

Northwestern Medical Center

FY 2019 Actual Audited Financial Results Analysis

Report Date: 2/18/2020

FY 2019 Actual Audited Financial Results Analysis Northwestern Medical Center

INCOME STATEMENT	FY2018A	FY2019B	FY2019A	FY2020B	2019B -	2019B - 2019A	2018A - 2019A	2019B - 2020B	2019A - 2020B
					2020B \$ Chg	% Chg	% Chg	% Chg	% Chg
Revenues									
Gross Patient Care Revenue	197,719,112	210,649,546	210,917,710	223,749,944	13,100,398	0.1%	6.7%	6.2%	6.1%
Disproportionate Share Payments	1,194,679	944,549	942,501	934,355	(10,194)	-0.2%	-21.1%	-1.1%	-0.9%
Bad Debt	(6,322,818)	(5,769,549)	(6,899,923)	(7,099,149)	(1,329,600)	19.6%	9.1%	23.0%	2.9%
Free Care	(1,056,665)	(1,112,446)	(1,089,453)	(1,196,174)	(83,728)	-2.1%	3.1%	7.5%	9.8%
Deductions from Revenue	(102,608,415)	(123,235,251)	(114,174,877)	(124,052,177)	(816,926)	-7.4%	11.3%	0.7%	8.7%
Graduate Medical Education	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Net Patient Care Revenue	88,925,893	81,476,849	89,695,958	92,336,799	10,859,950	10.1%	0.9%	13.3%	2.9%
Fixed Prospective Payments	15,431,100	31,297,131	18,592,593	24,589,780	(6,707,351)	-40.6%	20.5%	-21.4%	32.3%
Reserves	(1,039,225)	0	(1,759,087)	0	0	#DIV/0!	69.3%	#DIV/0!	-100.0%
Other Reform Payments	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Fixed Prospective Payments and Reserves	14,391,875	31,297,131	16,833,506	24,589,780		-46.2%	17.0%	-21.4%	46.1%
Net Patient Care Revenue & Fixed Payments & Reserves	103,317,768	112,773,980	106,529,464	116,926,579	4,152,599	-5.5%	3.1%	3.7%	9.8%
Other Operating Revenue	6,527,916	6,166,078	4,294,653	5,213,346	(952,732)	-30.4%	-34.2%	-15.5%	21.4%
Total Operating Revenue	109,845,684	118,940,058	110,824,117	122,139,925	3,199,867	-6.8%	0.9%	2.7%	10.2%
Expenses									
Salaries Non MD	40,078,144	41,985,554	43,092,703	44,536,609	2,551,055	2.6%	7.5%	6.1%	3.4%
Fringe Benefits Non MD	10,996,812	10,817,875	12,293,467	11,292,361	474,486	13.6%	11.8%	4.4%	-8.1%
Physician Fees, Salaries, Contracts	17,618,115	17,654,647	17,262,582	18,491,986	837,339	-2.2%	-2.0%	4.7%	7.1%
Fringe Benefits MD	1,141,538	1,404,109	1,523,895	1,564,905	160,796	8.5%	33.5%	11.5%	2.7%
Health Care Provider Tax	6,169,059	6,419,916	6,345,312	7,288,305	868,389	-1.2%	2.9%	13.5%	14.9%
Depreciation & Amortization	5,067,273	6,100,000	5,696,512	6,702,192	602,192	-6.6%	12.4%	9.9%	17.7%
Interest - Long Term & Short Term	702,852	800,000	770,957	961,816	161,816	-3.6%	9.7%	20.2%	24.8%
Other Operating Expense	31,801,511	31,061,246	32,743,837	31,550,038	488,792	5.4%	3.0%	1.6%	-3.6%
Total Operating Expense	113,575,304	116,243,347	119,729,265	122,388,212	6,144,865	3.0%	5.4%	5.3%	2.2%
Net Operating Income (Loss)	(3,729,620)	2,696,711	(8,905,148)	(248,287)	(2,944,998)	-430.2%	138.8%	-109.2%	-97.2%
Non-Operating Revenue	4,348,314	1,151,419	411,783	1,706,318	554,899	-64.2%	-90.5%	48.2%	314.4%
Excess (Deficit) of Rev Over Exp	618,694	3,848,130	(8,493,365)	1,458,031	(2,390,099)	-320.7%	-1472.8%	-62.1%	-117.2%
Benchmarks-Hospital									
Operating Margin%	-3.4%	2.3%	-8.0%	-0.2%					
Total Margin %	0.5%	3.2%	-7.6%	1.2%					
EBIDA %	1.9%	8.1%	-2.2%	6.1%					
Cost per Adjusted Admission	9,814	9,956	10,107	10,410					
OBSERVATIONS :									

Fiscal Year 2020 Budget Analysis		Northwestern Medical Center							
BALANCE SHEET	FY2018A	FY2019B	FY2019A	FY2020B	2018A-2019A	2019B-2019A	2019A-2020B	2018A-2020B	
Cash & Investments	65,594,524	69,000,000	54,566,464	64,477,298	-16.8%	-20.9%	18.2%	-1.7%	
Risk Reserve for Fixed Reform Payments	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Other Current Assets	14,376,216	16,000,000	15,881,942	17,000,000	10.5%	-0.7%	7.0%	18.3%	
Current Assets	79,970,740	85,000,000	70,448,406	81,477,298	-11.9%	-17.1%	15.7%	1.9%	
Board Designated Assets	23,450,309	23,500,000	25,172,351	24,000,000	7.3%	7.1%	-4.7%	2.3%	
Net, Property, Plant And Equipment	67,626,140	68,000,000	68,211,296	67,800,000	0.9%	0.3%	-0.6%	0.3%	
Other Long-Term Assets	2,547,776	1,300,000	1,666,544	1,963,167	-34.6%	28.2%	17.8%	-22.9%	
Assets	173,594,965	177,800,000	165,498,597	175,240,465	-4.7%	-6.9%	5.9%	0.9%	
Current Liabilities	13,296,349	12,086,726	12,420,987	15,266,415	-6.6%	2.8%	22.9%	14.8%	
Long Term Liabilities	31,231,573	31,000,000	29,717,868	28,349,024	-4.8%	-4.1%	-4.6%	-9.2%	
Other Noncurrent Liabilities	2,830,852	1,350,000	4,445,731	1,500,000	57.0%	229.3%	-66.3%	-47.0%	
Fund Balance	126,236,191	133,363,274	118,914,011	130,125,026	-5.8%	-10.8%	9.4%	3.1%	
Liabilities and Equities	173,594,965	177,800,000	165,498,597	175,240,465	-4.7%	-6.9%	5.9%	0.9%	
Benchmarks-Hospital					Change in Points				
Days Cash on Hand	299.53	306.53	255.23	279.15	(44.30)	(51.30)	23.92	(20.38)	
Days Receivable	36.96	40.32	41.52	39.53	4.56	1.20	(1.99)	2.57	
Days Payable	44.73	40.05	39.76	48.17	(4.97)	(0.30)	8.41	3.44	
Long Term Debt to Capitalization	0.20	0.19	0.20	0.18					
Debt Service Coverage Ratio	0.9	5.5	(1.1)	2.9	(2.0)	(6.5)	4.0	2.0	
Benchmarks-Vermont System Averages					Change in Points				
Days Cash on Hand	176	172	158	164	(18)	(14)	6	(12)	
Days Receivable	43	44	46	47	3	2	1	4	
Days Payable	63	54	54	54	(10)	(1)	1	(9)	
Long Term Debt to Capitalization	0	0	0	0					
Debt Service Coverage Ratio	2.4	3.6	3.1	3.4	0.7	(0.5)	0.3	1.0	
OBSERVATIONS:									

Fiscal Year 2020 Budget Analysis									
Northwestern Medical Center									
NET PAYER REVENUE CHANGES - PAYERS		FY2018A	FY2019B	FY2019A	FY2020B	2018A - 2019A % Chg	2019B - 2019A % Chg	2019B - 2020B % Chg	2019A - 2020B % Chg
All Payers	Gross Patient Care Revenue	197,719,112	210,649,546	210,917,710	223,749,944	6.7%	0.1%	6.2%	6.1%
	Contractual Allowances	-102,608,415	-123,235,251	-114,174,877	-124,052,177	11.3%	-7.4%	0.7%	8.7%
	Bad Debt	-6,322,818	-5,769,549	-6,899,923	-7,099,149	9.1%	19.6%	23.0%	2.9%
	Free Care	-1,056,665	-1,112,446	-1,089,453	-1,196,174	3.1%	-2.1%	7.5%	9.8%
	Graduate Medical Education Payments	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Disproportionate Share Payments	1,194,679	944,549	942,501	934,355	-21.1%	-0.2%	-1.1%	-0.9%
	Net Payer Revenue	88,925,893	81,476,849	89,695,958	92,336,799	0.9%	10.1%	13.3%	2.9%
	Fixed Prospective Payments	15,431,100	31,297,131	18,592,593	24,589,780	20.5%	-40.6%	-21.4%	32.3%
	Reserves - Risk Portion	-1,039,225	0	-1,759,087	0	69.3%	#DIV/0!	#DIV/0!	-100.0%
	Other Reform Payments	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Fixed Prospective Payment & Reserves	14,391,875	31,297,131	16,833,506	24,589,780	17.0%	-46.2%	-21.4%	46.1%
	Net Payer Revenue & Fixed Prospective Payments	103,317,768	112,773,980	106,529,464	116,926,579	3.1%	-5.5%	3.7%	9.8%
Commercial	Gross Patient Care Revenue	85,281,226	91,262,312	93,182,808	98,425,443	9.3%	2.1%	7.8%	5.6%
	Contractual Allowances	-28,446,350	-33,424,839	-32,539,641	-32,054,182	14.4%	-2.6%	-4.1%	-1.5%
	Bad Debt	-6,322,818	-5,769,549	-6,899,923	-7,099,149	9.1%	19.6%	23.0%	2.9%
	Free Care	-1,056,665	-1,112,446	-1,089,453	-1,196,174	3.1%	-2.1%	7.5%	9.8%
	Graduate Medical Education Payments	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Net Payer Revenue	49,455,393	50,955,478	52,653,791	58,075,938	6.5%	3.3%	14.0%	10.3%
	Fixed Prospective Payments	20,810	3,622,038	-110,155	0	-629.3%	-103.0%	-100.0%	-100.0%
	Reserves - Risk Portion	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Other Reform Payments	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Fixed Prospective Payment & Reserves	20,810	3,622,038	-110,155	0	-629.3%	-103.0%	-100.0%	-100.0%
	Net Payer Revenue & Fixed Prospective Payments	49,476,203	54,577,516	52,543,636	58,075,938	6.2%	-3.7%	6.4%	10.5%
Percentage of total		48%	48%	49%	50%				
Medicaid	Gross Patient Care Revenue	43,579,810	45,902,110	44,316,898	46,111,835	1.7%	-3.5%	0.5%	4.1%
	Contractual Allowances	-31,599,151	-35,158,594	-36,537,408	-36,805,790	15.6%	3.9%	4.7%	0.7%
	Bad Debt	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Free Care	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Graduate Medical Education Payments	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Net Payer Revenue	11,980,659	10,743,516	7,779,490	9,306,045	-35.1%	-27.6%	-13.4%	19.6%
	Fixed Prospective Payments	7,049,497	9,150,864	9,255,131	11,194,326	31.3%	1.1%	22.3%	21.0%
	Reserves - Risk Portion	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Other Reform Payments	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Fixed Prospective Payment & Reserves	7,049,497	9,150,864	9,255,131	11,194,326	31.3%	1.1%	22.3%	21.0%
	Net Payer Revenue & Fixed Prospective Payments	19,030,156	19,894,380	17,034,621	20,500,371	-10.5%	-14.4%	3.0%	20.3%
Percentage of total		18%	18%	16%	18%				
Medicare	Gross Patient Care Revenue	68,858,076	73,485,124	73,418,004	79,212,666	6.6%	-0.1%	7.8%	7.9%
	Contractual Allowances	-42,562,914	-54,651,818	-45,097,828	-55,192,205	6.0%	-17.5%	1.0%	22.4%
	Bad Debt	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Free Care	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Graduate Medical Education Payments	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Net Payer Revenue	26,295,162	18,833,306	28,320,176	24,020,461	7.7%	50.4%	27.5%	-15.2%
	Fixed Prospective Payments	8,360,793	18,524,229	9,447,617	13,395,454	13.0%	-49.0%	-27.7%	41.8%
	Reserves - Risk Portion	-1,039,225	0	-1,759,087	0	69.3%	#DIV/0!	#DIV/0!	-100.0%
	Other Reform Payments	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Fixed Prospective Payment & Reserves	7,321,568	18,524,229	7,688,530	13,395,454	5.0%	-58.5%	-27.7%	74.2%
	Net Payer Revenue & Fixed Prospective Payments	33,616,730	37,357,535	36,008,706	37,415,915	7.1%	-3.6%	0.2%	3.9%
Percentage of total		33%	33%	34%	32%				
	Disproportionate Share Payments	1,194,679	944,549	942,501	934,355	-21.1%	-0.2%	-1.1%	-0.9%
Percentage of total									
	NPR & FPP to Gross Commercial (no dsh)	58%	60%	56%	59%				
	NPR & FPP to Gross Medicaid (no dsh)	44%	43%	38%	44%				
	NPR & FPP to Gross Medicare (no dsh)	49%	51%	49%	47%				
	NPR & FPP to Gross All (no dsh)	52%	53%	50%	52%				
Observations:									

FY 2019 Actual Audited Financial Results Analysis					Northwestern Medical Center				
UTILIZATION & STAFFING	FY2018A	FY2019B	FY2019A	FY2020B	2018A-2019A	2019B-2019A	2019B-2020B	2019A-2020B	
UTILIZATION									
Adjusted Admissions	11,572	11,676	11,846	11,757	2.4%	1.5%	0.7%	-0.8%	
Acute Admissions	2,441	2,522	2,348	2,374	-3.8%	-6.9%	-5.9%	1.1%	
Acute Average Length Of Stay	3.2	3.2	3.3	3.0	3.1%	3.6%	-5.1%	-8.4%	
All Operating Room Procedure	2,368	2,293	2,873	2,546	21.3%	25.3%	11.0%	-11.4%	
Tests	371,072	370,786	392,321	369,928	5.7%	5.8%	-0.2%	-5.7%	
Emergency Room Visits	24,536	26,920	25,681	24,000	4.7%	-4.6%	-10.8%	-6.5%	
CT Scan, Radiology - Diagnostic Exams	38,059	39,342	46,202	45,779	21.4%	17.4%	16.4%	-0.9%	
Provider Work RVU	10,748	12,033	11,666	11,852	8.5%	-3.0%	-1.5%	1.6%	
Physician Office Visits	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Clinic Visits	127,675	121,911	108,834	136,284	-14.8%	-10.7%	11.8%	25.2%	
STAFFING									
Non-MD FTEs	636	647	672	676	36.0	25.6	29.8	4.2	
Travelers, Travelers MD	2	1	5	2	2.6	4.0	1.1	(2.9)	
Residents & Fellows	0	0	0	0	0.0	0.0	0.0	0.0	
MLPs	0	0	0	0	0.0	0.0	0.0	0.0	
Physician FTEs	37	41	38	42	0.7	(3.7)	0.9	4.6	
Total FTEs	676	689	715	721	39.4	25.9	31.8	5.9	
Benchmark-Central Vermont Medical Center									
Salary per FTE - Non-MD	62,986	64,922	64,096	65,836	1.8%	-1.3%	1.4%	2.7%	
Salary & Benefits per FTE - Non-MD	80,269	81,649	82,381	82,529	2.6%	0.9%	1.1%	0.2%	
FTEs Per Adjusted Occupied Bed	6	6	6	7	-0.3%	-1.6%	9.4%	11.2%	
FTEs per 100 Adj Discharges	5	6	6	6	3.2%	2.5%	3.9%	1.4%	
Benchmarks-Vermont System Averages									
Salary per FTE - Non-MD	66,067	67,435	70,572	70,085	6.8%	4.7%	3.9%	-0.7%	
Salary & Benefits per FTE - Non-MD	84,930	86,796	90,767	89,722	6.9%	4.6%	3.4%	-1.2%	
FTEs Per Adjusted Occupied Bed	6	6	6	6	-2.7%	-6.5%	1.7%	8.8%	
FTEs per 100 Adj Discharges	7	8	7	8	-0.6%	-4.5%	2.1%	7.0%	

OBSERVATIONS: