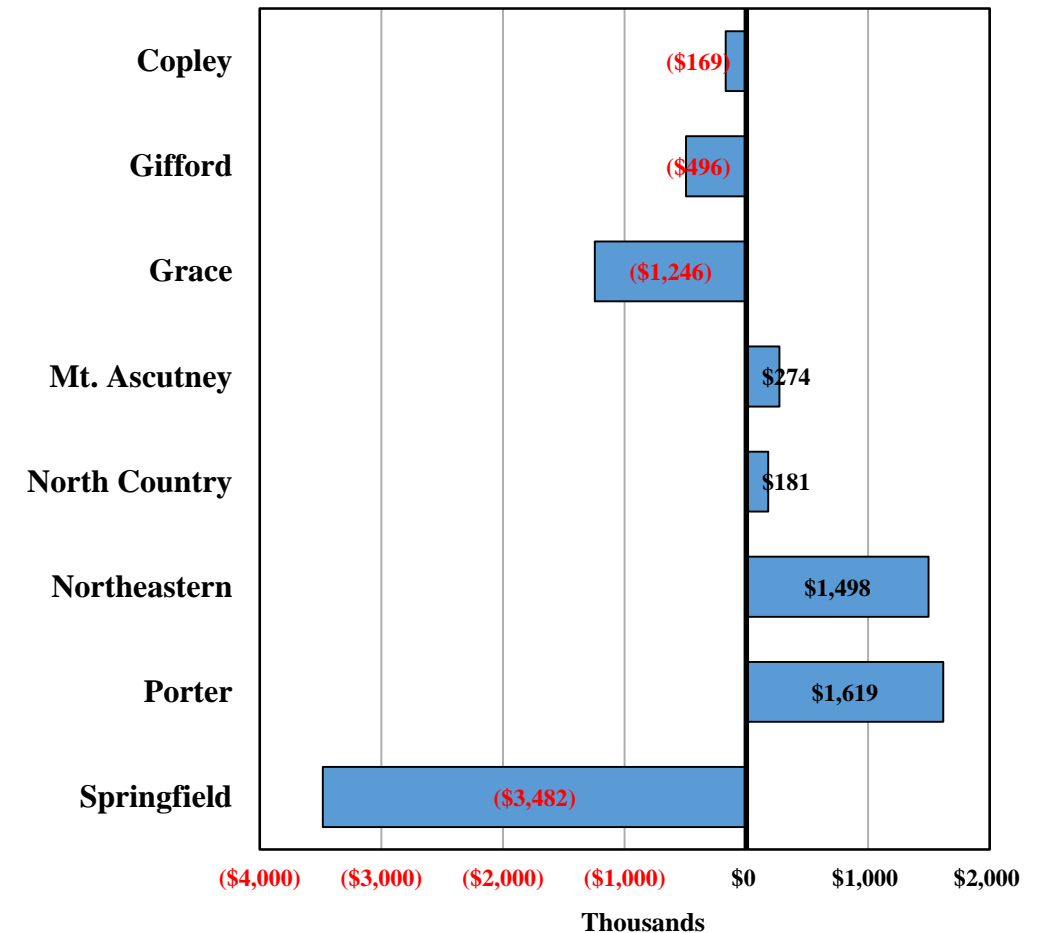


# Income Statement: Change-in-Charge Request

## CAH 5 Year Operating Margins

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	5 Year Avg
Copley	\$4,002,957	(\$84,921)	(\$377,946)	(\$2,222,433)	(\$2,161,242)	(\$168,717)
Gifford	\$1,565,435	\$2,609,679	(\$874,293)	(\$5,369,446)	(\$413,707)	(\$496,466)
Grace	(\$1,655,590)	(\$1,447,624)	(\$1,270,782)	(\$556,530)	(\$1,301,798)	(\$1,246,465)
Mt. Ascutney	(\$1,173,537)	\$141,292	\$1,390,379	\$1,052,255	(\$42,885)	\$273,501
North Country	\$2,844,141	\$141,751	(\$1,871,960)	(\$1,883,575)	\$1,676,946	\$181,461
Northeastern	\$1,467,745	\$1,487,940	\$1,477,373	\$1,430,264	\$1,627,193	\$1,498,103
Porter	(\$1,748,578)	\$1,450,905	\$2,196,330	\$1,492,207	\$4,705,271	\$1,619,227
Springfield	\$2,264,152	\$181,122	(\$3,835,857)	(\$6,996,078)	(\$9,021,952)	(\$3,481,723)

## CAH 5 Year Average Operating Margins (2015 – 2019):





# Income Statement: Change-in-Charge Request

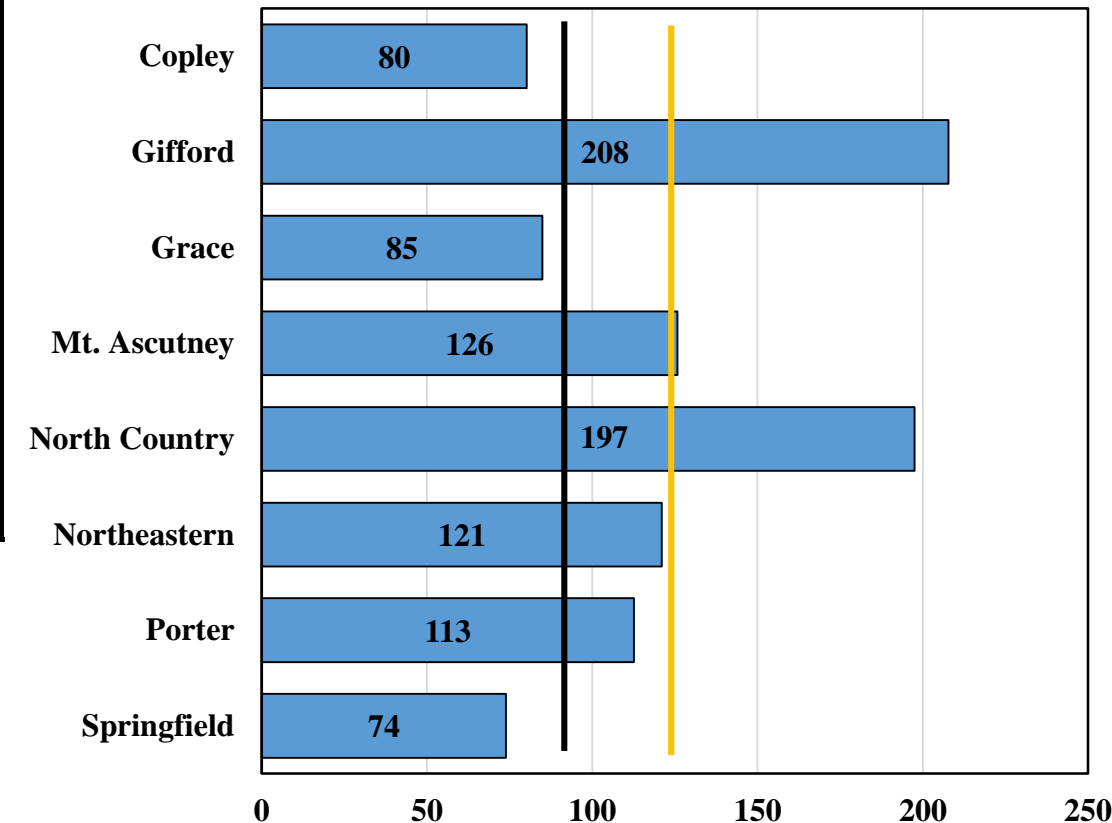
## CAH 5 Year Days Cash on Hand

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	5 Year Average
Copley	109	82	84	64	62	80
Gifford	188	181	209	224	237	208
Grace	76	78	86	92	93	85
Mt. Ascutney	143	91	119	132	144	126
North Country	199	169	185	213	221	197
Northeastern	131	123	124	120	107	121
Porter	86	101	119	128	129	113
Springfield	101	104	101	47	17	74

### 5 Year Average:

- 2<sup>nd</sup> lowest out of 8 CAH
- For **2021** it would take **\$5,500,000** to get to Optum's 93 days
- For **2021** it would take **\$12,000,000** to get to Vermont's CAH 125 days

## CAH 5 Year Average Days Cash on Hand (2015 – 2019):



— Vermont CAH 5 Year Average

— Optum: Northeast CAH median

# Balance Sheet



	2020 PROJ	2020 B	2021 B	20B-20P	20P-21B	20B-21B
Cash & Investments	\$ 27,593,009	\$ 8,969,488	\$ 10,082,444	208%	-63%	12%
Net Patient Accounts Receivable	\$ 5,291,226	\$ 5,773,000	\$ 5,951,226	-8%	12%	3%
ACO Risk Reserve/Settlement Receivable	\$ (210,226)	\$ -	\$ (210,226)		0%	
Other Current Assets	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	0%	0%	0%
<b>Current Assets</b>	<b>\$ 37,674,009</b>	<b>\$ 19,742,488</b>	<b>\$ 20,823,444</b>	<b>91%</b>	<b>-45%</b>	<b>5%</b>
Board Designated Assets	\$ 5,705,096	\$ 4,771,447	\$ 4,565,157	20%	-20%	-4%
Net, Property, Plant And Equipment	\$ 24,709,657	\$ 25,734,353	\$ 26,094,597	-4%	6%	1%
Other Long-Term Assets	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	0%	0%	0%
<b>Assets</b>	<b>\$ 70,688,762</b>	<b>\$ 52,848,288</b>	<b>\$ 54,083,197</b>	<b>34%</b>	<b>-23%</b>	<b>2%</b>
Accounts Payable	\$ 2,310,000	\$ 2,290,000	\$ 2,460,000	1%	6%	7%
Salaries, Wages And Payroll Taxes Payable	\$ 4,318,000	\$ 4,374,000	\$ 4,729,000	-1%	10%	8%
COVID-19 Funding Short-Term Liabilities	\$ 17,570,000		\$ 1,000,000		-94%	
Other Current Liabilities	\$ 1,337,358	\$ 1,451,655	\$ 1,412,969	-8%	6%	-3%
<b>Current Liabilities</b>	<b>\$ 25,535,358</b>	<b>\$ 8,115,655</b>	<b>\$ 9,601,969</b>	<b>215%</b>	<b>-62%</b>	<b>18%</b>
Long Term Liabilities	\$ 9,646,746	\$ 9,513,516	\$ 9,233,776	1%	-4%	-3%
Other Noncurrent Liabilities	\$ -	\$ -	\$ -			
COVID-19 Funding Long-Term Liabilities	\$ 1,100,000		\$ 100,000		-91%	
Fund Balance	\$ 34,406,658	\$ 35,219,117	\$ 35,147,452	-2%	2%	0%
<b>Liabilities and Equities</b>	<b>\$ 70,688,762</b>	<b>\$ 52,848,288</b>	<b>\$ 54,083,197</b>	<b>34%</b>	<b>-23%</b>	<b>2%</b>



	2020 PROJ	2021 B
<b>Cash flows from operation:</b>		
Net income ( loss )	\$ 1,413,805	\$ 740,793
Adjustments to net income ( loss ) :		
Depreciation and amortization	\$ 2,786,074	\$ 2,808,851
<b>Change in operating assets and liabilities :</b>		
Accounts receivable	\$ 272,579	\$ (660,000)
Other current assets	\$ (370,620)	\$ -
Accounts payable	\$ 209,840	\$ 150,000
Third party payers	\$ 19,350,000	\$ (17,500,000)
Accrued payroll and other	\$ 273,291	\$ 411,000
<b>Net cash provided by ( used in ) operation</b>	<b>\$ 23,934,971</b>	<b>\$ (14,049,356)</b>
<b>Cash flows from investing:</b>		
Capital expenditures	\$ (1,681,408)	\$ (4,193,790)
Proceeds from disposal of capital assets	\$ -	\$ -
<b>Net cash provided by ( used in ) investing</b>	<b>\$ (1,681,408)</b>	<b>\$ (4,193,790)</b>
<b>Cash flows from financing:</b>		
Payment on long term loans	\$ (456,224)	\$ (407,358)
<b>Net cash provided by ( used in ) financing</b>	<b>\$ (456,224)</b>	<b>\$ (407,358)</b>
<b>Net increase ( decrease ) in cash</b>	<b>\$ 21,797,339</b>	<b>\$ (18,650,504)</b>
<b>Total cash &amp; investments, beginning balance</b>	<b>\$ 11,500,766</b>	<b>\$ 33,298,105</b>
<b>Total cash &amp; investments, ending balance</b>	<b>\$ 33,298,105</b>	<b>\$ 14,647,601</b>



Copley feels the services we currently offer are necessary and appropriate for our patients and the communities we serve based on our periodic Community Needs Assessment. At this time Copley does not have any plans to add or reduce any of its service lines.



## RISKS:

- **COVID 19:** Concerns over a second wave or lingering operational expenses continue. We do not know the future changes in volumes that might occur given this ongoing health crisis or the potential for permanent ‘demand destruction’ for services.
- **Staffing:** A loss of one or more ‘key providers’ could bring about a devastating impact on financial performance. The same can be true of our nurses, support staff, technologists, billers, and even leadership
- **Sustainability:** Considering our financial performance, has been a concern over these past four years given our Operating Margin losses. We are assertively managing these issues, many of which are rooted in a need for improved operations, standardization, and increased accuracy in data collection and indicators.





# Risks and Opportunities: Days Cash

As of 05/04/2020

Hospital	Warning Indicator	Month of Cash Remaining	Submit date	Days to Zero
Brattleboro Memorial Hospital ★		Out of Cash in 6 months	4/30/2020	232
Copley Hospital ★		Out of Cash in 1 month	5/1/2020	35
CVMC ★		Out of Cash in 2 months	5/1/2020	77
Gifford ★		Out of Cash in 10 months	4/30/2020	347
Grace Cottage		Out of Cash in 1 month	4/30/2020	205
Mt. A		Out of Cash in 4 months	4/30/2020	123
NCH ★		Out of Cash in 8 months	5/1/2020	310
NMC ★		Out of Cash in 7 months	5/4/2020	232
NVRH		Out of Cash in 2.6 months	5/1/2020	87
Porter		Out of Cash in 4 months	4/30/2020	147
Rutland		Out of Cash in 7 months	4/30/2020	213
Springfield		Out of Cash in 1 month	5/3/2020	20
SVMC		Out of Cash in 5 months	4/30/2020	174
UVMHC		Out of Cash in 5 months	4/30/2020	

Worst

Worst



## **OPPORTUNITIES:**

- ‘Opportunity’ in our organization is ongoing
- Continuously improve our clinical quality, patient experience, and coordination of care within our service areas
- Master Facility Plan in 2021, involving input from our staff and community, so that we can be cost-effective, more integrated, and efficient in capital outlays.
- Continue the coordinated efforts initiated to address the COVID-19 emergency:
  - Copley Hospital (CAH)
  - Community Health Services of Lamoille Valley (FQHC)
  - Tamarack Health Care (large PCP Practice)
  - Lamoille County Mental Health Services (the local designated mental health agency)
  - Lamoille County Home Health and Hospice
  - The Manor (SNF)



	<b>FY 2018</b>	<b>FY 2019</b>	<b>Proj 2020</b>	<b>Budget 2020</b>	<b>Budget 2021</b>
<b>Equipment</b>	\$ 1,282,106	\$ 969,161	\$ 1,387,702	\$ 1,904,276	\$ 2,321,450
<b>Building</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Building Improverment</b>	\$ 1,558,344	\$ 449,283	\$ 286,051	\$ 477,500	\$ 1,560,500
<b>Lease Improvements</b>	\$ 13,260	\$ 6,262	\$ 7,655	\$ 100	\$ -
<b>Land Improvements</b>	\$ 12,039	\$ -	\$ -	\$ -	\$ 311,840
<b>Land</b>	\$ 115,935	\$ 44,048	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 2,981,684</b>	<b>\$ 1,468,754</b>	<b>\$ 1,681,408</b>	<b>\$ 2,381,876</b>	<b>\$ 4,193,790</b>

## **Bud 2021 Building & Building Services:**

- Air Handler: \$532,000
- Paving: \$311,840
- Renovations, Patient Access: \$250,000
- Renovations, Food & Nutrition: \$208,000
- Other Building Improvements: \$570,500

## **Bud 2021 Major Movable:**

- Ancillary: \$687,200
- Clinic: \$17,000
- Finance: \$57,000
- IT: \$688,000
- Nursing: \$354,250
- Operations: \$141,000
- Surgical: \$262,000
- Pharmacy: \$115,000



# Copley Hospital



## 2021 Operational Budget

July 21<sup>st</sup>, 2020