

May 2020 Year-to- Date Hospital Performance

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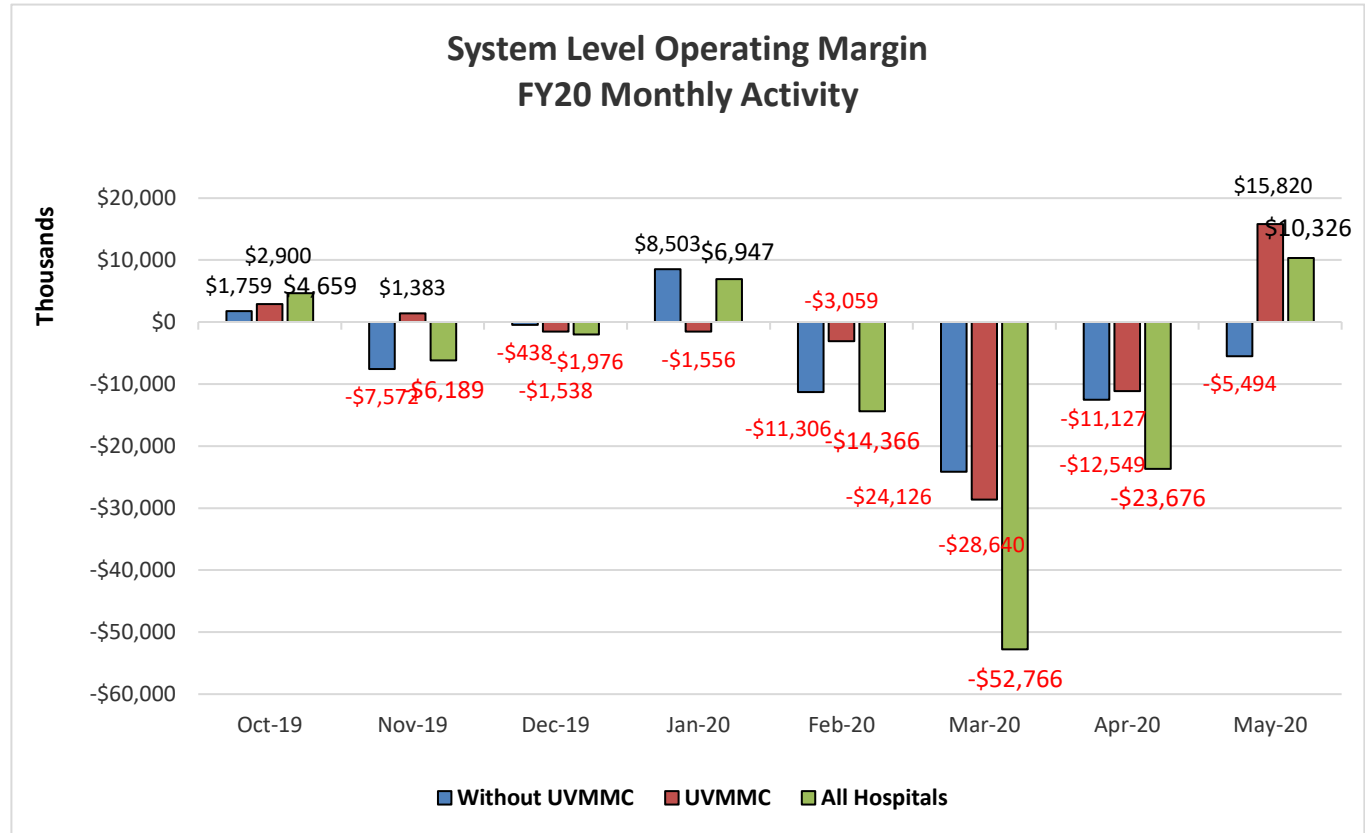
COVID-19: How we got here.

Timeline

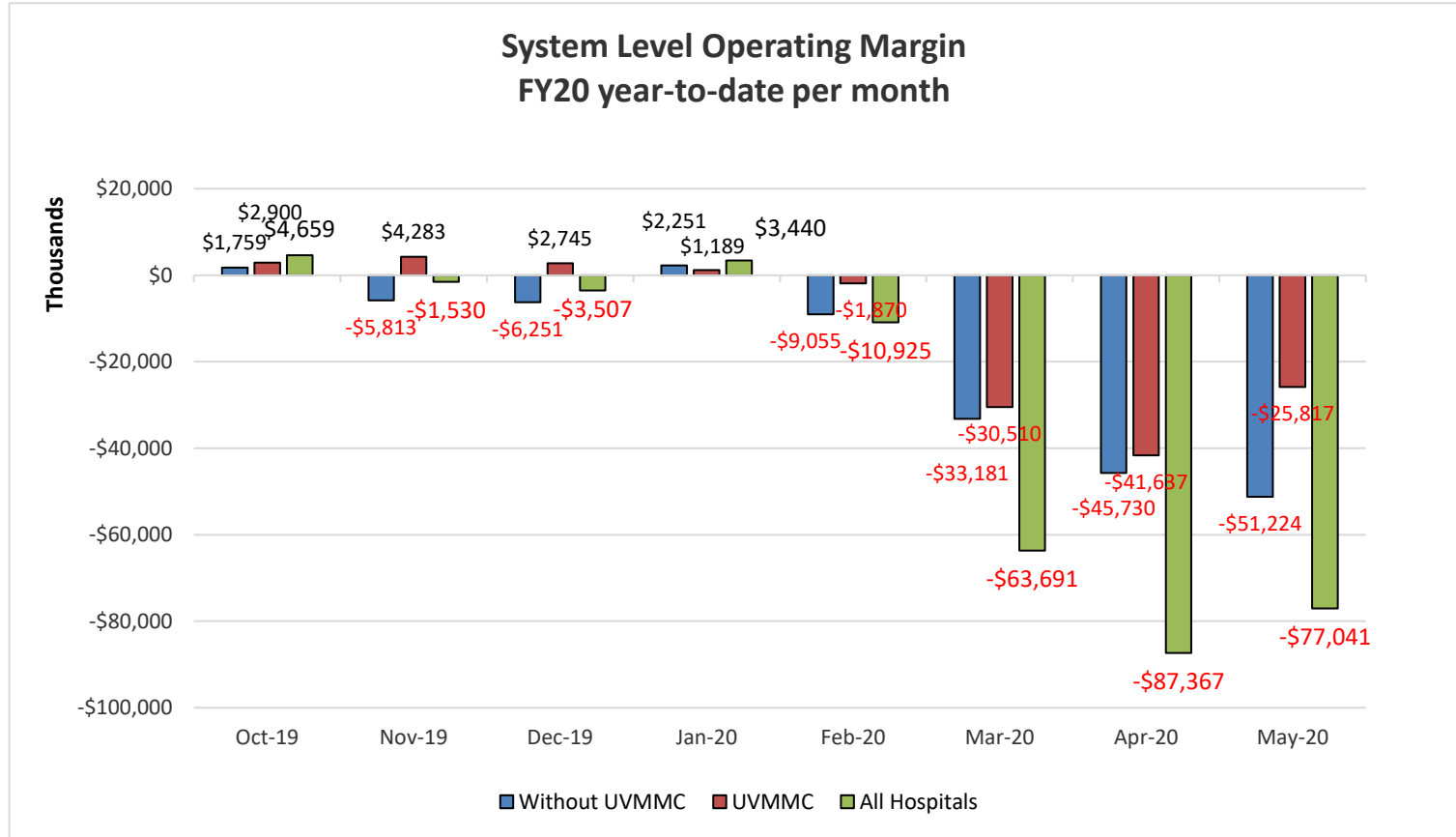
- March 7, 2020, Vermont announces first presumptive case of COVID-19.
- March 13, 2020, Governor declares state of emergency.
- March 20, 2020, Governor orders suspension of all non-essential medical and elective surgical procedures.
- March 27, 2020, CARES Act totaling \$2.0 trillion is signed by the President.
- April and May, CARES Act stimulus relief funding comes to Vermont hospitals along with access to Medicare/Other Payer advance loans.

COVID-19: How we got here.

- In the months leading up to COVID-19, system-wide operating margin activity had been varied.
- With the onset of COVID-19 in March and related cessation of elective, non-emergent procedures, the hospital system, financially, reached its lowest ebb thus far.
- Operating Margins improved in April & May with influx of relief funding.



COVID-19: How we got here.



Where we were before COVID-19.

- Prior to COVID, Year-To-Date Budget-to-actual and actual-to-actual NPR/FPP discrepancies were relatively minor for the system and differed widely, over or under, on a per hospital basis.

NET PATIENT REVENUE/FIXED PROSPECTIVE PAYMENTS

FY20 year-to-date February

	FY2020 YTD BUDGET	FY2020 YTD ACTUALS	BUDGET-TO- ACTUAL % VARIANCE	ACTUAL-TO- ACTUAL % CHANGE
BRATTLEBORO	\$36,727,122	\$36,899,538	0.5%	6.8%
CENTRAL VERMONT	\$88,616,428	\$91,174,763	2.9%	4.0%
COPLEY	\$30,274,318	\$31,168,326	3.0%	12.0%
GIFFORD	\$21,826,243	\$23,159,957	6.1%	10.5%
GRACE COTTAGE	\$8,319,925	\$7,752,573	-6.8%	4.4%
MOUNT ASCUTNEY	\$22,398,149	\$20,735,981	-7.4%	-2.5%
NORTH COUNTRY	\$34,103,564	\$33,174,937	-2.7%	2.4%
NORTHEASTERN	\$36,355,768	\$35,614,707	-2.0%	2.0%
NORTHWESTERN	\$48,719,408	\$45,170,676	-7.3%	-2.2%
PORTER	\$35,209,273	\$32,704,813	-7.1%	-1.9%
RUTLAND REGIONAL	\$111,578,261	\$107,093,204	-4.0%	-0.4%
SOUTHWESTERN	\$71,785,269	\$67,645,682	-5.8%	1.4%
SPRINGFIELD	\$20,370,495	\$19,817,635	-2.7%	-16.2%
UVMCC	\$550,780,074	\$547,007,340	-0.7%	4.3%
SYSTEM TOTAL	\$1,117,064,297	\$1,099,120,131	-1.6%	2.8%

Where we are now.

- Post-COVID, budgets have been busted and Year-To-Date NPR/FPP negative growth variances have deepened.

NET PATIENT REVENUE/FIXED PROSPECTIVE PAYMENTS

FY20 year-to-date May

	FY2020 YTD BUDGET	FY2020 YTD ACTUALS	BUDGET-TO- ACTUAL % VARIANCE	ACTUAL-TO- ACTUAL % CHANGE
BRATTLEBORO	\$58,763,395	\$49,334,070	-16.0%	-11.7%
CENTRAL VERMONT	\$143,842,311	\$130,377,778	-9.4%	-5.8%
COPLEY	\$48,438,908	\$43,167,671	-10.9%	-5.1%
GIFFORD	\$34,921,989	\$30,644,275	-12.2%	-6.6%
GRACE COTTAGE	\$13,311,881	\$11,156,086	-16.2%	-8.8%
MOUNT ASCUTNEY	\$35,837,039	\$28,812,814	-19.6%	-13.9%
NORTH COUNTRY	\$55,544,881	\$48,399,134	-12.9%	-9.1%
NORTHEASTERN	\$58,169,229	\$51,294,630	-11.8%	-8.4%
NORTHWESTERN	\$77,951,053	\$63,336,655	-18.7%	-13.6%
PORTER	\$57,927,176	\$48,252,609	-16.7%	-10.5%
RUTLAND REGIONAL	\$178,525,218	\$152,587,820	-14.5%	-11.0%
SOUTHWESTERN	\$114,856,430	\$97,823,947	-14.8%	-10.2%
SPRINGFIELD	\$32,592,793	\$27,016,032	-17.1%	-19.8%
UVMCC	\$886,220,957	\$778,881,151	-12.1%	-7.8%
SYSTEM TOTAL	\$1,796,903,259	\$1,561,084,672	-13.1%	-8.9%

Note: FPP received net of reserves is 13.5% of NPR/FPP.

Where we were before COVID-19.

- YTD FY20 February Operating Expenses were running high, on a system-wide basis, compared to YTD budgets and YTD FY19 February.

OPERATING EXPENSES				
FY20 year-to-date February				
	FY2020 YTD BUDGET	FY2020 YTD ACTUALS	BUDGET-TO- ACTUAL % VARIANCE	ACTUAL-TO- ACTUAL % CHANGE
BRATTLEBORO	\$38,075,066	\$39,097,947	2.7%	9.0%
CENTRAL VERMONT	\$98,306,074	\$101,807,768	3.6%	10.1%
COPLEY	\$30,194,760	\$31,132,094	3.1%	7.0%
GIFFORD	\$21,526,265	\$21,708,076	0.8%	1.4%
GRACE COTTAGE	\$9,236,171	\$8,729,694	-5.5%	2.9%
MOUNT ASCUTNEY	\$23,773,765	\$23,411,053	-1.5%	0.7%
NORTH COUNTRY	\$36,824,506	\$36,320,838	-1.4%	1.1%
NORTHEASTERN	\$37,628,706	\$36,952,221	-1.8%	4.2%
NORTHWESTERN	\$50,995,088	\$51,380,149	0.8%	3.8%
PORTER	\$37,554,658	\$37,750,337	0.5%	6.8%
RUTLAND REGIONAL	\$116,456,083	\$114,674,701	-1.5%	0.4%
SOUTHWESTERN	\$71,647,632	\$69,339,417	-3.2%	2.8%
SPRINGFIELD	\$21,424,175	\$22,147,763	3.4%	-15.7%
UVMCC	\$594,963,273	\$616,090,595	3.6%	9.0%
SYSTEM TOTAL	\$1,188,606,222	\$1,210,542,653	1.8%	6.2%

Where we are now.

- Expense growth shown in YTD February has been slowed by YTD May.
- Cost reduction efforts being employed by many hospitals have attributed, in part, towards bringing them more in-line with their budgeted and actual YTD comparable.

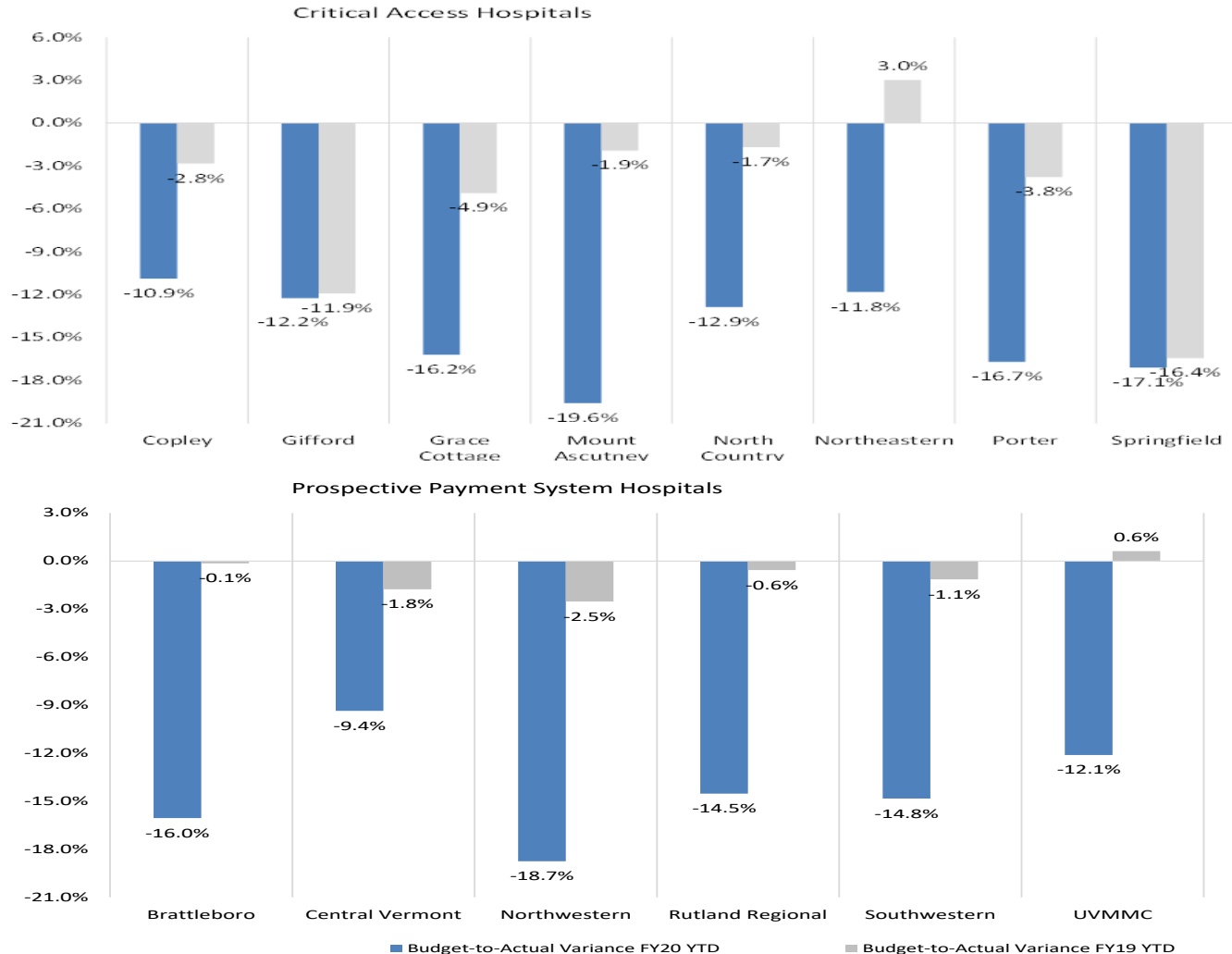
OPERATING EXPENSES FY20 year-to-date May

	FY2020 YTD BUDGET	FY2020 YTD ACTUALS	BUDGET-TO- ACTUAL % VARIANCE	ACTUAL-TO- ACTUAL % CHANGE
BRATTLEBORO	\$60,920,106	\$60,791,482	-0.2%	4.7%
CENTRAL VERMONT	\$157,004,308	\$158,356,863	0.9%	5.3%
COPLEY	\$48,311,616	\$48,204,897	-0.2%	2.2%
GIFFORD	\$34,442,024	\$34,215,990	-0.7%	-1.4%
GRACE COTTAGE	\$14,777,874	\$14,070,051	-4.8%	2.0%
MOUNT ASCUTNEY	\$38,038,024	\$36,899,398	-3.0%	0.3%
NORTH COUNTRY	\$59,053,774	\$55,973,016	-5.2%	-1.9%
NORTHEASTERN	\$60,205,929	\$58,969,146	-2.1%	0.5%
NORTHWESTERN	\$81,592,141	\$79,975,949	-2.0%	0.2%
PORTER	\$60,227,082	\$58,371,615	-3.1%	2.8%
RUTLAND REGIONAL	\$186,329,733	\$182,518,242	-2.0%	-0.6%
SOUTHWESTERN	\$114,636,211	\$109,514,829	-4.5%	-0.1%
SPRINGFIELD	\$34,278,679	\$34,095,738	-0.5%	-14.6%
UVMHC	\$952,331,610	\$971,913,979	2.1%	6.1%
SYSTEM TOTAL	\$1,902,149,113	\$1,903,871,195	0.1%	3.3%

Where we are now.

NET PATIENT REVENUE/FIXED PROSPECTIVE PAYMENTS

- Busted Budgets.
- YTD NPR/FPP variances Budget-to-actual FY 20 and FY19.



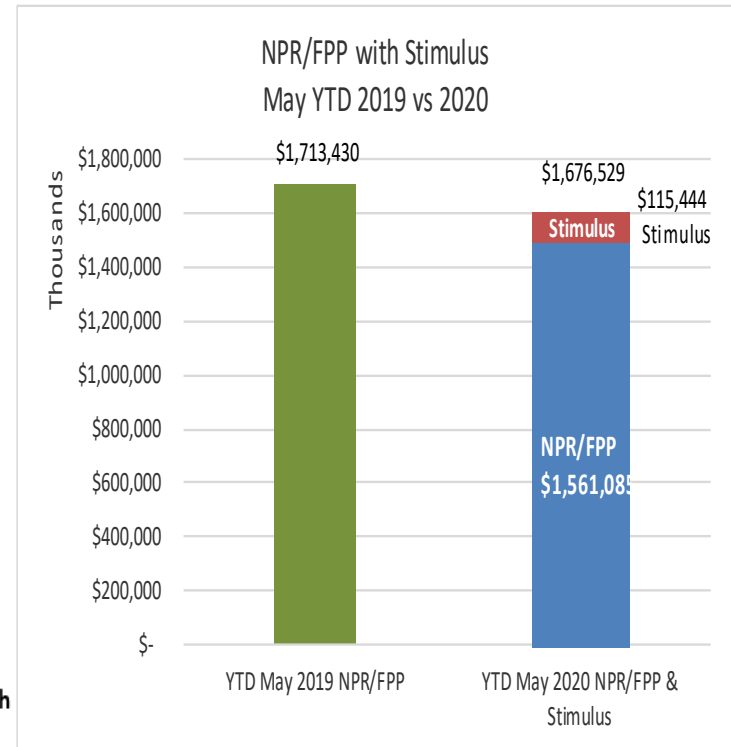
CARES Act Relief

FY20 year-to-date May

STIMULUS FUNDS ADVANCES/LOANS

	STIMULUS FUNDS	ADVANCES/LOANS
BRATTLEBORO	\$6,200,229	\$6,295,000
CENTRAL VERMONT	\$11,116,062	\$9,611,433
COPLEY	\$5,824,558	\$10,741,000
GIFFORD	\$5,266,000	\$6,870,000
GRACE COTTAGE	\$4,234,139	\$5,950,514
MOUNT ASCUTNEY	\$5,183,705	\$3,900,000
NORTH COUNTRY	\$6,428,985	\$9,344,750
NORTHEASTERN	\$6,607,100	\$13,725,500
NORTHWESTERN	\$7,178,355	\$2,900,000
PORTER	\$6,139,090	\$3,167,947
RUTLAND REGIONAL	\$13,945,000	\$25,000,000
SOUTHWESTERN	\$9,417,189	\$11,084,746
SPRINGFIELD	\$5,192,457	0
UVMCMC*	\$22,711,280	\$54,125,215
SYSTEM TOTAL	\$115,444,149	\$162,716,105

*UVMCMC was not granted funding from the Rural Stimulus relief package due to a combination of their designation under CMS as a metropolitan statistical area (not rural) and their overall lack of high inpatient COVID-19 admissions as outlined by Health and Human Services (HHS).



- CARES Act funding, payer advances and loans became available to Vermont’s hospitals in April and May. Funding received to-date by the hospitals and related to the CARES Act totals in excess of \$115.4 million.
- Not all CARES Act funding has been realized in financial statements as of month-end May 2020 and accounting applications differ per hospital so results may vary at this time.

Where we are now.

NPR/FPP & OPERATING EXPENSES
Comparison View
FY20 year-to-date May

	BUDGET-TO-ACTUAL		ACTUAL-TO-ACTUAL	
	% VARIANCE		% CHANGE	
	NPR/FPP	Operating Expenses	NPR/FPP	Operating Expenses
BRATTLEBORO	-16.0%	-0.2%	-11.7%	4.7%
CENTRAL VERMONT	-9.4%	0.9%	-5.8%	5.3%
COPLEY	-10.9%	-0.2%	-5.1%	2.2%
GIFFORD	-12.2%	-0.7%	-6.6%	-1.4%
GRACE COTTAGE	-16.2%	-4.8%	-8.8%	2.0%
MOUNT ASCUTNEY	-19.6%	-3.0%	-13.9%	0.3%
NORTH COUNTRY	-12.9%	-5.2%	-9.1%	-1.9%
NORTHEASTERN	-11.8%	-2.1%	-8.4%	0.5%
NORTHWESTERN	-18.7%	-2.0%	-13.6%	0.2%
PORTER	-16.7%	-3.1%	-10.5%	2.8%
RUTLAND REGIONAL	-14.5%	-2.0%	-11.0%	-0.6%
SOUTHWESTERN	-14.8%	-4.5%	-10.2%	-0.1%
SPRINGFIELD	-17.1%	-0.5%	-19.8%	-14.6%
UVMCMC	-12.1%	2.1%	-7.8%	6.1%
SYSTEM TOTAL	-13.1%	0.1%	-8.9%	3.3%

Where we are now.

- Year-to-date system-wide Operating margins are difficult to digest. Individually, the situation can differ based on actual impact of COVID, cost reduction measures, the volume and diversity of elective procedures, as well as, accounting methods applied as it relates to stimulus funding.
- COVID's financial impact is not segregated to health care but also to the global investment markets which sent portfolio earnings into a free-fall in March, slight rebound in April and further improvement in May which provided some non-operating revenue gains.

OPERATING MARGIN AND TOTAL MARGIN FY20 year-to-date May

	Operating Margin (\$)	Operating Margin (%)	Total Margin (\$)	Total Margin (%)
BRATTLEBORO	-\$2,474,748	-4.2%	\$4,978,681	7.6%
CENTRAL VERMONT	-\$7,042,596	-4.7%	-\$5,078,925	-3.3%
COPLEY	-\$3,706,178	-8.3%	-\$3,398,433	-7.6%
GIFFORD	\$1,876,185	5.2%	\$3,066,958	8.2%
GRACE COTTAGE	-\$389,424	-2.8%	\$279,534	1.9%
MOUNT ASCUTNEY	-\$882,167	-2.4%	\$3,494,163	8.7%
NORTH COUNTRY	-\$2	0.0%	\$9,241,153	14.2%
NORTHEASTERN	-\$2,427,674	-4.3%	-\$2,030,885	-3.6%
NORTHWESTERN	-\$6,350,837	-8.6%	-\$10,875,518	-15.7%
PORTER	\$710,381	1.2%	\$859,908	1.5%
RUTLAND REGIONAL	-\$2,468,405	-1.4%	-\$5,313,782	-3.0%
SOUTHWESTERN	-\$1,314,398	-1.2%	-\$1,298,696	-1.2%
SPRINGFIELD	-\$1,346,863	-4.1%	-\$1,328,379	-4.1%
UVMCC	-\$51,224,342	-5.6%	-\$99,862,346	-11.5%
SYSTEM TOTAL	-\$77,041,069	-4.2%	-\$107,266,568	-6.0%

Where we are now.

- System-wide, cash and short-term investment balances, total in excess of \$508.3 million as of month-end May 2020. This marks a 127% increase compared with the same period in 2019 as the hospitals received large installments of stimulus and payer advances which are padding balance sheets for the time being.
- Even with the initial stage of limited re-opening of our state's hospitals beginning in late-May, these cash balances are being used to partially offset the revenue gap created by the pandemic.
- Any Medicare advance claims (loans) will require reclamation in the coming months and this will also aid in reducing the current system-wide cash balances.

CASH AND INVESTMENTS

Comparison View
 FY20 year-to-date May

	CASH AND INVESTMENTS		DAYS CASH ON HAND	
	FY2019 YTD ACTUALS	FY2020 YTD ACTUALS	FY2019 YTD ACTUALS	FY2020 YTD ACTUALS
BRATTLEBORO	\$3,973,981	\$16,804,348	178	239
CENTRAL VERMONT	\$7,053,595	\$21,797,658	96	110
COPLEY	\$8,839,203	\$33,119,475	70	203
GIFFORD	\$5,349,153	\$16,125,096	237	335
GRACE COTTAGE	\$232,042	\$8,567,540	88	211
MOUNT ASCUTNEY	\$8,108,228	\$14,699,595	133	184
NORTH COUNTRY	\$2,529,873	\$20,392,352	197	344
NORTHEASTERN	\$5,176,306	\$26,085,687	99	134
NORTHWESTERN	\$63,863,691	\$55,817,840	280	265
PORTER	\$22,341,849	\$36,031,756	128	158
RUTLAND REGIONAL	\$7,246,120	\$46,818,670	192	250
SOUTHWESTERN	\$6,794,988	\$25,007,244	16	58
SPRINGFIELD	\$1,195,065	\$7,079,744	14	53
UVMCMC	\$80,974,506	\$180,012,722	178	180
SYSTEM TOTAL	\$223,678,601	\$508,359,726		

Where we are now.

- Due to the cessation of elective, non-emergent, procedures all hospitals have seen declines in revenues which, as A/R is collected, drives down A/R balances as they are not being adequately replaced.
- A prolonged period of suppressed A/R balances, with collection activity at similar rates, would have posed an operational cash flow problem for Vermont's Hospitals were it not for the infusion of several emergency relief funding sources.
- A/R balances, system-wide, reached their low ebb in April at \$144 million and in May reported an uptick from April's balance of nearly \$100 million, an indicator of the initial stages of re-opening.

A/R BALANCES

Comparison View
FY20 year-to-date May

	NET A/R BALANCES		DAYS RECEIVABLE	
	FY2019 YTD ACTUALS	FY2020 YTD ACTUALS	FY2019 YTD ACTUALS	FY2020 YTD ACTUALS
BRATTLEBORO	\$8,985,181	\$8,616,690	45	52
CENTRAL VERMONT	\$23,170,741	\$20,767,761	50	52
COPLEY	\$5,466,675	\$2,529,323	29	14
GIFFORD	\$4,506,888	\$2,235,788	43	29
GRACE COTTAGE	\$2,082,051	\$1,745,969	41	33
MOUNT ASCUTNEY	\$4,682,544	\$3,762,021	37	34
NORTH COUNTRY	\$7,850,021	\$6,144,640	37	39
NORTHEASTERN	\$10,654,887	\$4,228,590	43	19
NORTHWESTERN	\$9,199,562	\$9,448,472	37	37
PORTER	\$8,762,705	\$7,852,352	50	68
RUTLAND REGIONAL	\$28,049,706	\$19,322,051	40	31
SOUTHWESTERN	\$13,012,224	\$6,634,788	33	20
SPRINGFIELD	\$7,629,253	\$4,871,104	55	44
UVMHC	\$161,432,389	\$144,441,197	49	68
SYSTEM TOTAL	\$295,484,827	\$242,600,746		

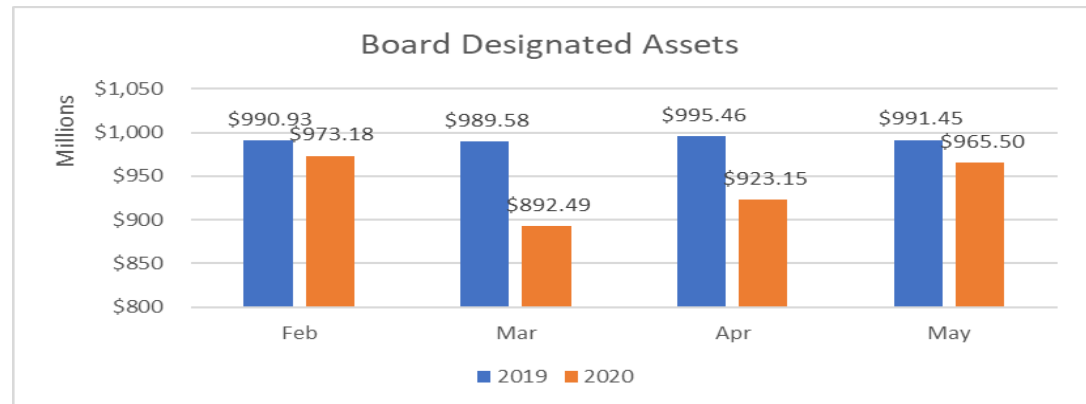
Where we are now.

- Board Designated Assets, which consist of assets designated for a variety of purposes both with and without restriction reported a reduction in value from February to March, with improvements into April and May.
- YTD Fluctuations include market losses, liquidation of investments for short-term cash, transfer of assets to parent organization and funding pension obligations at calendar year end 2019.

BOARD DESIGNATED ASSETS
Comparison View: FY20 year-to-date May

BOARD DESIGNATED ASSETS

	FY2019 YTD ACTUALS	FY2020 YTD ACTUALS
BRATTLEBORO	\$36,515,525	\$40,069,087
CENTRAL VERMONT	\$61,222,057	\$57,447,804
COPLEY	\$4,174,874	\$5,505,022
GIFFORD	\$19,450,681	\$27,270,219
GRACE COTTAGE	\$4,590,288	\$4,896,393
MOUNT ASCUTNEY	\$18,962,472	\$19,383,824
NORTH COUNTRY	\$44,273,810	\$46,937,666
NORTHEASTERN	\$17,931,499	\$19,242,718
NORTHWESTERN	\$23,750,565	\$24,944,652
PORTER	\$6,547,864	\$470,919
RUTLAND REGIONAL	\$132,714,091	\$133,407,479
SOUTHWESTERN	\$7,148,102	\$7,699,878
SPRINGFIELD	\$354,085	\$359,257
UVMCMC	\$613,817,750	\$577,867,974
SYSTEM TOTAL	\$991,453,663	\$965,502,892



Where we are now.

- FY20 Current liabilities balances system-wide have increased 78% over prior year comparable, rising to \$680.9 million.
- Several causes for the increase that include short-term debt incurred from acceptance of Medicare Advance claims and other payer advances, draws on lines of credit and other short-term borrowing, strategic or necessary delays in paying vendors, and use of deferred revenue accounts to hold stimulus grant funding until it is to be released and realized as income over several months.

CURRENT LIABILITIES AND FUND BALANCES

Comparison View
FY20 year-to-date May

	CURRENT LIABILITIES		DAYS PAYABLE	
	FY2019 YTD ACTUALS	FY2020 YTD ACTUALS	FY2019 YTD ACTUALS	FY2020 YTD ACTUALS
BRATTLEBORO	\$13,424,904	\$22,243,025	59	93
CENTRAL VERMONT	\$39,289,660	\$53,279,312	68	85
COPLEY	\$7,542,118	\$32,793,408	40	173
GIFFORD	\$7,227,562	\$14,839,559	53	35
GRACE COTTAGE	\$4,989,874	\$11,849,856	91	186
MOUNT ASCUTNEY	\$9,592,974	\$15,586,340	67	109
NORTH COUNTRY	\$15,898,179	\$30,100,361	11	19
NORTHEASTERN	\$10,740,003	\$30,362,343	51	133
NORTHWESTERN	\$17,365,827	\$27,305,738	56	63
PORTER	\$12,141,969	\$14,375,264	54	62
RUTLAND REGIONAL	\$22,330,808	\$63,935,786	39	88
SOUTHWESTERN	\$20,991,862	\$35,296,531	35	36
SPRINGFIELD	\$22,567,889	\$30,563,130	99	228
UVMCC	\$177,306,743	\$298,456,290	57	117
SYSTEM TOTAL	\$381,410,372	\$680,986,944		

Where we are now.

- Fund balances (Equity) of Vermont’s hospital system has been impacted with the fluctuation of financial activity being incurred.
- The total equity position of the entire hospital system has fallen by 3.9% from the same period last year. The changes in equity differ on a hospital-by-hospital basis, depending on the factors previously discussed. Although results differ on a per hospital basis, the YTD equity position is reduced but, without access to debt-free relief funds to partially cover the loss of NPR/FPP, the equity position would have been much worse.

	FUND BALANCES	
	FY2019	FY2020
	YTD ACTUALS	YTD ACTUALS
BRATTLEBORO	\$59,252,058	\$65,774,508
CENTRAL VERMONT	\$97,940,731	\$76,456,565
COPLEY	\$34,100,506	\$29,594,420
GIFFORD	\$58,494,107	\$61,577,038
GRACE COTTAGE	\$6,140,660	\$6,684,962
MOUNT ASCUTNEY	\$27,976,897	\$25,790,332
NORTH COUNTRY	\$53,533,974	\$57,757,063
NORTHEASTERN	\$41,475,507	\$40,324,230
NORTHWESTERN	\$121,908,122	\$108,724,234
PORTER	\$38,551,961	\$40,894,688
RUTLAND REGIONAL	\$204,703,161	\$203,772,827
SOUTHWESTERN	\$35,217,395	\$28,218,535
SPRINGFIELD	\$(2,146,078)	\$(9,388,755)
UVMCMC	\$962,681,506	\$936,317,928
SYSTEM TOTAL	\$1,739,830,507	\$1,672,498,575

The **Fund Balance** is the excess of assets over liabilities (net equity). An excess of liabilities over assets is known as a deficit in fund balance