

Southwestern  
Vermont

HEALTH CARE



*Southwestern Vermont Medical  
Center*

*May 5, 2016*





# *Today's Presentation*

- SVMC's Service Area
- SVMC's Revenue Budget
  - FY 2015
  - FY 2016
  - FY 2017



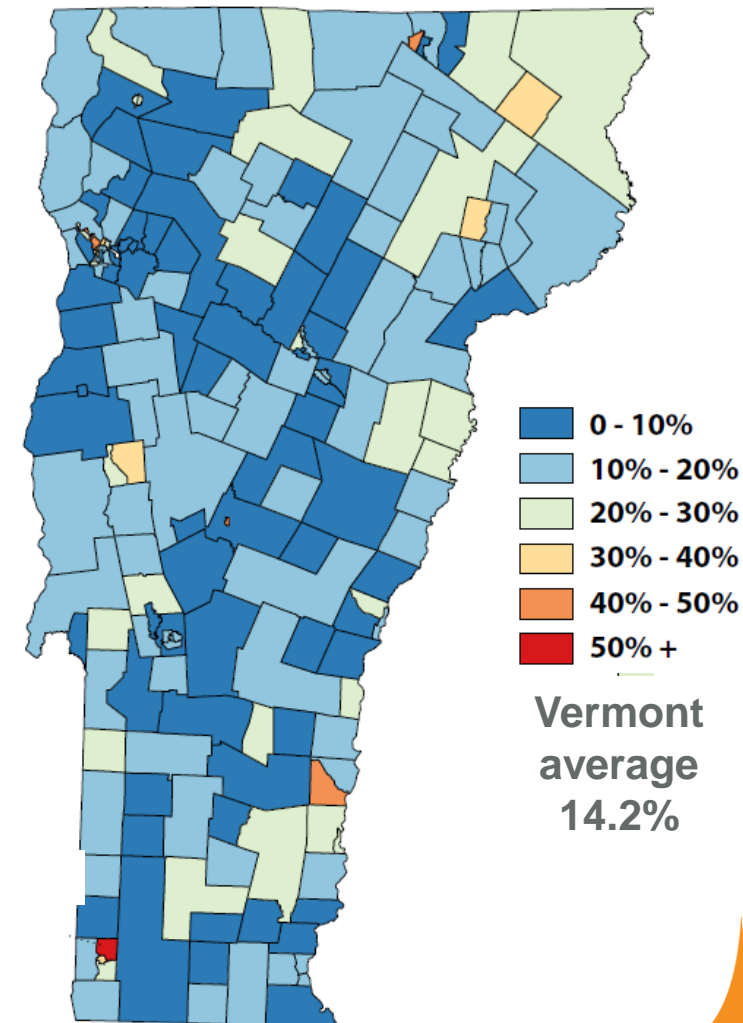
## Bennington: Region in Crisis

# Region in Crisis

## *Extreme Poverty*

- 1 in 3 children live in poverty
- 81% of children on free/reduced lunch
- Average wages at 75% Vermont average
- Bennington's household income ranks 188 out of 282 Vermont towns
- 900 net jobs lost since 2006
- 45 net business closures since 2006

## *Bennington is an outlier in Vermont*



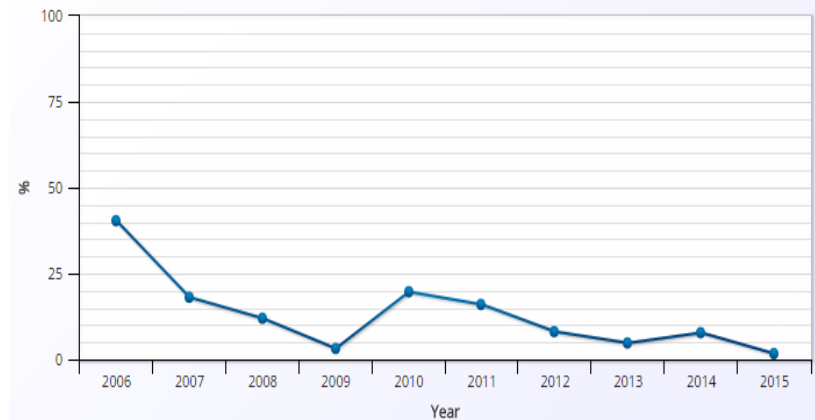
Percentage of families  
with children in poverty

# Region in Crisis

## *Education System*

- 2 out of 3 children attend a failing elementary school
- 30% of 5<sup>th</sup> grades are proficient in writing
- Less than 30% of 11<sup>th</sup> graders are proficient in math or science
- 38% higher teen pregnancy rate than across Vermont

Bennington's Elementary School ranking compared to other schools in Vermont



*Bennington needs economic and educational intervention*

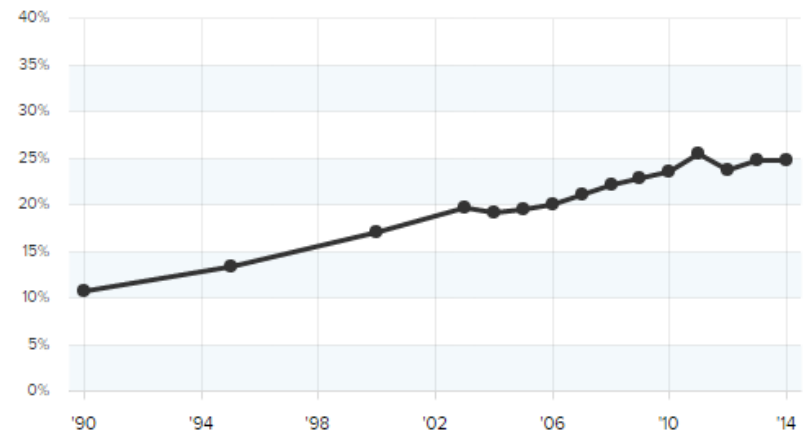
# Region in Crisis

## *Bennington Health Status*

- 60% of adults are overweight or obese
- 11% diagnosed with diabetes
- 25% are regular smokers
- 35% of moms smoked during pregnancy
- 18% had at least one tooth removed due to decay
- 20% of middle school students have dental decay
- 56% of motor vehicle deaths related to alcohol
- Drinking water contamination (PFOA) in three communities
- Opioid epidemic - 300% increase in treatment volumes

## Adult Obesity Rate in Vermont

Adult obesity rate in Vermont (1990-2014)



# Region in Crisis

## *SVMC supports safety net providers*

- Approx. 50% region's residents visit SVMC's Primary Care
- Addressing primary care shortage in Hoosick Falls
- New primary care sites:
  - Pownal
  - ExpressCare
  - Battenkill Valley FQHC (financial support)
- Financial support to Bennington Free Clinic
- Others (Confidential)



*Bennington Free Clinic*

***SVMC is the largest employer in the region and with a median wage above region's average***

# Build Healthcare System of the Future

## *Focus on Population Health*

- Bennington Redevelopment
- Healthy Home Ownership Project
- Partnering with Dartmouth-Hitchcock Health
- Project Catalyst
- Partnering with Designated Agency
- Safe Arms
- Partnership with Department of Health for PFOA testing
- Transitional Care Nurses
- Dental Services
- Community Coalitions

## *Addressing the Social Determinants of Health (SDOH)*



Neighborhood and  
Built Environment



Health and  
Health Care



Economic  
Stability



Community  
Context



Education

*If not us, then who?*



Southwestern  
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***Southwestern Vermont  
Medical Center***

***FY 2015 Patient Revenue  
Variance***

# ***Purpose of Revenue Variance Presentation***

- ***Provide the GMCB and with an understanding of SVMC's excess FY 2015 revenues over the approved budget:***
  - *Provide an understanding of SVMC's actual revenues;*
  - *Physician Practices and Primary Care;*
  - *Reduction of inpatient revenues;*
  - *Significant outpatient changes;*
  - *Changes in Bad Debt and Charity Care;*
  - *Unusual and non-reoccurring transactions;*
  - *Summary of FY 2015 revenue variances;*
- ***FY 2016 and FY 2017 Budget***
  - *NPSR exceeding budget through March 2016;*

# ***SVMC Net Patient Revenue Variance*** ***FY – 2015***

*Budgeted Patient Revenues*      \$139,041,542

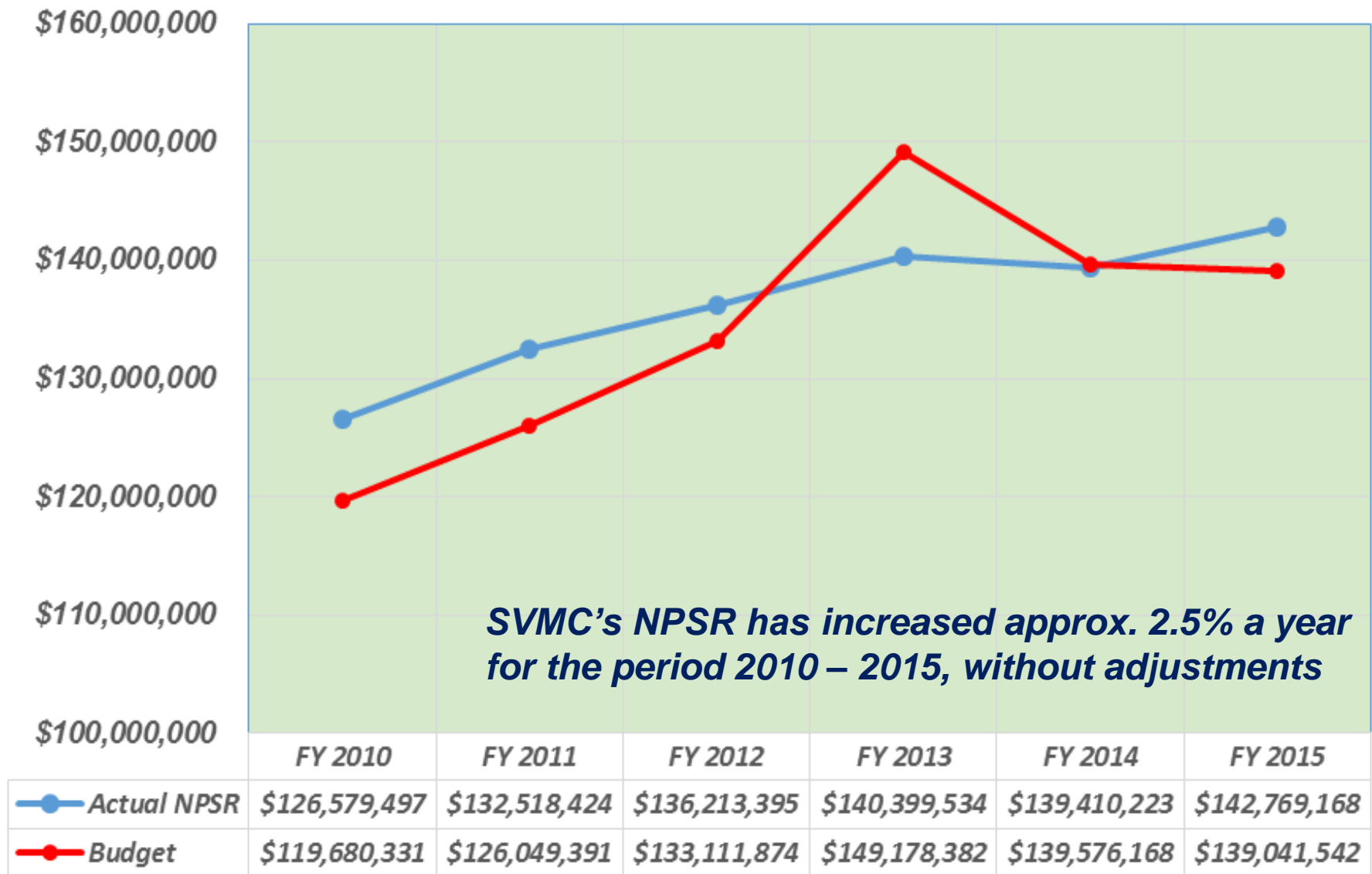
*Actual Patient Revenues*      142,769,168

***Difference***      ***\$3,727,626***

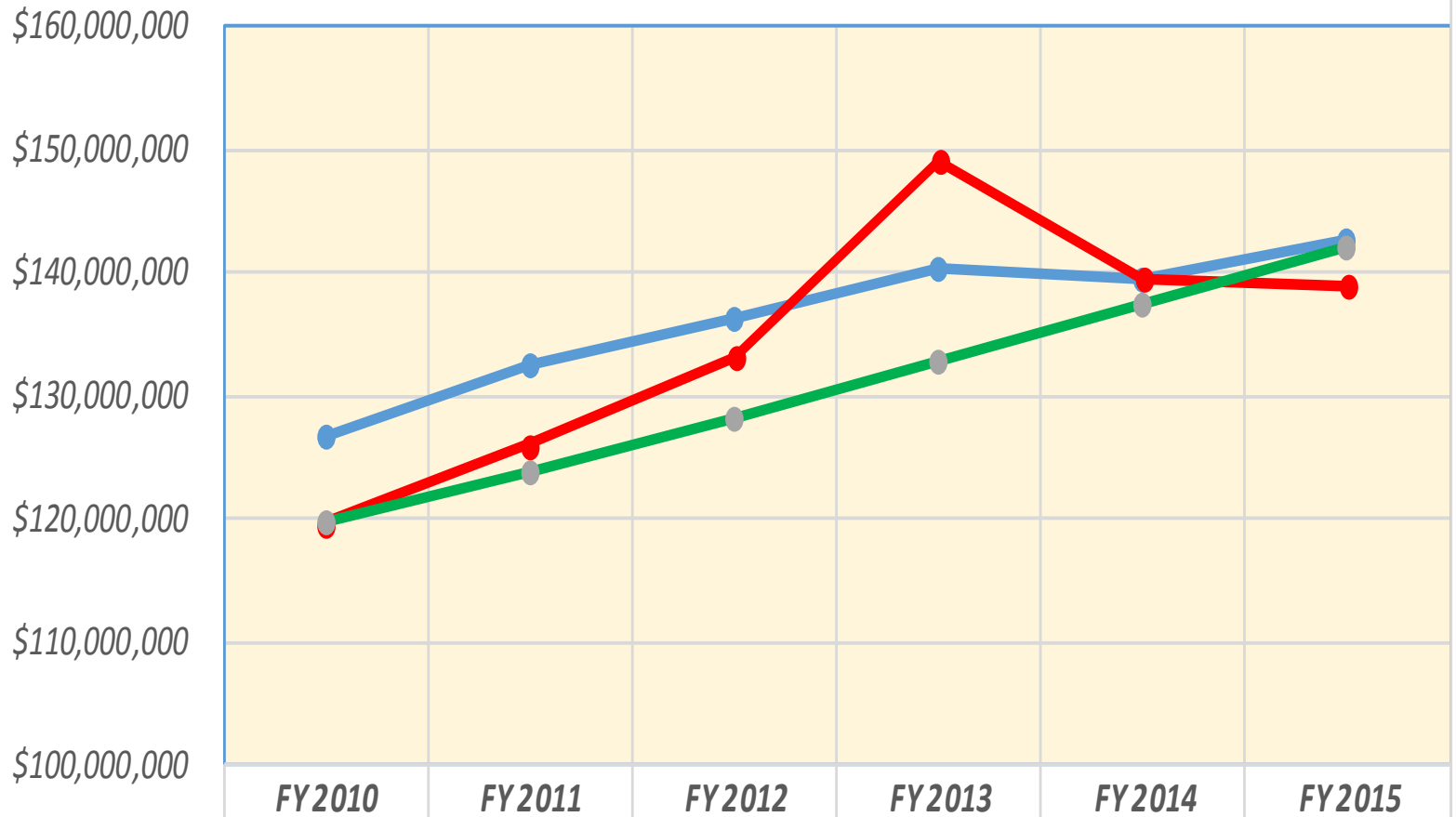
***Percentage Difference***      ***2.68%***

***Overage -- 2.18%***      ***\$3,032,418***

# SVMC Net Patient Service Revenue 2010 -2015 Actual To Budget

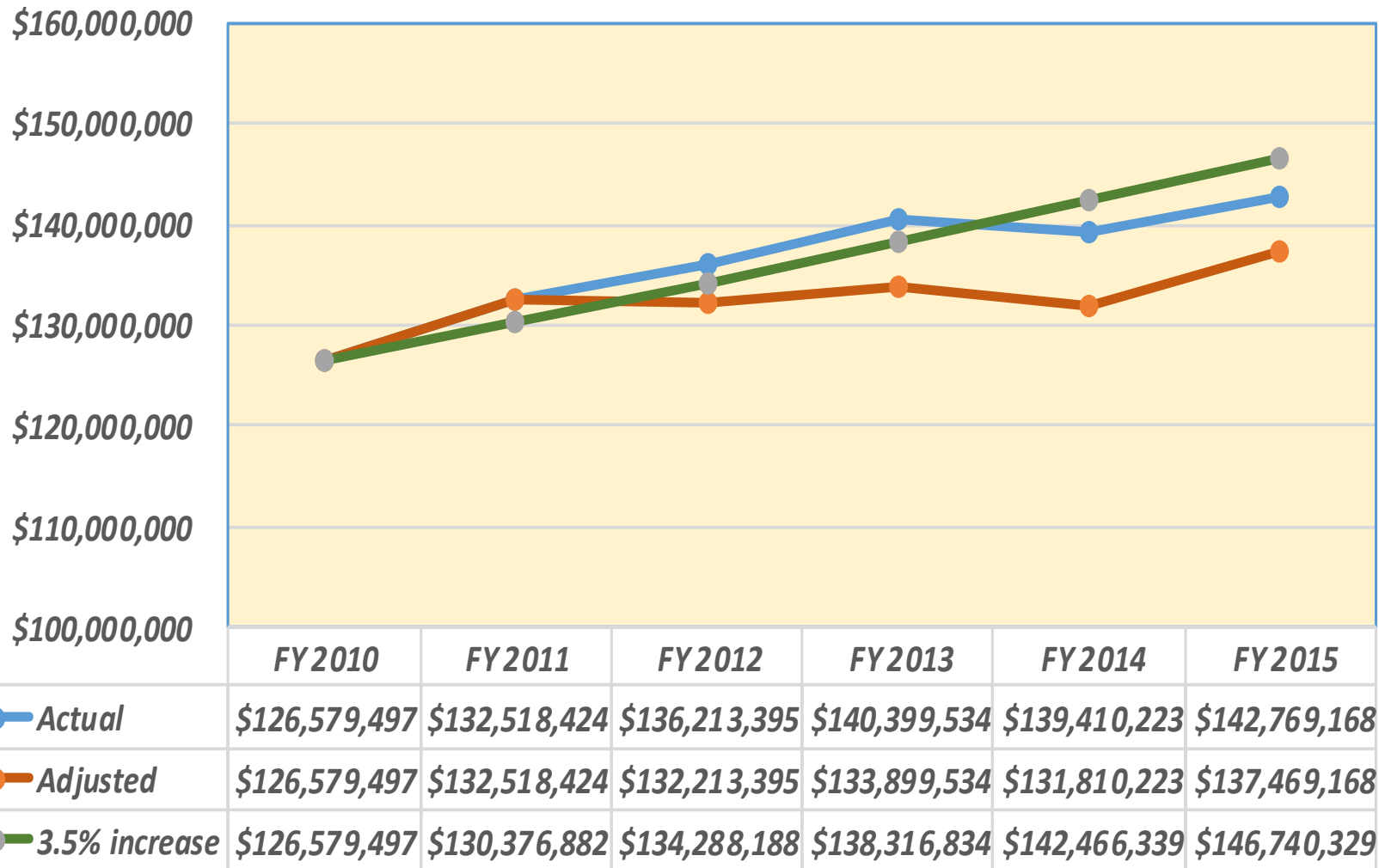


## ***2010-2015 Actual to Budget with 3.5% Trendline on Budget with no adjustments***

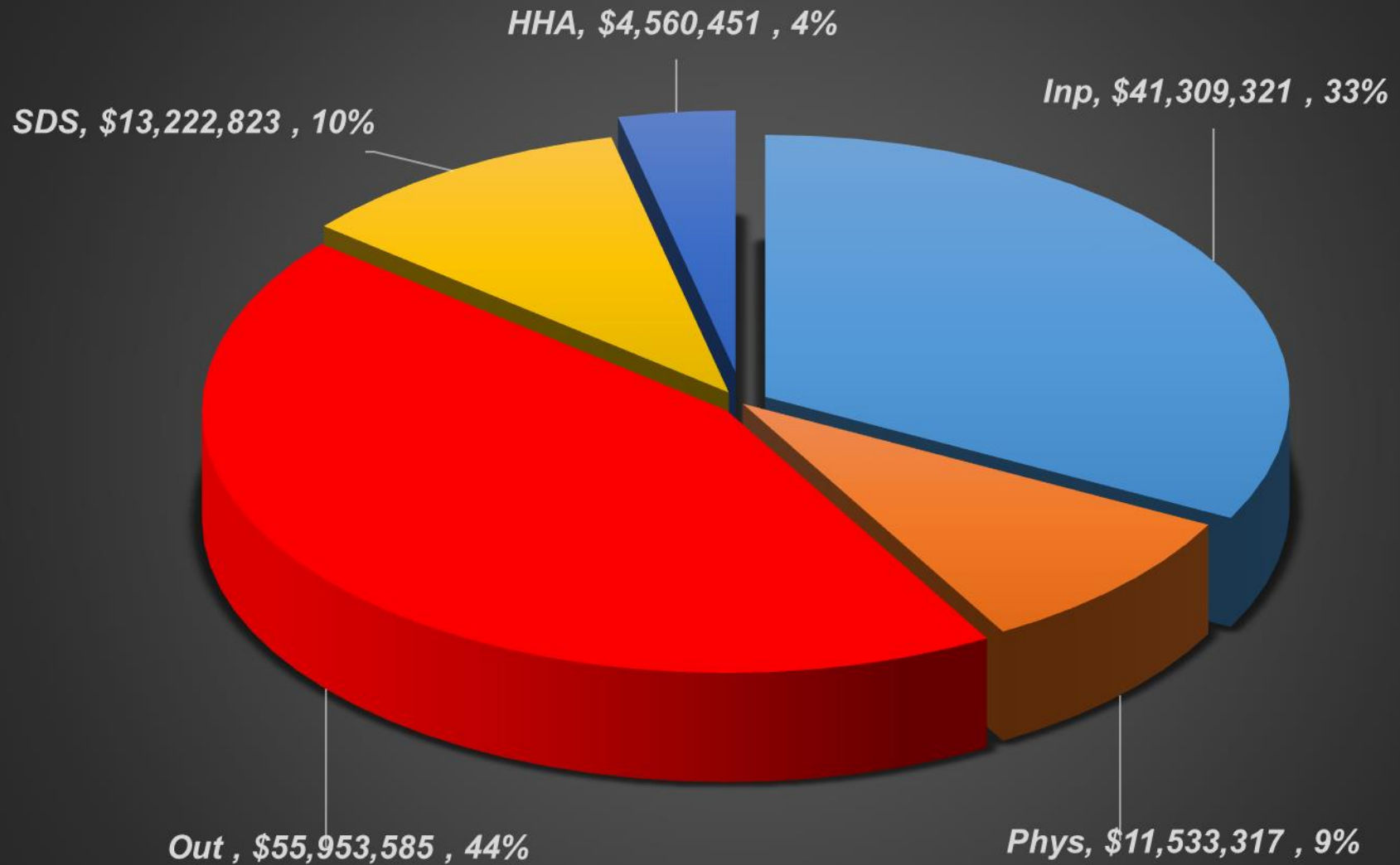


<span style="color: blue;">—●—</span> <b>Actual NPSR</b>	<b><i>\$126,579,497</i></b>	<b><i>\$132,518,424</i></b>	<b><i>\$136,213,395</i></b>	<b><i>\$140,399,534</i></b>	<b><i>\$139,410,223</i></b>	<b><i>\$142,769,168</i></b>
<span style="color: red;">—●—</span> <b>Budget</b>	<b><i>\$119,680,331</i></b>	<b><i>\$126,049,391</i></b>	<b><i>\$133,111,874</i></b>	<b><i>\$149,178,382</i></b>	<b><i>\$139,576,168</i></b>	<b><i>\$139,041,542</i></b>
<span style="color: green;">—●—</span> <b>2010 Budget plus 3.5%</b>	<b><i>\$119,680,331</i></b>	<b><i>\$123,869,143</i></b>	<b><i>\$128,204,563</i></b>	<b><i>\$132,691,722</i></b>	<b><i>\$137,335,933</i></b>	<b><i>\$142,142,690</i></b>

## Actual revenues vs. Revenues less added services vs. 3.5% Trendline on Actual

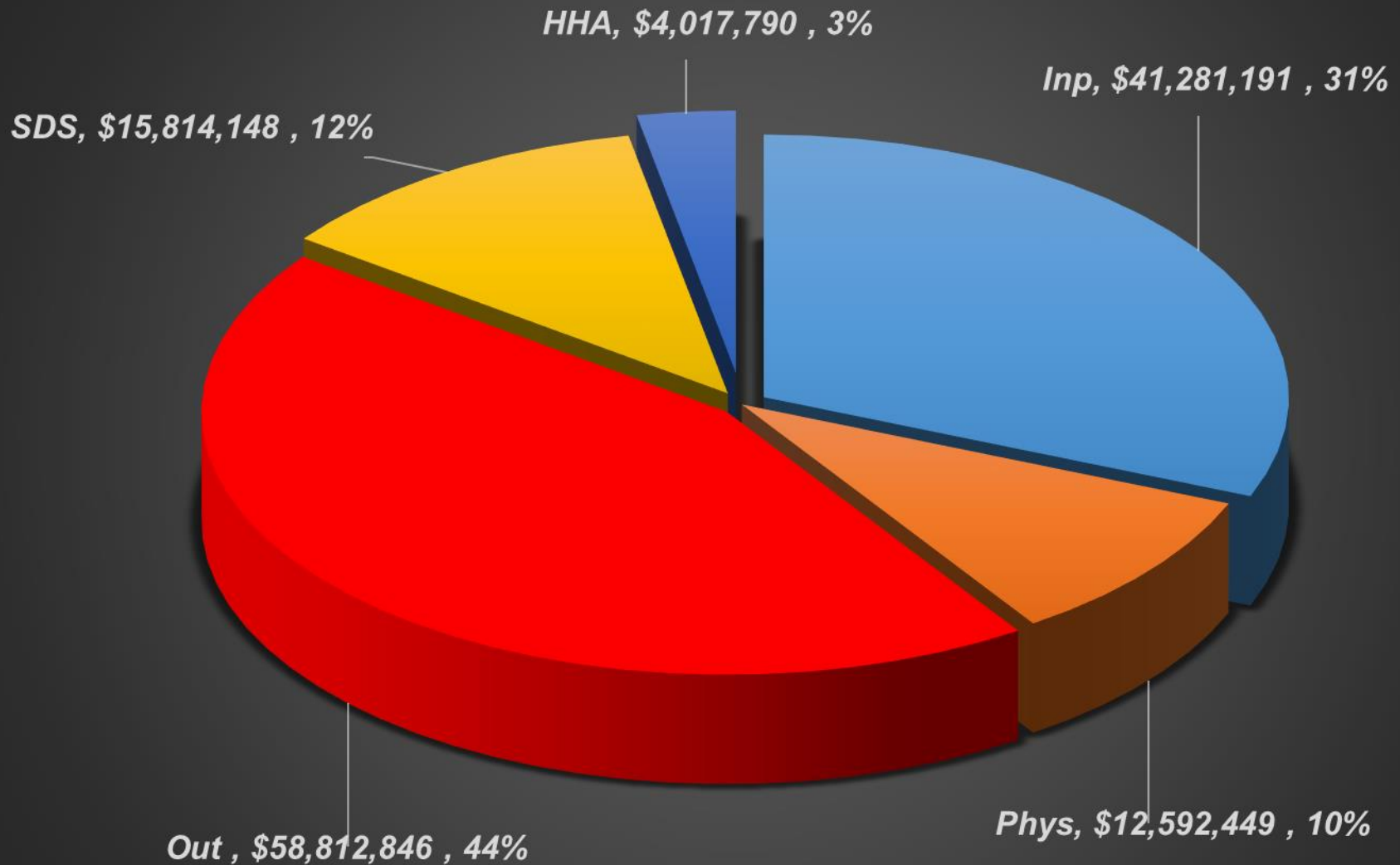


# ***SVMC's 2010 Net Patient Service Revenues***



***FY 2010 Actual \$126,579,497***

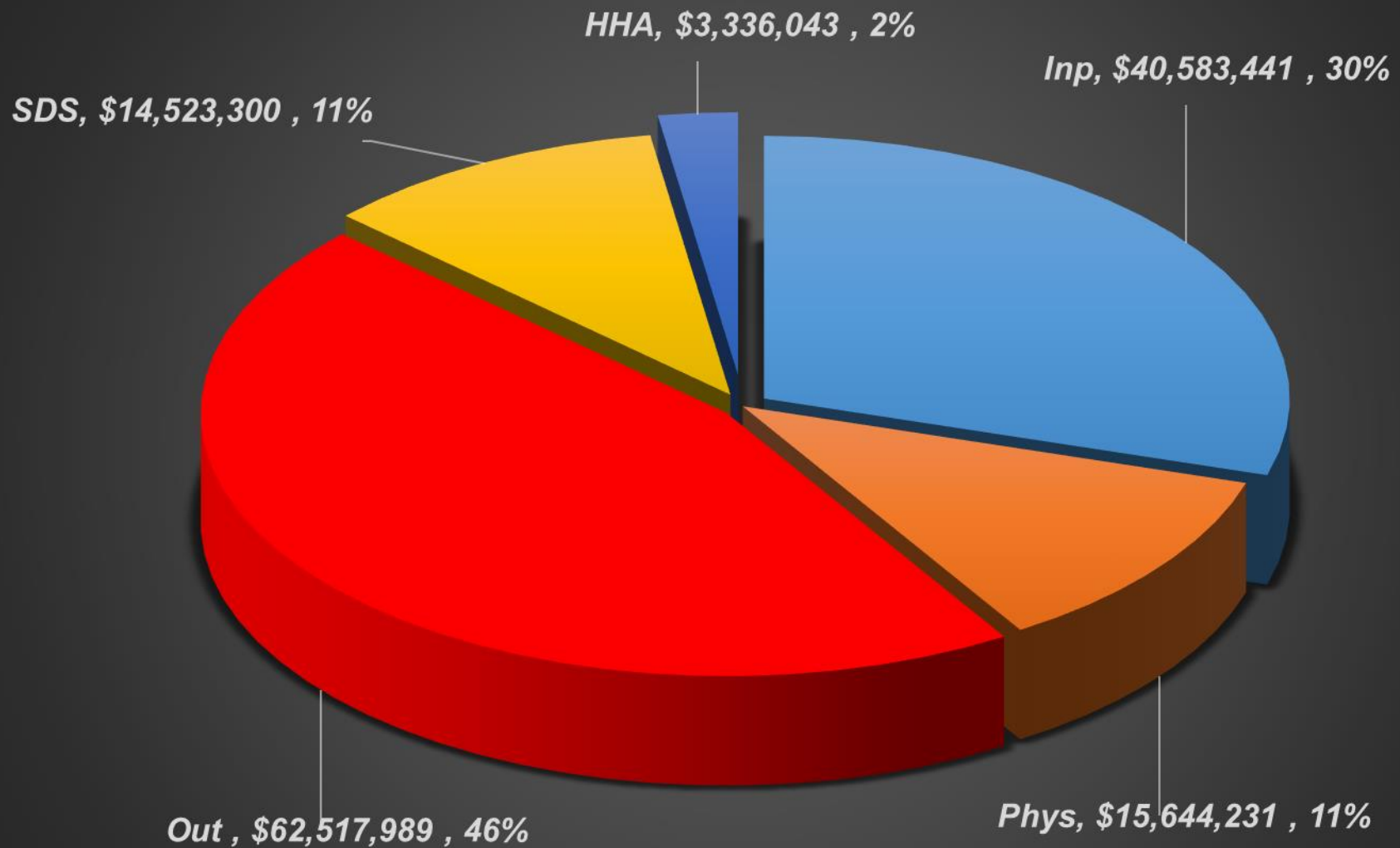
# ***SVMC's 2011 Net Patient Service Revenues***



***FY 2011 Actual \$132,518,424***

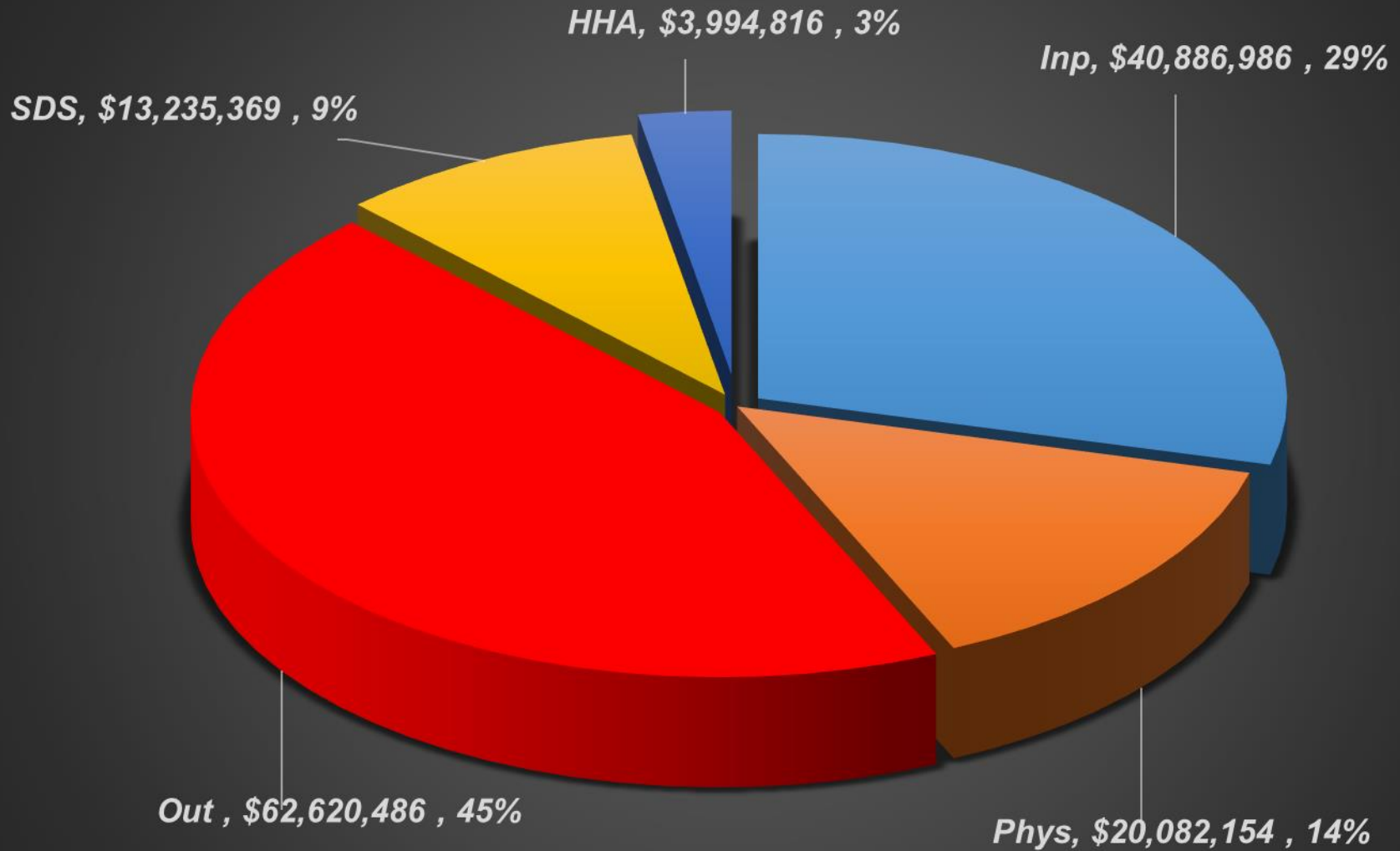


# ***SVMC's 2012 Net Patient Service Revenues***



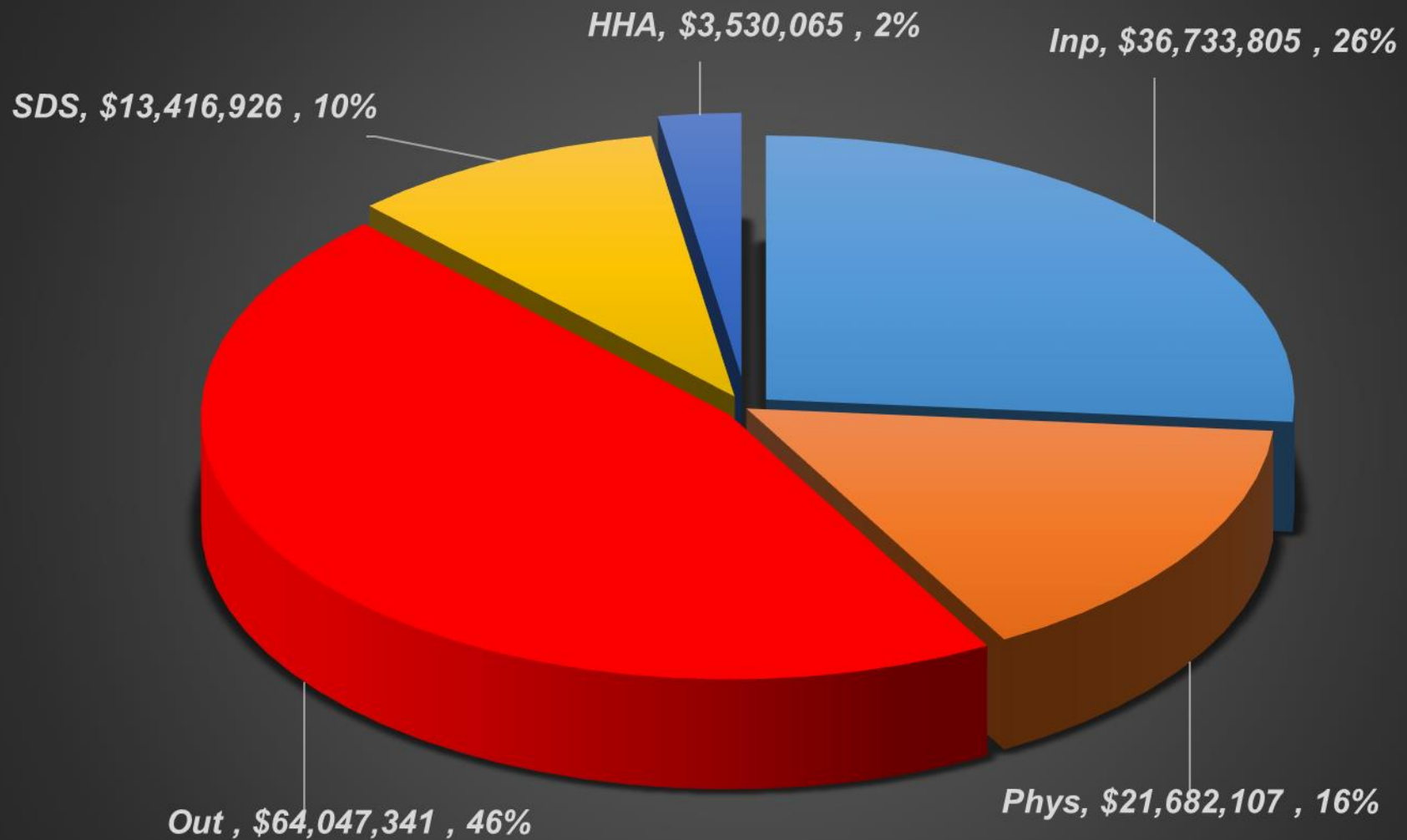
***FY2012 Actual \$136,213,395***

# ***SVMC's 2013 Net Patient Service Revenues***



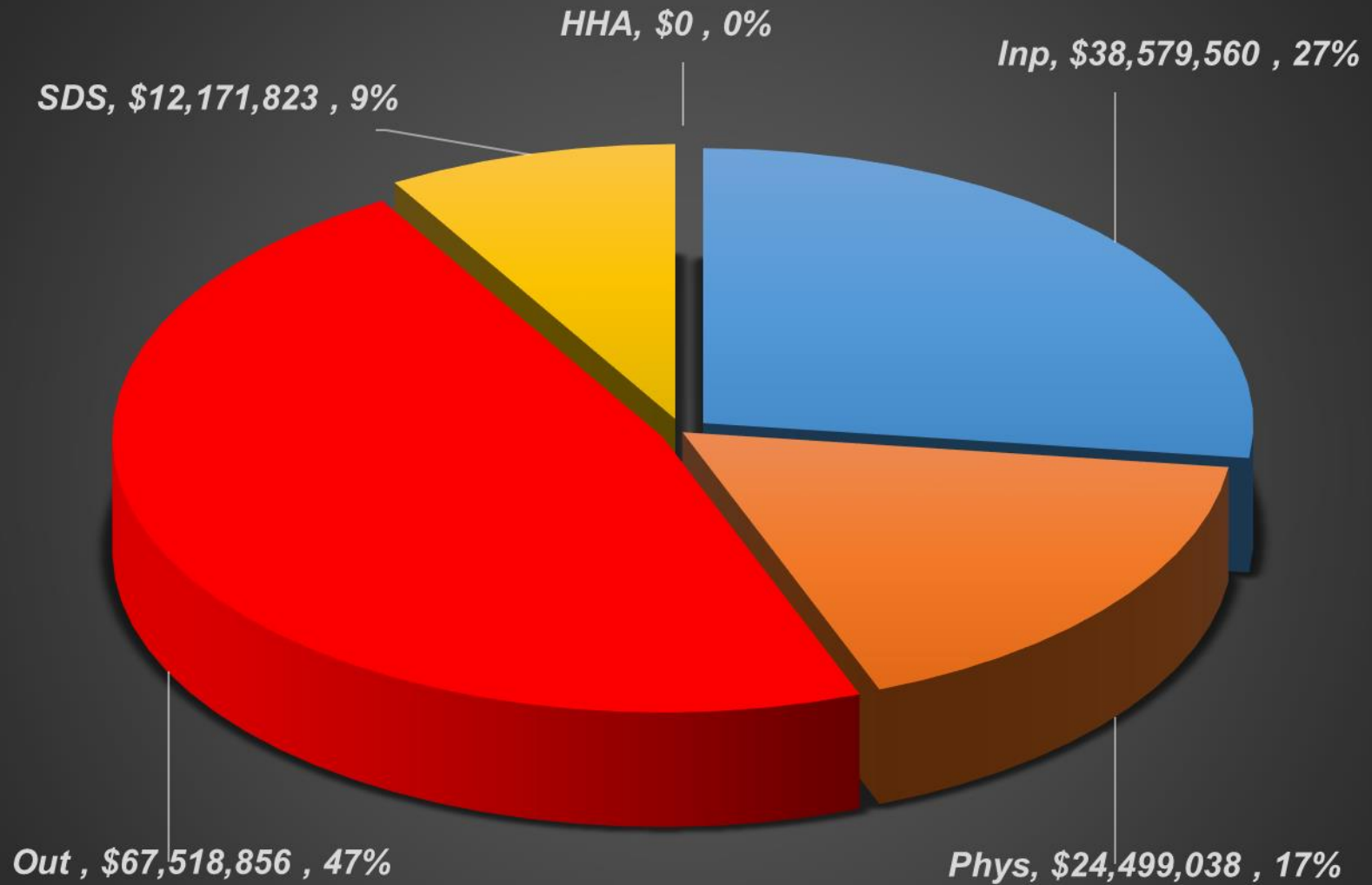
***FY 2013 Actual \$140,399,534***

# ***SVMC's 2014 Net Patient Service Revenues***



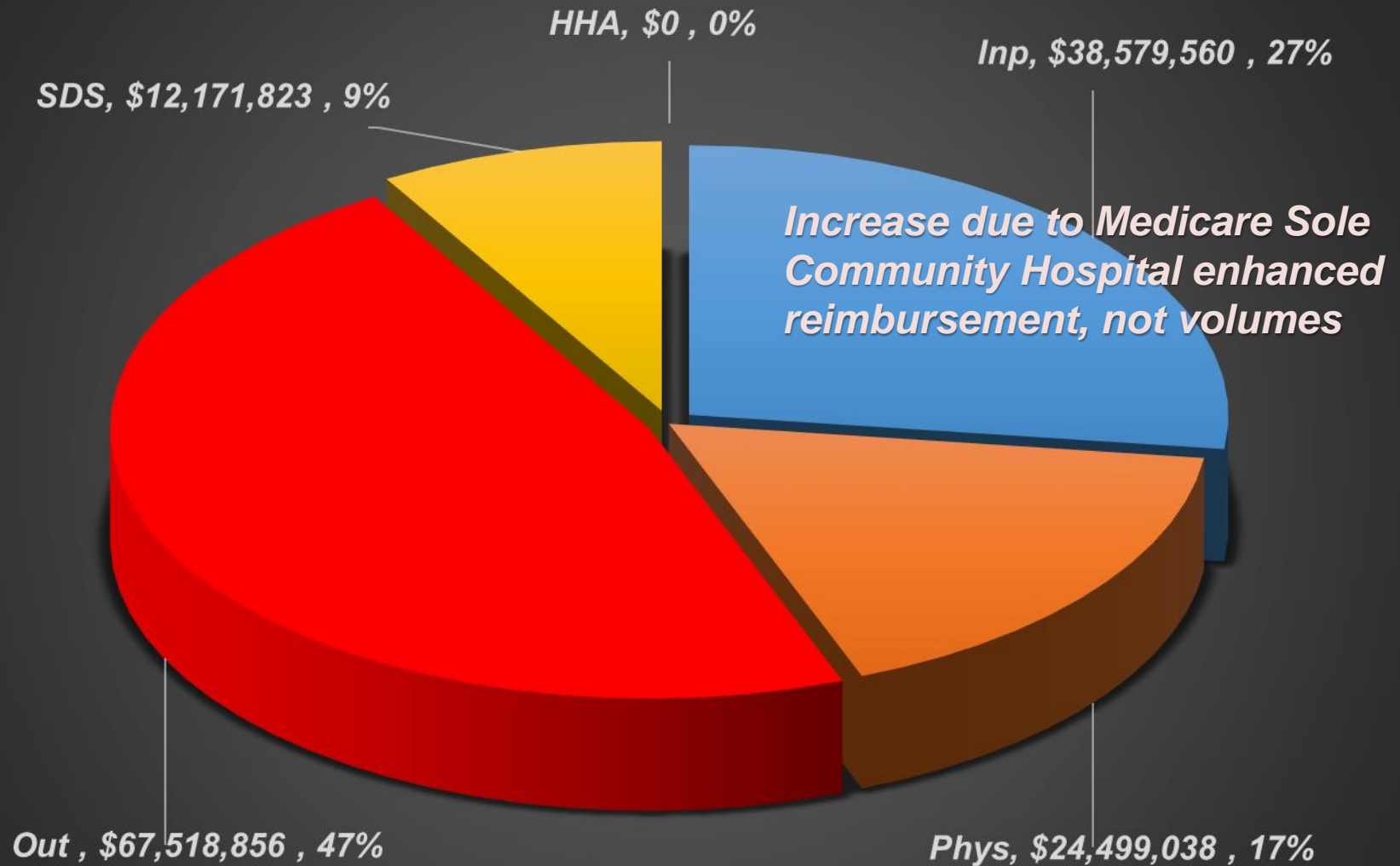
***FY 2014 Actual \$139,410,223***

# ***SVMC's 2015 Net Patient Service Revenues***



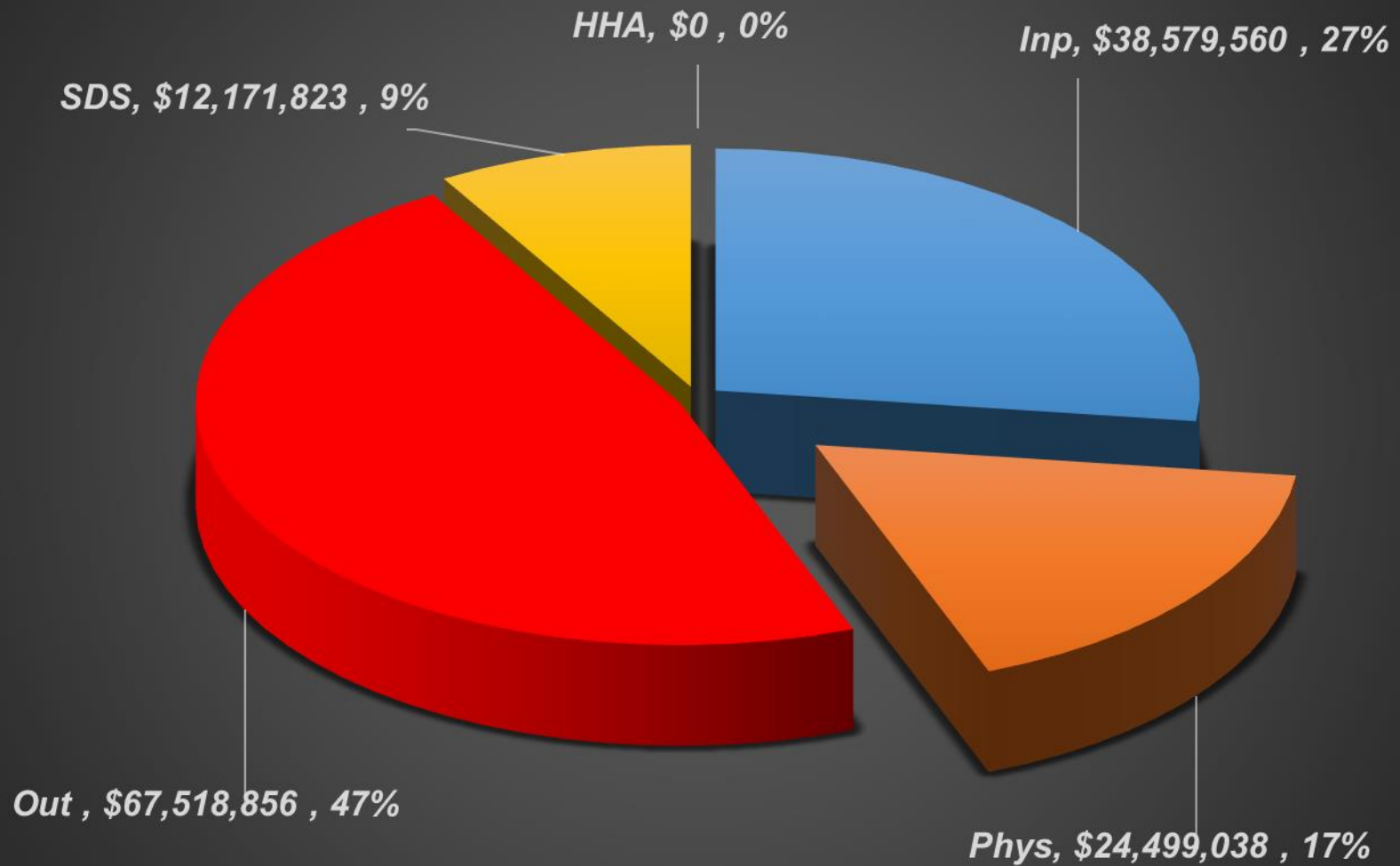
***FY 2015 Actual \$142,769,168***

# ***SVMC's 2015 Net Patient Service Revenues***



***FY 2015 Actual \$142,769,168***

# ***SVMC's 2015 Net Patient Service Revenues***



***FY 2015 Actual \$142,769,168***

# ***Physician Practices***

## ***(exc Hospital Based Physicians)***

- Physician Practices revenues have grown from \$11.5 million to nearly \$25.5 million (FY 2010 to FY 2015):

### **New Practices and Activities:**

2012 – 2015 increased Primary Care;

2012 Orthopedics (added) -- \$4 million annually;

2013 Cardiology (added) -- \$2.5 million annually;

2014 Dermatology (replaced) -- \$1.1 million annually;

2015 ExpressCare (added) -- \$650,000 in FY 2015

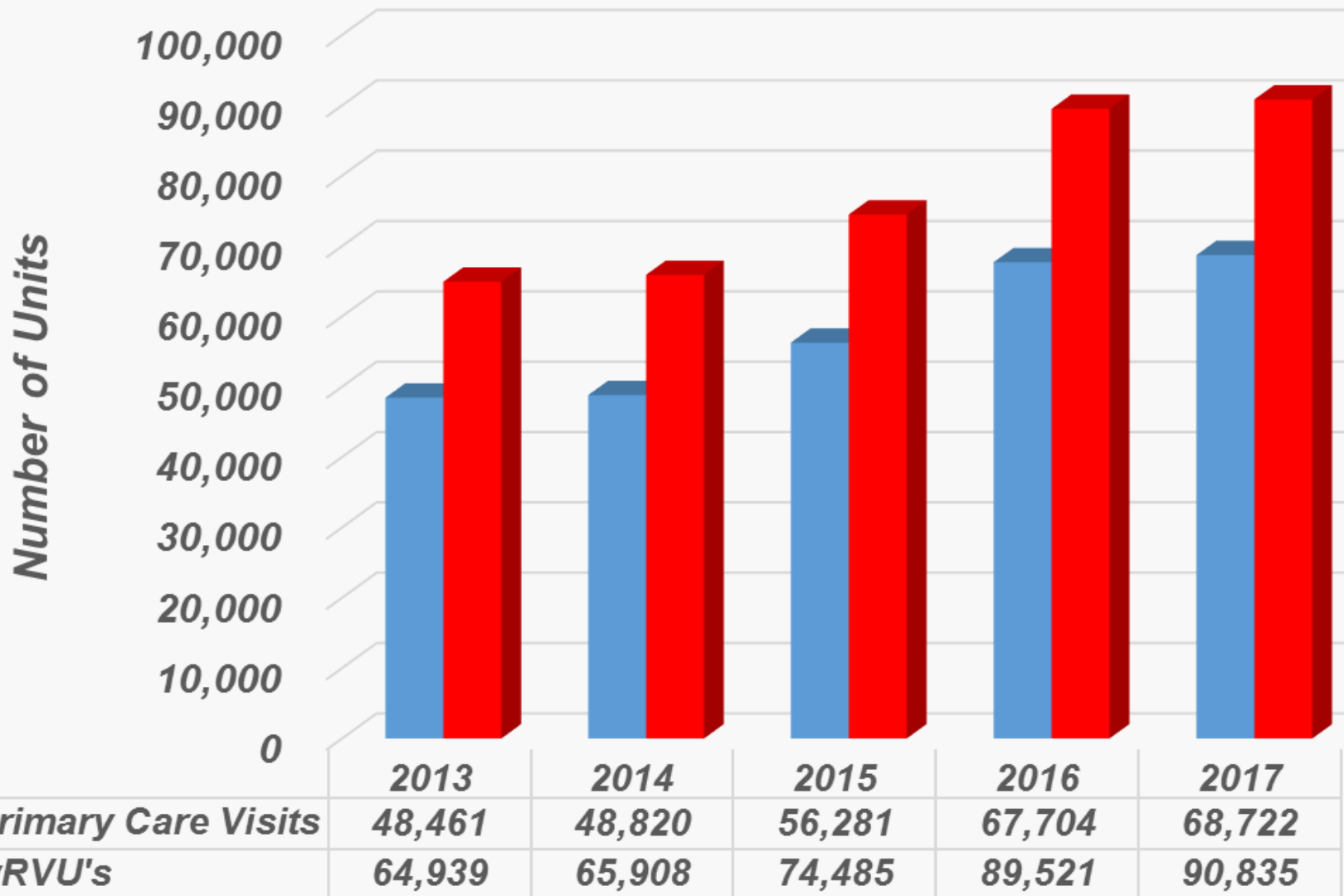
projected to be \$1 million + in FY 2016 and 2017

2015 Pulmonology (added) -- \$600,000 annually;

***2015 Medicaid Provider Based Billing (new) -- \$2 mil.;***

2016 Pownal Primary Care Campus (new) -- \$1 million.

# SVMC Primary Care , Actual and Projected 2013 -- 2017





# ***Physician Practices***

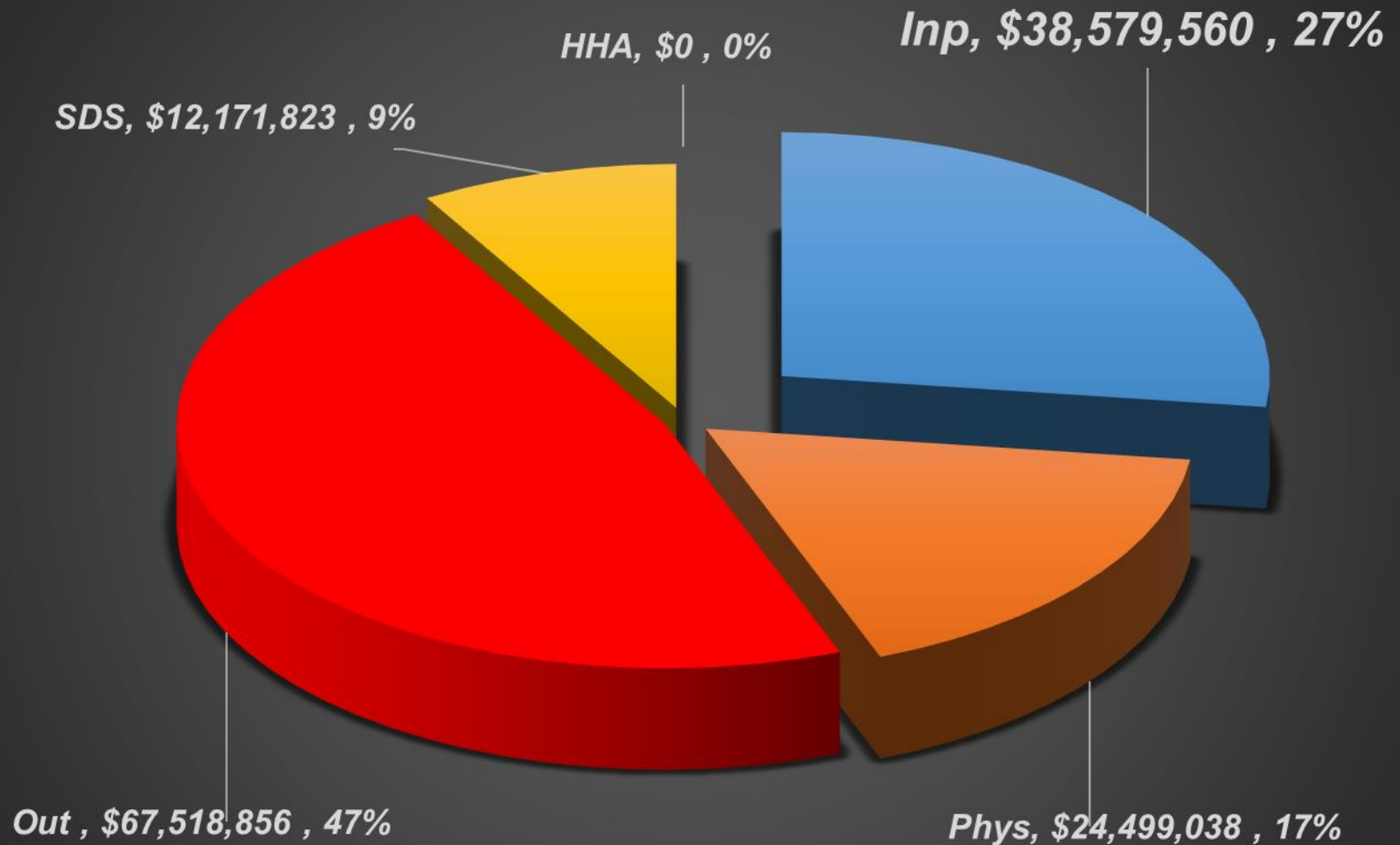
***(exc Hospital Based Physicians)***

- Primary Care Development
  - Management's focus is to develop a primary care network in the region:
  - Region includes:
    - Southwestern Vermont;
    - Northwestern MA (12 miles);
    - Eastern NY (5 miles);
  - Barriers:
    - Recruitment of Physician and Assoc. Providers;
    - Need for capital and costs associated with Practice Management;
    - New York and MA regulations

# ***Physician Practice Questions***

## ***On to Inpatient Services***

# ***SVMC's 2015 Net Patient Service Revenues***



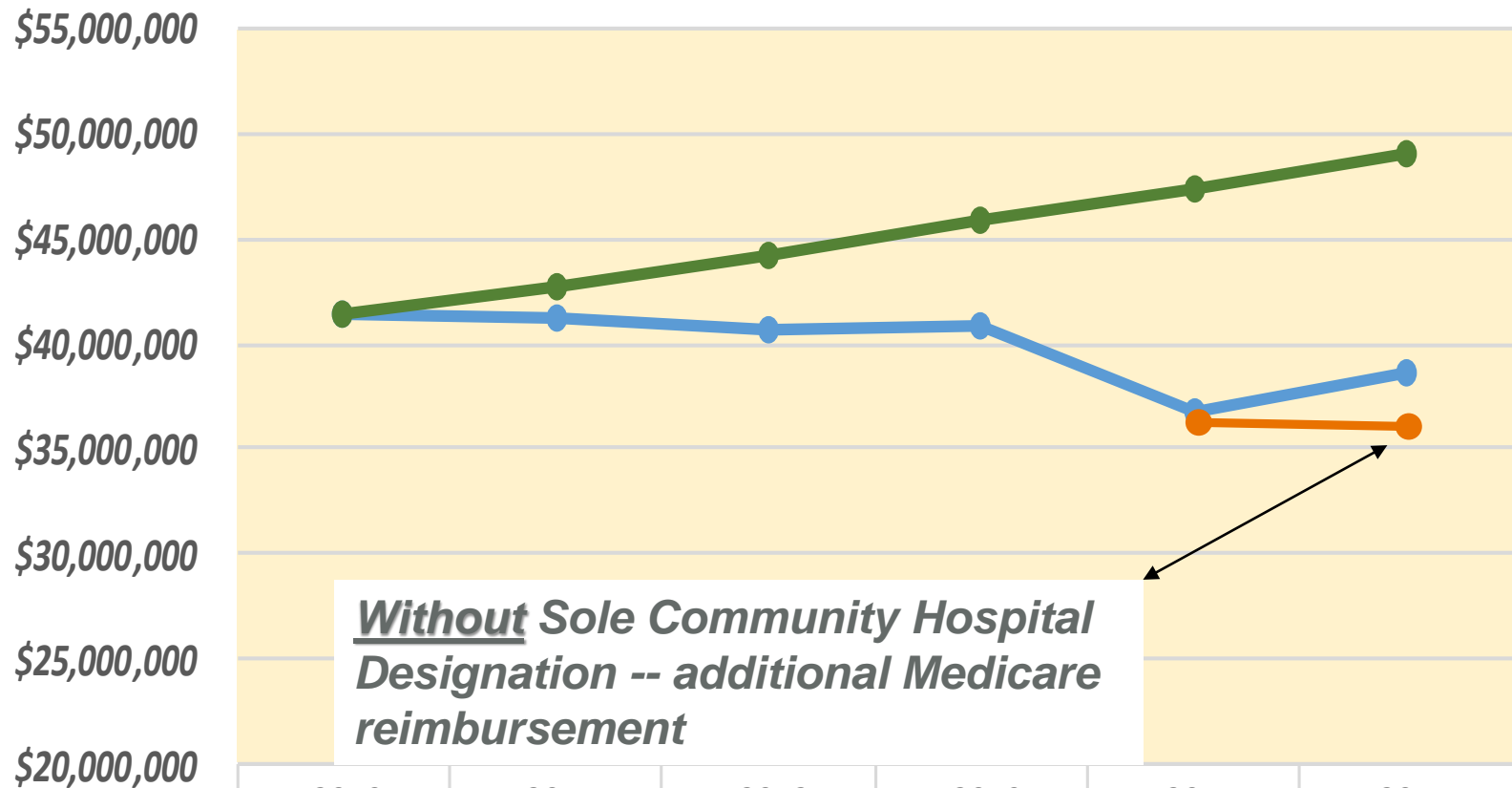
***FY 2015 Actual \$142,769,168***

# ***Inpatient – NPSR***

***(inc. Hospital Based Physicians)***

	<i>Actual</i>	<i>Change</i>	<i>% of Change</i>
<b><i>FY 2010 (33%)</i></b>	<b><i>\$41,309,321</i></b>	<b><i>---</i></b>	<b><i>---</i></b>
<b><i>FY 2011 (31%)</i></b>	<b><i>\$41,281,191</i></b>	<b><i>(\$28,130)</i></b>	<b><i>-0.07%</i></b>
<b><i>FY 2012 (30%)</i></b>	<b><i>\$40,583,441</i></b>	<b><i>(\$697,750)</i></b>	<b><i>-1.69%</i></b>
<b><i>FY 2013 (29%)</i></b>	<b><i>\$40,886,986</i></b>	<b><i>\$303,545</i></b>	<b><i>0.75%</i></b>
<b><i>FY 2014 (26%)</i></b>	<b><i>\$36,733,805</i></b>	<b><i>(\$4,153,181)</i></b>	<b><i>-10.16%</i></b>
<b><i>FY 2015 (27%)</i></b>	<b><i>\$38,579,560</i></b>	<b><i>\$1,845,755</i></b>	<b><i>5.02%</i></b>

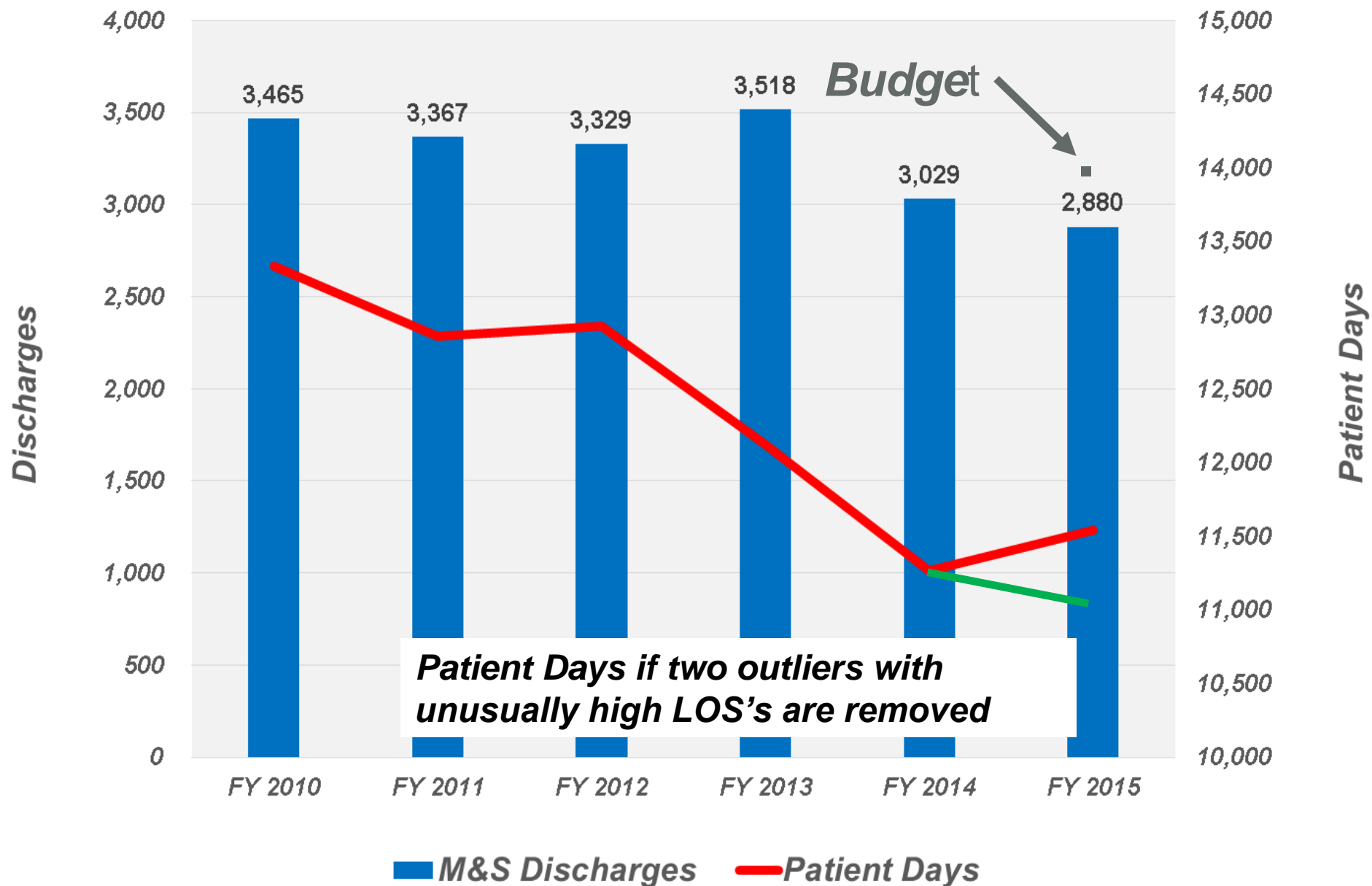
# Actual Inpatient Revenues 2010- 2015 with a 3.5% trendline from 2010



	2010	2011	2012	2013	2014	2015
<span style="color: blue;">—●—</span> Actual	\$41,309,321	\$41,281,191	\$40,583,441	\$40,886,986	\$36,733,805	\$38,579,560
<span style="color: green;">—●—</span> 3.5% Trendline	\$41,309,321	\$42,755,147	\$44,251,577	\$45,800,383	\$47,403,396	\$49,062,515

# ***SVMC Medical Surgical Volumes 2010 -- 2015***

## ***Discharges and Patient Days***



# ***Inpatient -- NPSR***

***(inc. Hospital Based Physicians)***

- Inpatient volumes / revenues have declined:
  - FY 2010 to FY 2015 discharges / patient days have declined 16.8% and 13.4%, respectively;
  - Inpatient revenues as a portion of NPSR has declined from \$41,309,321 or 33% in FY 2010 to \$38,579,560 or 27%.
    - ***In FY 2015 SVMC received Sole Community Hospital Status which added over \$2 million of revenues over Medicare Dependent Hospital Status reimbursement.***
- Volume declines due to:
  - Shifting of services to outpatient;
  - Increased primary care/preventive care;
  - Reduced readmission rates;
  - Transitional care nurse program;
  - Outmigration of some services.

***Inpatient Questions***

***On to Outpatient Services***



# ***Outpatient Services -- unbudgeted activity***

## ***Medical Oncology***

- FY 2015 SVMC budgeted an increase in the Oncology service revenues of 3%:
- In FY 2015:
  - Patients increased by 5%;
  - Pharmaceuticals infusions increased by 17%;
  - Visits per patient increased from 8.17 to 9.09 visits;
  - Costs of pharmaceuticals for these patients increased by over \$1.3 million;
  - Revenue per visit increased 2.5%;
  - ***Revenue increased by \$1.8 million over budget;***

# Outpatient Medical Oncology Services

	<i><b>Patients</b></i>	<i><b>Patient Visits with Pharm</b></i>	<i><b>Gross Charges</b></i>	<i><b>NPSR</b></i>	<i><b>NPSR Per Visit</b></i>	<i><b>% Change</b></i>
<i><b>FY 2013</b></i>	<i><b>401</b></i>	<i><b>3,136</b></i>	<i><b>\$18,090,933</b></i>	<i><b>\$9,308,046</b></i>	<i><b>\$2,968</b></i>	<i><b>--</b></i>
<i><b>FY 2014</b></i>	<i><b>353</b></i>	<i><b>2,884</b></i>	<i><b>\$19,559,730</b></i>	<i><b>\$9,158,066</b></i>	<i><b>\$3,175</b></i>	<i><b>6.97%</b></i>
<i><b>FY 2015</b></i>	<i><b>371</b></i>	<i><b>3,371</b></i>	<i><b>\$24,029,948</b></i>	<i><b>\$10,977,778</b></i>	<i><b>\$3,256</b></i>	<i><b>2.55%</b></i>

***Increase of nearly \$1.8 million in NPSR***

# ***Outpatient “Tick Test”***

***Tick  
Testing --***

***Non  
Lyme***

***Gross  
Charges***

***NPSR***

***NPSR  
Per Visit***

***%  
Change***

<b><i>FY 2013</i></b>	<b><i>175</i></b>	<b><i>\$48,141</i></b>	<b><i>\$14,259</i></b>	<b><i>\$81</i></b>	<b><i>--</i></b>
<b><i>FY 2014</i></b>	<b><i>622</i></b>	<b><i>\$94,808</i></b>	<b><i>\$52,596</i></b>	<b><i>\$85</i></b>	<b><i>4.94%</i></b>
<b><i>FY 2015</i></b>	<b><i>2,582</i></b>	<b><i>\$650,254</i></b>	<b><i>\$324,213</i></b>	<b><i>\$126</i></b>	<b><i>48.50%</i></b>

***Increase of nearly \$275,000 in NPSR***

# ***Other Outpatient Services***

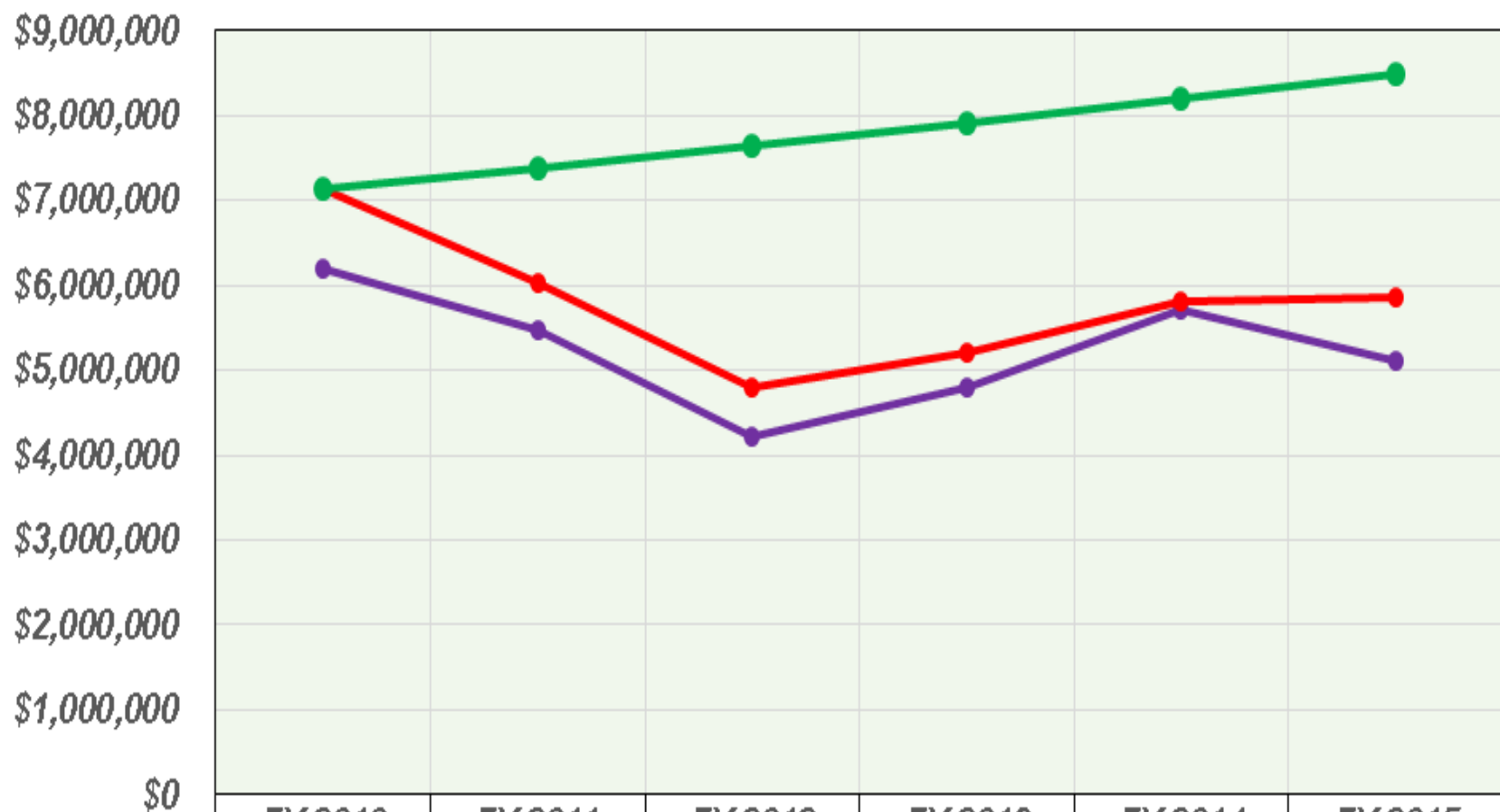
- Outpatient surgery variance 154 cases under budget – causing a negative variance of \$800,000;
  - Outmigration of Ortho cases due to inability to recruit and MD's retiring or leaving the service area;
  - All other specialties on target.
- Emergency room visits higher than budget causing a positive variance of approx. \$900,000:
  - Developing the FY 2015 budget with the opening of ExpressCare the assumption was that ER visits would be reduced approx. 1,000 visits. **That did not occur.**

# ***Outpatient Questions***

***On to Bad Debt and Charity Care***

## SVMC Bad Debt Expense 2010 --2015

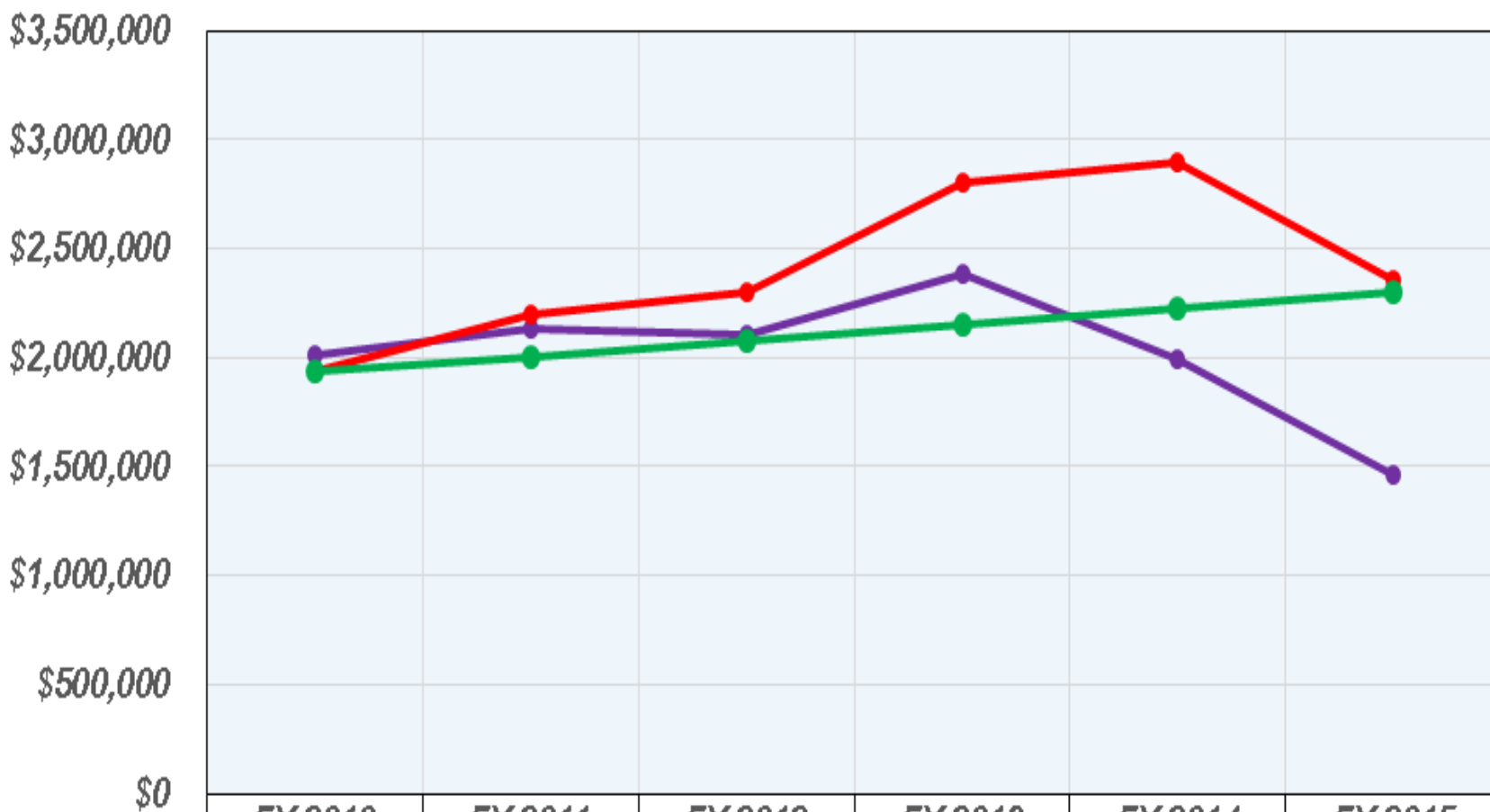
### Actual to Budget with 3.5% Trendline



<span style="color: purple;">—●—</span> Actual	\$6,191,563	\$5,476,017	\$4,215,652	\$4,804,804	\$5,706,387	\$5,112,025
<span style="color: red;">—●—</span> Budget	\$7,138,000	\$6,031,938	\$4,800,000	\$5,200,000	\$5,800,000	\$5,850,000
<span style="color: green;">—●—</span> Budget plus 3%	\$7,138,000	\$7,387,830	\$7,646,404	\$7,914,028	\$8,191,019	\$8,477,705

## SVMC Charity Care 2010 -- 2015

### Actual to Budget with 3.5% Trendline



<span style="color: purple;">—●—</span> <b>Actual</b>	\$2,007,621	\$2,134,179	\$2,101,070	\$2,387,863	\$1,994,336	\$1,460,911
<span style="color: red;">—●—</span> <b>Budget</b>	\$1,938,037	\$2,200,000	\$2,300,000	\$2,800,000	\$2,900,000	\$2,360,000
<span style="color: green;">—●—</span> <b>Budget plus 3.5%</b>	\$1,938,037	\$2,005,868	\$2,076,074	\$2,148,736	\$2,223,942	\$2,301,780

# ***Bad Debt and Charity Care***

	<u><i><b>Bad debt amounts</b></i></u>	<u><i><b>Charity care</b></i></u>	<u><i><b>Total accounts</b></i></u>	<u><i><b>% to total accounts</b></i></u>
FY 2013	6,023	4,465	10,488	6.16%
FY 2014	7,095	4,028	11,123	6.37%
FY 2015	6,357	3,830	10,187	5.04%

	<u><i><b>Bad debt amounts</b></i></u>	<u><i><b>Charity care</b></i></u>	<u><i><b>Total dollars</b></i></u>	<u><i><b>% of NPSR</b></i></u>
FY 2013	\$4,804,804	\$2,387,863	\$7,192,667	5.1%
FY 2014	\$5,706,387	\$1,994,336	\$7,700,723	5.5%
FY 2015 B	\$5,850,000	\$2,360,000	\$8,210,000	5.9%
FY 2015 A	\$5,112,025	\$1,236,277	\$6,348,302	4.4%



# ***Bad Debt and Charity Care***

- GMCB reports Bad Debt and Charity Care as a percentage of Gross Charge Revenues:
  - FY 2014 VT hospitals – 3.3%
  - FY 2014 SVMC – 2.7%
  - FY 2015 VT hospitals – 2.8%
  - FY 2015 SVMC – 2.1%
- Bad Debt and Charity Care as a percentage of NPSR:
  - FY 2014 VT hospitals – 5.3%
  - FY 2014 SVMC – 5.9%
  - FY 2015 VT hospitals – 4.3%
  - FY 2015 SVMC – 4.4%

# ***Bad Debt / Charity Care Questions***

***On to Non-recurring  
transactions / Unbudgeted Items***

# ***Unusual and non-reoccurring transactions***

- 1. Medicaid provider based billing -- \$2 million+;***
- 2. Sole community hospital -- \$2 million+;***
- 3. Medicare RAC Settlement -- \$660,000:***
  - a) In FY 2014, CMS offered Hospital's a settlement on cases in appeal status;***
  - b) SVMC had over \$1 million of claims in appeal status;***
  - c) SVMC accepted the settlement of \$660,000;***
    - a) Eliminated between \$100,000 to \$200,000 of expenses;***
    - b) Would take several years to resolve.***
- 4. One Care Savings – CY 2014 -- \$242,000***

***Non-recurring Questions***

***On to 2015 Summary***

# ***SVMC FY 2015 NPSR Variance Schedule***

	<b><i>Volume</i></b>	<b><i>Rate</i></b>
<b><i>Inpatient / Observation</i></b>	<b><i>(\$3,100,000)</i></b>	<b><i>\$2,007,000</i></b>
<b><i>Outpatient</i></b>		
<b><i>Oncology</i></b>	<b><i>1,527,000</i></b>	<b><i>273,000</i></b>
<b><i>Lab --"Tick-borne"</i></b>	<b><i>275,000</i></b>	
<b><i>ER</i></b>	<b><i>900,000</i></b>	
<b><i>SDS</i></b>	<b><i>(800,000)</i></b>	
<b><i>All other OP (1)</i></b>	<b><i>(806,000)</i></b>	
<b><i>Physician Practices</i></b>	<b><i>(1,325,000)</i></b>	<b><i>2,012,000</i></b>
<b><i>Non-recurring</i></b>		
<b><i>Medicare -- RAC</i></b>		<b><i>660,000</i></b>
<b><i>OneCare</i></b>		<b><i>242,000</i></b>
<b><i>Bad Debt / Charity Care</i></b>	<b><i>388,000</i></b>	<b><i>1,474,000</i></b>
<b><i>Total variance</i></b>	<b><i><u>\$3,727,000</u></i></b>	

*(1) All the dollars were labeled volume for this schedule*



# ***Questions on FY 2015***



***FY 2016 and FY 2017***



# ***FY 2016 / FY 2017 Budget***

- *Continued growth of the Medical Oncology patients;*
- *Continued growth of the “Tick Borne” testing;*
- *Rebuilding of the Ortho Practice in partnership with DH;*
- *Primary Care:*
  - *Need for continued growth;*
  - *NYS and Hoosick Falls;*
  - *Preventive care – Colonoscopy backlog;*
- *Non-recurring transaction on an low volume appeal SVMC filed related to **2010**, for slightly over \$2 million;*





***Questions***

***and***

***Thank you for your time!***

