



FY 2021 BUDGET PRESENTATION to GREEN MOUNTAIN CARE BOARD

AUGUST 28, 2020

GMCB PRESENTATION FORMAT

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)
4. Service Line Adjustments
5. Risks and Opportunities
6. Capital Budget Plans



INTRODUCTIONS/OVERVIEW/VISION

NVRH Senior Leadership Team

- Shawn Burroughs, MBA - Shawn has been CIO since October 2017
- Betty Ann Gwatkin, MBA, SHRM-SCP - Betty Ann has been CHRO since April 1999
- Bob Hersey, MBA, FHFMA - Bob has been CFO since September 1999
- Laura Newell, MSHCA – Laura has been VP of Medical Practices Since January 2018
- Michael Rousse, MD – Dr. Rousse has been CMO Since February 2019. Dr. Rousse had been the VP of Medical Affairs since 2015
- Laural Ruggles, MPH, MBA – Laural has been VP of Community Health Improvement and Marketing since 2002 and held various leadership positions at NVRH since 1995
- Julie Schneckenburger, MS, RN, CNOR – Julie has been CNO since July 2019. Julie had been our Director of Peri-Operative services since September 2013
- Colleen Sinon, RN, CPHRM – Colleen has been VP Quality Management Programs since 2005 and held various leadership positions at NVRH since 1996
- Shawn Tester, MSOL – Shawn has been CEO since November 2018

Overview

- Return to Profitability; \$1,944,700 Operating Margin; 2% of Operating Revenue
- Assume No Pandemic-Related Interruption of Service Delivery
- Requesting 3.9% Charge Increase
- Covid-19 Pandemic Aftermath Will Continue to Affect Operations And Expenses
- Continued Focus on Reducing Avoidable Emergency Department Visits

Hospital Vision – To Be A Leader in Improving the Health of Our Community



INTRODUCTORY REMARKS FROM OUR CEO



NVRH is a COMMUNITY LEADER DURING COVID-19

NVRH keeps the whole community connected around food, housing, physical and mental health, and financial stability. NVRH is truly an anchor institution.

John Sayles, CEO, Vermont Foodbank

Having worked in many hospital systems over the years I continue to experience a different kind of hospital system when we think of NVRH and it is one of the greatest gifts in this gem of a region called the Northeast Kingdom.

Meg Burmeister, Executive Director, NEK Council on Aging

NVRH helped lead the way in identifying housing options for homeless populations that may need to be in isolation or quarantine. NVRH continues to be a leader on the CSE Response Team and helps promote mask wearing.

Justin Barton-Caplin, Vermont Department of Health District Office Director

I truly believe the generosity of NVRH and your willingness to offer a helping hand during the crisis allowed us to safely continue providing vital transportation services to our community's most vulnerable population.

Nick D'Agostino, Executive Director, RURAL COMMUNITY TRANSPORTATION, INC.



AND A STRONG COMMUNITY PARTNER

NVRH has been amazing partner in making testing available in the region... partnering with VDH and allowed us to offer our Pop Up COVID Testing in the tent—thereby making a safer testing environment for our staff and clients given the summer heat. Justin Barton-Caplin, Vermont Department of Health District Office Director

NVRH been a fantastic overall partner to the Vermont Foodbank in serving our neighbors – coming through big time around Vermonters Feeding Vermonters advocacy, getting Vermont-grown produce to people who could otherwise afford it. John Sayles, CEO, Vermont Foodbank

The Northeast Council on Aging would like to express our sincere thanks for the hospitals support during the COVID-19 pandemic and to be honest long before that time. The commitment to support community needs is continuously demonstrated and the last few months were no exception. Meg Burmeister, Executive Director, NEK Council on Aging

NVRH reached out to me at the end of March to offer guidance and support to protect our drivers and clients. The offer was greatly appreciated because at the beginning of the pandemic, just as was the case with many organizations, RCT was unable to obtain PPE and sanitizing materials. Nick D'Agostino, Executive Director, RURAL COMMUNITY TRANSPORTATION, INC.



TAKING THE LEAD IN COMMUNITY MESSAGING

COVID-19

“This is far from over.”

VERMONT DEPARTMENT OF HEALTH, APRIL 23

Take these actions to save lives and help Vermont reopen sooner.



1 Wash your hands.

Soap and water is still the best defense against the virus.



2 Keep your distance.

The virus is mainly spread from person to person, so keep a safe 6 feet apart.



3 Wear a mask.

In public places like the post office, grocery and other retail stores.



For more information

on social distancing and instructions on how to make a mask and how to correctly wear a mask go to nvrh.org

COVID-19

Take charge of your health and safety.

Wear a mask.



COVID-19 spreads person to person.

If you don't have symptoms you can still spread the virus to other people. When you can't stay home or stay 6 feet apart from other people, a face mask will help prevent the spread of COVID-19.

For more information visit nvrh.org.

SOCIAL MEDIA WEAR A MASK CAMPAIGN



OVERWHELMING SUPPORT FROM OUR COMMUNITY



INCOME STATEMENT

INCOME STATEMENT	2019 A	2020 B	2020 PROJ	2021 B
Revenues				
Gross Patient Care Revenue	\$177,779,611	\$182,848,500	\$159,987,600	\$193,629,600
Disproportionate Share Payments	\$959,185	\$987,745	\$994,685	\$919,700
Graduate Medical Education (UVMMC only)	\$0	\$0	\$0	\$0
Bad Debt	-\$3,270,152	-\$3,544,000	-\$3,106,900	-\$3,773,400
Free Care	-\$3,141,595	-\$3,365,750	-\$2,494,300	-\$3,014,000
Deductions from Revenue	-\$87,642,307	-\$94,232,751	-\$83,204,685	-\$105,035,600
Net Patient Care Revenue	\$84,684,742	\$82,693,744	\$72,176,400	\$82,726,300
Fixed Prospective Payments, Reserves & Other				
Fixed Prospective Payments	\$0	\$4,560,100	\$6,663,200	\$7,799,000
Reserves			\$0	
Other Reform Payments			\$0	
Fixed Prospective Payments, Reserves & Other	\$0	\$4,560,100	\$6,663,200	\$7,799,000
Total NPR & FPP	\$84,684,742	\$87,253,844	\$78,839,600	\$90,525,300
COVID-19 Stimulus and Other Grant Funding				
Other	\$4,132,135	\$4,668,400	\$7,192,000	\$597,400
Other Operating Revenue	\$4,132,135	\$4,668,400	\$11,027,535	\$4,907,400
Total Operating Revenue	\$88,816,877	\$91,922,244	\$89,867,135	\$95,432,700
Expenses				
Salaries, Fringe Benefits, Physician Fees, Contracts	\$50,023,124	\$56,616,953	\$60,208,944	\$62,771,420
Medical/Surgical Drugs and Supplies	\$0	\$0	\$0	\$0
Health Care Provider Tax	\$4,683,787	\$5,065,000	\$4,936,000	\$4,700,000
Depreciation/Amortization	\$3,307,697	\$3,965,000	\$3,959,800	\$3,110,000
Interest - Short and Long Term	\$247,716	\$212,000	\$233,700	\$200,700
Other Operating Expenses (includes ACO Participation Fees)	\$28,927,360	\$24,449,941	\$21,713,191	\$22,705,880
Operating Expense	\$87,189,684	\$90,308,894	\$91,051,635	\$93,488,000
Net Operating Income	\$1,627,193	\$1,613,350	-\$1,184,500	\$1,944,700
Non Operating Revenue	-\$37,567	\$0	\$0	\$0
Excess (Deficit) of Rev over Exp	\$1,589,626	\$1,613,350	-\$1,184,500	\$1,944,700

NPR/FPP & SUMMARY OF BUDGET REQUEST

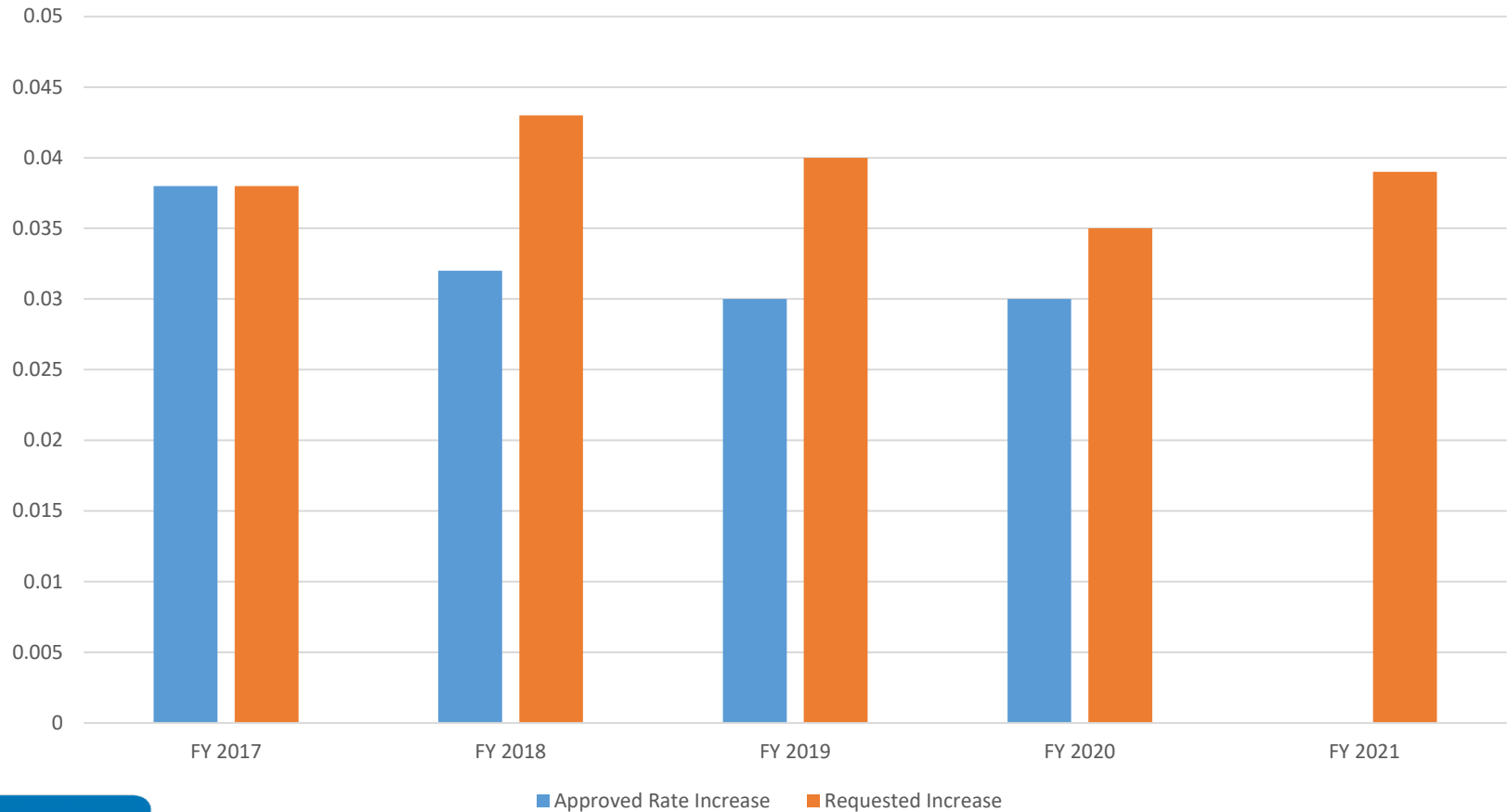
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Total NPR & FPP	\$84,684,742	\$87,253,844	\$78,839,600	\$90,525,300

- FY2020B TO FY2021B GROWTH = 3.7%
 - 2.9% EXCLUDING NPR FOR HIGH COST INFUSION DRUG
 - SOME NPR GROWTH FROM EXPANDING EXPRESS CARE AND # OF PCPS
- 3.9% CHARGE INCREASE
 - 1.1% FOR ONGOING COVID-19 RELATED EXPENSE INCREASES NOT COVERED BY GRANTS
 - AFTER REVENUE AND EXPENSES SCRUTINIZED CAREFULLY 3.9% REQUIRED TO ACHIEVE TARGETED OPERATING MARGIN
- PARTICIPATION IN OCV MEDICAID RISK PROGRAM
 - \$600,000 RESERVE FOR RISK SETTLEMENT

CHANGE IN CHARGE REQUEST

Change in charge is the average change in price for services provided.				Standard Request		COVID-19	
	FY2018	FY2019	FY2020	FY2021			
Approved % Change in Charge	3.2%	3.0%	3.0%	n/a			n/a
Commercial Approved % Change in Charge				n/a			n/a
Submitted % Change in Charge	4.3%	4.0%	3.5%	2.8%			1.1%
Commercial Submitted % Change in Charge							
	Hospital Inpatient Change in Gross Charges			2.8%			1.1%
	Hospital Outpatient Change in Gross Charges			2.8%			1.1%
	Professional Services Change in Gross Charges			0.0%			0.0%
	Primary Care Change in Gross Charges			0.0%			0.0%
	Specialty Care Change in Gross Charges			0.0%			0.0%
	Skilled Nursing Facility Change in Gross Charge			0.0%			0.0%
	Other (please specify)						
	Other (please specify)						
Net Patient Revenue Change Due to Charge Request				Dollar Value	Value of 1% Charge	Dollar Value	Value of 1% Charge
Commercial				\$ 1,057,900	\$ 377,700	\$ 415,100	\$ 377,700
Medicaid				\$ -	\$ -	\$ -	\$ -
Medicare				\$ -	\$ -	\$ -	\$ -
Total Change Due to Charge Request				\$ 1,057,900	\$ -	\$ 415,100	\$ -

TRENDED CHARGE INCREASE %



NPR/FPP REVENUE ASSUMPTIONS

- VOLUMES RETURN TO PRE-COVID LEVEL (MOSTLY)
 - SMALL % STILL HESITANT TO RETURN TO HOSPITAL
 - TELEHEALTH VISITS WILL CONTINUE FOR SOME PATIENTS
 - NO “PENT UP DEMAND” CATCHUP ASSUMED
- APPROVAL RECEIVED FOR 3.9% CHARGE INCREASE
- NO CHANGE TO COMMERCIAL PAYER DISCOUNTS
- NO CHANGE TO MEDICARE CAH PAYMENT RULES
- NO CHANGE IN MEDICAID FFS REIMBURSEMENT RATES
- NVRH WILL PARTICIPATE IN OCV MEDICAID RISK
- SLIGHT DECREASE IN UNCOMPENSATED CARE %
- \$676K NPR GROWTH FY20B TO FY21B FOR ONE DRUG



NPR/FPP TREND FY20B TO FY21B

FY 2020 Budget To FY 2020 Projected

	NPR/ FPP
FY 2020 Approved Budget	87,253,800
Covid Related Volume Decline	(7,167,400)
Other Utilization Changes (Incl. Ophthal)	(1,687,400)
Acuity Increase (Infusion Therapy)	201,000
Change Medicaid FFS & FPP Estimate	(314,000)
Change in Bad Debts/Free Care	1,308,600
Shift in Payer Mix	(755,000)
FY2020 Projected	78,839,600

FY 2020 Projected To FY 2021 Budget

NPR Change from Rate Increase	1,473,000
Acuity (Infusion Therapy)	475,000
Pre-Covid Volume Recaptured	6,489,400
Other Utilization Changes (Incl. Ophthal)	3,248,300
FY 21 Budget	<u>90,525,300</u>

FY2020B TO FY 2020P

- \$7.2 MILLION NPR PANDEMIC “HIT”; 8.2% OF NPR
 - CAH STATUS PREVENTED LOSS FROM BEING GREATER
- NO OPHTHALMOLOGY SERVICES FOR MOST OF YEAR
- NO AUDIOLOGIST FOR ENTIRE FISCAL YEAR
- LESS FAVORABLE PAYER MIX (incl. commercial shift)
- INFUSION DRUG \$676,000 NPR ANNUAL IMPACT
- UNCOMPENSATED CARE LOWER THAN EXPECTED

FY2020P TO FY 2021P

- RATE INCREASE YIELDS \$377,700 PER 1%
- INCREMENTAL NPR FOR NEW INFUSION DRUG
- MOST OF PRE-COVID VOLUME RETURNS
- OTHER UTILIZATION CHANGES
 - RETURN OF OPHTHALMOLOGIST
 - RETURN OF AUDIOLOGIST
 - EXPANSION OF EXPRESS CARE SERVICE
 - ADDITIONAL PRIMARY CARE PROVIDERS



OTHER OPERATING REVENUE

FY 2020 Budget To FY 2020 Projected

FY 2020 Approved Budget	4,668,400
Other Changes/Corrections	(432,900)
Covid Impact on 340B/Reference Lab	(400,000)
Stimulus Support	6,412,000
Medicaid Retainer Program	<u>780,000</u>
FY2020 Projected	11,027,500

FY 2020 Projected To FY 2021 Budget

Back out FY20 Covid Support	(7,192,900)
Add FY 21 Stimulus Support	597,400
Increase in 340B/Reference Lab	<u>475,400</u>
FY 21 Budget	<u>4,907,400</u>

OOOR

FY2020 & FY2021 COVID-19 OOR

- FEDERAL STIMULUS = \$6.4 million (received in FY20)
- MEDICAID RETENTION = \$.8 million (received in FY20)
- APPLYING FOR ADDITIONAL GRANTS FOR PANDEMIC RELATED REVENUE AND EXPENSE CHANGES
 - HHS PROVIDER RELIEF FUND GUIDELINES TO BE RELEASED AUGUST 1TH
 - ESTIMATING CONSERVATIVELY TO AVOID DUPLICATION
- ASSUME NVRH WILL RECEIVE an ADDITIONAL \$579,400

OTHER

- FY2020B TO FY2020P
 - LOWER PROVIDER PRACTICE NEGATIVELY AFFECTED 340B AND REFERENCE LAB VOLUME
 - FY 2020 REFERENCE LAB BUDGET ERROR
- FY2020P TO FY2021B
 - 340B AND REFERENCE LAB BACK TO “NORMAL”
 - NO OTHER CHANGES ANTICIPATED



EXPENSES TREND FY20B TO FY21B

FY 2020 Budget To FY 2020 Projected

FY 2020 Approved Budget

Covid Related Volume Decline	(480,300)
Expenses Added due to Covid	722,000
Other Utilization Changes (Incl. Ophthal)	(200,000)
Acuity Increase (Infusion Therapy)	201,000
Other Expense Increases (incl travelers)	150,000
Cost of Early Retirement Program	350,000

FY2020 Projected

Operating Expenses

90,308,900

(480,300)

722,000

(200,000)

201,000

150,000

350,000

91,051,600

FY 2020 Projected To FY 2021 Budget

Acuity (Infusion Therapy)	475,000
Pre-Covid Volume Recaptured	480,300
Other Utilization Changes (Incl. Ophthal)	200,000
Incremental Covid Related Expense Change	415,000
Identified Cost Savings	(625,000)
Salary and General Inflation Increases	1,700,000
Programmatic Change in Hospitalist Services	106,000
Increase in Traveler Expense	285,000
MRI Lease and Service	250,000
Depreciation Expense Decrease	(850,000)

FY 21 Budget

93,488,000

FY20B to FY20P

- COVID EXPENSES FOR LAB TESTS, ENTERANCE SCREENERS AND TESTING FACILITY STAFF
- EARLY RETIREMENT TAKEN BY 22 EMPLOYEES
- NEED FOR TRAVERLERS CONTINUES DESPITE OUR RECRUITMENT EFFORTS

FY20P to FY21B

- PANDEMIC RELATED EXPENSES WILL CONTINUE AFTER STATE OF EMERGENCY ENDS
- SAVINGS ARE FROM 10 FTE REDUCTION, MAXIMIZING 340B and SUPPLY CHAIN OPPORTUNITIES
- MRI COSTS ARE CONSISTENT w/CON APPROVAL
- LOWER DEPRECIATION DUE TO CAPITAL SPENDING CUTS

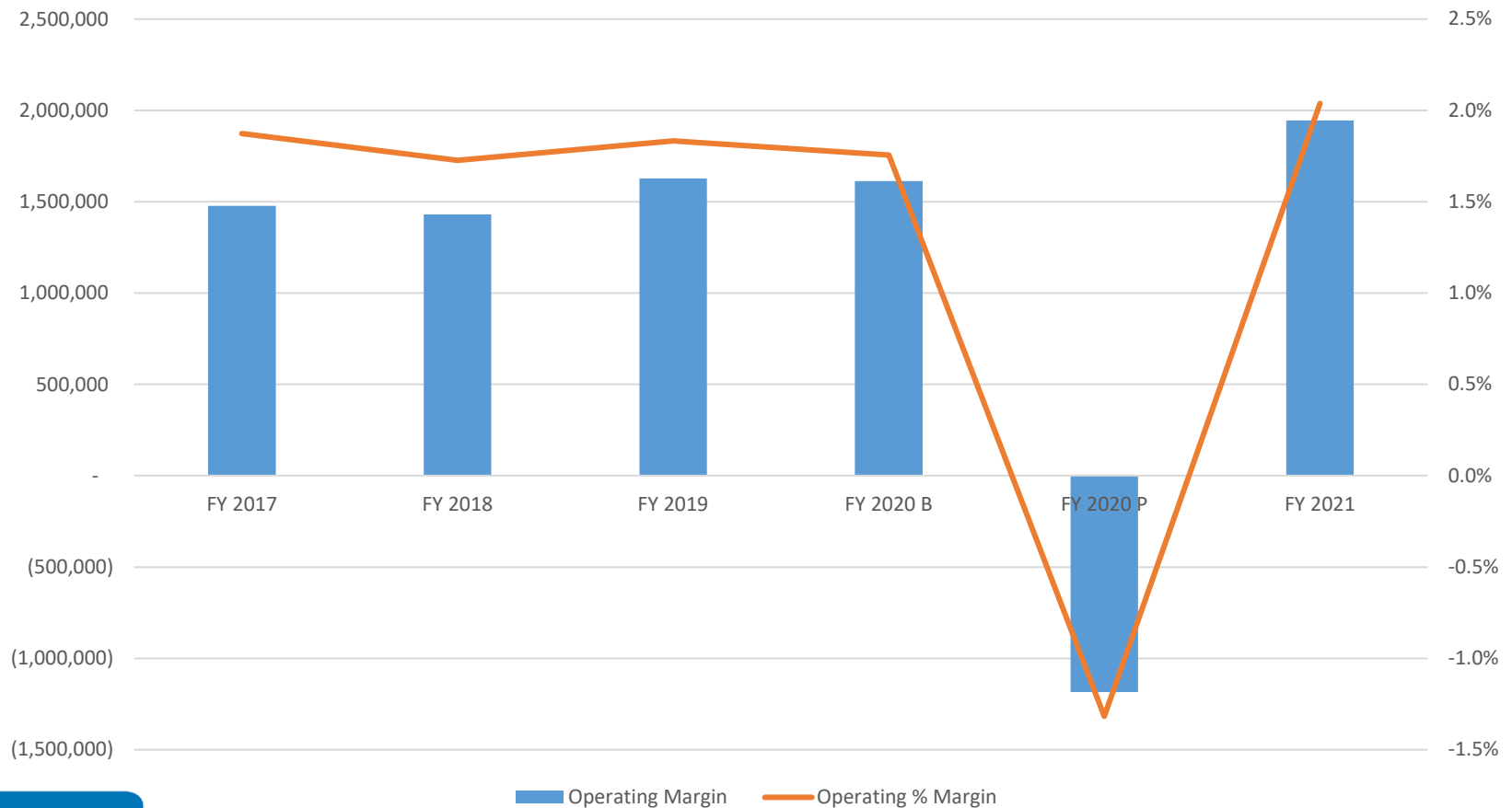


FY20B TO FY21B EXPENSE SUMMARY

FY 2020 Approved Budget Expenses	90,308,900
Acuity Increase (Infusion Therapy)	676,000
Covid Related Expenses	1,137,000
Salary Increases	1,000,000
Inflationary Increases	700,000
Traveler Expenses	435,000
MRI Lease and Service	250,000
Programatic Change Hospitalist Service	106,000
Cost Savings	(625,000)
Depreciation Expense Decrease	(850,000)
Early Retirement Program Cost	350,000
FY 2021 BUDGET EXPENSES	93,488,000



TRENDED OPERATING MARGIN



OPERATING MARGIN COMMENTS

- FY17-FY21 AVERAGE OPERATING MARGIN 1.2%
 - ABLE TO WITHSTAND FY20 OPERATING LOSS & MAINTAIN FINANCIAL HEALTH
 - APPROVAL OF PRIOR YEAR BUDGETS AT OR NEAR REQUESTED LEVELS IS A MAJOR FACTOR
- 2% MARGIN ANNUALLY IS MINIMUM NEEDED TO SUPPORT FUTURE ED AND OTHER CAPITAL PROJECTS

BALANCE SHEET

BALANCE SHEET	2019 A	2020 B	2020 PROJ	2021 B
Cash & Investments	\$5,802,955	\$8,607,300	\$20,061,158	\$7,867,007
Net Patient Accounts Receivable	\$9,251,739	\$9,050,000	\$7,635,000	\$9,500,000
ACO Risk Reserve/Settlement Receivable	\$0	\$0		
Other Current Assets	\$4,096,242	\$1,500,000	\$3,861,758	\$3,850,000
Current Assets	\$19,150,936	\$19,157,300	\$31,557,916	\$21,217,007
Board Designated Assets	\$18,880,553	\$18,424,000	\$19,572,233	\$19,572,233
Net, Property, Plant And Equipment	\$23,016,182	\$26,252,600	\$22,057,685	\$22,852,685
Other Long-Term Assets	\$7,622,392	\$7,426,600	\$6,671,910	\$6,326,406
Assets	\$68,670,063	\$71,260,500	\$79,859,744	\$69,968,331
Accounts Payable	\$2,633,148	\$4,200,000	\$3,515,116	\$2,604,116
Salaries, Wages And Payroll Taxes Payable	\$5,757,701	\$5,500,000	\$6,155,000	\$7,175,000
ACO Risk Reserve/Settlement Payable	\$0	\$0	\$1,137,500	\$1,737,500
COVID-19 Funding Short-Term Liabilities			\$11,666,113	\$0
Other Current Liabilities	\$2,801,354	\$4,844,700	\$1,558,355	\$1,608,355
Current Liabilities	\$11,192,203	\$14,544,700	\$24,032,084	\$13,124,971
Long Term Liabilities	\$10,385,290	\$11,832,000	\$14,658,045	\$13,728,045
Other Noncurrent Liabilities	\$4,737,451	\$0		\$0
COVID-19 Funding Long-Term Liabilities			\$0	\$0
Fund Balance	\$42,355,119	\$44,883,800	\$41,170,615	\$43,115,315
Liabilities and Equities	\$68,670,063	\$71,260,500	\$79,860,744	\$69,968,331
Balance Sheet Metrics				
Days Cash on Hand	107.4	114.3	114.0	112.0
Days Cash on Hand-COVID-19			50.0	0.0
Debt Service Coverage Ratio	5.1	6.0	2.7	4.7
Long Term Debt to Capitalization	0.2	0.2	0.2	0.2
Days Payable	48.7	61.5	40.0	39.0
Days Receivable	39.9	39.9	33.0	38.0

BALANCE SHEET COMMENTS

- REBUILDING BALANCE SHEET FOR FUTURE PROJECTS
 - CASH TO INVEST IN PROJECTS
 - CAPITAL STRUCTURE RATIOS SUPPORT CAPACITY FOR NEW LONG TERM DEBT ISSUANCE
- PAYROLL AP GROWTH FOR DELAYED FICA PAYMENTS
- COVID-19 LIABILITY WAS MEDICARE PAYMENT ADVANCE
- FY2020 DSCR PROJECTED TO MET BOND COVENANT

CASH FLOW

	PROJECTED	BUDGET	TWO YEAR
SOURCES OF CASH	FY 2020	FY 2021	TOTAL
OPERATING GAIN	\$ (1,184,500)	\$ 1,944,700	\$ 760,200
CHANGE IN AR	\$ 1,784,871	\$ (2,262,000)	\$ (477,129)
CHANGE IN AP	\$ 1,279,291	\$ 109,000	\$ 1,388,291
ADD: DEPRECIATION EXPENSE	3,959,800	3,110,000	7,069,800
ADD: PHILANTHROPIC CASH TRANSFER	-	200,000	200,000
ADD: INTERNAL BORROWING	-	-	-
ADD: MCD / BCBS - COVID FUNDS	1,371,000	-	1,371,000
ADD: MCR ADVANCE	13,725,484	-	13,725,484
ADD: HHS STIMULUS	6,607,166	-	6,607,166
ADD: NET CHANGE ON INVESTMENTS	954,653	-	954,653
MISCELLANEOUS CHANGES	(105,455)	(138,738)	(244,193)
TOTAL SOURCES OF CASH	28,392,310	2,962,962	31,355,272
USES OF CASH			
DEBT PRINCIPAL PAYMENTS	568,000	871,000	1,439,000
CAPITAL BUDGET	3,890,437	2,818,000	6,708,437
REPAY MCR ADVANCE	3,431,371	10,294,113	13,725,484
REPAY COVID MCD / BCBC		587,000	587,000
BOOKED INTO INCOME HHS STIMULUS	6,607,166		6,607,166
			-
TOTAL USES OF CASH	14,496,974	14,570,113	29,067,087
INCREASE (DECREASE CASH)	\$ 13,895,336	\$ (11,607,151)	\$ 2,288,185

COVID-19 RELATED CASH FLOW

Budget Fiscal Year 2021			Budget Fiscal Year 2021			Budget Fiscal Year 2021		
COVID-19 Related Hospital Revenue Replacement Funding Sources FY20			COVID-19 Related Hospital Revenue Replacement Funding Sources FY20			COVID-19 Related Hospital Revenue Replacement Funding Sources FY20		
Total Funding Sources			Funding Sources to be Paid Back			Funding Sources Not to be Paid Back		
Funding Sources	Amount	% of Total	Funding Sources	Amount	% of Total	Funding Sources	Amount	% of Total
Medicare Advance Funding	\$ 13,725,484	63.2%	Medicare Advance Funding	\$ 13,725,484	95.9%	Medicare Advance Funding	\$ -	0.0%
State Funding - MCD	\$ 871,000	4.0%	State Funding - MCD	\$ 87,100	0.6%	State Funding - MCD	\$ 783,900	10.6%
Federal Funding - HHS Stimulus	\$ 6,607,166	30.4%	Federal Funding - HHS Stimulus	\$ -	0.0%	Federal Funding - HHS Stimulus	\$ 6,607,166	89.4%
BCBS Advance	\$ 500,000	2.3%	BCBS Advance	\$ 500,000	3.5%	BCBS Advance	\$ -	0.0%
Other (Please Specify)		0.0%	Other (Please Specify)		0.0%	Other (Please Specify)		0.0%
Other (Please Specify)		0.0%	Other (Please Specify)		0.0%	Other (Please Specify)		0.0%
Other (Please Specify)		0.0%	Other (Please Specify)		0.0%	Other (Please Specify)		0.0%
TOTAL:	\$ 21,703,650	100%	TOTAL:	\$ 14,312,584	100%	TOTAL:	\$ 7,391,066	100%

COMMENTS ON CASH FLOW

- STEPS TAKEN IMMEDIATELY TO PRESERVE CASH WHEN PANDEMIC HIT
 - CAPITAL SPENDING STOPPED
 - MEDICARE, BLUE CROSS ADVANCE SECURED
 - DID NOT USE ANY MONEY
 - LINE OF CREDIT INCREASED
 - DID NOT TAP LOC
 - APPLIED FOR AVAILABLE STIMULUS GRANT FUNDS
- A/R REDUCTION GENERATED ADDITIONAL CASH

ADJUSTMENTS

- AN EXISTING INDEPENDENT COMMUNITY PROVIDER PRACTICE MAY TRANSFER TO BE A HOSPITAL-BASED PRACTICE. WE WILL KEEP THE GMCB UPDATED AS MORE INFORMATION BECOMES AVAILABLE.
- THERE WERE NO ADJUSTMENTS RELATED TO ANY CHANGES IN ACCOUNTING PRACTICES

SERVICE LINE ADJUSTMENTS

- WE BELIEVE THE SERVICES NVRH OFFERS ARE NECESSARY AND APPROPRIATE FOR OUR PATIENTS AND THE COMMUNITIES WE SERVE. THEREFORE, NVRH DOES NOT HAVE ANY PLANS TO ADD OR REDUCE SERVICE LINES.



RISKS

- Meeting staffing needs while supporting our workforce that is balancing childcare, teaching at home and work schedules
 - *Includes funding for “travelers” staff that may be needed to supplement NVRH staff*
- Another surge in Covid requiring shutdown of services
 - *Includes salary and non-salary expenses for virus testing facility to quickly identify member of the community that are Covid-19 positive*
 - *Includes salary and non-salary expenses for screening and monitoring all patients and visitors that may be at risk for carrying the virus before entering the hospital*
- Inability to recruit or retain key staff
 - There were already 19 nursing position vacancies before pandemic
 - Travel restrictions inhibit our ability to recruit health care workers
 - *Includes salary increases to remain competitive in labor market*
 - *Includes competitive fringe benefits including re-instated loan repayment program*
 - *Include recruitment related expenses*
- OCV Medicaid program (and potentially an opportunity)
 - *Includes revenues, expenses and risk associated for the OCV Medicaid risk program*
 - *FY 2020 results may be better than estimated resulting in favorable budget adjustment in FY 2021 (opportunity)*
- Insufficient capital to fund much-needed and overdue ED facility improvement project
 - *Scaled back capital spending in FY 20 and FY 21*
 - *Secured 0% financing for information system infrastructure replacement project*
- Long term economic impact on the communities we serve
 - *Includes financial support for NEK Prosper, Caledonia and S. Essex Accountable Health Community, and its Financially Secure Collaborative Action Network*
 - *Includes an anticipated increase in Medicaid payer mix*
- De-stabilization of our partner organizations due to pandemic, resulting in greater social/mental health needs
- Inability of supply chain to procure sufficient quantity of PPE to safely treat patients
 - *Includes anticipated future price increases*
 - *Includes costs of alternative PPE products where applicable*

OPPORTUNITIES

- Continue focus on identifying operational efficiencies and supply chain management to drive down costs
 - *Includes reduction of 10 FTEs*
 - *Includes savings for switching to primary vendor products and 340B pricing*
- Explore possible collaborations with new and existing partners to meet community needs
 - *Discussions underway. May result in budget adjustment for practice transfer*
- Take advantage of alternative ways to deliver services, where appropriate (e.g. Telehealth)
 - *Provider practice visits include telehealth visits*
- Pandemic enhanced image in the community as strong organization that is able to respond to most any challenge. We plan to leverage this goodwill to further develop our already-strong community support, in efforts to improve the health of the community.
- Partner with NVU and VTC to train future health care workers
 - *Includes ongoing support to college programs*
- Better meet needs of mental health and SUD population with focus on prevention, intervention and recovery
- Leveraging OCV data and improving analytic capabilities to drive care coordination and patient risk assessment
- Capitalizing on value based payment flexibility to be innovative in the service industry



CAPITAL BUDGET PLANS

- SPENDING PLANS DELAYED 1 ½ YEARS
- SCALED BACK FY 2020 AND FY 2021 SPENDING
- REPLACEMENT OF ALL INFORMATION SYSTEM SERVERS AND NETWORKING EQUIPMENT
 - \$2.4 MILLION TOTAL
 - INTEREST FREE FINANCING OVER 42 MONTHS
- PLANNING PROCESS FOR MUCH NEEDED ED EXPANSION PROJECT RE-STARTING IN FY 21, INCLUDING REVIEW OF PROJECT SCOPE