



EXCEPTIONAL CARE. COMMUNITY FOCUSED.



Copley Hospital FY 2019 Budget Presentation

August 20, 2018

1. Introduction/Overview

Presenters

- ▶ Art Mathisen, CEO
- ▶ Rassoul Rangaviz, CFO
- ▶ Lori Profota, RN, DNP, Chief Nursing Officer
- ▶ Adam Kunin, MD, Cardiologist and CMO
- ▶ Don Dupuis, MD, General Surgeon and CMO

Support

- ▶ Vera Jones, Chief Operating Officer
- ▶ Brian Aros, MD, Orthopedic Surgeon, and Chair of Surgery
- ▶ John Macy, MD, Chief of Orthopedic Surgery
- ▶ Deb Dorain, Director, Revenue Cycle & Financial Planning
- ▶ Amy Fitzgerald, Director, Human Resources
- ▶ Carol Ferrante, Director, Outpatient Practices



2. Hospital Issues

- ▶ One Fully Integrated Health Information System
- ▶ Recruitment and Retention
- ▶ Facility and Medical Equipment
- ▶ Financial Challenges
- ▶ Addressing Social Determinants of Health

3. Areas of Risk & Opportunities

Areas of Risk

- ▶ Finances and Capital Requirements
- ▶ New EMR selection and implementation
- ▶ Recruitment and Retention
- ▶ Healthcare Reform

Areas of Opportunities

- ▶ Implementing our Strategic Plan
- ▶ General Surgery
- ▶ Rise Vermont
- ▶ Day-to-Day Operational Improvements
- ▶ Collaboration among hospitals, FQHCs, Academic Institutions, and Community Partners
- ▶ Community Health Needs Assessment

4. Access: Wait Times

Clinic	New Patient	Follow-up
General Surgery Clinic	5 days	4 days
The Women's Center	37 days	33 days
Mansfield Orthopaedics	57 days	38 days
Cardiology Clinic	107 days	28 days



5. APM Quality Measures

Measure	APM Target	Statewide Rate	Morrisville/Lamoille	
30-day follow-up after discharge for mental health	60%	68%	75%	●
30-day follow-up after discharge for alcohol or other drug dependence	40%	27%	26%	●
Percentage of adults reporting that they have a usual primary care provider	89%	88%	90%	●
Prevalence of chronic disease: COPD	≤7%	6%	6%	●
Prevalence of chronic disease: Hypertension	≤26%	25%	27%	●
Prevalence of chronic disease: Diabetes	≤9%	8%	7%	●
# per 10,000 population ages 18-64 receiving Medication Assisted Treatment for opioid dependence (Rate/10,000)	150	155	160	●
Rate of Growth in number of mental health and substance use-related ED visits	3%	6%	13%	●

- ▶ Copley’s HSA is meeting or exceeding 5 of APM Targets
- ▶ Copley is focusing on areas where we can make an impact - *Where patients access our healthcare teams*



5. APM Quality Measures (con't)

- ▶ Death related to suicide - Participating with LCMH on the Zero Suicide Program
- ▶ Screening - for substance abuse, depression, SDOH, and Adverse Childhood Events Screening in targeted populations
- ▶ Acute Care Readmission risk assessment on every patient admitted
- ▶ Chronic Health Conditions - FY19 blood pressure screening for targeted populations
- ▶ FY19 Partnering with CHSLV -Community Referral Specialist to improve follow-up and monitoring of high utilizers, Mental Health and Substance dependence patients

5. APM Quality Measures (con't)

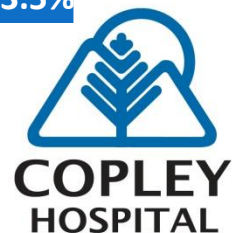
- ▶ National Surgical Quality Improvement Program
 - Complication, readmission, and reoperation rates dramatically below NSQIP benchmarks
- ▶ Antibiotic Stewardship Program with UVMHC
 - Significant decreases in targeted antibiotic usage
- ▶ Readmission Risk Assessment
 - Retrospective review of shared patients with Morrisville's Skilled Nursing Facility, The Manor
 - Concurrent review of patients using the LACE tool for patients admitted to the Acute Care Nursing Unit
- ▶ UCC/Blueprint/Accountable Communities of Health
- ▶ Results of Cardiology Shared Decision Making

6a. Proposed Financials

	BUD18	BUD19	Proposed Change	% Change
Net Patient Revenue	\$68,024,531	\$72,037,976	\$4,013,445	5.9%
Other Operating Revenue	1,348,615	1,188,760	(159,855)	-11.9%
Total Revenue	69,373,146	73,226,736	3,853,590	5.6%
Operating Expenses	69,296,653	71,740,825	2,444,172	3.5%
Operating Surplus	\$76,493	\$1,485,911	\$1,409,418	
Operating Margin	0.1%	2.0%	1.9%	

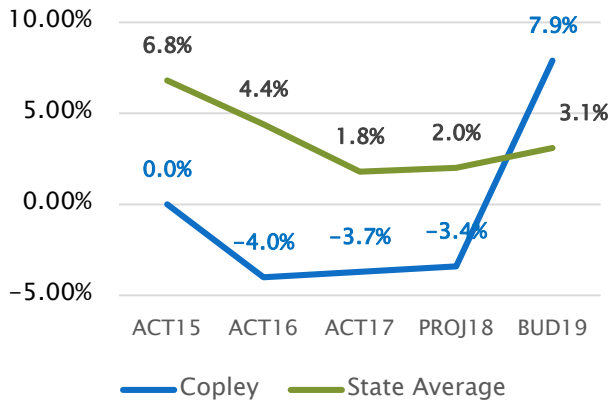
NPR	Proposed Change	% Change
Rate Increase 7.9%	3,104,535	4.6%
Reimbursement	2,110,379	3.1%
Bad Debt & Charity	18,724	0.0%
Utilization	(\$920,459)	-1.4%
DSH	(299,734)	-0.4%
NPR Increase	\$4,013,445	5.9%

Expenses	Proposed Change	% Change
Labor costs	\$1,028,213	2.5%
Drugs	730,247	27.9%
Supplies	684,784	6.8%
Other costs	928	0.0%
Expense Increase	\$2,444,172	3.5%

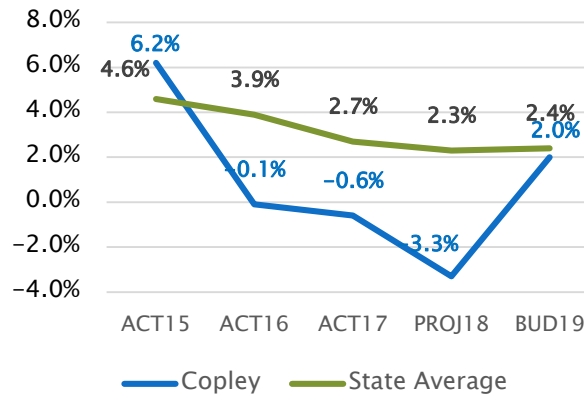


6a. Proposed Financials

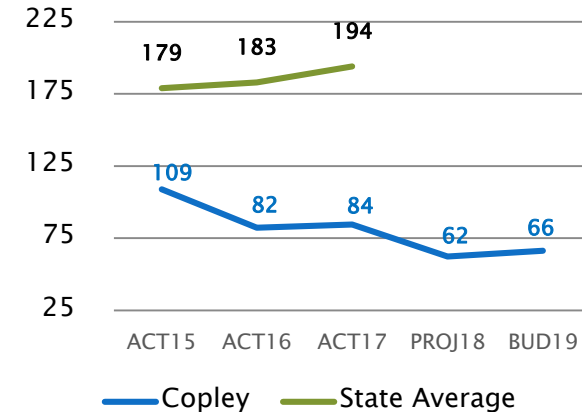
Rate Changes



Operating Margin



Days Cash on Hand



5Y Cumulative Rate Change

Copley = 3.2% Decrease
 State = 18.1% Increase

5Y Cumulative Performance

Copley = 0.8% Op Margin
 State = 3.2% Op Margin

5Y Cumulative Performance

Copley = Decreased 42 days
 State = Data not available



6b. In-State vs Out-of-State Payer Mix



- ▶ 95% of patients are Vermont residents
- ▶ 5% Out-of-State

6c. Cost Containment Efforts

Savings Targeted	FTEs	Labor Costs	Supply Chain	Other Costs	Total Targeted	Achieved To-Date	% Achieved To-Date
FY17	(0.9)	(361,388)	(400,000)	-	(761,388)	(761,388)	100%
FY18	(7.3)	(925,653)	(380,707)	(110,000)	(1,416,360)	(818,838)	58%
FY19	(6.5)	(695,774)	(15,000)	(60,000)	(770,774)	(204,659)	27%
Total	(14.8)	(1,982,815)	(795,707)	(170,000)	(2,948,522)	(1,784,855)	61%

6c. Cost Containment Efforts

Targeted \$2M Savings in Labor Costs:

- ▶ Contractor labor in OR, ED, and Acute Care
- ▶ Acute Care Unit staffing mix
- ▶ Rehabilitation Services supervisory and support staff
- ▶ The Women's Center OB/GYN and support staff
- ▶ Cardiology Clinic midlevel and support staff
- ▶ Mansfield Orthopedics non-surgical MD position
- ▶ Revenue Cycle support services in registration, transcription, billing
- ▶ Health Insurance plan change, improving claims experience

Achieved To Date = 49%

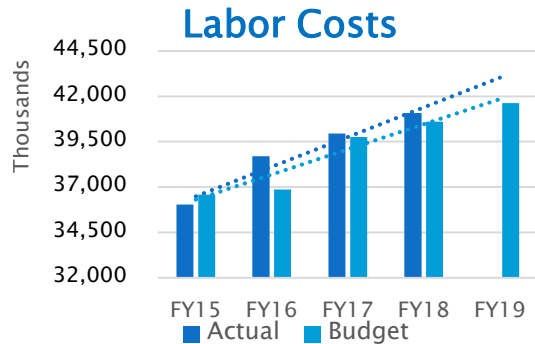
6c. Cost Containment Efforts (con't)

Targeted \$800k Savings Supply Chain:

- ▶ More aggressive price negotiation for implants
 - Achieved 20-35% reduction on certain implants, savings of \$500k
- ▶ Fully implement 340(b) drug program
 - Effective 1/1/18, expect to achieve savings of \$170k in FY18
- ▶ Better management of waste in supplies and drugs
 - Achieved \$55k in savings on food waste and OR supply losses

Achieved To Date = 91%

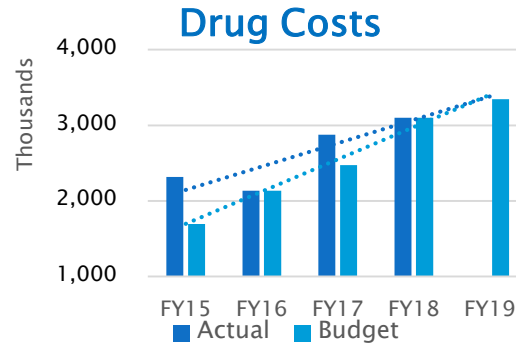
6c. Expense Drivers



3Y Ave 4.7% Increase

- ▶ Need for Travelers
- ▶ Market adjustments for retention
- ▶ Investments in growing workforce from within

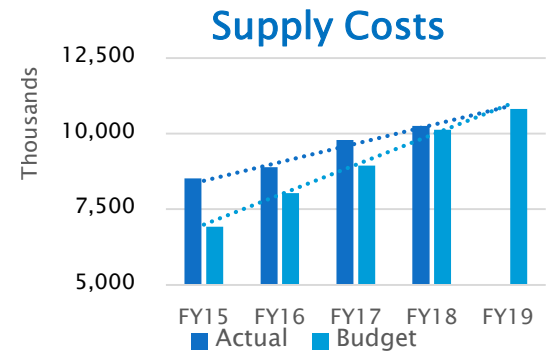
BUD19 2.5% Increase



3Y Ave 11.2% Increase

- ▶ Double-digit Inflation
- ▶ Drug shortages
- ▶ Oncology utilization

BUD19 27.9% Increase



3Y Ave 6.8% Increase

- ▶ Demand for Orthopedic implants
- ▶ Custom implant utilization

BUD19 6.8% Increase

6d. Update on YTD FY18 Performance

	BUD18	PROJ18	Variance
Net patient revenue	\$68,024,531	\$66,445,250	\$(1,579,281)
Other operating revenue	1,348,615	1,257,843	(90,772)
Total operating revenue	\$69,373,146	\$67,703,093	\$(1,670,053)
Operating expenses	69,296,653	69,909,790	613,137
Operating surplus (loss)	\$76,493	\$(2,206,697)	\$(2,283,190)
Non-operating revenue	370,900	378,067	7,167
Excess of revenue over expense	\$447,393	\$(1,828,630)	\$(2,276,023)

- ▶ NPR Projected to be 2.3% below budget
 - Utilization below budget across many service lines
- ▶ Expense pressures:
 - Recruitment & Retention, Need for Travelers
 - Drug Shortages and Double-Digit Inflation on Drugs
 - Implant utilization, mix of services

7. Community Health Needs Update

- ▶ 2018 CHNA Implementation Plan in Development
- ▶ Top Needs Identified:
 - Preventative Care (also a 2015 need)
 - Mental Health
 - Chronic Health Conditions (also a 2015 need)
 - Substance Use/Abuse
- ▶ Response: Primary & Secondary Prevention = Cost Avoidance
 - Increased screening for social determinants of health
 - Continue Social Worker in ED; UCC Collaboration
 - Zero Suicide Program w/ Lamoille County Mental Health
 - Rise VT – Lamoille
 - Rx Drug Drop Box
 - Social Media for Education/Awareness

8. Health Reform Investment Update

▶ Social Work in the Emergency Department

Goal: Connect patients with resources in a timely manner to address:
Social Determinants of Health
Access to Care and Resources

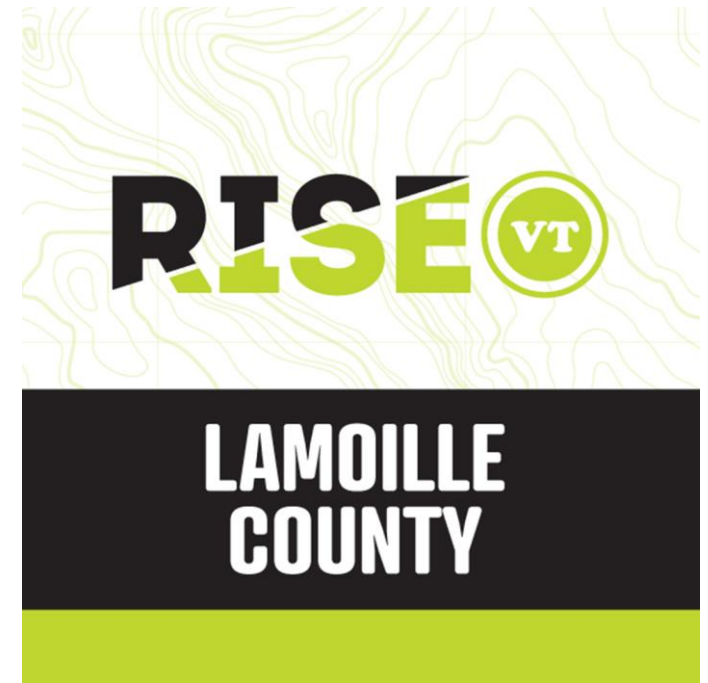
6% of all Emergency Department (ED) patients were screened or evaluated by our ED social worker

- 608 total referrals, including 422 unique patients
- 157 complex with a face to face evaluation
- 241 patients were successfully connected with primary care
- 77 high utilizers were identified and connected to resources

8. Health Reform Investment Update (con't)

▶ RiseVT Program

- Hired a Program Manager to focus specifically on RiseVT initiatives
- Created a Stakeholder Committee of local community partners
- Identified 2 designated communities, chosen based on demographic and population health data provided by the VT Department of Health
- Collaboration within the communities to amplify activities aligned with the RiseVT mission.
- Summer of 2018 began “Active Play” activities and education sponsored by Copley in our local community.



8. Health Reform Investment Update (con't)

▶ Health Promotion on Social Media

- Live Well Lamoille Blog – Nationally Recognized
- Stable of bloggers from UCC, Community

Past topics:

“Expect Some Pain”

“Talking to Youth About Marijuana”

“Fake News: Does It Affect Our Health?”

“Learning Through Arthritis”

“Building Resilience and Hope”

- FY18 Results YTD
 - Blog reached 22% of Households in Lamoille
 - 407 views per month
 - FB: 1,906 fans; 753,900 impressions
 - Twitter: 599 followers; 81,908 impressions

8. Health Reform Investment Update (con't)

- ▶ FY19 Community Action Grants
 - Budgeted \$10K for social needs
 - Grantees to be prioritized by CHNA & UCC
 - FY18 Grants/Contributions made to:
 - Pop-up Homeless Shelter
 - Healthy Lamoille Valley (Sub. Abuse Prevention)
 - Morristown Bike & Pedestrian (Bike Share, Racks)
 - Hunger Free Vermont/Lamoille Hunger Council

9. Capital Spending Plans

Category	Budget FY19	Plan FY20	Plan FY21	Plan FY22
Clinical	\$1,480,265	\$2,066,745	\$1,156,370	\$755,200
Facility	642,000	5,472,000	3,577,000	862,000
IT	499,050	2,465,400	1,061,750	404,250
Other	416,700	170,000	438,180	404,286
Total	\$3,038,015	\$10,174,145	\$6,233,300	\$2,425,736

- ▶ **\$3M Capital Budget FY19**
 - No items over \$500k
- ▶ **\$18.8M Placeholder for FY20-22 Capital Spending**
 - Developing Master Plan to address facility, technology, and equipment needs
- ▶ Funding sources yet to be determined

10. Long-Range Financial Outlook

- ▶ Contributing Factors:
 - Cost Pressures (3-5%)
 - Operating Margin (2-4%)
 - Utilization Trends
 - Service Mix
 - Funding Major Capital Investments
 - Continued Cost Containment Efforts

- ▶ Tie-in to APM Goals:
 - State-wide 3.5% may be an achievable goal
 - Individual hospital's goals should be case by case based on utilization trend, service mix, size, capital needs, and overall financial health

11. Historical Budget Compliance

Net Patient Revenue in Compliance over 3 Years

Year	Rate Change	Budget	Actual	Variance	% Variance
FY16	-4.0%	\$60,987,719	\$62,804,324	\$1,816,605	3.0%
FY17	-3.7%	\$64,819,405	\$64,983,966	\$164,561	0.3%
FY18	-3.4%	\$68,024,531	\$66,445,249	(\$1,579,282)	-2.3%
3Y Total	-11.1%	\$193,831,655	\$194,233,539	\$401,884	0.2%

Closing Remarks

We ask the Green Mountain Care Board to approve our FY2019 budget as requested. Copley will focus on:

- ▶ Achieving work efficiencies, while maintaining high quality, to achieve a healthy FY19 Budget
- ▶ Evaluating going “Risk” with Medicaid for CY19
- ▶ Investing in prevention via the Rise Vermont platform
- ▶ Utilizing the Unified Community Collaborative (UCC)/Accountable Communities of Health as a catalyst to focus on healthcare reform efforts
- ▶ Continuing to engage local and statewide partners to enhance access to various medical specialties
- ▶ Implementing new Community Health Needs Assessment and Strategic Plan



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Thank you for your consideration

Questions?