THE
University of Vermont
HEALTH NETWORK

To: The Honorable Kevin Mullin, Chair, Green Mountain Care Board

From: Rick Vincent, Chief Financial Officer, The University of Vermont Medical Center
Cheyenne Holland, Chief Financial Officer, Central Vermont Medical Center
Jennifer Bertrand, Chief Financial Officer, Porter Medical Center

Date: July 2, 2018

Subject: UVM Health Network Fiscal Year 2019 Budget Narrative

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The University of Vermont Health Network submits the following FY 2019 budget narrative on behalf of its three Vermont hospitals: The University of Vermont Medical Center; Central Vermont Medical Center; and Porter Hospital. As described below, the combined budgets of the these three hospitals rely on patient revenue growth of only 1.7%, while still funding the care delivery and payment reform efforts necessary to the long-term success of the All-Payer ACO Model Agreement (APM).

1. Executive Summary

Realizing the Promise of the All-Payer Model

The successful launch of the APM last year was a milestone in Vermont's ongoing health care payment and delivery reform effort. Vermont hospitals and providers will now be increasingly compensated in ways that encourage them to collaborate to keep their patients healthy, rather than simply treating their patients when they become ill.

This rapid and radical shift from fee-for-service to value-based payment now requires the UVM Health Network to make an equally rapid and radical shift in how its hospitals and providers actually deliver care. In FY 2019, the Network will focus on investing in the long-term success of the APM by strengthening the organizations, systems, and partnerships necessary to improve the accessibility, affordability, delivery, and coordination of high quality care in a value-based system. Those investments will ultimately optimize the way our patients receive health care across the UVM Health Network. This foundational "pick and shovel" work, described below, will be essential to fully realizing and sustaining the promise of the APM while maximizing the value the UVM Health Network delivers to its patients.

Financial Stability in a Risk-Based World

The APM relies upon an unprecedented shift in financial risk from insurers – both public and commercial – to providers. This new risk-sharing model is the key to motivating care delivery reform and unlocking value that will benefit patients, providers, and payers. While numerous types of health care providers are participating in the APM, it is the participating hospitals alone that are currently assuming actual financial risk.

We anticipate that over $260 million of the UVM Health Network's patient revenue will be reimbursed through fixed per-member per-month (PMPM) payments in FY 2019. In connection with those payments, the UVM Medical Center expects to assume over $10 million of upside and downside financial risk. When the sum total of the APM risk elements are considered, the UVM Health Network will assume approximately $20 million in financial risk on behalf of its communities, with a Total Cost of Care target of $450 million.

For the UVM Health Network, the success and sustainability of the APM will ultimately turn, in large part, on the Network's ability to responsibly shoulder this risk while still making the other investments necessary to ensure high quality care delivery across the entire continuum. This is particularly true in the early years of the APM, as hospitals adjust to their new and expanded role in health care payment reform.

New Payment and Delivery Systems Will Require New Regulatory Tools

Just as the shift from our current fee-for-service, volume-driven system to a value-based payment system requires hospitals to re-envision how they provide care, the shift will also require Vermont to be nimble and flexible in how it regulates health care in the state. While the FY 2019 budget guidance continues to regulate hospital budgets on the basis of net patient revenue (NPR), that measure no longer actually gauges whether the APM, and participating hospitals, are succeeding in building and supporting a more affordable, sustainable, and predictable health care system. The UVM Health Network remains committed to developing a PMPM-based regulatory model that will enable effective regulation while encouraging innovation.

The UVM Health Network Vermont Hospitals' Proposed Budgets

The budgets of the UVM Health Network's Vermont hospitals support all of these reform investments while relying upon combined NPR growth of only 1.7%.[1]

[1] In calculating all of the patient revenue growth rates summarized in this section, the Network hospitals have made a technical adjustment to their base budgets to address an accounting change for ACO expenses and revenues. This is discussed in detail in Section 10 below.

The UVM Medical Center proposes a budget that includes net patient revenue growth of 1.1%, approximately one-third of the GMCB's growth target. That budget relies on modest commercial rate growth of 4%.

Porter Hospital proposes patient revenue growth of 3.2%, including health care reform investments of 0.4%. It relies on commercial rate growth of just 2.8% – the same rate of medical inflation that underlies the Network's hospital budgets.

Central Vermont Medical Center has followed the GMCB's guidance that all Vermont hospitals more closely align their FY 2019 budget submissions with their actual FY 2017 and FY 2018 performance. CVMC proposes net patient revenue growth that is 3.2% above its actual FY 2017 and 2018 performance, but 4.8% above its FY 2018 approved budget, which was not rebased. In addition, CVMC has already begun several significant initiatives designed to address longstanding access, expense, and efficiency challenges. Its proposed budget will provide it with the near-term financial stability to complete those projects, which are crucial to long-term success. Central Vermont Medical Center also relies upon a 2.8% commercial rate increase.

Together, the Network hospitals' proposed budgets strike the right balance between investing in the future of the APM while immediately controlling the cost of Vermonters' health care.

2. Payment and Delivery Reform

In the coming year, the UVM Health Network is focused on building out the foundational infrastructure that will make it possible for patients to realize the promise of the APM and the full value of the Network's integrated delivery system.

Care Delivery Optimization: The UVM Health Network has launched a "Care Delivery Optimization" initiative that is designed to increase patient access to health care delivered in the most appropriate, high-quality, and cost-effective sites of care. Through this multi-year service-planning effort, the Network will eliminate unnecessary duplication of services while keeping appropriate care in its community hospitals and leveraging the strengths of its academic medical center. The result – delivering the right care, at the right place, and at the right time, with minimal duplication of services – is essential to maximizing the value created for patients and payers by the UVM Health Network's six-hospital system and the APM.

Core Process Integration: In addition to optimizing care delivery, the UVM Health Network is integrating core hospital processes and services across its six affiliates in Vermont and New York. That integration is necessary if the Network is to take full advantage of the incentives to improve care and lower per-patient costs under the APM's fixed-revenue model. This enormous operational shift is exemplified by the adoption of the Axiom financial platform across the Network. Once fully implemented, Axiom will integrate financial statement reporting and budgeting, with financial performance measured at a patient-encounter level of detail. It will then integrate this data into a clinical variance tool to identify and analyze clinical treatment

variance among providers, compare quality outcomes against appropriate cohort groups, and benchmark cost and utilization of services against peer hospitals and health systems.

Epic Implementation: The UVM Health Network has begun implementing its unified electronic health records (EHR) system, which will be the foundation upon which highly coordinated health care delivery is built. Pursuant to the CON issued by the GMCB, Epic will replace several disparate, incompatible, and often obsolete EHR systems that currently impede, rather than encourage, the collaborative care that is essential to the success of the APM. Implementing a unified EHR will facilitate efficient and accurate information-sharing among providers, enhance patient care coordination, and improve information security and patient privacy. The move to a single EHR will also support the transition to population health management in Vermont and New York, enabling Network providers to measure outcomes and redesign care to optimize the health of their patients and those of their community partners.

Data Management Office: The UVM Health Network has launched the Data Management Office initiative, which is designed to standardize and simplify the use of data across the Network. This multi-year initiative will increase efficiency and help prepare the Network to be a truly data driven organization. The program is key to achieving the full potential of Epic. It is also critical to the Network's population health focus because accurate, timely, and standardized data is the foundation for managing the health of the populations the Network serves.

Mental Health Care Reform: Too often, Vermonters are receiving mental health care that is neither as clinically effective nor as cost effective as it should be. If Vermont is to succeed in keeping its population healthy while controlling costs, it must reform the mental health care delivery system. In FY 2019, the UVM Health Network is engaging in two closely-related reform efforts. First, the Network's Mental Health Strategy Council, comprised of both UVM Network providers and community partners, is working to better integrate outpatient mental health care into patients' primary care medical homes. Second, in collaboration with the GMCB, the Department of Mental Health, and other public and private partners, the Network is planning to build significant new adult inpatient mental health treatment capacity on or near its CVMC campus.

Support of OneCare Vermont: All of these initiatives are built around the UVM Health Network's continued commitment to, and financial support of, OneCare Vermont as the hub of payment and care coordination. As a founding member of OneCare Vermont, the UVM Medical Center has provided significant financial support to the organization. In FY 2019, the most important support provided to OneCare by the UVM Health Network is its hospitals' commitment to assume material financial risk in connection with Medicare, Medicaid, and BCBS fixed prospective payment (FPP) plans.

In response to the GMCB's specific questions regarding hospital participation in the APM, please see the following:

A. **Contracts with OneCare Vermont:** The UVM Medical Center, CVMC, and Porter have signed contracts with OneCare for all of its 2018 programs – Medicaid, Medicare, and BlueCross/BlueShield – and are currently developing a 2019 contract with the goal of participating in all future programs.

B. **Amount of FPP:** If all payers participate in FY 2019, the UVM Medical Center expects to receive FPPs of $198,821,637. CVMC expects to receive FPPs of $56,412,914. Porter expects to receive $18,342,324.

C. **Maximum Upside and Downside Risk:** In FY 2019, the UVM Medical Center has assumed maximum upside and downside risk of $10,398,000 in connection with FPPs. CVMC has assumed $3,732,702. Porter has assumed $2,191,378. The UVM Medical Center risk-based payments from OneCare Vermont also include approximately $4 million in Other Reform Payments in calendar year 2018. CVMC's Other Reform Payments are $1,875,000 million. Porter's Other Reform Payments are $565,000. The total of all of these at-risk payments exceeds $20 million.

D.1. Accounting for Risk on Financials: In FY 2019, the UVM Medical Center and CVMC are not budgeting any reserves for the potential upside or downside risk. Instead, as they receive actual data on trending throughout the year, they will begin to accrue an upside or downside reserve so that year-end financial statements are an accurate reflection of what the final settlement will be for the OneCare programs. That final settlement will occur after the close of our fiscal year.

As a small, critical access hospital entering the APM, Porter's risk reserve is netted against the fixed prospective payments and is reflected in Net Revenue for internal reporting purposes. Porter's audited financials record this as premium revenue, and it is reflected in Other Revenue. The risk reserve is also booked to the balance sheet as a liability.

D.2. Ensuring That Financial Incentives Do Not Negatively Impact Quality: The UVM Health Network's hospitals' budgets are intended to provide the financial support and flexibility necessary for the hospitals to participate in the APM, and to assume all of this significant downside risk, without jeopardizing their financial health or the quality of care they provide.

In addition, a key requirement for participating in the OneCare programs, and in the APM in general, is that providers meet quality and access targets. Achieving the targets is already a focus of the providers within the UVM Health Network, where various initiatives at the Network and individual hospital levels are transforming the way our providers deliver care in order to meet the APM quality measures. The Network hospitals continuously monitor these metrics and develop action plans to

address those that are falling behind. Some of those metrics and action plans are described more fully below in section 4.

E. Other Reform Payments: See the response to Section 2.C., above.

3. Community Health Needs Assessment

The UVM Health Network's hospitals' most recent Community Health Needs Assessments (CHNAs), completed in 2015 (Porter) and 2016 (UVM Medical Center and CVMC), identified many of the same community needs as they have in the past, including mental health and substance use disorders, access to healthy food, affordable housing, oral health, chronic conditions, healthy aging, early childhood and family services, and economic opportunities. All of the UVM Health Network's hospitals are actively engaged in addressing those needs. Attachment A includes their most recent CHNA implementation reports. Sections 5 and 7, below, outline in more detail some of their work on both mental health and substance use disorder services. In addition, a number of the Network hospitals' CHNA initiatives are described below.

UVM Medical Center

Healthy Aging: The UVM Medical Center has undertaken initiatives to enable Vermont's aging population to optimize health and quality of life. It is collaborating with internal and external partners to provide improved access to, and better coordination among, existing community resources for the aging. Among the project's specific objectives is to facilitate technology interfaces – such as tele-consult home visits with the VNA.

Access to Healthy Foods: The UVM Medical Center is working to improve nutrition, culinary literacy, and access to affordable healthy foods to reduce food insecurity and prevent obesity. It has completed its "Veggie Rx" program pilot, launched the "Pay it Forward" program, and engages in ongoing culinary medicine programs, such as the Fanny Allen Pantry. It is also implementing a systematic screening tool to identify food insecurity among its patients and to provide appropriate referrals to resources when the results of the screen are positive.

Access to Housing: The UVM Medical Center continues to work to improve housing retention, temporary emergency shelter, and permanent supportive housing for members of the community. For instance, the former Bel-Aire Motel is now used to house patients who cannot be discharged because they lack housing or have experienced chronic homelessness. Residents of the one-bedroom apartments began moving-in during the second half of 2017.

Central Vermont Medical Center

Health Care Share: In partnership with Vermont Youth Conservation Corps, CVMC provides funding for the delivery of freshly harvested, organic vegetables to 150 recipients, which

impacted 382 children, adults, and seniors in need for 15 weeks. An educational binder with information on the nutritional value and preparation of the vegetables is distributed on the initial delivery in early July.

School-Based Health Center: The CVMC School-Based Health Center is an extension of CVMC's pediatric primary care practices and operates two days each week at the Barre City Elementary and Middle School. Because it is embedded in the school setting, the program provides more opportunities for CVMC pediatric clinicians to discuss and promote the importance of physical activity and how it impacts overall health and well-being of school-aged children.

Tobacco Treatment: SBIRT clinicians are trained as Tobacco Treatment Specialists and are accessible for individual counseling to promote successful quit attempts. This program is described more fully below in Section 7.

Porter Hospital

Access to Primary Care: Porter recognizes that access to primary care is at the foundation of any population health strategy and has worked aggressively in recent years to recruit and retain primary care providers in each of the communities it serves. Additionally, through its new Porter ExpressCare service, Porter has strengthened the connection between its urgent care services and its primary care network through a practice of establishing primary care relationships for patients who do not have a medical home.

Chronic Health Conditions: Porter has a robust Blueprint for Health team, which oversees both its community health educational programs, as well as the Community Health Teams (CHT) which are incorporated into each of Porter's primary care practices. Porter will soon hire two new Registered Nurses to work within its primary care network on complex care management and to coordinate Porter's care delivery with the Rise Vermont program.

Access to Substance Abuse/Addiction Treatment: In just a few years, Addison County has gone from one of the most underserved Vermont communities for Medically Assisted Treatment (MAT) to the current state of having no waiting list for these essential services, due to an integrated and comprehensive approach to improving access. Porter's FY 2019 budget supports a new MAT initiative to target women and children with specialized programming to meet the needs of this highly vulnerable population. Porter is also piloting the use of telemedicine services in its Bristol Primary Care offices for both the efficient delivery of primary care and for MAT services to those who have transportation barriers to care.

4. Quality Measure Results

The quality metrics in Appendix IV are the focus of the OneCare Regional Clinical Advisory Committees, which work with individual hospitals and providers within each hospital service area (HSA) to help improve performance. The UVM Health Network has launched a number of initiatives designed to integrate the Regional Clinical Advisory Committees' work into its care

delivery system, with the aim of improving and sustaining performance on the APM quality measures.

The UVM Medical Center Population Health Steering Alliance: The UVM Medical Center has formed the Population Health Steering Alliance, which is tasked with operationalizing the processes necessary for providers to track and meet the metrics that will determine success in a risk-based payment model. The Alliance will ensure that our providers are actually redesigning their care delivery to meet the APM's quality measures through many tactics, including those described below.

Transforming Primary Care: The Network has prioritized Primary Care Medical Home (PCMH) certification and proactive engagement for annual wellness visits as an important tool in promoting wellness. PCMH recognition is a baseline requirement for value-based care, because the process and elements to achieve recognition are aligned with the quality measures in value-based contracts.

Registered Nurse Care Management Model: Through OneCare, the UVM Medical Center has invested $3.8 million to build out a registered nurse care management model in the Network's primary care practices. Within this model, approximately 10 RN care managers will function as key members of the physician-directed healthcare delivery team, monitoring the progress of high risk patients, filling gaps in care, and leveraging one-on-one relationships in order to change utilization patterns and improve quality. These RNs will proactively manage a panel of patients based on risk. In coordination with CHT social workers, they are responsible for educating, motivating, and enabling their patients. All of these efforts allow primary care practices to focus in real-time on meeting the APM quality metrics.

Epic Healthy Planet: The UVM Health Network is implementing an Epic software module that gives providers the technical tools to coordinate care delivery, monitor quality, and engage patients as described above. It has built out Epic registries to capture ACO, patient risk, and chronic conditions and has created provider- and practice- level quality dashboards to track results in real time in order to close care gaps and improve performance for measurements aligned with the APM. The ultimate benefit of leveraging EHR software with population health capabilities is to perform the following, all of which will improve performance relative to APM quality measurements:

- Accurately and efficiently capture data for preventive care and disease management services
- Monitor the performance of providers on closing care gaps for these services
- Implement chronic care management workflows for care managers
- Apply risk stratification models to patient populations
- Increase efficiency through bulk ordering and communication
- Engage patients through MyChart
- Improve transitions of care and patient engagement with a longitudinal plan of care

Porter Targeted Quality Initiatives: Utilizing data from the OneCare Regional Clinical Advisory Committees and other sources described above, Porter Hospital is continuously evaluating and improving performance on the APM quality measures in its primary care practices. Over the past year, those efforts have yielded positive results, such as:

- Age related colo-rectal cancer screening: Porter's goal was to reach 65% of the targeted population within its HSA. Year-to-date, it has now exceeded that goal and is at 67%.

- Patient Access: Porter also focused on patients reporting they received appointments for routine checkups in a timely manner. Its goal was 95.5%, and currently it has achieved 96.8%.

- Breast cancer screening: Porter prioritized mammogram screening for patients between the ages of 50-74 within the past 27 months. Its goal was to reach 71%, and currently it has achieved 76.2%.

Porter will continue to bring similar targeted efforts to bear on the other APM quality measures in FY 2019.

CVMC Accountable Community for Health (ACH)—THRIVE: CVMC has created an Accountable Community for Health, called THRIVE, and assembled leaders from 14 community organizations to partner with CVMC as the "backbone" organization. Its goals are to:

- Engage the community and build partnerships to help us create effective programs that address the social determinants of health

- Reduce duplication and cost of services by aligning our resources to this purpose

- Use data to help identify service gaps and to measure outcomes

- Engage leadership from all represented community agencies including CVMC, with the goal of active participation and commitment to purpose

The first effort of THRIVE will be to address the issue of social isolation, given its strong connection to poor physical and mental health outcomes.

Health Home: Working with Washington County Mental Health (WCMH), CVMC established a "Health Home" in its Granite City primary care practice to provide coordinated primary care to a population of patients who traditionally have had difficulty engaging in primary care services, leading to a high "no show" rate and poor outcomes with a high frequency of Emergency Department (ED) visits. Through the effort, patient and provider satisfaction have been high, ED visits have decreased, and the "no show" rate has been zero.

Porter and CVMC Quality Departments: In support of these efforts, Porter and CVMC will also be taking advantage of all of the Network-wide efforts described above and will leverage the resources of the UVM Health Network and Jeffords Institute for Quality to improve their quality

departments in FY 2019. Central Vermont Medical Center has also cataloged more of its current efforts to improve upon APM quality measure performance in Attachment B.

5. Mental Health

The UVM Health Network has made mental health care delivery reform one of its major strategic priorities in both FY 2018 and FY 2019. As described below, the Network and each of its affiliates are engaged in multiple interlocking efforts to address the ongoing crisis in mental health services, experienced in the hospital setting most often in the form of patients routinely waiting in Emergency Departments for extended periods of time for placement in appropriate care settings.

UVM Health Network

Network Mental Health Strategic Plan: By the conclusion of FY 2018, the Network will have developed a strategic plan that supports the creation of a sustainable, Network-wide mental health care delivery system. The Plan will promote a model of outpatient mental health care that is more fully integrated into the Network's primary health care delivery system in a way that is both more effective and less expensive than the current model. In conjunction with the Psychiatric Inpatient Capacity Planning project described below, the Plan will provide a framework to assess and, where necessary, help create additional inpatient capacity for adults and children.

Psychiatric Inpatient Capacity Planning: Pursuant to the GMCB's April 12th, 2018 budget order, the UVM Health Network has begun the process of planning new adult psychiatric inpatient capacity, to be constructed on or near the CVMC campus.

Child Psychiatry Fellowship Expansion: The UVM Health Network Medical Group approved an expansion of the Child Psychiatry Fellowship from two fellows per year to four fellows per year. The increased complement of fellows will provide specialized support to inpatient pediatrics at UVM Medical Center, to children in the ED, and to partnering community agencies. Additionally, by expanding the size of the fellowship program, the number of attending child psychiatrists in Vermont will likely increase over time, as fellows graduate from the program and begin practicing in the community.

UVM Medical Center

The UVM Medical Center has 28 inpatient psychiatric beds. Between May 1, 2017 and April 30, 2018, 656 patients waited in in the emergency department for a mental health bed. Of those patients, 422 were admitted to UVM Medical Center, and 234 were discharged to an inpatient psychiatric bed elsewhere. The wait times for those patients were as follows:

Patient Wait Times for IP Psych Beds

Hours in the ED until admission or transfer

	Mean	Min.	1st Qu.	Median	3rd Qu.	Max.
All Patients	55.1	2.2	20.6	55.1	71.2	507.1

Patient Type	Mean	Min.	1st Qu.	Median	3rd Qu.	Max.
Admit to UVMMC Med/Surg, then discharged to IP Psych	12.9	2.5	4.7	7.3	11.3	77.8
Admit to UVMMC IP Psych	49.2	2.2	19.5	36.0	69.6	291.1
Discharged to Other IP Psych Hospital	71.5	7.5	26.0	45.8	80.6	507.1

As this chart shows, the average wait time in the UVM Medical Center's emergency department for a mental health inpatient bed is more than two days, and patients being discharged to inpatient beds outside of the Medical Center waited an average of three days and up to three weeks. On average, each patient waiting in the emergency department for transfer to a Level 1 bed in Vermont costs UVMMC approximately $2000 per day.

In order to begin to address this crisis, the UVM Medical Center is engaged in a number of mental-health related initiatives in addition to the Network-wide projects described above:

Preventing Inappropriate ED Admissions: Project planning is underway to identify patients who frequently present to the ED due to mental health related reasons and to leverage community resources and proactive strategies in order to enhance comprehensive care delivery with the goal of preventing unnecessary ED admissions.

Community Collaborative: In FY 2018, the UVM Medical Center partnered with municipalities and non-profit mental health care providers in Chittenden County to create the Community Collaborative. The Community Collaborative successfully advocated for the creation of an expanded street outreach program and is exploring other options to divert mental health patients from emergency departments to more appropriate care settings.

Emergency Department Renovations: The UVM Medical Center has begun planning to increase the size of its ED and create a mental health specific space.

Central Vermont Medical Center

Central Vermont Medical Center has 15 inpatient psychiatric beds. The number of patients who waited in the Emergency Department for a mental health bed, either at CVMC or another facility, grew substantially from FY 2016 to FY 2017, as did the length of the patients' wait times:

- The number of patients waiting in the ED for transfer to an inpatient bed increased 21% from 607 to 735.

- The average length of time those patients waited in the ED to be admitted to CVMC's inpatient psychiatric beds increased 107% to 14 hours.

- The average length of time those patients waited to be admitted to an inpatient psychiatric bed anywhere other than CVMC increased by 315% to 72 hours.

    - The average length of time those patients waited in the ED to be admitted to an inpatient bed at the Brattleboro Retreat increased 330% to 75 hours (3.2 days).

    - The average length of time those patients waited in the ED to be admitted to an inpatient psychiatric bed at the Rutland Regional Medical Center increased 110% to 25 hours.

    - The average length of time those patients waited to be admitted to VPCH decreased by 3% to 55 hours.

Central Vermont Medical Center has built and staffs a special Transitional Care Unit within its ED to care for up to three psychiatric patients waiting for transfer to an inpatient psychiatric unit. The cost of staffing the TCU is $3,810 per day. When the overhead associated with running the unit is allocated, the cost of the TCU is $4,572 per day. More often than not, CVMC receives no reimbursement for the care it provides to patients waiting in the TCU, apart from reimbursement for the initial emergency department evaluation.

In order to better ensure timely access to high quality, appropriate mental health treatment, CVMC is engaging in the following initiatives, among others:

Depression Screening and Treatment:

- Family Psychiatry, a CVMC Medical Group practice, adopted formal standardized depression screening for patients 12 years of age and older.

- In all family medicine and adult primary care practices, CVMC screens patients for depression systematically, measures rates of screening, and links this to provider compensation.

- CVMC has embedded mental health clinicians in every primary care practice, and they are available for immediate consultation and intervention. In many of its practices, CVMC contracts with Washington County Mental Health to provide the services.

Wellness Recovery: CVMC will continue to offer the Wellness Recovery Action Plan (WRAP), a wellness and recovery approach that helps people to decrease and prevent intrusive or troubling feelings and behaviors, increase personal empowerment, and improve quality of life.

Postpartum Depression Treatment: CVMC, in collaboration with Washington County Mental Health Services, is offering additional prenatal and postpartum support for women with a history of depression or who are at risk of postpartum depression.

Porter Hospital

Porter Hospital has one mental health bed. Despite the fact that Porter does not have an inpatient psychiatry service, its Emergency Department feels the burden of the mental health treatment crisis:

- There were 37 patients in FY 2017 who remained in the ED while awaiting an available bed at a mental health facility. In FY 2018 year-to-date, there have been such 30 patients.
- The 37 patients Porter served in FY 2017 required 4,236 hours in 1:1 direct care, and FY 2018 year-to-date has amounted to 2,843, a total of 4,874 hours annualized.
- In FY 2017, the time patients spent awaiting appropriate mental health placement ranged from a minimum of 2.8 hours to 7.9 days. The average wait time was 40.2 hours.
- Year-to-date FY 2018, the wait time ranged from 3.5 hours to 8 days for placement. The average wait time is 41.1 hours.

Because Porter does not yet have a discrete cost accounting system in place, it is unable to accurately report the average cost per day for patient awaiting transfer.

There are several initiatives Porter has implemented or will be implementing in the future to address the needs of mental health patients in its community:

Enhanced 1:1 Observation: Porter has added 1.8 FTEs to its ED budget for FY 2019 in an effort to provide the 1:1 care its mental health patients require. Porter has also invested in a new psychiatric bed, competency training, and met with advocacy groups to review patient rights.

Regional Mental Health Strategy Work Group: Porter has created and convened the Porter Regional Work Group for the Network Mental Health Strategic Council. The group includes: Porter Hospital's CMO, CNO, Medical Directors for Primary Care and ER/Inpatient Services, Director of Case Management, and the OneCare Project Manager for the Complex Care Management initiative. The purpose of this group is to clarify the local mental health needs and develop a strategic plan to meet those needs, working in collaboration with the UVM Health Network Mental Health Strategy. Possible priorities may include increasing the number of ED mental health rooms, analyzing staff capacity, and embedding more mental health specific care in our primary care offices.

Population Health: Middlebury HSA Population Health Core Group is meeting monthly to collaborate on addressing mental health and other chronic health issues locally. The group

consists of the following agencies and organizations: Addison County Home Health and Hospice, Age Well Area Agency on Aging, CSAC (Counseling Service of Addison County), and Porter Medical Center.

6. Patient Access

UVM Health Network

UVM Health Network leadership recognizes the need for focused efforts to improve access across the Network. The Patient Access & Service Task Force was convened in FY 2018 to provide oversight and guidance to UVM Health Network leaders who are in the process of developing a multi-year strategic plan to improve patient access to care. For FY 2018, the focus is on optimizing patient access to ambulatory care. That focus will be expanded in FY 2019 and beyond. The Task Force will be utilizing the following more specific tactics in the near term to help support this work:

- Improving the referral experience, including identifying expectations for referral processing and implementing steps to improve both patient and referring provider experiences
- Defining a methodology to predict demand for patient care and implementing steps to prepare for that demand
- Creating dashboards to track progress on key performance metrics related to patient access
- Implementing steps to reduce backlog in key specialties

UVM Medical Center

In FY 2018, the UVM Medical Center adopted a new metric for measuring patient access. Rather than measuring the wait time for the "third next available appointment," the Medical Center now measures the percentage of new patients seen within 10 days of scheduling a new appointment. This metric, adopted by Vizient to assess academic medical centers throughout the country, allows us to benchmark the Medical Center against its peers.

New patients seen within 10 days of scheduling an appointment	2016Q2 through 2017Q1								
	Performance details				Benchmark				
	New visits within 10 days (numer)	New visits (denom)	Result	Percentile	25th percentile	50th percentile	75th percentile	90th percentile	N
Primary care	1,709	4,559	37.49%	24	37.50%	54.83%	65.15%	72.88%	49
Cardiology	420	1,215	34.57%	26	34.57%	39.47%	50.89%	59.25%	49
Dermatology	1,333	3,593	37.10%	60	27.29%	34.60%	44.03%	52.66%	44
Endocrinology	154	805	19.13%	12	22.56%	27.28%	32.99%	41.70%	48
ENT	1,376	6,264	21.97%	4	30.85%	41.18%	53.05%	58.87%	44
GI and hepatology	312	1,792	17.41%	2	26.40%	29.17%	36.17%	45.59%	48
Hematology and oncology	878	1,788	49.11%	38	44.09%	52.16%	56.87%	63.56%	43
Infectious disease	200	636	31.45%	9	36.92%	43.39%	53.57%	65.95%	43
Nephrology	120	496	24.19%	37	19.34%	26.38%	37.17%	50.82%	44
Neurology	738	2,703	27.30%	36	25.38%	28.99%	34.61%	37.15%	48
Obstetrics and gynecology	1,653	3,746	44.13%	83	32.38%	38.21%	41.45%	59.81%	48
Orthopaedics	3,803	11,294	33.67%	2	46.32%	55.84%	67.25%	72.63%	47
Ophthalmology	1,579	3,691	42.78%	52	34.61%	42.56%	50.72%	56.29%	43
Pulmonology	540	1,258	42.93%	77	28.98%	35.37%	40.98%	48.60%	47
Rheumatology	243	1,246	19.50%	31	19.18%	24.82%	30.06%	53.61%	47
Surgery	2,922	7,517	38.87%	96	44.06%	48.44%	53.62%	59.12%	49
Urology	1,082	3,419	31.65%	44	27.04%	32.78%	41.34%	53.33%	46

Central Vermont Medical Center

Central Vermont Medical Center continues to measure patient access by the third next available appointment.

Average Availability by Category (days) Month of May			
	3rd Acute	3rd Follow up	3rd New
Endo	2	7	24
Rheum	8	10	92
Urology	3	5	8
Oncology	4	4	31
Card		11	12
Neuro		5	5
Ortho Sports	4	2	8
Podiatry	12	16	54
Spine	33	58	45
Granite	3	4	4
GMFP	2	9	29
MRFP	1	1	2
BIM	2	2	8
MIFH	2	4	32
MVM	4	9	Not Accept
CVPC	2	16	Not Accept
WMA	9	4	18
FPA		7	52
Women's	8	30	33
Pedi	1	2	5

Porter Hospital

With few exceptions, there is favorable patient access at Porter. As seen in the table below, most primary care sites have access near or at the goal of zero days. With the exception of its

cardiology and podiatry practices, each of which has one only physician, Porter's specialty care practices are at or near the goal of two days.

The number of days until the third next available appointment occurs is noted in the table below by specialty and/or location as well as by visit length. If an appointment time is not used by a specific location and/or specialty, "N/A" will be listed.

University of Vermont Health Network - Porter Medical Center Third Next Available Appointment Wait Times				
Practice Location	Wait Time (Days) of Appointment Lengths			
	15 min	30 min	45 min	60 min
Brandon Primary Care	0	1	2	N/A
Bristol Primary Care	1	2	13	15
Middlebury Primary Care	0	2	7	16
Vergennes Primary Care	5	8	21	27
ENT	1	2	2	9
Cardiology	27	29	35	42
Podiatry	5	16	47	51
Orthopedics	2	14	N/A	N/A
Pediatrics	1	1	2	2
Women's Health	2	8	12	20

7. Substance Use Disorder Treatment Programs

UVM Medical Center

The opioid addiction epidemic in Vermont has been a long time in the making, but in a very short period of time – and with partnership with other health care agencies as well as local and state government leaders – we have made significant progress in coalescing community resources and expanding clinical treatment services to Vermonters struggling with addiction.

Reducing Opioid Prescriptions: Recognizing that opioid addictions often begin with legitimate prescriptions, clinical leadership at the UVM Medical Center has also been working on reducing opioid prescribing practices. A recently-released report showed that the number of UVM Medical Center patients prescribed an opiate dropped 9 percent from the fourth quarter of 2015 to the fourth quarter of 2016. The total number of prescriptions dropped 7 percent, and the average strength of those prescriptions dropped 4 percent during that same period.

The UVM Medical Center is also providing more options that will allow patients to manage pain without opioids. Through its Complex Pain Management Service, the UVM Medical Center has developed a clinical protocol for referring patients with complex pain to the service. The Complex Pain Management Service will focus on a multidisciplinary approach to managing

complex pain, including initial medical services from primary care, psychiatry, and anesthesiology; advanced provider services; and integrative health (acupuncture, holistic physical therapy, massage therapy, yoga therapy, mind-body therapy, and health coaching).

Increasing Treatment Access: In partnership with the Howard Center, Community Health Centers of Burlington, and the Vermont Department of Health, the UVM Medical Center has helped form a Treatment Triage Team to efficiently move people seeking and receiving treatment for substance use disorder through the system of care. Due to the work of the Triage Team and a series of other initiatives, the waiting list for access to the Hub at the Howard Center is less than 70 patients and the waiting time to treatment has decreased from more than 365 days to fewer than 30 days in most cases.

The UVM Medical Center has also undertaken two specific strategies: (1) developing an Addiction Treatment Program (ATP) to provide medication-assisted treatment (MAT) to patients as they transition between the Hub and spokes; and (2) increasing the number of UVM Medical Center Primary Care Providers (PCPs) participating as spokes. Key to both strategies has been de-stigmatizing substance use disorder by treating it in the medical home like any other chronic condition and providing meaningful and timely support to PCPs. The UVM Medical Center currently has 70 providers and 24 residents waivered to prescribe suboxone, up from 50 only 1 year ago. It has also provided training for an additional 38 community providers to allow them to prescribe suboxone in their community practices.

The UVM Medical Center currently has 98 patients being served by our primary care spokes, another 75 in its current pain clinic and Comprehensive Gynecological and Obstetrics Services (COGS) program (which cares for opioid-addicted pregnant women), and 658 patients in the Chittenden county spokes.

- Number of patients in ATP: 243
- Number of patients transitioned from ATP to their PCPs and average time from start to transition: 170 (13 weeks)
- Number of patients returned to the Hub: 17
- Number of patients per month who are cleared but waiting to transition to ATP: none currently
- Number of MAT providers: 7
- Number of SUD providers: 70 waivered suboxone prescribers

Central Vermont Medical Center

Central Vermont Medical Center has also prioritized prevention and treatment of opioid addiction, investing in the following initiatives, among others:

Screening, Intervention, and Referral: CVMC provides screening, brief intervention, and referral to treatment (SBIRT) in its Emergency Department, hospital inpatient units, and in its primary care practices including Women's Health. Trained social workers or psychologists are embedded in those locations to handle this work.

Washington County Substance Abuse Partnership: CVMC sponsors the Washington County Substance Abuse Regional Partnership (WCSARP), which meets monthly to coordinate services, solve access and care management problems, and erase boundaries of care. The group includes, among others, the Agency for Human Services Barre HSA, Vermont Department of Health, local hub-and-spoke partners, the designated agencies for mental health and substance abuse (Washington County Mental Health, Central Vermont Substance Abuse Services), prevention partners, the Turning Point Recovery Center, the Youth Services Bureau, residential care providers, and local law enforcement. Three important programs grew out of gaps identified by WCSARP:

- CVMC's Emergency Department initiated an alcohol withdrawal protocol in collaboration with Washington County Mental Health and the Turning Point Recovery Center to provide 24/7 community-located supervised medically assisted withdrawal (MAW);

- The Emergency Department has also initiated the state's first Rapid Access to MAT (RAM) to provide immediate 24/7 induction with buprenorphine linked to rapid hub-and-spoke access;

- The Turning Point Center is currently managing a Vermont Opioid State Response Project to bring peer recovery supports into the Emergency Department hospital inpatient units to assure stable transitions to the community.

Increasing Treatment Access: CVMC provides MAT to 357 patients with opioid use disorders. CVMC currently employs 7 providers that prescribe buprenorphine in Office-Based Opioid Treatment.

Porter Hospital

In addition to the programs identified elsewhere in this narrative, Porter offers the following treatment programs for substance use:

Expanded MAT: Porter now provides MAT at three sites. The main site is its Bristol office where there are four providers. Patients have the option of seeing the provider in a traditional 1:1 office visit or participating in one of many group options. In addition, Dr. Emily Glick is

offering her more stable patients the option of substituting some of their in-office visits with a telemedicine visit. This allows those patients who are further along in their recovery the freedom to participate in the necessary check-ins without taking time off work or away from their families.

Buprenorphine Study: Dr. Stacey Sigmon and her team from UVM are conducting a research study on Interim Buprenorphine treatment. This study allows the patients of Addison County to be a part of a study that provides a device that dispenses Buprenorphine daily. It is targeting those patients who are currently on a waitlist for treatment or who may be otherwise deterred by the traditional treatment programs.

Non-pharmaceutical Pain Relief: To specifically address addictions associated with pain medications, Porter offers the following treatments for pain relief:

- Dry Needling: This modality addresses patients' acute and chronic pain concerns using a non-pharmaceutical option.
- Osteopathic Manipulation Treatment: A doctor of osteopathic medicine offers patients another alternative to treat their pain using manual manipulation. This option may help patients suffering from acute pain to completely avoid a pharmaceutical option altogether.
- Therapeutic Massage: Porter has one APRN who is also a trained masseuse in its Bristol practice; she provides therapeutic massage as another treatment option for pain relief.

Increasing Treatment Access: As of June 2018, there are currently 127 patients enrolled in the MAT program with zero on the wait list (6 are currently in our intake process).

8. Health Reform Investments

All of the UVM Health Network hospitals continue to make significant health reform investments that exceed the 0.4% NPR allowance for those expenditures. Indeed, even though the UVM Medical Center's NPR growth does not utilize the health reform investment allowance, it continues to fund health reform investments that promote the shift to population health management under the APM. The Network's investments for FY16 through FY19 are set forth in Appendix V.

9. Reconciliation of FY 2018 Budget to FY 2018 YTD

The table below contains the reconciliation of the FY 2018 budgets to FY 2018 YTD actual results for all of the UVM Health Network's Vermont hospitals, and also projections of year-end revenues.

University of Vermont Health Network	YTD MAY 2018 Budget	YTD MAY 2018 Actual	$ Δ	% Δ
Revenue				
Total Net Revenue + FPP	**979,397,380**	**1,016,437,305**	**37,039,925**	**3.8%**
UVMMC	794,336,841	826,698,080	32,361,240	4.1%
CVMC	132,694,391	134,611,812	1,917,421	1.4%
Porter Hospital	52,366,148	55,127,412	2,761,264	5.3%
Other Operating Revenue + 340B	**83,609,049**	**85,812,055**	**2,203,006**	**2.6%**
UVMMC	71,125,535	73,613,890	2,488,356	3.5%
CVMC	9,104,919	8,796,823	(308,096)	-3.4%
Porter Hospital	3,378,595	3,401,341	22,746	0.7%
Total Revenue	**1,063,006,428**	**1,102,249,360**	**39,242,931**	**3.7%**
Expenses				
Salaries and Benefit Expense	**608,322,543**	**632,351,323**	**(24,028,780)**	**-4.0%**
UVMMC	484,706,504	507,252,521	(22,546,017)	-4.7%
CVMC	91,130,730	92,080,677	(949,948)	-1.0%
Porter Hospital	32,485,310	33,018,125	(532,815)	-1.6%
Total Non-Salary Expense	**418,870,703**	**431,666,486**	**(12,795,784)**	**-3.1%**
UVMMC	349,395,506	361,031,910	(11,636,404)	-3.3%
CVMC	47,952,220	49,828,052	(1,875,832)	-3.9%
Porter Hospital	21,522,976	20,806,525	716,451	3.3%
Total Operating Expenses	**1,027,193,246**	**1,064,017,809**	**(36,824,564)**	**-3.6%**
Net Operating Income (Loss)	**35,813,183**	**38,231,550**	**2,418,367**	**6.8%**
Operating Margin %	*3.4%*	*3.5%*		

Projected FY2018 Year-End Total Net Revenue + FPP

	FY2018 Budget	FY2018 Budget Rebased	FY2018 Proj	% Δ Rebased to Projected
UVMMC	$ 1,212,580,571	$ 1,252,297,020	$ 1,248,164,121	-0.3%
CVMC (not rebased)	$ 198,695,454	$ 198,695,454	$ 203,951,635	2.6%
Porter Hospital	$ 79,146,442	$ 80,862,127	$ 82,231,330	1.7%
Total UVMHN - VT Hospitals	$ 1,490,422,467	$ 1,531,854,601	$ 1,534,347,086	0.2%

UVM Medical Center

At the UVM Medical Center, the variances are predominately due to the following factors:

Total Net Revenue + FPP: The UVM Medical Center's year-to-date FY 2018 net revenue (inclusive of fixed prospective payments) exceeds originally budgeted expectations by approximately 4.1%. Major contributors to this positive variance include higher than budgeted inpatient and outpatient volumes within Radiology, Nursing, Pharmacy and Perioperative Services, partially offset by increased Bad Debt and Charity Care.

Other Operating Revenue + 340B: This positive variance was driven by Outpatient Pharmacy and Specialty Pharmacy revenues higher than budget.

Salaries and Benefit Expense: The negative variance in staff salaries was driven by FTEs related to patient volumes and 1:1 observation, mostly for mental health patients. Fringe benefits, which were also unfavorable, were additionally driven by health insurance due to higher PMPM costs than budgeted.

Total Non-Salary Expense: This negative variance resulted from higher medical, surgical, and pharmaceutical supplies related to volumes and case mix. Purchased services was unfavorable, driven by OneCare Vermont participation fees for the fixed prospective payment programs, which is budgeted in NPR, and IS Strategic Planning expenses.

Central Vermont Medical Center

At Central Vermont Medical Center the variances are predominately due to the following factors:

Total Net Revenue + FPP: Central Vermont Medical Center's year-to-date FY 2018 net revenue (inclusive of fixed prospective payments) exceeds budgeted expectations by approximately 1.4% but was in line with actual FY 2017 performance. Higher volumes across all outpatient services, most notably Pharmacy, Lab, and Radiation Oncology, are the main drivers of this positive variance.

Other Operating Revenue + 340B: 340B contract revenue is less than budgeted due to Walgreens purchase of Rite Aid, which led to a temporary disruption in CVMC's 340B contract pharmacy arrangement with the retail pharmacy chain.

Salaries and Benefit Expense: Salary and Benefit expense are running over budget due to the use of nurse travelers and physician salaries. While CVMC has eliminated all travelers in other areas of the organization, it continues to have difficulty recruiting into the skilled nursing facility. Physician salaries are running over budget due to the timing of physicians' anticipated departure/retirement dates and the hiring of new physicians to replace them.

Total Non-Salary Expense: Pharmaceuticals and medical and surgical supplies were higher than budgeted.

Porter Hospital

At Porter, the variances were predominately due to the following factors:

Total Net Revenue + FPP: Porter Hospital's year-to-date FY 2018 net revenue (inclusive of fixed prospective payments) exceeds originally budgeted expectations by approximately 5.3%. However, FY 2018 projected revenues as compared to the rebased FY 2018 budget would indicate Porter is 1.7% above budgeted performance. This increase is primarily driven by volume increases in the following outpatient service lines: ExpressCare, Infusion Services (which is also reflected in the growth of pharmacy revenue), Imaging, Cardiology, Otorhinolaryngology, and Women's Health Services.

Salaries and Benefit Expense: The unfavorable salary expense variance of $533K is primarily attributed to the sizeable reliance on temporary labor versus budgeted expectations. At the time of our 2018 budget presentation, Porter was in the process of implementing a new nurse staffing model with the intention of mitigating the heavy reliance on temporary nursing staff. Porter

began recruiting for the new positions at the beginning of FY 2018; however, due to recruitment and orientation requirements, it has taken the program longer to get underway than anticipated. That said, as compared to FY 2017 YTD actual performance, Porter's temporary labor expense has decreased by 35%.

Total Non-Salary Expense: The favorable non-salary expense variance of $716K is primarily driven by savings in insurance, drug, and depreciation expense,[2] which is attributed to Porter now being part of the UVM Health Network. Porter is also experiencing expense savings associated with medical and surgical supplies, primarily due to the Network's Supply Chain purchasing initiatives.

10. Budget-to-Budget Changes

A. Revenue

The combined budgets of the UVM Health Network's Vermont hospitals rely on patient revenue growth (NPR + FPP) of only 1.7%. The UVM Medical Center's budget relies on patient revenue growth of 1.1% over its rebased FY 2018 budget. Porter relies on patient revenue growth of 3.2% over its rebased FY 2018 budget, including its 0.4% allowance for health reform investments. Central Vermont Medical Center's budget relies on a 4.8% patient revenue increase, including its 0.4% allowance for health reform investments, over its non-rebased FY 2018 budget. However, as explained more fully later in this section, CVMC's proposed FY 2019 budget relies on 3.2% patient revenue growth over its actual performance in FY 2017 and its current run-rate in FY 2018.

Summary of Patient Revenue (NPR+FPP) Change from FY2018 Base to FY2019 Budget

	A	B	C	D=A+B+C	E	F=E-D	G=F/D
		Adjustments					
Hospital	FY 2018 Budget Rebased w/FY 2017 Actual	Physician Additions	ACO Accounting Change	Adjusted FY2018 Budget Rebased w/FY 2017 Actual	FY 2019 Budget	Change from Adjusted FY2018 Budget Rebased w/FY 2017 Actual	% Change
UVMMC	$ 1,252,297,020	$ -	$ 7,919,705	$ 1,260,216,725	$ 1,273,460,046	$ 13,243,321	1.1%
CVMC (FY2018 Budget not rebased)	$ 198,695,454	$ 353,227	$ 2,561,709	$ 201,610,390	$ 211,387,021	$ 9,776,632	4.8%
Porter Hospital	$ 80,862,127	$ -	$ 1,067,391	$ 81,929,518	$ 84,530,515	$ 2,600,997	3.2%
Total UVMHN - VT Hospitals	**$ 1,531,854,601**	**$ 353,227**	**$ 11,548,805**	**$ 1,543,756,633**	**$ 1,569,377,582**	**$ 25,620,949**	**1.7%**

Note: For CVMC's $353K of Physician Additions, $103K has been approved through the GMCB process and $253K is in the process of being submitted for review.

In calculating all of the patient revenue growth rates, the Network hospitals have made a technical adjustment to their FY 2018 base budgets, reflected in column "C" in the above table. In FY 2018, the hospitals budgeted the OneCare administrative fees as a revenue deduction, based on the projections available from OneCare at the time. For purposes of FY 2018 reporting and FY 2019 budgeting, the hospital's auditors, PWC, have advised the hospitals to report those same administrative fees as an expense, paid with corresponding revenue from the ACO. While this change has no impact on the hospitals' bottom line, and it is not the result of any actual

[2] Porter was able to achieve capital cost savings through UVM Health Network negotiated pricing, thus reducing the expense and anticipated depreciation.

additional revenue, it will increase the hospitals' apparent patient revenue by the amount of the fees. To adjust for this unintended consequence, the UVM Health Network proposes applying a technical adjustment to the hospitals' base budgets in the amount of the fees. This will allow the hospitals and the GMCB to "compare apples to apples" and measure real growth, rather than phantom growth that is solely the result of the accounting change.

In addition, Central Vermont Medical Center's budget growth is calculated in a manner that recognizes physician additions that have or soon will be presented to staff of the GMCB, along with a proposed recruitment of a dermatologist to improve access. These changes to CVMC's FY 2018 base are reflected in column "B" in the table above.

The hospital budgets are built on projections of increased volume in some areas and decreased volume in others. The table below summarizes many of those volume-related projections, broken out by category.

TOTAL UNIVERSITY OF VERMONT HEALTH NETWORK (UVMMC, CVMC, & PH)	FY17 Actual	FY18 Budget	FY19 Budget
Inpatient			
Discharges	28,653	28,713	28,585
Patient Days	150,104	152,002	150,909
Average length of stay (ALOS, Patient Days / Discharges)	5.24	5.29	5.28
Inpatient & Outpatient			
OR Cases	24,590	25,150	25,376
Cath lab & EP procedures	6,681	6,486	6,597
ED Visits	98,957	100,736	97,736
Radiology procedures	387,791	386,175	392,667
Radiation Oncology	38,217	38,308	42,675
Lab Tests	3,249,479	3,291,091	3,198,020
Professional			
Physician Work RVUs	3,283,876	3,305,125	3,402,317

Factors affecting individual hospital budgets are described below.

UVM Medical Center

The UVM Medical Center's budget includes an increase in net patient revenue (NPR) of 1.1% over its rebased FY 2018 budget. Its FY 2019 NPR is based on the best information available today on what will happen to Medicare and Medicaid fee-for-service rates, OneCare attribution and payment rates, utilization, bad debt and charity trends, and a 4% commercial rate increase.

The GMCB's decision to rebase certain hospital budgets in FY 2019 was an important step in developing an accurate measurement of the true growth in health care spending in Vermont. However, even the rebased NPR growth targets do not attempt to measure or control health care spending on a per-patient basis or to dynamically adjust for increased patient volume or acuity.

As part of its transition to a capitated payment model, the UVM Medical Center has created an internal metric that applies a denominator (CMI adjusted unique patients) to its total patient revenue to approximate the PMPM methodology used by OneCare for attributed patient populations. While it is an evolving and imperfect measure, it does provide an indication where the hospital's per-patient cost of care is trending. As shown below, in FY 2018 the UVM Medical Center per-patient cost of care is projected to increase by only 0.6%, far below the GMCB's overall NPR growth target and the APM's per-patient growth target.

	FY16 Actual	FY17 Actual	FY18 Projected	FY19 Budget
% Chg in CMI Adjusted NPR per Unique Patient	1.9%	3.3%	0.6%	3.0%

While that tiny increase in per-patient spend is desirable in many respects, it must also support the inflationary factors affecting the care provided. When the increase is insufficient to pay for increases in expenses associated with staffing and supplies, it threatens the financial health of the hospital. In order to strike the most appropriate balance between cost-control and hospital financial health, the FY 2019 budget projects a more reasonable per-patient increase of 3.0%, which will still be far below the 3.5% growth target in the APM or the 3.2% NPR growth target for Vermont hospitals.

As was the case last year, since the OneCare contracting and budget process occurs after hospitals submit their budgets, the UVM Medical Center' NPR budget includes high level assumptions for attributed lives and payment rates for the portion of revenue that will flow through OneCare versus fee-for-service contracts. There may be a need, as there was last year, to move NPR from FFS to FPP after the OneCare budget is approved by the GMCB.

The most significant other changes affecting the FY 2019 budget at the UVM Medical Center are:

- The FY 2019 budget is starting to see the operational cost impact of the Miller Building and the Epic implementation. The UVM Medical Center remains committed to preventing these operational costs from affecting commercial insurance rates. As a result, these new costs are driving the margin down from the 4% budgeted in FY 2018 to 3% in FY 2019. This 3% is still in line with the UVM Medical Center's financial framework, which anticipated the Miller Building and Epic implementation costs in FY 2019.

- Bad debt and charity write-off rates have continued to climb.

- Unlike the last few years, the UVM Medical Center is not budgeting any increase in 340B related programs, due to the CMS rate cut on outpatient drugs.

- The volume of increasingly more expensive pharmaceuticals and the inflation on those drugs is continuing to have a significant impact on costs.

- Overall inflation in the proposed FY 2019 budget is higher than it has been in recent years.

Central Vermont Medical Center

During the FY 2017 enforcement proceedings, CVMC demonstrated that, like UVM Medical Center and Porter, its unbudgeted NPR was largely the result of actual-to-budget demographic shifts and increased patient volume and acuity. Unlike UVM Medical Center and Porter, however, CVMC did not exceed its budgeted NPR by more than the Board's 2.0% rebalancing threshold. Instead, CVMC exceeded its budget by 1.8%, and its base budget was not rebalanced.

In recognition of these facts, the Board's FY 2019 budget guidance requests each hospital to "more closely align its FY 2019 budget submission with its actual FY 2017 performance and its updated projection of FY 2018 performance." (March 29, 2018 GMCB Letter.) With its FY 2019 budget submission, Central Vermont Medical Center has followed the GMCB's guidance, proposing a budget that is in line with its actual FY 2017 performance, its projected FY 2018 performance, and the Board's 3.2% NPR growth target. As illustrated in the tables below, CVMC proposes net patient revenue growth that is 3.2% above its actual FY 2017 and 2018 projected performance, even though it is 4.8% above its FY 2018 approved budget as adjusted.

	FY2017 Approved Budget	FY 2017 Actuals	Variance	FY 2018 Approved Budget	Adjustment for actual performance in FY2017 & FY2018 Run-Rate	Adjusted FY2018 Base for Comparison to FY2019 Budget
CVMC	$ 191,831,143	$ 195,237,530	1.78%	$ 198,695,454	$ 3,180,152	$ 201,875,606

	Adjusted FY 2018 Base	Adjustments		Adjusted FY2018 Budget Rebased w/FY 2017 Actual	FY 2019 Budget	Change from Adjusted FY2018 Budget Rebased	% Change
		Physician Acquisitions	ACO Accounting Change				
CVMC	$ 201,875,606	$ 353,227	$ 2,561,709	$ 204,790,542	$ 211,387,021	$ 6,596,480	3.2%

Porter Hospital

Porter Hospital is requesting an overall 3.2% increase in NPR as it compares to the FY 2018 rebased budget. This increase is mostly comprised of revenues generated by expanding outpatient services and programs that were included in the baseline for the FY 2019 revenue budget. These service lines include, ExpressCare, Infusion Services (which is also reflected in the growth of pharmacy revenue), Imaging, Cardiology, Otorhinolaryngology, and Women's Health Services.

There have been several changes during the FY 2018 budget year that affect Porter's FY 2019 proposed budget:

- Anesthesia: Porter has worked collaboratively with its providers in the surgical services department to re-align the model of how it delivers anesthesiology care for its patients, moving from a minimally essential contracted anesthesia service to a full-time employed MD anesthesia model.

- General Surgery: The unexpected loss of one of two independent general surgeons this spring has resulted in the need for Porter to support its general surgery offerings and fill the unanticipated need. Therefore, additional revenue and expense is being recognized in the FY 2019 budget.

- Express Care: Initially budgeted with conservative estimates, in June of 2017, Porter Hospital introduced its ExpressCare Center to the community. To date, ExpressCare services have outpaced expectations and an increase in volume has been incorporated into the FY 2019 budget.

- Palliative Care: As anticipated, Porter's new Palliative Care service has continued to grow and has been further enhanced, better serving its community.

At the same time, Porter is reducing the cost of care to patients by instituting a 5% price reduction to professional fees. This will have a positive impact on patient out-of-pocket expenses and self-pay balances for professional fees.

Porter's NPR budget includes assumptions for attributed lives and payments facilitated through OneCare for the portion of its population that falls under the Next Generation programs.

Medicare revenues are budgeted in accordance with Porter's Critical Access cost based settlement process. Porter Hospital's estimates for FY 2019 have taken into account an increase in outpatient activity and have adjusted net revenue assumptions accordingly.

Medicaid revenues do not reflect a change in rate. However, Porter does anticipate Disproportionate Share receipts to decline as compared to FY 2018 and has adjusted the budgeted receipts to reflect this assumption.

Upholding its commitment to restrict its commercial rate increase to its rate of medical inflation, Porter's commercial revenue assumptions are reflective of a 2.8% rate increase, as discussed more fully below.

B. Expenses

Inflation assumptions: The combined UVM Medical Center, CVMC and Porter Hospital budgets include $42.8 million of inflationary increases, or a rate of 2.8%. The following table breaks out the inflation by major category.

Inflation (in 000s)		
Physician Salaries	9,208	4.6%
Staff salaries	17,934	3.3%
Payroll Tax and Benefits	5,848	3.1%
Supplies (Med/Surg, Nutrition, etc)	2,929	2.6%
Pharmaceuticals	5,329	4.5%
Utilities / Other	1,433	0.4%
Insurance	100	0.7%
	42,782	2.8%

Operational expense changes: The combined UVM Medical Center, CVMC and Porter Hospital budgets include an overall budget-to-budget expense increase of $89.1 million or 6%, $42.8 million or 2.8% of which is inflationary increases highlighted above. The remaining $46.3 million includes changes to our base for health care reform investments, community investments, outpatient pharmacy, IT, and volume. As noted earlier, the FY 2019 budget for the UVM Medical Center includes the beginning of new operational costs for the Miller Building and the Epic implementation. About $11 million of the base expense change for UVM Medical Center is due to these two items. Another significant change this year is the accounting for the OneCare administrative fees discussed above. The following table breaks out the expense increases by major category and by hospital.

Operational Expense Changes:	UVMHN	UVMMC	CVMC	PH
$ in Millions				
Base Changes from FY18 Budget				
Health Reform Investments	$9.7	$8.6	$0.8	$0.3
Outpatient/Specialty/Other Pharmacy Increases	$9.8	$7.4	$2.4	$0.0
IT (Infrastructure / Software Maint / Equip)	-$1.6	-$2.7	$0.2	$1.0
Accounting Change (ACO Participation Expense)	$11.5	$7.9	$2.6	$1.1
Anesthesia & CNRA	$0.9	$0.0	$0.0	$0.9
Volume Based / Other Expenses	$16.0	$13.0	$2.0	$1.0
Total Base Changes	**$46.3**	**$34.1**	**$7.9**	**$4.3**
Inflation changes from Base to FY19 Budget				
Inflationary Expense Increases	**$42.8**	**$36.9**	**$5.1**	**$0.8**
Total Expense Change	**$89.1**	**$71.0**	**$13.0**	**$5.1**

Note: Does not include Provider Tax for UVMMC and CVMC

FTE changes: The combined UVM Medical Center, CVMC, and Porter Hospital budgets include an increase of 181 staff FTEs or 2.3%. The largest increases are related to direct patient care (nursing, medical group & hospital operational changes), due to increasing volume and increasing acuity of the patients they care for. The FY 2019 budgets also include 31 new FTEs for the Miller Building and Epic implementation. The following table breaks out the FTE increases by major category.

Type	FTE	% Increase
Nursing	64	0.8%
Medical Group	55	0.7%
Hospital Operational changes	34	0.4%
Shared Services	23	0.3%
Miller Building	21	0.3%
EPIC	10	0.1%
GME	10	0.1%
Pharmacy related to expansion of Specialty & Retail business	10	0.1%
Registration and Coding	5	0.1%
Woodridge Nursing Home	6	0.1%
Quality	1	0.0%
Staffing Initiatives	(58)	-0.7%
Total	**181**	**2.3%**

Expense Reduction Initiatives: In a redoubling of their efforts to control expenses while maintaining quality of care, the UVM Health Network's Vermont hospitals are engaged in the following projects.

UVM Medical Center

The UVM Medical Center set a goal in FY 2017 of finding $75M in cost cutting and non-patient revenue opportunities by FY 2020 to ensure it could absorb the new operational costs associated with the Miller building and the Network wide Epic and Revenue Cycle implementation. Through FY18 it has achieved $52M of that target. In the FY 2019 budget, it is planning to realize another approximately $14M. The initiatives that have already been implemented or are in the process of being implemented that constitute this number are (1) a reduction in self-funded health plan administrative fees, (2) a reduction in yearly small equipment purchases, (3) a reduction in books, subscriptions, dues and travel, (4) additional supply chain savings, (5) a reduction in the number of software applications supported by its IT department, and (6) the use of automation. This $14M also includes some additional FTE and non-FTE savings that the UVM Medical Center believes it can achieve and will begin specifically identifying this summer.

Central Vermont Medical Center

CVMC has already begun several significant initiatives designed to address longstanding access, expense, and efficiency challenges. In FY 2018, CVMC conducted three operational assessments focusing on the following areas:

- Revenue cycle improvements: The key deliverables for this assessment are Epic readiness, assessing current workflows and competencies, and identifying areas to improve to reduce errors and rework. There is also a focus on clinical documentation improvement.

- Operational efficiency in the medical group: This assessment is looking at access, location, skill and service mix within the medical group. The engagement will also identify workflow changes that will be required for Epic readiness.

- Operational efficiency in acute care and skilled nursing: This assessment is largely focused on unit of service productivity and benchmarking.

As a result, the FY 2019 budget reflects estimated cost savings of about $2 million. Approximately $750,000 of the $2 million have been identified through supply chain efforts and renegotiating contracts. The remaining $1,250,000 is an estimate based on several assessments that CVMC is currently in the process of conducting. CVMC is confident that the $1.2 million placeholder for cost savings is a conservative estimate for savings, provided the recommendations from these assessments are fully implemented.

Porter Hospital

Porter Hospital's ongoing commitment to reduce costs has enabled it to recognize savings across the continuum of care without compromising on quality.

Porter's staffing control mechanism continues to be a successful tool in the control of its FTE growth. The FY 2019 budget is reflective of a 5.1 growth in FTEs. The majority of this growth is attributable to the reliance on temporary labor for a portion of the year. However, the budget assumes the completion of the nurse staffing model implemented during the FY 2018 budget, which almost entirely eliminates the need for temporary labor. Excluding the FTEs related to temporary labor from the budget-to-budget comparison, Porter's growth is equivalent to 0.2 FTEs.

Budgeted savings have also been achieved through the economies of scale available to Porter through the affiliation with the UVM Health Network. By leveraging the resources of the Network and the re-organization of departments, Porter has been able to reduce three director level positions. These savings were achieved through attrition in the departments of: Materials Management, Human Resources, and Nutrition.

With the completion of the natural gas conversion project, Porter was also able to recognize a full year of utility savings. While this important cost saving initiative has taken several years to complete, it has allowed Porter to reduce its heating expenditures year over year. The savings related to the completion of this initiative equate to approximately $300,000 a year.

11. Bad Debt

A. **Bad Debt Incurred Prior to FY 2016:** At the close of FY 2017, the UVM Health Network hospitals carried bad debt that was incurred prior to FY 2016 in the following amounts:

   UVM Medical Center: ≈ $46.5 million

CVMC: ≈ $1.9 million

Porter: ≈ $6.1 million

B. **Collection Agencies:** The UVM Health Network's Vermont hospitals have contracts with the following collection agencies:

UVM Medical Center: Collection Bureau Collection Services Inc. and Balanced Healthcare Receivables Inc.

CVMC: Marcam Associates, Arcadia Recovery Bureau, and Collection Bureau of Hudson Valley

Porter: Balanced Health Receivables and Gragil.

C. **Patient Friendly Billing:** The collection agencies follow patient friendly billing and are in compliance with federal 501r tax regulations.

12. Commercial Rate Requirement

Required Commercial Rate: The UVM Health Network's hospitals continue to do their part to keep commercial rates as affordable as possible for Vermonters. The UVM Medical Center's budget relies upon a 4% commercial rate lift; CVMC's budget relies on a 2.8% lift; and Porter's budget relies on a 2.8% lift. As in past years, these commercial rates require the hospitals to absorb many of the inflationary pressures affecting the care they provide, along with the provider tax implications of inflation, and the Medicare and Medicaid cost shift.

The below table illustrates what the hospital's commercial rate requirements would be if they fully covered normal medical expense inflation of 3.00%. In order to cover just those inflationary pressures, the hospitals would need to receive a 4.0% commercial rate increase because of the timing of the effective renewal date of most commercial contracts (January 1st) . Moreover, if the hospitals were to raise commercial rates to a level sufficient to also cover the cost-shift and the provider tax burdens associated with these annual inflationary expense increases, the UVM and Central Vermont Medical Centers would need to raise rates even further, to 7.08% and 6.58%, respectively.

	What Commercial Rate Increase should be assuming 3% normal expense Inflation				Final Commercial Rate
	Commercial Payer Share	Cost Shift	Provider Tax	Total	
UVMMC	4.00%	2.78%	0.31%	7.08%	4.00%
CVMC	4.00%	2.28%	0.30%	6.58%	2.80%
PMC	4.00%	n/a	n/a	4.00%	2.80%

The UVM Health Network does not propose raising commercial rates to the level necessary to cover all of these very real costs. Instead, the Network's hospitals have proposed commercial rates which, as in past years, help insulate commercial insurers, commercial premium payers (employers), and insured patients from the full impact of actual inflationary expense increases.

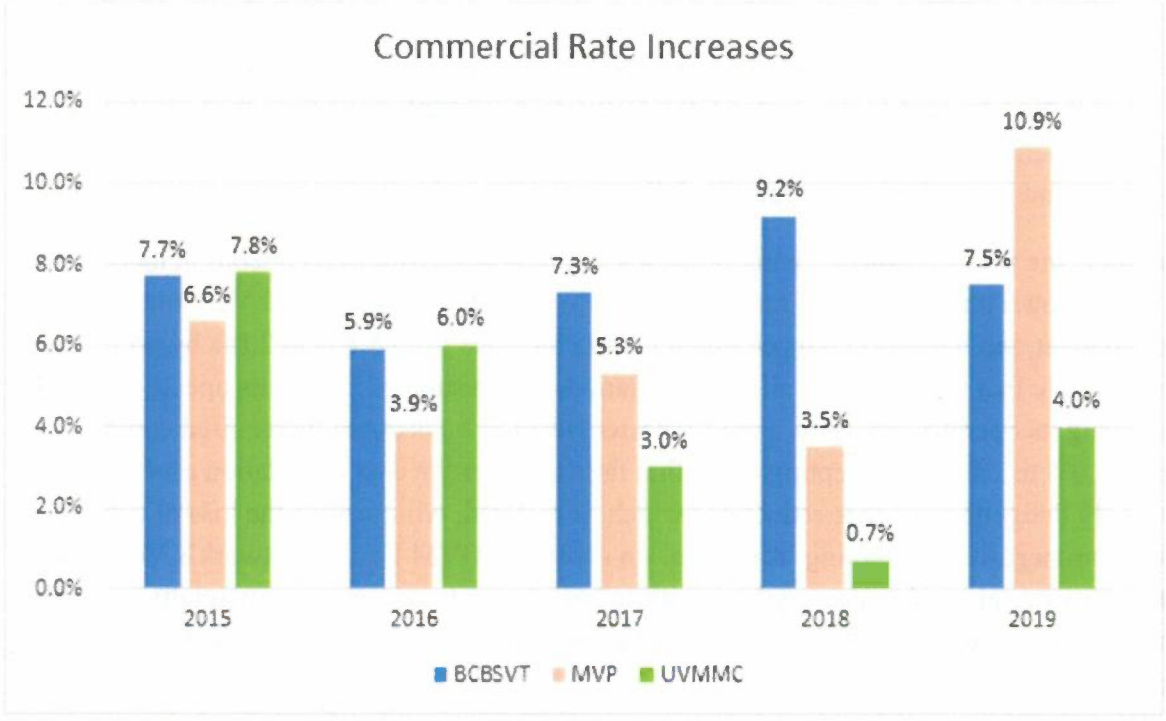
For instance, the UVM Medical Center proposes a budget that reduces its operating margin in order to buy down the commercial rate increase from 7.1% to 4.0%. Central Vermont Medical Center's budget, too, buys down its commercial rate increase from 6.6% to 2.8% by accepting a commercial rate that fails to cover all of the inflationary pressures affecting its operations while also reducing its operating margin. Finally, Porter Hospital buys down its required commercial rate from 4.0% to 2.8% by accepting a rate that fails to cover the cost of inflation ***and*** by aggressively budgeting expense reductions which, if realized, will prevent the loss of commercial revenue from negatively affecting its margin. In short, the UVM Health Network's Vermont hospitals are once again doing everything within their power to prevent commercially insured patients from bearing the full brunt of the inflationary pressures affecting the care the hospitals provide.

At the same time, commercial rates any lower than those relied upon by the hospitals would jeopardize their financial security to a degree that would undermine their ability to assume the financial risk on which the APM is premised, invest in health care delivery reform efforts necessary to maximize the value to patients and payers of the UVM Health Network and the APM, and continue to expand access and deliver high quality care to their patients. Simply put, the UVM Health Network's Vermont hospitals have premised their budgets on the lowest commercial rate request that allows them to continue to fulfill their obligations to their patients, their community and financial partners, and their regulators.

The result is a commercial rate requirement that is still extraordinarily low by historical standards:

COMMERCIAL PAYER ASK:						
	FY14	FY15	FY16	FY17	FY18	FY19
UVMMC	6.7%	7.8%	6.0%	2.45%	0.72%	4.0%
CVMC	6.9%	5.9%	4.7%	2.45%	0.72%	2.8%
PMC	6.0%	5.0%	5.3%	5.3%	3.0%	2.8%

Notably, in recent years, the commercial rate increases requested by the hospitals have been much lower than the requested and approved commercial payer rate increases.



Notes:

1. BCBSVT & MVP rate increases are representative of VT Health Connect Premium increases (PMPM rate changes)
2. BCBSVT, MVP, & UVMMC 2019 rates not yet approved by GMCB; all other rates are representative of GMCB approvals

Once again, the UVM Health Network requests the GMCB to use all of its available regulatory tools to ensure that that insured patients actually experience the premium relief made possible by the hospitals' low rate increases.

Gross Revenue Changes: The overall UVM Health Network FY 2019 budget includes a gross rate increase of 2.8%, and an aggregate net revenue rate increase of 1.8%. The following table breaks out the revenue increases by major category and by hospital.

	Gross Revenue	Net Revenue Increase Assumption				
Category	Overall Rate/Price Increase	Total net patient revenue Increase	Commercial Payer Increase	Self Pay/Other Increase	Medicaid Increase	Medicare Increase
UVMHN (UVMMC, CVMC, PH)						
Hospital Inpatient	4.5%	1.9%	4.8%	0.2%	0.0%	1.3%
Hospital Outpatient	2.9%	2.3%	4.5%	0.5%	0.0%	1.3%
Professional Services	0.0%	0.4%	0.4%	0.2%	0.0%	0.0%
SNF	2.8%	1.0%	0.0%	2.5%	0.0%	0.0%
Overall All Request	**2.8%**	**1.8%**	**3.8%**	**0.4%**	**0.0%**	**1.1%**
UVMMC						
Hospital Inpatient	4.9%	2.0%	5.0%	0.2%	0.0%	1.5%
Hospital Outpatient	3.2%	2.5%	5.0%	0.7%	0.0%	1.5%
Professional Services	0.0%	0.2%	0.0%	0.2%	0.0%	0.0%
SNF	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Overall All Request	**3.0%**	**1.8%**	**4.0%**	**0.4%**	**0.0%**	**1.2%**
CVMC						
Hospital Inpatient	2.8%	1.6%	2.8%	-1.0%	0.0%	1.0%
Hospital Outpatient	2.8%	1.8%	2.8%	0.0%	0.0%	1.5%
Professional Services	2.8%	1.4%	2.8%	0.4%	0.0%	0.0%
SNF	2.8%	1.0%	0.0%	2.5%	0.0%	0.0%
Overall All Request	**2.8%**	**1.6%**	**2.8%**	**0.4%**	**0.0%**	**0.9%**
PH						
Hospital Inpatient	-0.1%	1.7%	2.8%	0.0%	0.0%	0.0%
Hospital Outpatient	-0.2%	1.3%	2.8%	0.0%	0.0%	0.0%
Professional Services	-5.0%	1.1%	2.8%	0.0%	0.0%	0.0%
SNF	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Overall All Request	**-1.0%**	**1.3%**	**2.8%**	**0.0%**	**0.0%**	**0.0%**

NOTES:
Inpatient Rate increase based on date of renewal (Com - Jan, MCR -Oct, MCD -Jan)
Outpatient Rate increase based on date of renewal (Com - Jan, MCR -Jan, MCD -Jan)
Professional Rate increase based on date of renewal (Com - Jan, MCR -Jan, MCD -Jan)

As shown in the table above, the UVM Medical Center gross rates (list price) will go up by 3.0% in total, with hospital inpatient rates going up by 4.9%, hospital outpatient rates by 3.2%, and professional service rate staying flat. The UVM Medical Center has not increased its gross rates the last few years, but is doing so this year due to the gross rate for some services actually falling below the net rate. This gross rate increase is not expected to yield a significant amount of incremental net revenue, it will just allow us to realize the full impact of the Medicare, Medicaid and Commercial net revenue fee schedules.

CVMC's gross price (list price) will increase by 2.8% across all service lines. CVMC has not increased its list price in a recent years and is also falling below net revenue fee schedules.

Porter Hospital's budget proposes a 0% price increase for both inpatient and hospital-based outpatient fees; as a result, charges will not reflect an increase within those service lines. As it pertains to professional fees, taking into account reimbursement is fee schedule-based and in consideration of the charges contained in Porter Hospital's professional charge master have historically been elevated over the fee schedule, Porter has made the decision to reduce its prices

by 5%. This will have a positive impact on self-pay patients; however, the intent is to keep existing fee schedules intact.

As discussed above, while Porter is maintaining or lowering its gross prices, it is proposing a commercial rate increase of 2.8%, maintaining its commitment to limit its request to within medical inflation. The explanation for why Porter has chosen to lower gross prices while relying on a modest commercial rate increase lies in the ways it is reimbursed. A significant portion of Porter Hospital's commercial reimbursement is based on DRGs (Diagnostic Related Groups), fee schedules, and percent of charge, which in relation leaves a small percentage of its reimbursement affected by price changes. Therefore, increases to list prices do not always result in improved reimbursement.

13. FY 2017 Overages

UVM Medical Center

After a series of public meetings to discuss the UVM Medical Center's FY 2017 financial performance, the Board voted to: (a) rebalance the UVM Medical Center's base budget to align it with FY 2017 actual performance and to cure imbalances that may result from tracking performance over a period of years on a budget-to-budget basis; and (b) require the UVM Medical Center to invest at least $21 million to measurably increase inpatient mental health capacity in Vermont.

Porter Hospital

After a series of public meetings to discuss the Porter Hospital's FY 2017 financial performance, the Board voted to rebalance Porter's base budget to align it with FY 2017 actual performance and to cure imbalances that may result from tracking performance over a period of years on a budget-to-budget basis.

Central Vermont Medical Center

As discussed above, during the FY 2017 enforcement proceedings, CVMC demonstrated that, like the UVM Medical Center and Porter, its unbudgeted net patient revenue was largely the result of demographic shifts and increased patient volume and acuity. Unlike the UVM Medical Center and Porter, however, CVMC did not exceed its budgeted NPR by more than the Board's 2.0% rebalancing threshold. Instead, CVMC exceeded its budget by 1.8%, and its base budget was not rebalanced. With its proposed FY 2019 budget, CVMC has followed the Board's budget guidance that it "more closely align its FY 2019 budget submission with its actual FY 2017 performance and its update projection of FY 2018 performance." (March 29, 2018 GMCB Letter.)

14. Capital Budget Investments

The UVM Health Network's major anticipated capital investments in FY 2018 through FY 2022 are described in Attachment C.

Regional Capital Planning: The UVM Health Network has a Network-wide business planning process to ensure that major capital investments are planned on a system-wide basis that takes into account regional needs, not simply the needs of individual hospitals or service areas. The process includes representatives from the Network members' operations, planning, and finance teams. All of this planning is undertaken in the context of our commitment to a system of care that supports managing the health of populations, in alignment with the APM, while eliminating any unnecessary duplication across our service area.

Prioritization of Network Capital Spending: Consistent with the Network's drive towards population health, greater affordability, and the expectation that revenues will continue to decrease over time, any capital investments the Network makes must be tightly managed and prioritized. Over the past several years, this process has led to an overall decrease in planned long-term capital spending for the UVM Health Network, from five-year projected capital spending of $773.2 million (FY 2015 budget) to $547.1 million (FY 2019 budget).

As the capital "envelope" is shrinking, the Network must prioritize which programs and projects are funded. The resulting long-term capital plans are balanced between investments in direct patient care operations and investments necessary to support population health management.

The proposed spending is included in the UVM Health Network's long-term financial framework. That model, reviewed and updated periodically by the UVM Health Network and our Board of Trustees, allows the Network to plan for needed capital investments over time within the financial parameters established by the GMCB, which focus on making health care more affordable. The framework's premise is that the UVM Health Network should meet national financial benchmarks that support its current "A" rating on the bond market within the GMCB's parameters.

The financial framework assumes an operating margin performance of 3.0% across the Network. Should the network fail to meet that target, it will need to revisit the total capital for all projects in the five-year plan and either reduce it, reprioritize projects, or delay projects to make certain operating performance can support the capital spending while maintaining A-rating performance standards.

Over the last few years, the Network has been strengthening its margin and cash to be able to absorb the increased costs that will come from opening the Miller Building and the Network-wide Epic implementation, while at the same time supporting the people and programs that allow the Network to meet its mission. However, cash on hand will steadily decline now that the UVM Medical Center has, as planned, begun to draw on operating cash to fund the capital costs of these projects.

FY 2019 Investments: The capital spending plan in Attachment C includes $169.5 million in capital spending in FY 2019, including $66.5 million in combined routine capital spending for CVMC, Porter and UVM Medical Center.

CVMC and Porter's capital plan includes no projects for FY 2019 that will be subject to CON review.

UVM Medical Center's plan for FY 2019 includes $103 million for projects that have been or may be subject to CON review, as described below.

Capital Projects

- **Miller Building project ($49.2 million in FY 2018):** A CON was issued in 2015, approving UVM Medical Center's application to replace aging inpatient units for a total estimated cost of $187.3 million, subject to a number of conditions. The project is currently on time and on budget.

- **Primary care facility investments ($8.8 million):** UVM Medical Center continues to invest in its community-based primary care practices. In FY 2018, this will focus on replacing one of the UVM Medical Center's eleven primary care practices, Essex Adult Primary Care. No CON application has been filed at this time.

- **Vermont Cancer Center ($3.8 million):** Similarly, the Vermont Cancer Center, located in the Ambulatory Care Center on the UVM Medical Center's main campus, needs to be updated and expanded to accommodate patient needs. The capital plan anticipates beginning this work in FY 2019. No CON application has been filed at this time.

- **Renovating ED Shell Space ($1.8 million):** Part of the UVM Medical Center's plan to help improve the care we provide to mental health patients is to increase the size of its Emergency Department and create a mental health specific space. The total cost is expected to be $6.3 million. The capital plan anticipates beginning this work in FY 2019. No CON application has been filed at this time.

- **Replacement of interventional radiology (IR) equipment ($2.9 million):** The UVM Medical Center anticipates replacing the equipment in one of its IR suites. The existing equipment is past its useful life and is fully depreciated. No CON application has been filed at this time.

- **Burlington Town Center Fit-Up ($700 thousand):** A component of the UVM Medical Center's master facilities plan is to consolidate some of it's off campus

locations. Relocating employees to the proposed Burlington Town Center is part of that plan. The projected fit-up cost for that space is $2.9 million. The capital plan anticipates beginning this work in FY 2019. No CON application has been filed at this time.

Equipment Projects

- **Replacement of Ortho MRI ($3.1 million):** The UVM Medical Center anticipates replacing the MRI unit at its orthopedic clinic. The existing equipment is past its useful life and is fully depreciated. The total cost is expected to be $4.1 million. The capital plan anticipates beginning this work in FY 2019. No CON application has been filed at this time.

- **Network electronic health record replacement ($31.8 million in FY 2019):** A CON was issued in 2017, approving the UVM Health Network's application to replace the current electronic health records and related information technology systems (EHRs) at four UVM Health Network hospitals for a total capital cost over six years of $109 million. Detailed planning is underway with the Epic set to build the first version of the system later this summer, which will be refined over the next year.

Other Anticipated Major Investments FY 2020 – FY 2022: The UVM Health Network's current capital plans anticipate needed investments in existing practices and infrastructure in this time period that may be subject to CON review, including at two current outpatient renal dialysis sites (Rutland and Berlin), the Neonatal Intensive Care Unit at UVM Medical Center, its inpatient pediatrics unit, and community-based primary care practices (Colchester and Burlington). Also as part of the UVM Medical Center's master facilities plan, it is considering relocating Dermatology and Ophthalmology services from the main campus to Tilley Drive. The UVM Health Network is also exploring a new Medical Office Building at Porter.

The capital spending plan includes money for the potential replacement of existing data centers, some of which are in leased space, and regional PACS (image storage system) infrastructure expansion and improvement.

Finally, pursuant to the GMCB's April 12, 2018 budget enforcement order, the UVM Medical Center plans to invest at least $21M to measurably increase inpatient mental health capacity in Vermont. The UVM Medical Center will report quarterly to the GMCB on the progress of that planning process and will update its capital plan and its GMCB submissions when the size and nature of the investment become more certain.

15. Technical Concerns

ACO Participation Fee Accounting: In FY 2018, the hospitals budgeted the OneCare administrative fees as a revenue deduction, based on the projections available from OneCare at

the time. For purposes of FY 2018 reporting and FY 2019 budgeting, the hospital's auditors, PWC, have advised the hospitals to report those same administrative fees as an expense, paid with corresponding revenue from the ACO. While this change has no impact on the hospitals' bottom line, and it is not the result of any additional revenue, it will increase the hospitals' apparent patient revenue by the amount of the fees. To adjust for this unintended consequence, the UVM Health Network proposes applying a technical adjustment to the hospitals' base budgets in the amount of the fees. This will allow the hospitals and the GMCB to "compare apples to apples" and measure real growth, rather than phantom growth that is solely the result of the accounting change.

Alignment of Network Hospital Submissions: In order to better align the three UVM Health Network hospitals' detailed budget submissions, there have been some slight modifications in how we classified certain line items, which may cause some apparent "noise" in the filings when looked at from year to year.

Leased Physicians: There is a technical correction for FY 2019 to properly record for the Network leased physician FTE and Salary Expense on CVMC's reports. For FY 2018 the Salary Expense was recorded on CVMC's budget, but the FTEs were recorded at the UVM Medical Center, resulting in a mismatch between the FTE and the Expense. This has been corrected for FY 2019, so while it appears as if there has been an increase of 7.9 Physician FTE's, this apparent increase is really just a shift of FTE's from the UVM Medical Center to CVMC and nets to zero when both entities are combined.

Days Cash for UVM Medical Center: It should be noted the day's cash number is not fully reflective of cash commitments to two major CON projects: the Miller Building and Epic. If the remaining capital funding for these two projects were included, the day's cash number would be much lower.

Table 1B: It is not possible for the UVM Health Network hospitals to complete the data requested in Table 1B. For professional services, we are reimbursed on an individual code or service level, but for hospital services, which is the majority of our patient revenue, they are reimbursed per day, per hospital stay, per case, etc. The reimbursement received is one amount, and it covers multiple services. The payers do not break-out how much of the payment is for room charges, lab tests, drugs, etc. As a result, on our financial statements we apply payments and contractual write-offs to just two categories, hospital inpatient and hospital outpatient. That is why we are not able to provide NPR by imaging, anesthesia, labs, etc. as requested on Table 1B.

Salary Information

Compensation Tables:

UVM Medical Center

Provide Headcount & Box 5 Wages from 2017 W2s			Employer Portion (allocation method allowed):	
Salary Range	Total # of Staff	Total Salaries (includes incentives, bonuses, severance, CTO, etc.)	Health Insurance Coverage	Retirement Contributions
$0 - $199,999	8336	392,455,509	52,377,338	27,069,871
$200,000 - $299,999	29	6,551,361	287,001	546,575
$300,000 - $499,999	24	9,023,407	248,716	516,789
$500,000 - $999,999	10	6,731,280	97,776	219,932
$1,000,000 +	2	2,845,895	27,389	56,700

Central Vermont Medical Center

Provide Headcount & Box 5 Wages from 2017 W2s			Employer Portion (allocation method allowed):	
Salary Range	Total # of Staff	Total Salaries (includes incentives, bonuses, severance, CTO, etc.)	Health Insurance Coverage	Retirement Contributions
$0 - $199,999	1969	82,698,968	11,892,715	3,468,497
$200,000 - $299,999	51	12,734,454	718,751	535,190
$300,000 - $499,999	13	4,423,235	212,360	148,310
$500,000 - $999,999	3	1,670,832	11,171	56,016
$1,000,000 +	0	-	-	0

Porter Hospital

Headcount & Box 5 Wages from 2017 W2s			Employer Portion (utilized allocation method)	
Salary Range	Total # of Staff	Total Salaries (incudes incentives, bonuses, severance, CTO, etc.)	Health Insurance (Fiscal Year)	Retirement Contributions (Fiscal Year)
$0 - $199,999	659	26,648,523.18	3,530,076.58	1,053,804.95
$200,000 - $299,999	21	5,033,515.15	666,779.69	199,048.30
$300,000 - $499,999	3	1,219,185.51	161,503.07	48,212.19
$500,000 - $999,999	2	1,208,794.06	160,126.53	47,801.27
$1,000,000 +	-	-	-	-

Compensation Policies: The UVM Health Network's Executive Compensation Philosophy is included at Attachment D. It applies to executives (SVP/VP) at all UVM Health Network

hospitals. The individual Network hospitals currently have their own compensation philosophies for various other categories of employees. The UVM Health Network is in the process of evaluating compensation policies across the Network and rationalizing them to ensure that its hospitals continue to attract and retain the skilled workforce necessary to provide high-quality and high-value care.

Benchmarking: The Network uses Integrated Healthcare Strategies/Gallagher as its consultant for benchmarking executive positions. The list of peers used by the Network and its compensation consultants to benchmark executive compensation is also included at Attachment D. For professional and clinical positions, it looks at regional data generally in the Northeast and New England but tries to avoid data from Boston/Massachusetts and Southern New England data.

When setting base pay for executives, the UVM Health Network targets the market median (50th percentile) rate. The actual base pay for executives is currently, on average, 6% over the market median. When setting total direct compensation (base pay + variable pay) for executives, the UVM Medical Center targets the market 65th percentile. The actual total direct compensation for executives is currently, on average, 3.3% over that target.

The UVM Medical Center occasionally uses Integrated Healthcare Strategies/Gallagher to benchmark Director level roles, but the rest are done in-house using over 15 market surveys and utilizing a software called Payfactors which aggregates all the survey data. For non-executive pay, the UVM Medical Center targets the market median (50th percentile). According to the latest available data sources, compensation for non-executive staff is 4.4% over the market median.

For physician total compensation (base pay + variable pay), the UVM Health Network Medical Group currently targets the 45th percentile of a blended all practice benchmark (Medical Group Management Association) plus a pure academic benchmark (American Association of Medical Colleges). Using just the academic (AAMC) benchmark, the target is the 60th percentile. The Medical Group expects to achieve that target this year. In the coming years, it expects to grow to the 50th percentile of the blended benchmark and the 65th percentile of the academic benchmark.

Central Vermont Medical Center and Porter Hospital have historically used their own outside consultants and peer group data to analyze and benchmark compensation for non-executive and provider employees. They, too, have normally targeted the mid-point of relevant peer groups. As with their compensation policies, the individual hospitals' benchmarking processes are in the process of being evaluated and rationalized across the UVM Health Network, with the goal of ensuring compensation that allows the hospitals to attract and retain the workforce necessary to provide our patients with the highest quality care and to promote success under a value-based payment model.

Organizational Structure

The UVM Health Network Organizational Chart, which includes all of its Vermont hospitals, is at Attachment E.

Responses to Questions from Health Care Advocate

The majority of the Health Care Advocate's (HCA) questions are addressed in this narrative.

HCA question 1.a. is answered by the attached organizational chart.

HCA question 3 is addressed in Section 2, above.

HCA question 4 is addressed in Section 5, above.

HCA question 5 is also addressed in Section 5, above.

HCA question 6 is addressed in Section 7, above.

HCA question 7 is addressed in Sections 2 and 4, above.

HCA question 12 is addressed in section 8, above, and the accompanying attachments.

The University of Vermont Health Network's hospitals will respond to the remainder of the HCA's questions via a separate submission.

ATTACHMENT A

2016 Community Health Needs Assessment Implementation Strategy (2017-2019)

WORK-TO-DATE: CALENDAR YEAR 2017

THE
University of Vermont
MEDICAL CENTER

The heart and science of medicine.

Senior Leaders approved and ranked tactics for each need area in early 2017. Progress for each of the tactics has been reported to the Community Benefit/CHNA Council over FY17; enclosed is a compendium of all work to date.

Over the fall of 2017, Executive Sponsors and Accountable Persons for the need areas either attended an in-person Results-Based Accountability (RBA) training session or received relevant materials for review from Jason Minor, Director, Continuous Systems Improvement.

Over the next two calendar years, Accountable Persons will apply the RBA framework when providing updates for their tactics.

The University of Vermont Medical Center's Community Benefit/CHNA Council selected nine needs for inclusion in the 2016 CHNA Implementation Strategy

(in alphabetical order):

- **Access to Healthy Food**
- **Affordable Housing**
- **Chronic Conditions**
- **Early Childhood & Family Supports**
- **Healthy Aging**
- **Mental Health**
- **Oral Health**
- **Removing Barriers to Care**
- **Substance Use Disorder**

Access to Healthy Foods

GLOBAL AIM:
To improve nutrition, culinary literacy and access to affordable healthy foods to reduce food insecurity and/or prevent obesity.

EXECUTIVE SPONSOR:
Dawn LeBaron
VP, Hospital Services

TACTIC #1

Develop a work plan for the expansion of culinary medicine.

ACCOUNTABLE PERSONS:
Diane Imrie
Director, Nutrition Services

Michael Latreille, MD
Primary Care

WORK-TO-DATE:

The 2017 Culinary Medicine Work Plan was approximately 80% complete; the 2018 Culinary Medicine Work Plan is being finalized.

- Veggie Rx program pilot is complete; evaluation of the program is due to be complete by the end of December 2017
- Pay It Forward launched in August, 2017
  - In April, 2017, a Hannaford Charitable Foundation grant provided $25,000 in seed money
  - As of December, 2017:
    - Received 11,800 donations, totaling $11,461
    - 3315 coupons redeemed, approximately $15,000
- Ongoing Culinary Medicine programs:
  - Teaching Kitchen Collaborative (2016-Present)
  - *Food Matters Series* (2012-Present)
  - Health Care Shares (2012-Present)
  - The Fanny Allen Pantry (launched in early 2017)

TACTIC #2

Increase community awareness of food insecurity through a "Food is Healthcare" campaign by the end of FY 2017.

ACCOUNTABLE PERSON:
Aaron Johnson
Director, Communications

TACTIC #3 CONTD

GOALS:

- Screen 90% of children admitted to inpatient pediatrics for food insecurity using the Hunger Vital Sign by February 2, 2018
- Provide referrals to UVMMC Case Management for 100% of families that screen positive for food insecurity by February 2, 2018
- Notify 100% of primary care providers when their patient has a positive screen for food insecurity by February 2, 2018

2016 (DIRECT ASK BY MEDICAL TEAM)					
MONTH	POSITIVE SCREENS	COMPLETED SCREENS	FOOD INSECURITY RATE (POSITIVE SCREENS / COMPLETED SCREENS)	HOSPITAL ADMISSIONS	SCREENING RATE (COMPLETED SCREENS / ADMISSIONS)
AUGUST	1	32	3%	135	23.7%
SEPTEMBER	1	39	2.5%	139	28%
OCTOBER	0	34	0%	123	27.6%
NOVEMBER	0	11	0%	51	21.5%

2017 (PAPER QUESTIONNAIRE WITH EXPLANATION)					
MONTH	POSITIVE SCREENS	COMPLETED SCREENS	FOOD INSECURITY RATE (POSITIVE SCREENS / COMPLETED SCREENS)	HOSPITAL ADMISSIONS	SCREENING RATE (COMPLETED SCREENS / ADMISSIONS)
AUGUST	11	64	17%	126	50.8%
SEPTEMBER	16	72	22%	116	62.1%
OCTOBER	5	56	9%	128	43.8%
NOVEMBER	3	21	14%	48	43.8%

LESSONS LEARNED:

- Initially, this project involved directly asking families about food insecurity. This methodology produced a rate of food insecure families that was about 9%, consistently below the expected 14% Vermont prevalence
- Screening method now involves a paper screening too; rate of positive screens for food insecurity has increased dramatically

NEXT STEPS:

- Address PRISM barriers
- Display process flow map of screening process
- Implement daily charge nurse report for Food Insecurity
- Formalize Food Insecurity screening into Case Management Rounds with pediatric resident team
- Develop communication tools in discharge summary to convey results of Food Insecurity screening to PCP

Affordable Housing

GLOBAL AIM:
To improve housing retention, temporary emergency shelter and permanent supportive housing for the members of our community.

EXECUTIVE SPONSOR:

Eileen Whalen
President & COO

TACTIC #1

Continue to provide support for transitional and supportive housing opportunities as defined in the plan, "Housing and Health Care; The University of Vermont Medical Center's Role in Local Housing."

ACCOUNTABLE PERSONS:

Maria McClellan
Senior Community Relations Strategist

Jason Williams
Director, Government & Community Relations

WORK-TO-DATE:

The UVM Medical Center has invested in the following initiatives to help meet the housing needs of its patients and community:

- **Harbor Place** is a motel in Shelburne established for people experiencing homelessness and provides case management and other services to individuals and families who stay there. UVM Medical Center provided some funding to assist with startup costs, and now pays to have patients stay there if they are medically ready for discharge but have nowhere safe to go. This program has been in place since November, 2013.
- **Beacon Apartments** is a former motel which provides permanent housing to chronically homeless individuals who have significant medical needs. Providing people in these circumstances with housing has been shown to decrease their need for intensive medical services. Beacon Apartments started taking residents in January, 2016.
- The former **Bel-Aire Motel** is used to house patients who cannot be discharged because they lack housing or for those who have experienced chronic homelessness. Residents of the one-bedroom apartments began moving-in in August 2017. Medical respite placements are anticipated to begin in January 2018.
- **Memory Care at Allen Brook**, operated by the Cathedral Square Corporation, will provide residential care for Medicaid patients with dementia. It is expected to begin taking residents in January, 2018.

These projects are being evaluated with strong results. Data will help identify other opportunities for the UVM Medical Center to address housing needs within the communities it serves.

TACTIC #2

Explore expansion of Working Bridges, the LeRoyer Fund and NEFCU's Pay Day Advance Loans for employees.

ACCOUNTABLE PERSONS:

Laurie Gunn
VP, Human Resources

Dawn LeBaron
VP, Hospital Services

WORK-TO-DATE:

These programs are currently available and utilized by Medical Center employees, and due to resource capacity constraints there is no expectation of movement prior to the next Implementation Strategy.

TACTIC #4

Continue to participate as a member of the Building Homes Together collaborative which aims to develop 3,500 new units of housing in Chittenden County by 2020, with a focus on vulnerable populations.

ACCOUNTABLE PERSONS:

Patti Fisher, MD
Medical Director, Case Management

Penrose Jackson
Director, Community Health Improvement

Tara Pacy
Director, Emergency Care & Access Services

WORK-TO-DATE:

- 916 new homes built in 2016; however, only 69 new affordable homes were added
- 2017: 360 new rentals added to the market in 2017 with 52 of them affordable
- 2018: nonprofit organizations described willingness to build over 300 homes
- As of July, 2017, current vacancy rate is 2.5%
- Rent continues to rise 4% each year

Early Childhood and Family Supports

GLOBAL AIM:
Improve the health of children and families by incorporating culturally sensitive strategies that involve two generations and increase awareness and inclusion of Adverse Childhood Experiences (ACEs).

EXECUTIVE SPONSOR:

Dr. Lewis First
Chair, Department of Pediatrics, UVM Larner College of Medicine
Chief of Pediatrics, UVM Children's Hospital

TACTIC #1

Create an inventory of the UVM Medical Center's current investments in Early Childhood and Family Supports and assess their alignment with Social Determinants of Health.

ACCOUNTABLE PERSONS:

Kristin Fontaine
Pediatric Outreach Coordinator

Susie Posner-Jones
Director, Development, Population Health Initiatives

WORK-TO-DATE:

- The Accountable Persons will meet in January 2018 to begin the inventory process

NOTE:

The original tactic for Early Childhood & Family Supports was, "The UVM Medical Center will create two business plans. The UVM Medical Center will continue to develop and implement a pilot program aimed at preventing ACEs. The program will use a family-centered curriculum which will include a home visiting service. The UVM Medical Center will research and develop a second business plan for how the Medical Center will address the *community-identified need regarding Early Childhood and Family Support. When meeting about this need area,* the Accountable Persons and Quality Improvement Partner refined the language of this tactic.

Mental Health

GLOBAL AIM:
To increase awareness regarding mental health services and support for all ages.

EXECUTIVE SPONSOR:
Dr. Robert Pierattini
Chief, Psychiatry

TACTIC #1

Create a business plan to explore providing Inpatient child psychiatry and extended residential services in northwestern Vermont through a partnership with existing suppliers of these services.

TACTIC #2

Create a business plan to explore expansion of integrated mental health services in all primary care offices in Grand Isle and Chittenden Counties.

TACTIC #3

Create a business plan to explore joining the Rise VT collaborative, and become a backbone for the initiative in Grand Isle and Chittenden counties.

WORK-TO-DATE:

The University of Vermont Health Network Leadership Council, which consists of the leaders of the Network, its affiliate hospitals, and its physician group, has recognized mental health care delivery reform as one of the Network's top strategic priorities for 2018. Over the next year, the Network will develop a comprehensive strategic plan to improve the delivery of mental health care across our service region in Vermont and New York. When completed, that plan will include tactics to address access to inpatient and outpatient mental health services, integrating mental health services in primary care office through a medical home model, and collaborations with existing public and private providers of these services. As a result, progress on these tactics will now be monitored through the Network strategic planning process, and the results will be included in future CHNA reports.

2017 INITIATIVES:

- The Child Psychiatry unit at Champlain Valley Physicians Hospital is at nearly full capacity and the UVM Health Network is working closely with both the Vermont Department of Mental Health and the New York Office of Mental Health to make this resource available to children and their families from both states.
- The Medical Center's Child Psychiatry Fellowship has been doubled (from two to four fellows per year) to provide specialized support to inpatient pediatrics at the UVM Medical Center, and to pediatric patients in the Emergency Department. This fellowship has become a major pipeline for child psychiatrists in Vermont and New York. This will be effective in July, 2018, due to the recruitment cycle of fellowship programs.
- The UVM Medical Center made a significant investment with its partners at the Howard Center in mental health services for our region. Following that decision, the two organizations worked together to determine how best to financially support increased behavioral and mental health supports and agreed upon the following:
  - ACT 1: to partially support the operations of the program, which provides 24/7/365 information, referral, screening and assessment for individuals of all ages who are suspected to be incapacity due to alcohol or other drugs
  - Safe Recovery Program: to support the program's needle exchange and Narcan distribution program
  - Dedicated Crisis Clinician Deployed to the Medical Center's Emergency Department: to hire a dedicated crisis clinician to be deployed to the Department during identified peak times
  - Howard Center Social Workers for Primary Care Clinic Needs: to deploy social workers to primary care. In early 2018 a clinician will begin work with New American patients served by Adult Primary Care Burlington, and another with pediatric patients and their families who are served by UVM Children's Hospital Primary Care

Removing Barriers to Care

GLOBAL AIM:
To ensure all individuals have access to resources to receive the care and support they need to live healthy lives.

EXECUTIVE SPONSORS:

Laurie Gunn
VP, Human Resources

Christina Oliver
VP, Clinical Services

TACTIC #1

Develop a business plan to quantify the need for community health workers and create the structure to connect currently unconnected services.

ACCOUNTABLE PERSON:

Penrose Jackson
Director, Community Health Improvement

WORK-TO-DATE:

The need for community health workers is currently under evaluation. The implementation of those positions will be considered in 2019.

TACTIC #2

Continue to advocate for "Transportation is Healthcare" through membership on the Environmental Community Opportunity Sustainability (ECOS) group.

ACCOUNTABLE PERSON:

Penrose Jackson
Director, Community Health Improvement

WORK-TO-DATE:

The UVM Medical Center continues to be a part of the ECOS group, which coordinates its plans with the Vermont Agency of Transportation. The 2013 ECOS Plan includes the strategy to "Increase opportunity for every person in our community to achieve optimal health and personal safety," in its Transportation section.

The UVM Medical Center also has representation on the Neighbor Rides Advisory Team, a program that connects volunteer drivers with the Special Services Transportation Agency.

THE
University of Vermont
HEALTH NETWORK

Central Vermont Medical Center

Annual Progress Report

At Central Vermont Medical Center, we collaborate with other non-profits, businesses, community leaders, and governmental agencies to provide a variety of programs and educational offerings intended to improve the health of the communities we serve. Our affiliation, beginning in 2011 with the University of Vermont Medical Center, Champlain Valley Physicians Hospital Medical Center, Elizabethtown Community Hospital, and Alice Hyde Medical Center, under the University of Vermont Health Network, has increased our reach and capabilities as the primary medical center in central Vermont. This connection with the University of Vermont Health Network has been a significant step in promoting regional strategic planning, improving access to local care, enhancing information technology, and encouraging joint quality and clinical initiatives. Together, our organizations have worked to align with the state and federal health care reform agendas that promote enhanced integration and build upon our existing clinical partnerships.

A number of CVMC staff members serve on boards of other mission-related community organizations and planning groups such as the Vermont Blueprint for Health, OneCare Vermont, Central Vermont Health Care Coalition, Central Vermont Substance Abuse Services, Green Mountain United Way, People's Health & Wellness Clinic, Vermont Dietetic Association, Vermont Ethics Network, Vermont Medical Society Board, and many more. This implementation plan points to and acknowledges the valuable work of many efforts already underway throughout the county to address community health.

Our Community Health Team has discussed regional strategies that are working, gaps that remain, and opportunities for improvement. Based on these recommendations, we have developed the following measures to address those areas for improvement that require more attention and collaboration.

Drug Abuse

CVMC is working with community partners including the Vermont Department of Health Alcohol and Drug Abuse Program, Washington County Mental Health Services, Central Vermont Substance Abuse Services and Central Vermont Addiction Medicine to increase access to care and support transitions of care as individuals move through the treatment cycle. It is important that community members have knowledge of the resources that are currently available to them.

Current Initiatives

- Screening Brief Intervention and Referral to Treatment (SBIRT) model into eight medical homes throughout the CVMC Medical Group Practices. Increase communication and integrated care at each medical home with three master's level behavioral health counselors, offering onsite counseling services with documentation in their medical record.
- Internal and community outreach about SBIRT services available in the medical homes through newsletters, data briefs, rack cards, education and program brochures.

- Expanded Screening Brief Intervention and Referral to Treatment (SBIRT) model in our Women's Health Clinic at CVMC. Incorporation of additional social determinates of health (depression, intimate partner violence, adverse childhood events, food and housing insecurity) screening, treatment and referrals. Access to same day long acting reversible contraceptives (LARC) for women of ages 15-44, combined with an enhanced process of comprehensive family planning. Increase communication and integrated care with immediate access to a licensed behavioral health counselor for interventions.
- CVMC provides screening, brief intervention, and referral to treatment (SBIRT) in its Emergency Department, hospital inpatient units, and in its primary care practices including Women's Health. Trained social workers or psychologists are embedded in those locations to handle this work.
    - The Women's Health project includes a comprehensive focus on pregnancy and family planning impacted by substance abuse
- CVMC sponsors the Washington County Substance Abuse Regional Partnership (WCSARP) which meets monthly to coordinate services, solve access and care management problems, and erase boundaries of care. The group includes, among others, the Agency for Human Services Barre HSA, Vermont Department of Health, local hub-and-spoke partners, the designated agencies for mental health and substance abuse (Washington County Mental Health, Central Vermont Substance Abuse Services), prevention partners, the Turning Point Recovery Center, the Youth Services Bureau, residential care providers, and local law enforcement;
- Three important programs grew out of gaps identified by WCSARP:
    - CVMC's Emergency Department initiated an alcohol withdrawal protocol in collaboration with Washington County Mental Health and the Turning Point Recovery Center to provide24/7 community-located supervised medically assisted withdrawal (MAW);
    - The Emergency Department has also initiated the state's first Rapid Access to MAT (RAM) to provide immediate 24/7 induction with buprenorphine linked to rapid hub-and-spoke access;
    - The Turning Point Center is currently managing a Vermont Opioid State Response Project to bring peer recovery supports into the Emergency Department hospital inpatient units to assure stable transitions to the community.
- Clinical oversight of clinical interventions, ongoing training and support to medical staff, quality improvement and data management.
- Development of clinical intervention tools for medical providers to use during brief interventions and give to patients as resources.
- Continue to coordinate efforts with Central Vermont Addiction Medicine (CVAM): The staff of the Central Vermont Medication Assisted Treatment (MAT) Team has been working with the staff at CVAM to ensure that there is no wait list for individuals who are seeking MAT. Currently, new patients are seen and inducted on buprenorphine or methadone by the third MAT provider visit.

Advance Action

- Expand facilitation and leadership of the Washington County Substance Abuse Regional Partnership Committee to identify barriers to treatment and gaps in services. This multidisciplinary team, consisting of physicians, drug treatment facilities leadership, drug counselors, ADAP representatives, and our community mental health agency, meets monthly at CVMC to strengthen Washington County's response to our current drug epidemic.
- Continue development of parenting groups in conjunction with Treatment Associates and Central Vermont Addiction Medicine.
- Expand supports for patients under the age of 18 that may be in need of medication-assisted treatment.
- Engage practitioners: By increasing the MAT Team support, we are hopeful that we can encourage more practitioners to provide MAT to their patients.
- Ongoing education: By continuing with the Office Based Opioid Treatment (OBOT) Learning Collaborative in conjunction with Dartmouth Hitchcock Medical Center, we can continue to educate providers on new forms of treatment, which will help improve access to care. One example of this is the use of Vivitrol, an injectable medication that blocks the opioid receptors for an individual for 30 days. Patients receiving this type of treatment can be supported by the MAT Team.
- Through promotion on hospital bulletins and media centers, ensure that the public is aware of organizations such as Central Vermont Substance Abuse Services, and online resources being created by groups such as the Central Vermont Opioid Addiction Steering Committee and Washington County Regional Substance Abuse Partnership.
- Continue development of a local safe harbor bridge program that offers 24/7 referral, screening, and assessment services for individuals needing medically assisted withdrawal and/or substance abuse treatment.
- Continue development and support of Project Safe Catch, which is a drug amnesty program that offers addicts immediate access to substance abuse treatment in lieu of an arrest or penalty.
- Participation in the Governor's Substance Abuse Workforce Development Workgroups.
- Women's Health Initiative Learning Collaborative through the Vermont Blueprint for Health to support integration of expanded SBIRT services in women's health clinics throughout the State of Vermont.

Mental Health

Current Initiatives

- Family Psychiatry, a CVMC Medical Group practice, adopted formal standardized depression screening for patients 12 and older.
- Continue to offer the Wellness Recovery Action Plan (WRAP) is a wellness and recovery approach that helps people to decrease and prevent intrusive or troubling feelings and behaviors; increase personal empowerment; improve quality of life; and achieve their own life goals and dreams.

- CVMC, in partnership with Washington County Mental Health Services, is working to integrate behavioral health practitioners into every primary care practice.
- CVMC has piloted standardized trauma screening in collaboration with Washington County Mental Health into one of its primary care practices, identifying patients with a history of trauma and connecting them with services.
- CVMC is partnering with Washington County Mental Health Services to pilot an integrated health home that promotes a model of health care that integrates the social determinants of health with specialized treatment for individuals with complex physical health, mental health, developmental and substance abuse challenges.
- CVMC has developed a Doula Project to support every prenatal patient seen through Central Vermont Women's Health. Each prenatal patient is offered doula support as research shows that doula labor support decreases the risk for postpartum depression.
- CVMC, in collaboration with Washington County Mental Health Services, is offering additional prenatal and postpartum support for women with a history of depression or are at risk of postpartum depression. Those services include:
    - case management
    - collaboration with other community agencies
    - prenatal yoga
    - childbirth education
    - referral to other Washington County Mental Health Services Programs and counseling
    - additional postpartum support up to one year postpartum
    - labor support
- Adverse Childhood Experiences (ACEs) pilot project was initiated with a the goal use Family Support Specialists embedded in one of CVMC's local pediatric practices, targeting age groups 0-36 months to promote child and family protective factors, prevent and mitigate toxic stress, and promote healthy child development for a period of one year.
- CVMC in partnership with State and local organization for recurrent viewings of the film Resilience including a panel of experts for an in-depth discussion on the impact of adverse childhood events.

Tobacco Use

Current Initiatives

- Continue to coordinate efforts with large and small local businesses. CVMC offers a Tobacco Cessation program on and off site throughout the year. Currently, we are able to assist participants with support and free nicotine replacement therapy such as gum, patches and lozenges.
- Continue to attend local employers' wellness fairs, including: State Employee Wellness, Washington County Mental Health Services and community based outreach (Barre Heritage Festival, Montpelier Alive). This also serves as a tool for educating and networking with community members.

- Added Freshstart (tobacco cessation) leaders in order to increase cessation services to Washington County residents including outlying areas.
- SBIRT clinicians are trained as Tobacco Treatment Specialist and accessible for individual counseling to promote successful quit attempts. Patients in the medical homes can access free brief treatment for tobacco cessation with a master's level counselor. Through partnership with the Tobacco Control Program, patients engaged with an SBIRT clinician are eligible for free nicotine replacement therapy such as patches, gum and lozenges. All treatment is documented in the shared medical EMR.

Advance action

- Continuing education via webinar invitations through the Vermont Department of Health.
- Through promotion on CVMC/Medical Group Practices bulletins and CVMC's web site, ensure that the general public is aware of 802Quits.org, an in-person, phone line and online support for tobacco cessation services.
- Expand access to SBIRT clinicians for tobacco cessation treatment to CVMC specialty practices

Healthy Diets

Current Initiatives

- Transition of Fitness4Wellness from a pilot into a twice offered annual program CVMC Rehab and Community Health Team collaboration project. Twelve- week wellness program for patients to improve their physical abilities through physical therapy; nutrition education to assist with healthier eating behaviors; health coaching including goal setting, and behavior modification techniques.
- Health Care Share: In partnership with Vermont Youth Conservation Corps, CVMC provides funding for the delivery of freshly harvested, organic vegetables to 150 recipients which impacted 382 children, adults, and seniors in need for 15 weeks. An educational binder with information on the nutritional value and preparation of the vegetables is distributed on the initial delivery in early July. In addition, weekly newsletters accompany the share including recipes and staff profiles from VYCC.
- Transition YMCA Diabetes Prevention Program to T2 a year-long program, hourly for 24-26 sessions. Targeted for people with pre-diabetes and/or a BMI > 25. Overall goal is to prevent developing diabetes with a population that is at high risk for this chronic disease. Focus is on modest weight loss of 5-7% body weight, and increasing weekly activity to 150 minutes. Statistics show a 58% reduction in developing diabetes if overall goals met.
- Veggie VanGo program: partnership with the Vermont Food Bank provided free, fresh produce to local community members. Approximately 4900 pounds of food were provided to an increased 230 (additional 30) community members at each of the monthly distributions.

Youth Participation in Physical Activities

CVMC's population health management goals revolve around the identification of risk factors that, if addressed early, can reduce the prevalence of chronic medical conditions later in life.

Current Initiatives

- Continue our panel management efforts within our CVMC Pediatric Primary Care practices to identify children that are overdue for well-child visits and provide outreach to encourage them to attend. Body mass index is calculated at each well-child visit and education is provided around the importance of physical activity for our pediatric patients.
- The CVMC School-Based Health Center is an extension of our pediatric primary care practices and operates two days each week at the Barre City Elementary and Middle School. One benefit of being embedded in the school setting is that it provides more opportunities for our pediatric clinicians to discuss and promote the importance of physical activity and how it impacts overall health and well-being with our pediatric patients.
- The annual CVMC Fun Run and Walk offers our community's youth population an opportunity to participate in a five-mile race around Berlin Pond, the proceeds of which go to the Health Care Share program.

Advance Action

- Work with our two Pediatrics practices to further incorporate patient self-management goals and quality measures pertaining to increased physical activity for our pediatric patient population.
- Increase our involvement in the creation and promotion of new community programs that target youth participation in physical activities.

UVM Health Network/Porter Medical Center

Community Health Needs Assessment Implementation Report 2018

During the past year, Porter has taken the following actions in response to our current Community Health Needs Assessment:

1) Access to primary care

Porter recognizes that access to primary care is at the foundation of any population health strategy and has worked aggressively in recent years to recruit and retain primary care providers in each of the communities we serve. Additionally, through our new Porter ExpressCare service, we have strengthened the connection between our acute care/urgent services and our primary care network through a purposeful practice of referrals or establishing primary care relationships for patients who do not have a medical home. As we continue to transition from fee for service to a population health model of payments, our investments in this primary care network represents a strategic imperative to providing the right care in the least costly setting, as well as offering the types of preventative services and resources needed to keep our patients well or improve their health status.

2) Chronic Health Conditions

Porter has a robust Blueprint for Health department which oversees both our community health educational programs, as well as our Community Health Teams which are incorporated into each of our primary care practices. Porter is a state-wide leader as a critical access hospital in participating in risk-based payment programs and has been a strong advocate of the OneCare ACO model as it supports aligning the needs and desires of our patients with the needs and desires of our organization (better health). We are on the verge of hiring two new Registered Nurses to work within our primary care network on complex care management and will soon begin our work with the Rise Vermont program. We have included specific population health metrics as part of our UVM Health Network set of strategic goals for the current fiscal year and anticipate including additional population health goals for our FY 2019 Network goals.

3) Substance Abuse/Addiction

Our Medically Assisted Treatment (MAT) program at our Bristol primary care practice has continued to grow over time to meet the needs of our community, and we are currently in the process of expanding this program into other communities within our service area to meet the growing needs of the people of this region.

By investing in primary care, the Vermont Blueprint for Health (and soon the Rise Vermont program) as well as MAT services for our patients, UVM Health Network/Porter Medical Center is focusing our resources on those areas that were identified by our most recent Community Health Needs Assessment as priority areas.

Porter used a combination of online surveys and face to face meetings during the most recent CHNA update to solicit community feedback so that the voices of our patients could be represented in the final report.

Community Health Investment Fund FY18

Collective Impact Grants

Chittenden Community Outreach, $80,000

Community Outreach is a partnership between the communities of Colchester, Winooski, Essex, Williston, Shelburne and South Burlington along with the State of Vermont and Howard Center. The program will embed four mental health counselors with local police and ambulance departments to support point of contact response with residents and visitors suffering mental health challenges and crisis. Howard Center serves as the backbone agency.

Chittenden County Opioid Alliance, $100,000

The Chittenden County Opioid Alliance's vision for change is to reduce the burden of opiate use disorders in Chittenden County using a Collective Impact approach that will improve public health and public safety outcomes. United Way of Northwest Vermont serves as the backbone agency.

Community Partners for Suicide Prevention, $40,000

Community Partners for Suicide Prevention will assess and build capacity for infra-structure and improve knowledge to deliver suicide safe care in Grand Isle County by blending community awareness and training on suicide prevention, with a special focus on culturally sensitive care for Abenaki populations. The Vermont Suicide Prevention Center serves as the backbone agency.

Partnership for a Hunger Free Grand Isle County, $100,000

The collaboration's shared vision is to address the high levels of hunger and food insecurity in Grand Isle County by establishing and expanding nutrition programs available to eligible residents through the integrated work of its partner organizations. Hunger Free Vermont serves as the backbone agency.

Substance Abuse Taskforce Chittenden Planning Project, $30,000

This initiative seeks to address the issues of substance abuse for parents and children by to creating a community of practice of care and by partnering with the Chittenden County Opioid Alliance to ensure a focus on promoting positive early childhood experiences as a substance abuse prevention strategy. Building Bright Futures serves as the backbone agency.

Who's Your Person, What's Your Plan, $20,000

The collaborative will mobilize a broad-based, street level campaign that normalizes conversations about death and dying, and provides opportunities for citizens to discuss and document their preferred end of life care. Vermont Ethics Network serves as the backbone agency.

Federally Qualified Health Center Grant

Community Health Centers of Burlington, Medical Sliding Fee, $100,000
Grant funds are used to support the Patient Assistance Program, which offers a full array of support services available to all CHCB patients and community residents in need of access to care and financial assistance programs.

Emerging Need Grants

Burlington Housing Authority, Chittenden County Homeless Alliance, Coordinated Entry Action Lab, $4,500
The goal of the Coordinated Entry Action Lab is to identify a plan for how to move in the direction of ending homelessness. The Action Lab will bring together direct service providers from across the community.

Program Grants

ANEW Place, 4-Phase Continuum of Care, $50,000
ANEW's 4-Phase Continuum of Care provides shelter to homeless adults, providing holistic support and life-skill development to build a foundation with the tools to succeed.

Burlington Housing Authority, Housing Retention & Rapid Rehousing, $50,000
The Housing Retention Team supports tenants at risk of losing their housing due to medical, mental health, and substance abuse issues, domestic violence or due to hoarding.

Howard Center, Street Outreach Project, $50,000
The Street Outreach Team puts mental health clinicians "on the street" in downtown Burlington to work with individuals needing mental health services, as well as outreaching with merchants, police, and the general public.

Kidsafe Collaborative, Children and Recovering Mothers Team (CHARM), $19,000
CHARM is a multi-disciplinary coalition of health and social service providers that work to improve health and safety outcomes of babies born to pregnant women with a history of opiate dependence.

King Street Center, King Street Meal Program, $18,000
Program funds will support daily family-style meals to ensure King Street children have consistent access to healthy food.

Lund Family Center, Family Engagement, $50,000
Lund's family engagement program provides intensive case management services to pregnant or parenting women to establish and ensure the safety and wellbeing of the women and their children both during and after treatment.

Salvation Farms, Vermont Commodity Program, $45,000
The Vermont Commodity Program moves unsold but wholesome Vermont grown crops through a cleaning, packing, and processing operation run by workforce development trainees to reduce food loss on farms, build a skilled workforce, and increase the use of locally grown foods by some of the state's more vulnerable residents.

Spectrum Youth Services, Youth Warming Shelter, $18,000
The new youth warming shelter will offer an accessible low-barrier option for youth, and provide a critically needed alternative to nights on the street during the winter.

Visiting Nurse Association, Psychiatric Home-Visits for Underserved Vermonters, $36,000
This pilot program is a collaborative effort between the Visiting Nurse Association of Chittenden and Grand Isle Counties (VNA) and the Community Health Centers of Burlington (CHCB) to provide in-home psychiatric care to homebound individuals.

Winooski School District, School-Based Health Center, $13,460

This grant supports a new School-based Health Center at the Winooski School District which will bring the services of a Pediatrician, Family Physician, or Pediatric Nurse Practitioner to the school.

United Way of Northwest Vermont Sponsorship

United Way of Northwest Vermont, $100,000

Funds support a variety of programming that align with one or more of the five community needs identified in the UVM Medical Center's 2016 community health needs assessment: Access to Healthy Food, Mental Health, Substance Abuse and Supportive Housing.

For more information on any of these programs, please contact Julie Cole at julie.cole@uvmhealth.org or at 802-847-8929.

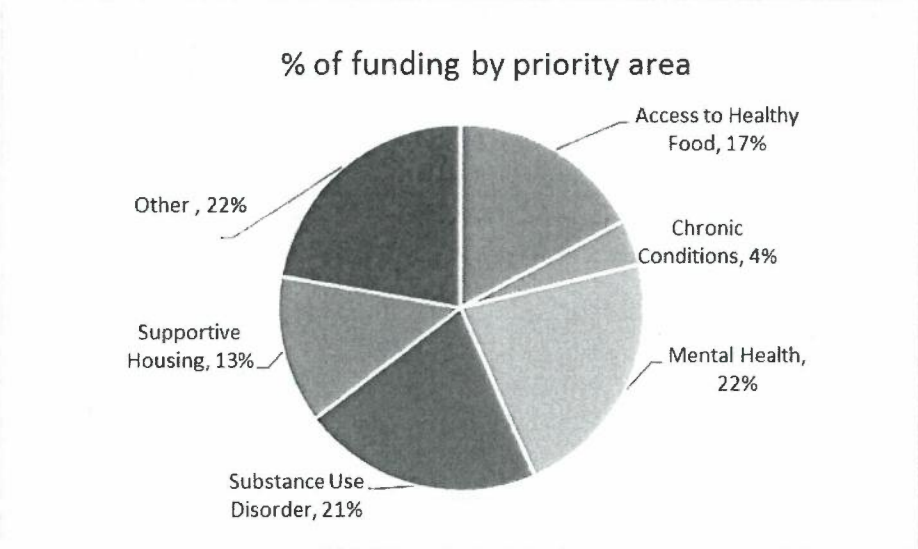
Community Health Investment Fund FY18

FY18 Summary 5.9.18

Grants by Priority Area	Amount	# of grants	% of funding by priority area
Access to Healthy Food	$163,000	3	17%
Chronic Conditions	$33,460	2	4%
Mental Health	$206,000	4	22%
Substance Use Disorder	$199,000	4	21%
Supportive Housing	$122,500	4	13%
Other includes FQHC, United Way Sponsorship, Pediatric Outreach	$210,000	3	22%
TOTALS	**$933,960**	**20**	

By Grant Category	Allocation	# of grants	% of funding by grant category
Collective Impact Grants	$370,000	6	40%
Emerging Need Grant	$4,500	1	1%
Program Grants	$349,460	10	37%
Other includes FQHC, United Way Sponsorship, Pediatric Outreach	$210,000	3	22%
TOTALS	**$933,960**	**20**	

Program grants	Collective Impact grants
• 32 LOI's received, LOI requests: $1,119,129.00 • 20 invited for requests full proposals (50%) totaling $729,812 • 10 Program Grants funded, totaling: $349,460 • Funded 31% of requests • Average program grant: $34,946	• 12 LOI requests for new initiatives received, LOI requests: $583,500 • 6 new initiatives invited for requests for full proposals (50%) totaling $251,300 • 3 new collective impact grants funded, totaling $150,000 (2 planning, 1 implementation) • 3 returning collective grant initiatives funded, totaling $220,000 • 6 total Collective Grants, totaling $370,000 • Funded 50% of requests • Average collective impact grant: $62,000



ATTACHMENT B

CENTRAL VERMONT MEDICAL CENTER
Vermont All-Payer Model Measures Performance

Measure	APM Target	Barre Results	Vermont All-Payer Model Measures Description of Current Effort
Percentage of Medicaid adolescents with well-care visits	50%	49%	• Pediatric practices actively send reminder letters to those patients that are overdue for their annual well-care visit
Initiation of alcohol and other drug dependence treatment	36%	40%	• Screening, Brief Intervention, and Referral to Treatment (SBIRT) available to all practices; • Primary care practices perform annual assessment
Engagement of alcohol and other drug dependence treatment	17%	15%	• SBIRT • Planning an evaluation of current process to assess number of screens completed
30 follow-up after discharge for mental health	60%	70%	• Completed via Transition of Care Management (TCM) process, in primary care practices
30 day follow-up after discharge for alcohol or other drug dependence	40%	38%	• No formal process in place and no current plans underway; may occur via TCM process in primary care practices
Diabetes HbA1c poor control (part of Medicare composite measure)	10%	8%	• Part of Value Based Incentive Plan for primary care providers; • Proactive follow-up by panel coordination staff; • Targeted goals for primary care
Controlling high blood pressure (part of Medicare composite measure)	67%	73%	• Part of Value Based Incentive Plan for primary care providers; • Proactive follow-up by panel coordination staff; • Targeted goals for primary care; • Integrative Family Medicine Montpelier pilot program
Appropriate asthma medication management (75% compliance)	52%	50%	• Jointly sponsored CME/CEU program at CVMC in June 2018 to address asthma treatment and management, included PCPs and school nurses
Percentage of adults reporting that they	89%	89%	• Revised primary care compensation model including panel size as a driving factor. This

have a usual primary care provider			resulted in opening up of most PCP panels to new patients; • New patient access policy implemented February 20, 2018, resulting in accepting/placing 96 new patients with a PCP as of June 4, 2018; • Practice administrative staff trained to make good effort to place patient with PCP of record, including for urgent visits, when possible
Prevalence of chronic disease: COPD	≤ 7%	7%	• Given known connection of Adverse Childhood Experiences (ACEs) with increased risk of developing chronic conditions in adulthood (including COPD, Hypertension, Diabetes), have implemented ACEs screening and intervention in a pediatric practice with Washington County Mental Health Services (WCMHS) and the Family Center of Washington County (FCWC); • Tobacco cessation program offered on ongoing basis; • SBIRT
Prevalence of chronic disease: Hypertension	≤ 26%	28%	• Given known connection of ACEs with increased risk of developing chronic conditions in adulthood (including COPD, Hypertension, Diabetes), have implemented ACEs screening and intervention in a pediatric practice with WCMHS and FCWC; • Tobacco cessation program is on ongoing basis; • SBIRT
Prevalence of chronic disease: Diabetes	≤ 9%	8%	• Given known connection of ACEs with increased risk of developing chronic conditions in adulthood (including COPD, Hypertension, Diabetes), have implemented ACEs screening and intervention in a pediatric practice with WCMHS and FCWC; • Tobacco cessation program is on ongoing basis; • SBIRT
# per 10,000 populations ages 18-64 receiving Medication Assisted	*Statewide (Rate/10,000)* 150 (155.4)	596 (163.3)	• CVMC provides Medication Assisted Treatment to patients with opioid use disorders. 15 providers within our health service area prescribe buprenorphine in Office-Based Opioid Treatment

Treatment for opioid dependence			
Deaths related to drug overdose	*Statewide (Rate/10,000* 115 (2.2)	12 (2.3)	• Adhering to Vermont prescription guidelines with prescribing naloxone when indicated
Rate of Growth in number of mental health and substance use-related ED visits	3%	0%	• Emergency Department "Superusers" program - establishing share care plans for patients with frequent visits to the ED; • Health Home program with WCMHS and Granite City – providing primary care to patients with severe mental health needs who have historically lacked access to primary care

ATTACHMENT C

GMCB Summary (UVMHN,UVMMC,CVMC,PMC)

Capital - Resource Allocation
Fiscal Years 2018 - 2022

		FY 2018		FY 2019			FY 2020 Budget	FY 2021 Budget	FY 2022 Budget	Total FY'18 Proj - FY 2022
		Budget*	Projected	Carry Over/Forward	New Funding	Total Available				
Routine Capital Budget										
	Equipment	28.4	23.6	4.8	20.2	25.0	10.2	19.9	21.1	99.8
	Facilities	25.6	16.6	9.0	17.4	26.5	3.3	14.1	11.5	72.0
	Information Services	14.0	13.0	1.0	14.0	15.0	0.9	3.9	6.2	38.9
Total Routine Capital Budget		68.0	53.2	14.8	51.7	66.5	14.4	37.8	38.9	210.7
CON and Potential CONs**										
UVMHN	IT Infrastructure, Regional PACS	1.5	1.5	0.0	0.0	0.0	0.7	0.7	0.0	2.9
UVMHN	Allocations, Network Development (Porter MOB)	4.3	0.0	0.0	0.0	0.0	0.0	8.8	8.8	17.6
UVMHN	IT Infrastructure, Data Center	0.0	0.0	0.0	0.0	0.0	0.6	3.6	0.0	4.2
UVMMC	IT Infrastructure, EPIC	43.0	43.0	0.0	31.8	31.8	27.6	5.2	0.0	107.7
UVMMC	MRI, Ortho MRI Replacement	2.7	0.0	2.7	0.4	3.1	1.1	0.0	0.0	4.1
UVMMC	MRI, MRI Upgrades - GE Magnet Room 2	1.0	0.0	1.0	0.0	1.0	0.0	0.0	0.0	1.0
UVMMC	General Construction, 194 Tilley Drive Dermatology	0.0	0.0	0.0	0.0	0.0	0.7	2.2	0.0	2.9
UVMMC	General Construction, 194 Tilley Drive Ophthalmology	0.0	0.0	0.0	0.0	0.0	0.7	2.1	0.0	2.8
UVMMC	General Construction, Burlington Adult Primary Care Site	0.0	0.0	0.0	0.0	0.0	0.5	1.6	0.0	2.1
UVMMC	General Construction, Burlington Town Center Fit-Up	0.0	0.0	0.0	0.7	0.7	2.1	0.0	0.0	2.9
UVMMC	General Construction, Colchester Primary Care	0.0	0.0	0.0	0.0	0.0	8.2	0.0	0.0	8.2
UVMMC	General Construction, Inpatient Bed Building	46.5	46.5	0.0	49.2	49.2	0.0	0.0	0.0	95.7
UVMMC	General Construction, NICU	0.0	0.0	0.0	0.0	0.0	10.0	6.6	0.0	16.6
UVMMC	General Construction, Replace Berlin Dialysis Site	0.0	0.0	0.0	0.0	0.0	0.0	4.4	3.4	7.8
UVMMC	General Construction, Replace Rutland Renal Dialysis Site	0.0	0.0	0.0	0.0	0.0	4.5	3.3	0.0	7.8
UVMMC	General Renovation, Cancer Center	2.5	0.0	2.5	1.3	3.8	1.3	0.0	0.0	5.0
UVMMC	General Construction, Essex Primary Care Site	7.5	0.0	7.5	1.2	8.8	0.0	0.0	0.0	8.8
UVMMC	General Renovation, ER Shell Space Exp/Emergency Dept M	1.8	0.0	1.8	0.0	1.8	1.0	2.5	1.0	6.3
UVMMC	General Construction, South Burlington Real Estate Purchas	25.0	25.0	0.0	0.0	0.0	0.0	0.0	0.0	25.0
UVMMC	General Renovation, IR Replacement Room 22	2.9	0.0	2.9	0.0	2.9	0.0	0.0	0.0	2.9
CVMC	Other Miscellaneous, Linear Accelerator	0.0	0.0	0.0	0.0	0.0	2.8	0.0	0.0	2.8
PH	MRI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5	1.5
Total Potential CON Projects		138.7	116.0	18.5	84.6	103.0	61.8	41.0	14.7	336.4
Total Capital		**206.7**	**169.2**	**33.3**	**136.2**	**169.5**	**76.1**	**78.8**	**53.5**	**547.1**

* FY18 Budget amount includes carry-forward from FY17.

** These amounts don't include capitalized interest.

ATTACHMENT D

THE
University of Vermont
HEALTH NETWORK

Executive Compensation Philosophy

UNIVERSITY OF VERMONT HEALTH NETWORK

UVMHN's hospitals and physicians bring the best of community and academic medicine together, sharing their knowledge and resources to give patients access to leading-edge technology, advanced treatment options and the highest level of compassionate care – the heart and science of medicine. UVMHN cares for communities on both sides of Lake Champlain, from the Adirondacks to the Green Mountains and beyond. Members include:

- The University of Vermont Medical Center (UVMMC), formerly known as Fletcher Allen Health Care, and affiliated with the University of Vermont Colleges of Medicine and Nursing and Health Sciences
- Alice Hyde Medical Center (AHMC)
- Central Vermont Medical Center (CVMC)
- Champlain Valley Physicians Hospital (CVPH)
- Elizabethtown Community Hospital (ECH)
- Porter Medical Center (PMC)
- University of Vermont Medical Group (UVMMG)

EXECUTIVE COMPENSATION PHILOSOPHY

As the leading healthcare provider in Vermont and northeast New York, UVMHN must recruit, retain, and develop dedicated, high-performing leaders to advance its mission and achieve its goals.

To this end, the Board of Trustees (Board) has developed and implemented this Executive Compensation Philosophy. It is designed to guide the Board and its Compensation Committee (Committee) in establishing and maintaining executive compensation programs that are competitive, reasonable, and effective at focusing leaders on the Network's strategic and operational goals and priorities.

UVMHN's Board delegates execution of this policy to the Committee. The Committee has the responsibility to engage external resources as needed to support the Committee's and Board's deliberations and decision making.

EXECUTIVE COMPENSATION PARAMETERS

This compensation philosophy provides the framework for setting compensation for executives of UVMHN, its affiliated hospitals, and its medical group.

Peer Groups

The peer groups used as references in establishing compensation for executives of the network and for executives of each of its affiliates will be broad national groups of not-for-profit health care organizations comparable in size, mission, and complexity. Peer groups will be nationwide, as UVMHN and its affiliates compete for talent with hospitals, health systems, and academic medical centers across the country. In determining pay for individual executives, UVMHN and its affiliates may consider regional peer group data, too, from comparable organizations in Vermont, Maine, New Hampshire, Massachusetts, and upstate New York, but excluding organizations in the Boston and New York metropolitan areas.

- UVMHN: The peer group for the network as a whole is other multi-hospital health systems similar in size to UVMHN, as measured by net total operating revenue, including but not limited to systems with a major teaching hospital(s) or academic medical center.

- UVMMC: The peer group for UVMMC is major teaching hospitals and academic medical centers similar in size to UVMMC, as measured by net total operating revenue, which are owned or managed by and/or affiliated with a health system.

- UVMMG: The peer group for UVMMG is physician groups similar in size to UVMMG, as measured by number of physicians or net total operating revenue, which are owned or managed by and/or affiliated with a health system.

- Community hospitals: The peer groups for each of the community hospitals are other community hospitals similar in size, as measured by net total operating revenue, which are owned or managed by and/or affiliated with a health system.

Because the integration of administrative, operational, and strategic functions across UVMHN and its affiliates will occur over time, the Committee may also consider the current and historical responsibilities and pay of incumbent executives as their organizations become affiliates of UVMHN. This may mean considering pay levels at independent hospitals when determining compensation for executives of new affiliates. It is expected that pay for their successors will be set in comparison to pay at hospitals which are part of a health system, as noted above.

Competitive Position of Executive Total Compensation

Recognizing the need to recruit and retain experienced executives and the importance of maintaining a stable leadership team, the Board intends to provide a total compensation program that is market competitive, with flexibility to position the compensation of individual executives above or below market based on experience, organizational and individual performance, recruitment and retention needs, and other factors the Board and/or Committee may deem appropriate. The executive compensation program provides competitive total compensation opportunities through a combination of the following elements.

- Salaries targeted at the 50th percentile (median) of the national peer group.
  - Individual salaries will be administered within ranges structured with midpoints set at median and a 50% spread from minimum and maximum.
  - Regional data may be considered when placing individuals within their respective ranges.
  - Data from independent hospitals may also be considered when determining the salaries for the executives of affiliates who join the Network while these affiliates transition from an independent hospital to a fully integrated member of the Network.

- Performance-based variable pay sufficient to provide total cash compensation opportunities at the 65th percentile when target level awards are earned by achieving strategic and operational Network objectives set by the Committee.
  - Actual total cash compensation for executives may be below, at, or above the 65th percentile of the market depending on a) the positioning of an executive's salary within the appropriate salary range, b) performance of the network and its affiliates, and c) other criteria determined by the Committee.

- Market competitive benefits, perquisites and severance.

Governance of Executive Total Compensation

In approving compensation and benefits for the leaders covered by this compensation philosophy, the Committee will adhere to the process and governance principals detailed in the UVMHN Compensation Committee Charter, to establish and maintain a rebuttable presumption of reasonableness, as set forth in Treasury Regulation § 53.4958-6(a). Before making any change to executive compensation or benefits, the Committee will review and rely upon the appropriate peer group comparability data to ensure the proposed total compensation is reasonable, consistent with this philosophy, and fair market value for the services provided by the leader(s) whose compensation is under review. Should the Committee, in its discretion, approve compensation or benefits outside the guidelines set forth in this compensation philosophy, it must document the facts and circumstances supporting its decision.

APPROVED by UVMHN Compensation Committee on August 17, 2016
APPROVED BY UVMHN BOARD on December 14, 2016
Reviewed and revised by UVMHN Compensation Committee on August 10, 2017

Client	City	State
Group Health Cooperative	Tukwila	WA
CHRISTUS Health	Irving	TX
Bon Secours Health System	Marriottsville	MD
Montefiore Health System, Inc.	Bronx	NY
Sharp HealthCare	San Diego	CA
Adventist Health	Roseville	CA
University of Maryland Medical System	Baltimore	MD
Sanford Health	Sioux Falls	SD
OhioHealth	Columbus	OH
Houston Methodist	Houston	TX
UNC Healthcare	Chapel Hill	NC
Scripps Health	San Diego	CA
PeaceHealth	Bellevue	WA
Stanford Healthcare	Stanford	CA
Inova Health System	Falls Church	VA
Barnabas Health	West Orange	NJ
Presbyterian Healthcare Services	Albuquerque	NM
Cedars-Sinai Medical Center	Los Angeles	CA
University Hospitals	Cleveland	OH
OSF Healthcare System	Peoria	IL
UW Medicine	Seattle	WA
Virginia Commonwealth University Health System (VCU)	Richmond	VA
Franciscan Health	Mishawaka	IN
Baptist Health South Florida	Miami	FL
Loma Linda University Adventist Health Sciences Center	Loma Linda	CA
Hartford HealthCare	Hartford	CT
BayCare Health System	St. Petersburg	FL
Wake Forest Baptist Health	Winston-Salem	NC
Emory Healthcare Inc.	Atlanta	GA
SCL Health System	Denver	CO
Beaumont Health	Royal Oak	MI
UAB Health System	Birmingham	AL
Carle Foundation Hospital	Urbana	IL
The Ohio State University Wexner Medical Center	Columbus	OH
Yale New Haven Health	New Haven	CT
Centura Health	Englewood	CO
University of Wisconsin Hospital & Clinics	Madison	WI
Hospital Sisters Health System	Springfield	IL
Northside Hospital - Atlanta	Atlanta	GA
MemorialCare	Fountain Valley	CA
UMass Memorial Health Care	Worcester	MA
Catholic Health Services of Long Island	Rockville Centre	NY
Rush University Medical Center	Chicago	IL
Community Health Network	Indianapolis	IN
Norton Healthcare	Louisville	KY
Marshfield Clinic	Marshfield	WI
Atlantic Health System	Morristown	NJ
NYU Langone Health	New York	NY

Piedmont Healthcare	Atlanta	GA
Baptist Memorial Health Care Corporation	Memphis	TN
Lehigh Valley Health Network	Allentown	PA
Premier Health	Dayton	OH
Northshore University Healthsystem	Evanston	IL
Main Line Health System	Radnor	PA
Rochester General Health System	Rochester	NY
The University of Texas Medical Branch	Galveston	TX
St. Luke's Health System	Boise	ID
WellStar Health System	Marietta	GA
Baystate Health	Springfield	MA
Memorial Healthcare System	Hollywood	FL
Baptist Health	Jacksonville	FL
UC Health	Cincinnati	OH
TriHealth	Cincinnati	OH
Lifespan	Providence	RI
Avera Health	Sioux Falls	SD
Vidant Health	Greenville	NC
WellSpan Health	York	PA
Christiana Care Health System	New Castle	DE
Methodist Le Bonheur Healthcare	Memphis	TN
Cone Health	Greensboro	NC
Temple University Health System & Temple Physicians	Philadelphia	PA
Wheaton Franciscan Healthcare	Glendale	WI
Multicare Health System	Tacoma	WA
Legacy Health System	Portland	OR
Meridian Health System	Neptune	NJ
Palmetto Health	Columbia	SC
Carilion Clinic	Roanoke	VA
Lee Memorial Health System	Fort Myers	FL
Community Medical Centers - Corporate	Clovis	CA
UF Health Shands	Gainesville	FL
Parkview Health	Fort Wayne	IN
Jackson Health System	Miami	FL
Saint Luke's Health System	Kansas City	MO
St. David's Healthcare	Austin	TX
Hackensack University Medical Center	Hackensack	NJ
Munson Healthcare	Traverse City	MI
University of Virginia Medical Center	Charlottesville	VA
Summa Health	Akron	OH
The University of Kansas Health System	Kansas City	KS
University of Utah Health Care	Salt Lake City	UT
Dartmouth-Hitchcock Medical Center	Lebanon	NH
Eastern Maine Healthcare System	Brewer	ME
Reading Health System	Wyomissing	PA
University of Colorado Health	Aurora	CO
Harris Health System	Houston	TX
Winthrop University Hospital	Mineola	NY
Cox Health	Springfield	MO

Medical University of South Carolina	Charleston	SC
Health First, Inc	Rockledge	FL
Kaleida Health	Buffalo	NY
Hawaii Pacific Health	Honolulu	HI
Covenant Health	Knoxville	TN
Kettering Health Network	Miamisburg	OH
Cooper University Health Care	Camden	NJ
St. Elizabeth Healthcare	Edgewood	KY
Stony Brook University Hospital	Stony Brook	NY
University of Mississippi Medical Center	Jackson	MS
The Nebraska Medical Center	Omaha	NE
Albany Medical Center (System)	Albany	NY
Care New England Health System	Providence	RI
Virtua Health	Marlton	NJ
Albert Einstein Healthcare Network	Philadelphia	PA
Sparrow Health System	Lansing	MI
OHSU Hospital	Portland	OR
Orlando Health	Orlando	FL
Allegheny Health Network	Pittsburgh	PA
Penn State Hershey Medical Center	Hershey	PA
Presence Health	Mokena	IL

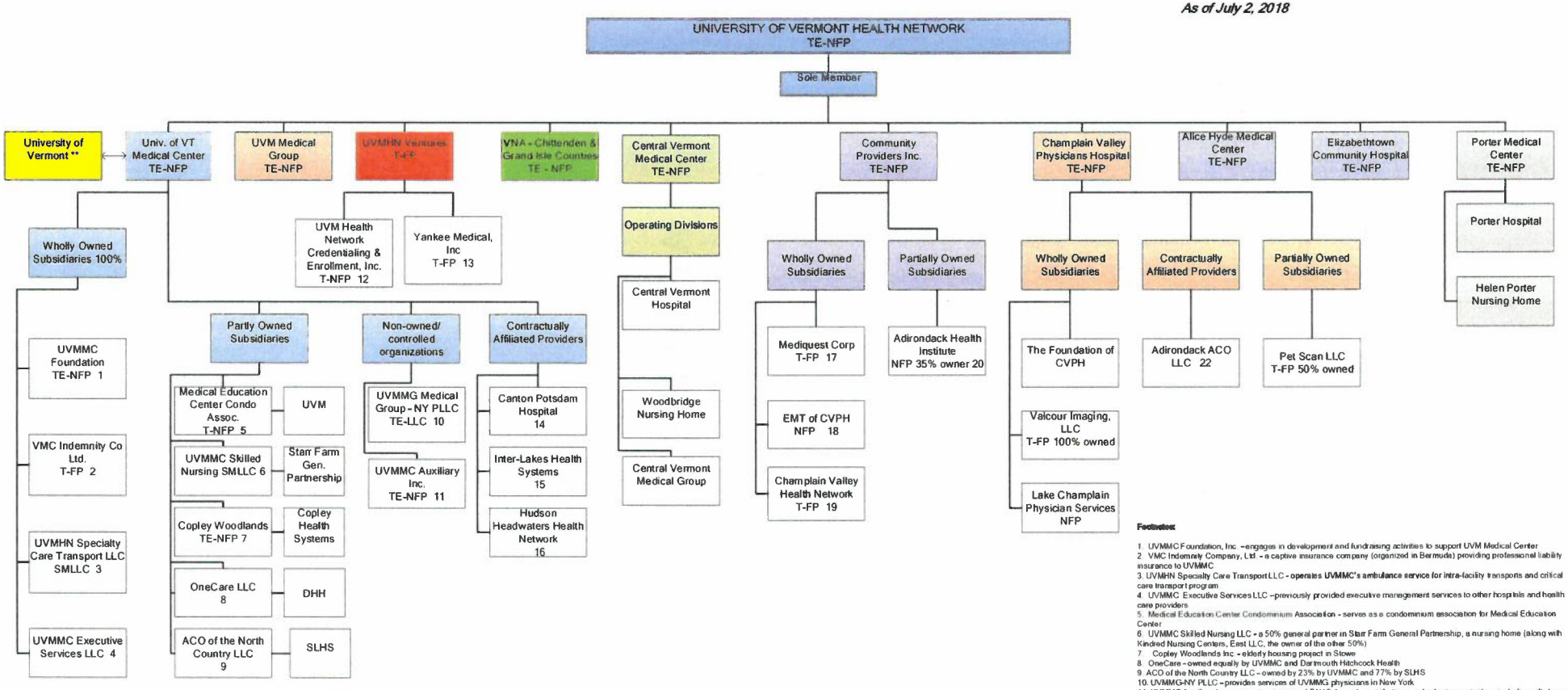
Net Revenue	Staffed Beds	FTEs
$3,653	325	6,549
$3,609	6,065	22,924
$3,477	4,563	27,000
$3,472	1,469	16,848
$3,409	1,799	13,063
$3,380	1,511	18,189
$3,370	2,487	20,383
$3,300	1,645	25,000
$3,285	2,197	19,043
$3,236	2,028	18,312
$3,196	800	9,134
$3,100	1,233	12,401
$3,093	1,042	16,189
$2,998	799	10,354
$2,972	2,094	13,099
$2,968	2,778	15,287
$2,895	525	8,000
$2,794	882	11,997
$2,786	2,312	17,342
$2,764	1,451	17,000
$2,673	1,051	10,179
$2,665	786	8,930
$2,664	2,051	14,624
$2,619	1,530	15,623
$2,600	1,020	12,008
$2,600	1,324	18,597
$2,586	3,045	14,183
$2,546	943	12,600
$2,439	1,330	13,861
$2,439	2,003	13,959
$2,429	1,778	15,815
$2,406	1,281	6,989
$2,400	383	5,453
$2,369	1,203	15,619
$2,332	1,164	11,267
$2,321	3,309	11,794
$2,234	648	12,555
$2,226	1,934	10,993
$2,202	852	10,300
$2,174	1,536	9,225
$2,174	1,009	12,906
$2,096	1,725	10,325
$2,087	677	8,337
$2,076	1,088	10,347
$2,075	1,434	10,716
$2,073	27	6,121
$2,020	2,188	14,075
$2,000	1,069	22,000

$2,000	1,055	12,000
$1,995	2,350	12,581
$1,969	1,124	12,860
$1,964	1,826	12,542
$1,924	690	7,899
$1,911	1,399	8,395
$1,874	1,402	11,545
$1,861	510	12,448
$1,829	865	11,485
$1,809	1,215	11,804
$1,800	897	8,404
$1,800	2,026	12,200
$1,797	1,114	9,661
$1,787	945	7,967
$1,700	865	9,555
$1,686	1,070	10,185
$1,664	1,966	10,564
$1,636	1,315	11,018
$1,625	1,043	10,213
$1,621	938	9,380
$1,621	1,492	10,950
$1,600	1,236	11,500
$1,600	1,019	8,513
$1,595	1,580	12,879
$1,586	934	7,955
$1,568	1,110	9,035
$1,551	1,432	8,687
$1,518	1,093	10,320
$1,506	1,096	10,255
$1,498	1,426	9,970
$1,497	985	7,119
$1,462	1,535	10,145
$1,452	887	7,987
$1,450	2,085	11,144
$1,445	1,113	8,142
$1,439	1,445	6,540
$1,435	900	8,542
$1,427	689	3,423
$1,423	652	6,756
$1,400	664	4,773
$1,400	770	7,390
$1,395	669	9,880
$1,385	388	7,735
$1,381	904	8,908
$1,333	679	4,334
$1,326	620	5,452
$1,305	702	7,922
$1,267	580	6,731
$1,266	821	10,250

$1,257	681	6,218
$1,254	968	6,741
$1,250	1,079	9,346
$1,247	556	5,612
$1,228	1,474	7,195
$1,200	1,267	12,007
$1,200	531	5,249
$1,189	901	6,327
$1,187	603	5,195
$1,150	546	9,011
$1,148	565	6,329
$1,145	683	7,887
$1,137	963	8,171
$1,107	979	6,666
$1,100	822	8,520
$1,097	638	6,300
$2,170	537	11,536
$2,119	1,780	12,519
$2,018	1,458	11,927
$1,624	514	8,385
$2,583	3,182	14,598

ATTACHMENT E

As of July 2, 2018



Affiliation Agreement, dated June 19, 2014 and amended October 1, 2016 with UVM MC, UVM HN, UVM HN MG

Key:

GP	General Partnership
Gen Part	General Partnership Interest
LP	Limited Partnership
LLC	Limited Liability Corporation
T-FP	Taxable – For Profit
TE-NFP	Tax Exempt - Not For Profit Corporation
T-NFP	Taxable - Not For Profit Corporation
SMLLC	Single Member LLC treated as a division of the member for tax purposes

Footnotes:

1. UVMMC Foundation, Inc. –engages in development and fundraising activities to support UVM Medical Center
2. VMC Indemnity Company, Ltd. - a captive insurance company (organized in Bermuda) providing professional liability insurance to UVMMC
3. UVMHN Specialty Care Transport LLC - operates UVMMC's ambulance service for intra-facility transports and critical care transport program
4. UVMMC Executive Services LLC –previously provided executive management services to other hospitals and health care providers
5. Medical Education Center Condominium Association - serves as a condominium association for Medical Education Center
6. UVMMC Skilled Nursing LLC - a 50% general partner in Starr Farm General Partnership, a nursing home (along with Kindred Nursing Centers, East LLC, the owner of the other 50%)
7. Copley Woodlands Inc. - elderly housing project in Stowe
8. OneCare - owned equally by UVMMC and Dartmouth Hitchcock Health
9. ACO of the North Country LLC – owned by 23% by UVMMC and 77% by SLHS
10. UVMMG-NY PLLC – provides services of UVMMG physicians in New York
11. UVMMC Auxiliary Inc. -supports missions of FAHC through contributions and volunteer activities, including gift shop and Replays
12. UVM Health Network Credentialing & Enrollment – a credentialing organization
13. Yankee Medical Inc. - UVM Health Network Ventures owns 100% of Yankee Medical's stock
14. Affiliation Agreement dated June 2005 (inactive)
15. Affiliation Agreement dated June 2010 (terminated)
16. Collaboration Agreement dated June 2015
17. Mediquest - a real estate company that owns substantially all of the Medical Office Building
18. EMT of CVPH - ambulance transport service
19. CV Health Network - inactive as a taxable for profit
20. AHI - a population health management company
21. ECH operates a critical access hospital in Elizabethtown, NY and a free-standing emergency room and outpatient clinic on the former campus of Moses Ludington Hospital in Ticonderoga, NY
22. Adirondacks ACO is equally owned by CVPH and Hudson Headwaters Health Network