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UVMHealth.org

The University of Vermont Health Network FY 2019 Budget

Green Mountain Care Board

August 22, 2018

THE University of Vermont HEALTH NETWORK

Overview

- Introductions
- UVM Health Network:
  - Overview, Issues, Opportunities, Risks, Our People
- UVM Medical Center:
  - Overview, Issues, Opportunities, Risks, APM Quality, CHNA, and Health Reform Investments, Our People, Financials
- Central Vermont Medical Center:
  - Overview, Issues, Opportunities, Risks, APM Quality, CHNA, and Health Reform Investments, Our People, Financials
- Porter Hospital
  - Overview, Issues, Opportunities, Risks, APM Quality, CHNA, and Health Reform Investments, Our People, Financials
- Network Financials, Payer Mix, Capital Budget, Long Range Financial Outlook
- GMCB and HCA Questions

Introductions

- John R. Brumsted, MD, President & CEO, UVM Health Network and CEO, UVM Medical Center
- Eileen Whalen, RN, President and COO, UVM Medical Center
- Anna Noonan, RN, President and COO, Central Vermont Medical Center
- Fred Kniffin, MD, President and COO, Porter Medical Center
- Todd Keating, CFO, UVM Health Network, and Interim CFO, Central Vermont Medical Center
- Jennifer Bertrand, CFO, Porter Medical Center
- Rick Vincent, CFO, UVM Medical Center and UVM Medical Group
- Marc Stanislas, VP of Treasury and Financial Services, UVM Health Network

Our Mission

UVM Health Network Mission

To improve the health of the people in the communities we serve by integrating patient care, education and research in a caring environment

"Together"

UVMHN Vision

Working together, we improve people's lives.

VAHHS

Healthy Vermont. Together.

The University of Vermont Health Network

Integrated Delivery System

- Academic Medical Center
- 5 Community Hospitals
- FQHC
- Home Health
- UVMHN Medical Group
- Regional ACOs

Network Numbers

- Serve 1.4 million lives
- Over 12,000 employed FTEs
- 1,100+ physicians: 850 specialists and over 300 primary care providers
- 3,600+ RNs
- 1,250 licensed IP beds
- Over 41k inpatient discharges, nearly 1.1M outpatient encounters

Note Hudson Headwaters Health Network has 16 sites in Saratoga, Warren, Essex and Hamilton Counties New York

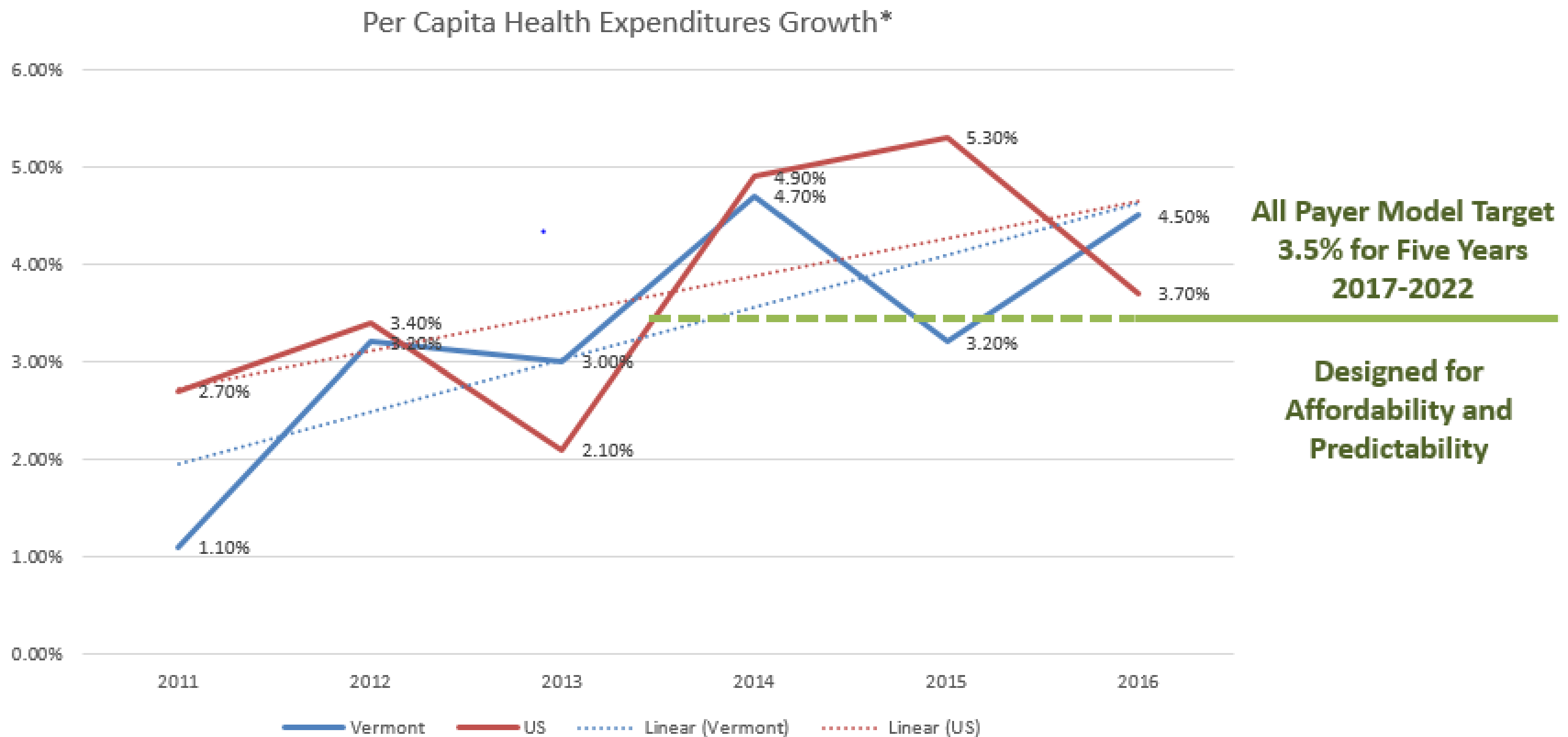
Major UVM Health Network Budget Initiative:

Investments to Serve Our Patients, Our Mission, and the Long-Term Success of the APM

Vermont's All Payer Model and the Triple Aim

- Vermont has chosen the APM as the primary tool through which we as a State achieve the Triple Aim
  - Success of APM is key to improving the health of the populations we serve
  - Success of APM is key to patient experience and satisfaction
  - <u>Success of APM is key to affordability</u>

All Payer Model "Locks In" Affordable and Predictable Growth Rate



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*Source: "2016 Vermont Health Care Expenditures Analysis" published by GMCB, May 2018

“Vermont’s Bold Experiment in Community Driven Health Care Reform”

Vermont’s experiment in forging partnerships among health care payers and between clinical and community providers may offer lessons about the potential of care coordination to wring value out of a fragmented health care system. . . . [I]f OneCare is successful at identifying and spreading innovative approaches, it could accelerate investments like these, not just in Vermont, but in other parts of the nation where leaders are seeking more evidence on effective ways to address the social determinants of poor health.

Commonwealth Fund Case Study, Vermont’s Bold Experiment in Community Driven Health Care Reform (May 2018) at 3, 14.

OneCare Vermont Success Stories

DR. CARRIE WULFMAN, A PRIMARY CARE PROVIDER AT UVMHN, PRIMARY CARE-BRANDON

I have been treating a patient with diabetes and heart disease for several years. I will call him Joe. Due to uncontrolled glucose levels over time, Joe required amputation below the left knee and a partial foot amputation on the opposite side.

Joe recently needed to have a knee replacement in his right (good) leg due to breakdown of that joint over time. Because of his underlying complex health conditions, I referred him to an orthopedic surgeon at the UVM Medical Center to be evaluated for surgery. Joe was sent home without a surgical appointment scheduled, because his blood sugar levels were too high to safely operate.

When I met with Joe and reviewed the note from the surgeon, the patient and I made a plan together to utilize resources for him that we are now able to access, thanks to programs like the Blueprint for Health and OneCare Vermont — our statewide accountable care organization. This patient was able to access a care coordinator, a dietician, and a physical therapist, all within our office, which is his primary care medical home.

Together as a care team we developed a plan to get Joe's blood sugar under control. Not only was Joe able to have the knee replacement surgery, he changed his lifestyle dedication to wellness and is back to health maintenance visits every three to four months.

Network Strategic Plan: Three Pillars

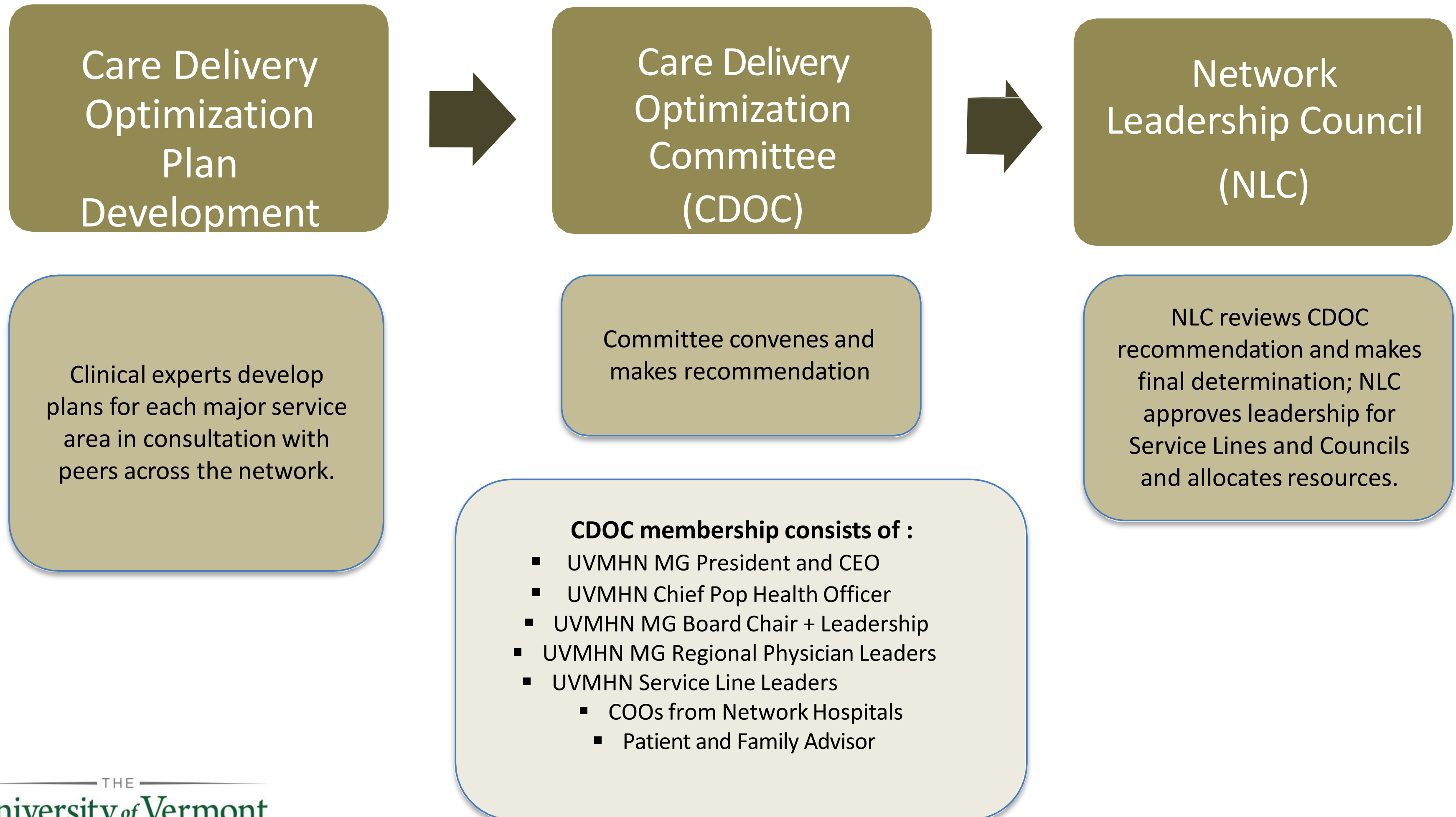
Our Patients and Families	Our Community	Our People

Investments in UVM Health Network are Essential to the Long-Term Success of the APM:

- Integrating and Optimizing Care Delivery Across Network
- Consolidating Administration Across Network
- Integrating and Optimizing Core Processes Across the Network
- Integrating and Optimizing Clinical Data In Support of Population Health Management
- Investments in Support of Statewide Goals
- Continued Investment in OneCare Vermont
- Continued Investment in our People

Care Delivery Optimization

Process for Approving Care Delivery Optimization Plans



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Care Delivery Optimization

- Pediatric Cardiovascular Services
- Spine and Back Care
- Vascular Services
- Orthopedic Trauma Services
- Joint Health and Joint Replacement
- Mother-Baby
- Mental Health + Primary Care Integration
- Radiology
- Alice Hyde Service Strategy
- Radiation Oncology
- Emergency Medicine
- Hospitalist Service

Consolidation of Administration

- Consolidation of Network and Hospital Leadership
  - Combining C-Suite functions, foregoing backfill, elimination of CPI
  - Significant annual C-Suite savings
- Shared Services
  - Centralize and realign key non-clinical services at each affiliate into Network-wide structure
  - Legal, Risk, Compliance, Finance, Operations, Marketing, Communications, Government Relations, HR, Planning, Quality, Data Governance, IT
  - Goals: Consistency, Quality, and Cost Savings

Core Process Integration

- Integrate and Optimize Core Processes Across the Network
  - IT investments
    - Axiom
    - Premier Connect
    - Workday
    - Epic
  - Regulatory
  - Compliance
  - Credentialing
  - Moving Toward Centralized Revenue Cycle

Data Integration

- Integrate and Optimize Clinical and Financial Data In Support of Population Health Management
- One Reporting and Data Analytics Process
  - Epic
    - Healthy Planet population health module
    - Single data warehouse as key Epic component
  - Axiom
    - Measure financial performance at patient-encounter level of detail
    - Integrate with clinical variance tool for quality purposes
    - Benchmark against peer hospitals and health systems
  - Data Management Office
    - Data as foundation for managing health of population we serve
    - Standardize and simplify use of data across Network
    - Uniform technology stack

Investments Serving All Vermont

- Capital investments being planned and made at the Network level, rather than hospital-by-hospital
  - Disciplined Network-wide capital planning process
- Investments intended to serve entire State, not just the Network
  - Miller Building
    - Effective additional capacity through private rooms at State's only tertiary care center
  - New Inpatient Mental Health Capacity
    - Planning focused on Central Vermont Medical Center campus to serve all state emergency departments and hospitals
  - Regional Transport System

Our People

- EPIC Training and Staffing Initiative
  - Providing advanced EHR training to Network-wide workforce, growing their opportunities
- PROSCI Change Management Investment
  - Training our people in a methodology to succeed in changing environment
- Workday Technology
  - Better serve 15,000 employees across pay, performance & development
- Compass Leadership Development
  - Affiliate-wide program cultivating future leaders through action learning
- Modernized Facilities (Miller Building) and Access to Work-Enhancing Technology

Network-Wide Budget

- Network-Wide NPR Growth of only 2.5%, even including ACO fees as revenue
  - Real NPR growth of only 1.7%, after accounting for change in treatment of ACO fees
- Kept our commitment to hold commercial rates at Porter and CVMC to same rate of medical inflation affecting operations: 2.8%
- Kept our commitment, made in conjunction with $21M inpatient mental health investment, to "solve for" commercial rate at UVMMC: 4%
- UVMHN is a major positive contributor to statewide NPR growth below GMCB target

Continued Investments in OneCare Vermont & APM

- Over $12 million in administrative and payment reform support in FY2019 budget
  - $9.2 million UVMMC
  - $1.9 million CVMC
  - $1.1 million Porter
- UVMHN $4M loan to OCV to fund Medicare risk reserve
- Investing in the necessary data management systems & analytics to succeed in payment reform transformation
- Tens of thousands of staff hours to support and participate in various forums and groups for care redesign

Risk: Hospitals' Role in APM

- The Structures of the APM and ACO Result in Additional, Unprecedented Shift in Risk from Insurers to Hospitals:
  - How is risk managed within the APM:
    - First Dollar: OCV Participating Hospitals & Providers
    - Second Dollar: OCV (also Participating Hospitals/Provider)
      - Reserve mandates
      - Secondary insurance
      - Expenses passed on to participating hospitals/providers
    - Third Dollar: payer reserves through risk corridor limits
- Need to re-prioritize health care and commercial insurer system dollars to hospitals/providers to support reserves appropriate with their new role within the APM

At-Risk Payments Alone Exceed $22M

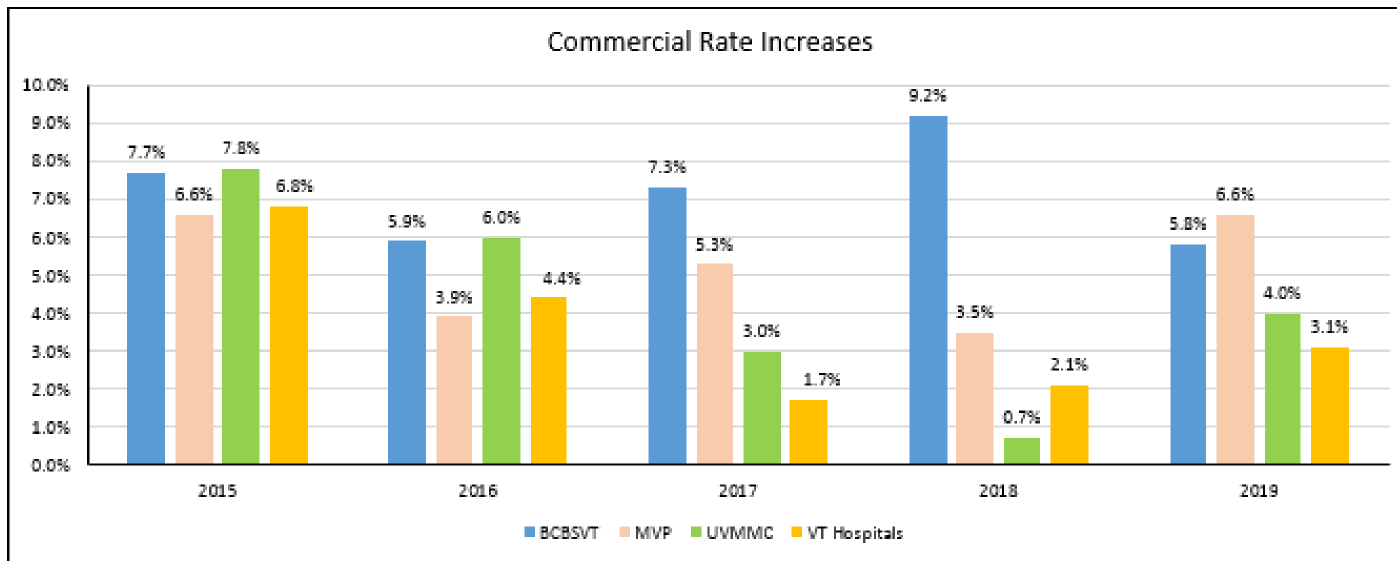
- UVM Health Network entities all in with APM; downside FPP risk is over $16M
  - $10.3 million UVMMC
  - $ 3.7 million CVMC
  - $ 2.2 million Porter
- Revenue assumptions in budget for APM payment reform initiatives not a guarantee
  - $3.8M UVMMC
  - $1.9M CVMC
  - $838k Porter
- Total At-Risk Payments > $22.7M across Network
- Total Budgeted FPP = $262M across Network

Opportunity: PMPM v. NPR

- All Signs Point Toward Regulating on a PMPM Basis:
  - The Triple Aim's original focus was on controlling per-patient cost of care
  - APM Controls Costs Through PMPM Caps
    - Align hospital budget regulation with how hospital revenue is increasingly delivered
  - PMPM allows Network to optimize care delivery to Vermonters with less concern for effect on individual hospital NPR
  - PMPM allows hospitals and regulators to avoid trying to predict and respond to movement of population and patients.
  - PMPM more easily allows actual-to-actual budget enforcement
  - PMPM allows hospitals to address access challenges without unintended and undesirable regulatory consequences

Opportunity: Better Align Hospital and Commercial Insurance Regulatory Processes

Approved commercial rate increases between VT Hospitals and Commercial Insurers were in similar ranges through 2016. Beginning in 2017 there began to be a noticeable difference between VT Hospitals' approved rates and Commercial Insurers' approved rates, which subsequently get passed on to VT Employers and Individuals.



Notes:
1. BCBSVT & MVP rate increases are representative of VT Health Connect PMPM increases
2. UVMMC rate is shown as submitted with its FY2019 which has not been approved yet by GMCB.

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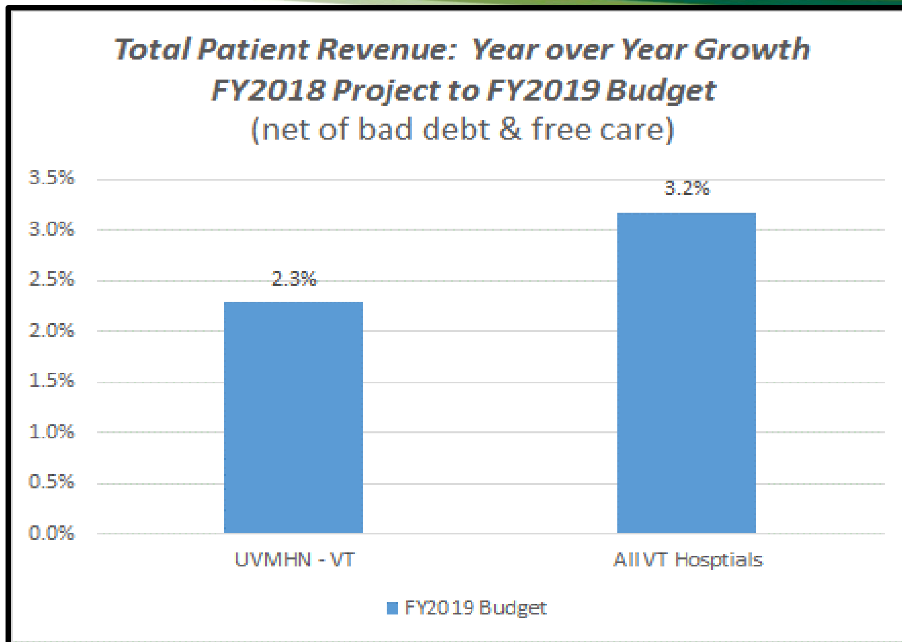
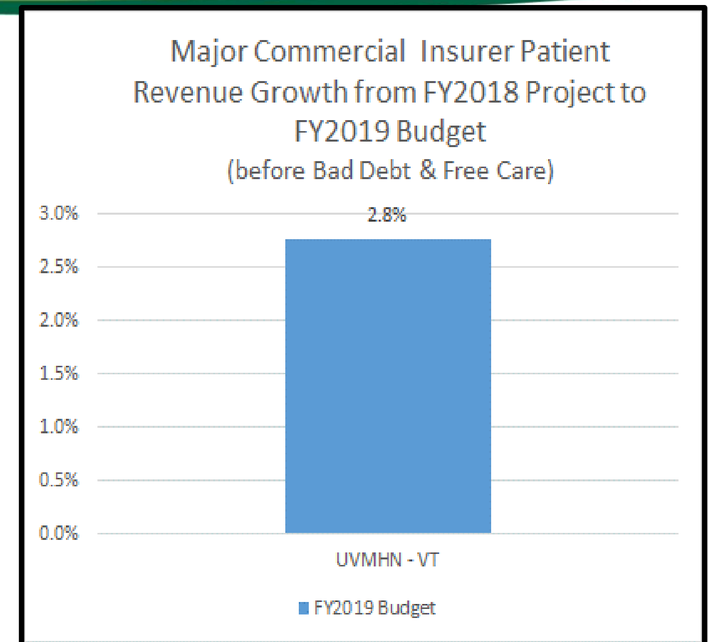
Correlating the GMCB Hospital Budget Review process to Commercial Rate Setting Process





- %s are inclusive of utilization changes, payer mix & service mix shifts, price increases, and the cost shift
- BCBS indicated only 53% of the medical expense spend is related to GMCB hospital budget review oversight
- Other contributors:
  - health care providers and hospitals both in & out of State and pharmacy costs which are not within GMCB oversight
  - expenses not related to medical spend: admin fees, balance sheet reserves, tax code, etc.

UVM Medical Center

Overview

- Provision of the highest quality and safe patient care
- IT investments in preparation for the Epic roll out
- Miller Building transition planning
- Mental health planning
- Enhanced Regional Transfer Service
- Integrating and optimizing care delivery across Network/UVMMC
- Employee relations

Improving Patient Access

- Solving the complex problem of patient access requires a comprehensive strategic response and investment. Some of this is systems and operations. Availability of key personnel is fundamental.
- Impact of the Miller Building and private rooms
- Telemedicine
- Optimizing clinical delivery
- Regional Transfer System

Recruitments

- 1 new rheumatologist
- 2 new dermatologists
- 1 new APRN for complex pain
- 1 replacement hem/onc md
- 1 new orthopedist and a Physician Assistant
- 3 APRNs in Family Medicine
- 1 general surgeon

Actively under recruitment (key positions to impact access):

- 6 primary care physicians
- 3 GI physicians
- 1 pulmonologist
- 3 hem/onc
- 2 cardiologists
- 3 neurologists
- 2 orthopedists
- 1 vascular surgeon and 1 CT surgeon
- 1 pediatric urologist
- 1 Ear Nose and Throat physician

Access Objectives

- Improve access for patients to get the right care with the right provider, at the right time & location
- Develop health system-wide consistency to access workflow
- Improve patient, provider, and staff experience in managing the access process

ENTERPRISE STANDARDIZATION *Enhance access workflows*	RESOURCE OPTIMIZATION *Improve capacity management*	ACCOUNTABILITY & OUTCOMES
▪ Design a consistent, predictable system wide experience	▪ Modify scheduling systems to reflect accurate resource availability	
▪ Convert requests for services to scheduled visits timely	▪ Deploy strategies to minimize cancellations and no-shows	
▪ Match patients to optimal service, provider, and location	▪ Determine resource utilization (e.g. technology, support staffing)	

STAKEHOLDER ENGAGEMENT
Build collaborative governance structures to ensure buy-in to access improvement initiatives

ENABLING TECHNOLOGY
Optimize Epic, telephone systems, e-faxing, reminder calls, etc.

Quality & Population Health Improvement Plans
Transitions of Care

Home Health	Develop cross continuum collaboration with VNA through improved communication, evidenced base care management/ coordination, and data sharing
Skilled Nursing	Continue development of Skilled Nursing Transition Team with selected SNF partners to better manage patients
Palliative Care	Increase the number of palliative care consults and develop outpatient referrals for palliative care and cross continuum management of palliative care services with home health and skilled nursing facilities and convert inpatient to hospice services
Hospital to Home	Develop cross continuum integration with MG, VNA/PAC providers; Provide bedside consult prior to discharge for high risk patients; provide home based visit within 30 days to focus on reducing readmissions utilizing ACO waivers

Quality & Population Health Improvement Plans
Mental Health

30 day follow-up after discharge for mental health 30 day follow-up after discharge for alcohol or other drug dependence	• Initiating mental health/psychiatry in primary care; strategic plan complete • Proactive patient scheduling for PCP and/or Psychiatry patient appointment • Project planning to identify patients who frequently present to the ED/are admitted to leverage community resources and identify enhanced workflow processes with community partners • Initiating new Transitions of Care program/Director hired 8/1/18 to address as part of program • Triage Treatment team with Howard Center CHCB, and DOH
# per 10,000 populations ages 18-64 receiving Medication Assisted Treatment for opioid dependence	• UVMMC provides Medication Assisted Treatment to patients with opioid use disorders. 70 providers and 24 residents waivered to prescribe suboxone; training provided to an additional 38 community providers
Deaths related to drug overdose	• Adhering to Vermont prescription guidelines with prescribing naloxone when indicated • Policy implementation to reduce opioid prescribing; 2015 to 2016 reduction in # of prescriptions by 7% • Implementation of COGS and MAT program
Rate of Growth in number of mental health and substance use-related ED visits	• Root cause analysis of Emergency Department "Superusers" program - establishing care plans for outpatient transitions- UVMMC owned housing, VNA and home with supports • Community Collaborative for Patient outreach • Howard Center triage provided in UVMMC ED • Planning for implementation of behavioral health/psychiatry supports in primary care

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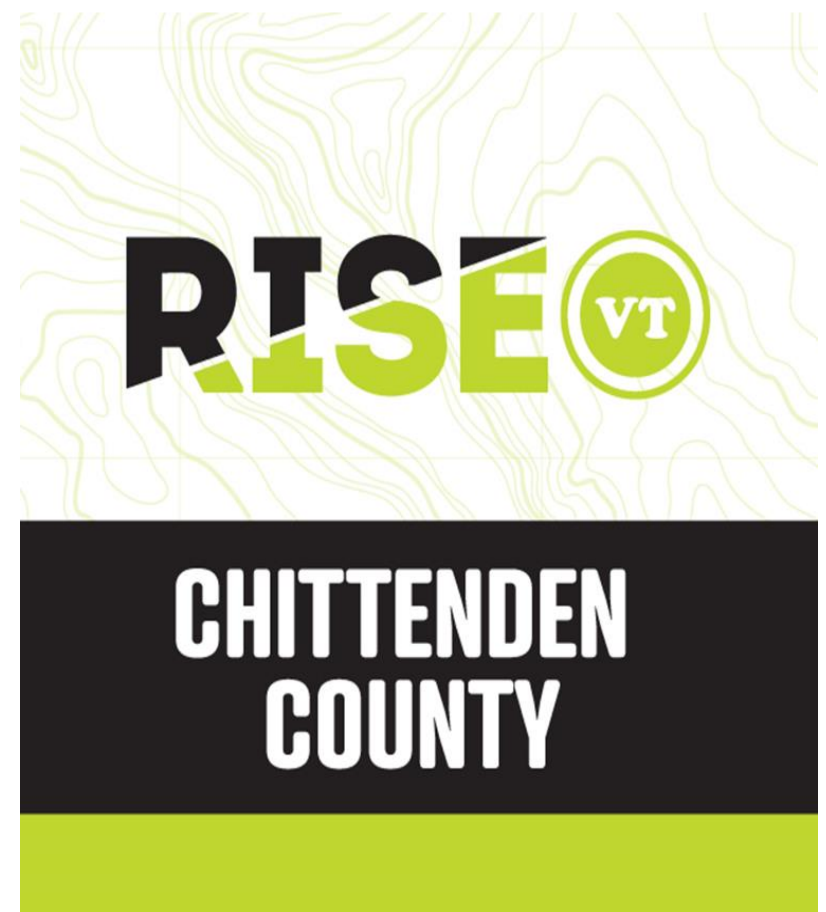
Quality & Population Health Improvement Plans
Community Partnerships

- UVMMC has hired a RiseVT program manager. The focus is on Richmond, Huntington, and Bolton. These communities were chosen based on data illustrating community need and with input from local stakeholders.

- Weekly wellness activities are happening in these communities sponsored by UVMMC, RiseVT, and local community groups.

- Chittenden RiseVT is participating in statewide wellness campaigns sponsored by RiseVT Statewide based at OneCare Vermont, and is working closely with the local office of the Vermont Department of Health and the Blueprint for Health to advance chronic disease prevention across the region.



Community Health Needs Assessment

- 2016 CHNA identified many of the same community needs as had been identified in the past including
  - Mental health
  - Substance abuse disorders
  - Healthy aging
  - Access to healthy food
  - Affordable housing
  - Oral health
  - Chronic conditions
  - Early childhood and family services
  - Economic opportunities

CHNA Initiatives

- Mental Health
  - Preventing inappropriate ED admissions by identifying patients who frequent the ED and leverage community resources
  - In FY18 UVMMC partnered with municipalities and non-profit mental health providers to create the Community Collaborative
  - UVMMC has begun planning to expand and create mental health specific space in the ED
- Substance Abuse
  - Reduced opioid prescriptions by 9% from 2015 to 2016, total prescriptions by 7%, and the strength of those prescriptions by 4%
  - Increased treatment access from 50 providers to 70 providers and 24 residents, and training for 38 community providers
  - Number of patients at Howard Center hub is now less than 70 and the wait time to treatment has decreased from more than 365 days to less than 30 in most cases

CHNA Initiatives

- Healthy Aging
  - UVMMC is collaborating with internal and external partners to provide improved access to, and better coordination among, existing community resources
  - Facilitating technology interfaces such as tele-consult home visits with the VNA
- Access to Healthy Food
  - Completed Veggie Rx program pilot, launched Pay it Forward program, implemented screening tool to identify food insecurity among patients to make appropriate referrals
- Access to Housing
  - Continuing to improve housing retention, temporary emergency shelter and permanent housing, such as bringing on line the BelAire Motel, which began accepting residents at the end of 2017

Overall Community Benefit

- Schedule H Community Benefit from 2017 IRS Form 990 = 16.20%, up from 15.50% in 2016
- Community benefit is percent of total costs and includes direct patient assistance, subsidized Medicaid and other health services, community health improvement services and contributions to community groups
- 2016 Schedule H Data from other AMCs in our region
  - Partners 8.59%
  - Dartmouth 13.04%
  - Boston Medical Center 9.99%
  - Tufts Medical Center 12.17%
  - University of Rochester 7.26%
  - Lahey Clinic 5.68%
  - UMASS Memorial 9.83%

Key FY19 Health Reform Investments

- Epic Implementation
  - Will provide advanced analytics to predict patient outcomes
  - Healthy Planet, a population health suite, will allow us to create more precise individual patient care plans
  - The implementation across the Network will allow for better coordination of care
- Via Oncology
  - Will identify variability and encourage the use of standardized treatment regimens
  - Increase enrollment in clinical trials
  - Addition of Via Cost Analyzer in the future will facilitate shared decision making when discussing the relative benefits of different treatment options with patients
- Complex Patient Care Coordinators
  - Will provide better coordination of care for our high risk patients to try and avoid more costly health care services

Investing in our People

- Implementation of a wage floor
- Competitive salaries and generous benefits
- Investment in professional development and continuing education ($7.1M budgeted for 2019 excluding MDs)
- Equity Diversion and Inclusivity
- Employee Wellness
  - Working Bridges
  - LeRoyer Fund
  - Integrative Health

FY18 Financial Overview

- On target for budgeted 4% margin
  - NPR 4% over original budget, slightly below rebased budget, due to higher inpatient & outpatient volumes and perioperative services, partially offset by increases in bad debt and charity
  - Positive other revenue variance much smaller than previous years due to 340B outpatient drug cut, was component of what helped offset below inflation commercial rate increase the last two years and the cost shift
  - Expenses over budget 4% due to higher FTEs, med surg and pharmaceuticals from higher volumes, 1:1 observation for mental health patients and higher health plan costs
  - On track to achieve $52M in margin improvement towards FY20 $75M target
- Days cash on hand
  - Projected to be in the 200 day range, below the FY17 year-end figure of 209 as we exhausted our Miller Building bond funds in May
- Debt to cap
  - Projected to be 34.25%, 2.5% decrease from FY17 as we pay down approximately $15M - $20M in debt every year

Future Risks & Challenges

- FY19 Medicare outpatient rate cut – $5M
- Potential further cuts to 340B program through increased eligibility criteria
- Growing wage inflation
  - Example: Move towards minimum $15 per hour commitment we made last year will cause compression issues that will need to be addressed
- FY19 budget includes $14M of in-process and yet to be precisely identified margin improvement assumptions needed to achieve a 3% margin and stay on track with our financial framework, any new items will be added to this target
- Potential disconnect between the required commercial rate increase in our budget versus the assumption the insurance companies believe they should be working towards in the FY19 negotiations
- No population risk reserves, ideally a portion of this reserve currently held by the insurance companies participating in the ACO should be shifted to the providers, and this shift should not impact the overall cost of health care

Long Term Financial Outlook

- Budgeted FY19 margin is 3% and expected to remain around that level through FY20 as we take on new Miller Building and EPIC related operational expenses
- Days cash on hand will continue to go down in FY19 through FY20 as we wrap-up paying for the Miller Building and pay for the EPIC project
- Debt to cap is expected to continue to go down by about 2.5% per year at least through FY20 as we don't have any plans to borrow $$ in the short term and we pay off $15M - $20M per year
- Avenues for margin improvement are becoming more difficult to find as non-patient related revenue opportunities are going away and increased expense inflation offsets implemented improvements
- Next 2 to 3 year period with the opening of the Miller Building and the EPIC project, in particular the revenue cycle replacement component of that project, carries a fair amount of risk, so getting through this period on track with our financial framework will be a significant accomplishment

Net Patient Revenue Growth & FY19 Budget

- Using the FY18 rebased budget and factoring in the change in how ACO fees are accounted (expense in FY19 vs revenue deduction in FY18), the FY19 budgeted NPR is growing by 1.1%

	FY 2018 Budget Rebased w/FY 2017 Actual	FY 2019 Budget	$	%	$	%	$	%	Net Change from Adjusted FY2018 Budget Rebased w/FY 2017 Actual	% Change
			Change Prior to Reconciliation Adjustments		Physician Acquisitions		ACO Accounting Change			
UVMMC	$ 1,252,297,020	$ 1,273,460,046	$ 21,163,026	1.7%	$ -	0.0%	$ 7,919,705	0.6%	$ 13,243,321	1.1%

- The 2.1% variance below the FY19 3.2% NPR growth cap = $18.9M
  - $18.9M is equal to an additional 4.2% commercial rate increase
  - The full commercial rate increase solve for after rebasing the FY18 budget is 8.2%, which would help to make up for the well below inflation increase of 0.6% per patient in FY18 and appropriate inflation for FY19, but the FY19 budget includes only a 4% commercial rate increase because UVMMC is focused on the affordability of health care in VT
- At a 4% commercial increase, the per patient increase of 3.0% is still below the APM target of 3.5%

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

UVMMC: P&L

SUMMARY INCOME STATEMENT	UVMMC		
	ACT2017	ACT2018 Projected	BUD2019
Patient Revenue	2,648,146,194	2,700,220,258	2,785,724,813
Deductions	1,455,538,141	1,554,249,743	1,705,112,039
Net Patient Service Revenue	**1,192,608,052**	**1,145,970,514**	**1,080,612,774**
FPP + OCV Revenue	18,510,923	102,193,606	192,847,272
Total NPR + FPP + OCV Revenue	**1,211,118,975**	**1,248,164,121**	**1,273,460,046**
Other Revenue	102,701,941	109,384,494	105,693,036
TOTAL UNRESTRICTED REVENUE & OTHER	**1,313,820,916**	**1,357,548,614**	**1,379,153,082**
Salaries	574,530,171	606,029,940	613,944,051
Benefits	159,016,796	154,571,361	156,921,168
Other Expense	396,729,541	425,085,441	443,517,764
Depreciation	48,073,712	49,076,136	52,791,794
Provider Tax	66,889,902	69,235,466	72,734,280
TOTAL EXPENSES	**1,245,240,122**	**1,303,998,343**	**1,339,909,057**
NET INCOME (LOSS) FROM OPERATIONS	**68,580,794**	**53,550,271**	**39,244,024**
Margin %	5.2%	3.9%	2.8%
Non Operating Revenue (Expense)	60,785,517	30,380,962	16,331,773
Excess (Deficiency) Of Revenues Over Expenses	**129,366,311**	**83,931,233**	**55,575,798**
Other Non Operating Gain / (Loss)	(39,594,259)	(6,578,303)	16,599,998
INCREASE/(DECREASE) UNRESTRICTED NET ASSET	**89,772,052**	**77,352,930**	**72,175,796**

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UVMMC: Balance Sheet

SUMMARY BALANCE SHEET	UVMMC		
	ACT2017	ACT2018 Projected	BUD2019
CURRENT ASSETS			
TOTAL CURRENT ASSETS	415,704,075	421,157,442	414,820,543
FUNDED DEPRECIATION	535,974,202	513,762,756	504,582,109
ESCROWED BOND FUNDS	69,207,476	67,351,583	67,351,583
OTHER	-	-	-
TOTAL BOARD DESIGNATED ASSETS	605,181,678	581,114,339	571,933,692
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,114,960,337	1,231,289,534	1,353,948,665
TOTAL ACCUMULATED DEPRECIATION	(619,109,102)	(666,805,989)	(719,597,783)
TOTAL PROPERTY, PLANT AND EQUIPMENT, NET	495,851,235	564,483,545	634,350,883
OTHER LONG-TERM ASSETS	63,743,214	69,283,898	69,283,898
TOTAL ASSETS	**1,580,480,201**	**1,636,039,223**	**1,690,389,015**
CURRENT LIABILITIES			
TOTAL CURRENT LIABILITIES	195,955,967	197,377,921	201,254,016
TOTAL LONG-TERM DEBT	474,245,432	452,500,179	430,754,926
OTHER NONCURRENT LIABILITIES	16,956,437	13,453,348	13,453,348
TOTAL LIABILITIES	**687,157,835**	**663,331,448**	**645,462,291**
FUND BALANCE	893,322,366	972,707,775	1,044,926,724
TOTAL LIABILITIES AND FUND BALANCE	**1,580,480,201**	**1,636,039,224**	**1,690,389,015**

UVMMC: Cash Flow

STATEMENT OF CASH FLOWS	UVMMC		
	ACT2017	ACT2018 Projected	BUD2019
Sources of Cash:			
Income from Operations	68,580,794	53,550,271	39,244,024
Net NonOperating Income	21,191,258	23,802,659	32,931,772
Items Not Affecting Working Capital:			
Depreciation	48,073,712	49,076,136	52,791,794
Amortization			
Other	12,171,169	-5,155,400	0
Long Term Debt Proceeds	0	0	0
Total Sources of Cash	**150,016,933**	**121,273,666**	**124,967,590**
Uses of Cash:			
Change in Working Capital, Excluding Current Portion of Debt	10,433,785	-28,347,445	-1,032,347
Additions to Property, Plant & Equipment, net	90,626,867	117,708,446	122,659,131
Long Term Debt Principal Repayments	-34,635,893	21,635,794	21,745,253
Total Uses of Cash	**66,424,759**	**110,996,795**	**143,372,037**
Cash Provided (Used)	83,592,174	10,276,870	(18,404,447)
Cash Balance, beginning of period	602,803,998	686,396,173	696,673,042
Cash Balance, end of period	**686,396,172**	**696,673,043**	**678,268,595**
Days of Operating Cash	209	203	192

Central Vermont Medical Center

Overview

- Year of transition
  - COO consolidated with role of President
  - New members join Senior Leadership team:
    - CMO
    - VP of Support Services
    - VP Aging Services/Woodridge Rehabilitation and Nursing
    - Search underway for CFO
- Focus on improving operational efficiency:
  - Acute care: Unit of Service (UOS) benchmarking
  - Practices: Improving access, efficiency of operations; EPIC readiness
  - Revenue cycle: Denial management, documentation and coding
  - Master facilities assessment: All locations
- Investing in technology infrastructure
    - Premier Connect: Supply chain and general ledger
    - Workday: Human resources and payroll
    - Epic: Electronic health record and patient billing

Opportunities

- CVMC named one of the Top Twenty Rural and Community Hospitals in the U.S. by the Rural National Health Association (NRHA);
  - Top 2% of U.S. rural and community hospitals using iVantage Health Analytics' Hospital Strength Index®;
    - The index analyzed 8 key areas: quality, outcomes, patient perspective, cost, charge, financial stability, inpatient market share and outpatient market share.
- Inpatient Mental Health Capacity
  - Planning process underway to construct additional new inpatient mental health capacity on CVMC campus
    - Min. $21M investment
  - Opportunity to:
    - Serve one of our most underserved patient populations
    - Move further toward parity of mental and physical health care
    - Address extended Emergency Department stays across the state
    - Benefit entire system of care

Population Health and Quality Improvement

- Adverse Childhood Experiences (ACEs) Screening and Intervention
  - Decreasing risk of chronic diseases
- THRIVE:
  - Convener for our accountable community for health. Collaborating w/ 14 state and community partners
  - Aim is to impact social determinates
    - Initial focus on social isolation

- Integrated Health Home Project: Granite City Primary Care & WCMH
  - Collaborative and coordinated visits with Primary Care for complex patient populations.
    - Reductions in A1C, hypertension and cholesterol rates
    - Eliminated “No Show” rate and reduced ED Visits

Substance Use Treatment in ED:

- SBIRT Program since 2013:
  - Universal screening to assess substance use risk, offers risk reduction strategies and counselling for those who are at increased risk and/or not amenable to treatment
  - Grant ended in July, CVMC will support continuation of ED services with a new ED Community Health Team position
- Supported alcohol withdrawal program at home intervention in collaboration w/ Washington County Mental Health
  - Collaboration to provide supervised medically assisted withdrawal from alcohol. Patients are offered intake and treatment services
- Rapid Access to Medication Assisted Treatment (RAM)
  - ED offers evaluation and initiation of buprenorphine treatment in the ED with provision of 72 hours of medication and guaranteed follow up at hub/spoke addiction clinic
  - Turning Point recovery coach sees all potential RAM patients and offers 10 day daily contacts even if patient declines RAM services
  - Turning Point Peer Support services available 24/7 for any patients struggling with substance use issues

Substance Use in Primary Care:

MAT Providers Offering Office-Based Opioid Treatment

CHNA

- Mental Health
  - 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).
  - In partnership with Washington County Mental Health Services, working to integrate behavioral health practitioners into every primary care practice.
- Tobacco Use Cessation
  - CVMC On-Site Program
  - Employers' Wellness Fairs
  - New Freshstart Program

CHNA

- Healthy Diets
  - Fitness4Wellness a CVMC Rehab and Community Health Team collaboration project.
    - Bi-annual program
  - Health Care Share: 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.
- Youth Participation in Physical Activities
  - Panel management efforts within our CVMC Pediatric Primary Care practices to identify children that are overdue for well-child visits
  - CVMC School-Based Health Center:
    - Extension of our pediatric primary care practices.
    - Operates two days each week at the Barre City Elementary and Middle School.
  - Annual CVMC Fun Run and Walk offers our community's youth opportunities to participate in a five-mile race around Berlin Pond, the proceeds of which go to the Health Care Share program.

Health Care Reform Investments

- IT investments necessary to successful Epic implementation ($300k)
- Increased support for OneCare Vermont ($300k)
- Increase in mental health technicians to more safely care for patients in ED ($166k)

Current Revenue Challenges

- Volumes flat in second half of FY 2018
- Negative payer mix shift
- Continued Medicare rate cuts
  - Site neutrality
  - 340B cuts
  - DSH Payments

Current Financial Position

- Operating margin was projected to be positive at the time of the budget submission and is now projected to be a loss of ($1.7M)
- Volumes have declined in the second half of the year, which has caused projected net patient service revenues to fall close to budget by end of the year
- Inpatient payer mix has shifted toward ACO attributable lives as fee for service volumes have declined
- Days cash has dropped from 116 days in FY 2017 actual to 113 days in FY 2019

Revised FY2018 Projection

University of Vermont Health Network							
CVMC	**FY2018 Submitted Projection**		**FY2018 Revised Projection**		**Change in FY2018 Projection**		
		$		$		$	% Δ
Total NPR + FPP + OCV Revenue		203,951,635		198,951,635		(5,000,000)	-2.5%
Other Revenue		13,298,724		13,298,724		-	0.0%
Total Unrestricted Revenue	**$**	**217,250,360**	**$**	**212,250,360**	**$**	**(5,000,000)**	-2.3%
Total Expenses	**$**	**214,452,106**	**$**	**213,952,106**	**$**	**(500,000)**	-0.2%
Net Income (Loss) From Operations	**$**	**2,798,253**	**$**	**(1,701,747)**	**$**	**(4,500,000)**	
Margin %		1.3%		-0.8%			-2.1%

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Budget Request

- The request will result in a modest operating margin
- NPR growth of 4.8% (not including ACO fees) but 3.2% above FY 2018 projection at time of submission
- Kept to pledge, made back in February, to keep commercial rate no higher than 2.8% rate of medical inflation that underlies our entire budget
- None of the cost shift is being passed along
- Budget is realistic, allowing time to implement operational efficiency plans

CVMC: P&L

SUMMARY INCOME STATEMENT	CVMC		
	ACT2017	ACT2018 Projected	BUD2019
Patient Revenue	381,116,124	393,393,937	412,507,360
Deductions	192,872,612	222,915,024	251,954,438
Net Patient Service Revenue	**188,243,511**	**170,478,913**	**160,552,922**
FPP + OCV Revenue	6,994,019	33,472,723	50,834,099
Total NPR + FPP + OCV Revenue	**195,237,530**	**203,951,635**	**211,387,021**
Other Revenue	12,925,899	13,298,724	13,831,969
TOTAL UNRESTRICTED REVENUE & OTHER	**208,163,429**	**217,250,360**	**225,218,990**
Salaries	111,068,965	111,273,811	113,958,845
Benefits	28,148,870	26,357,878	27,876,978
Other Expense	50,593,069	56,723,789	58,711,227
Depreciation	9,792,873	9,810,048	9,825,661
Provider Tax	10,461,727	10,286,580	11,590,239
TOTAL EXPENSES	**210,065,504**	**214,452,106**	**221,962,950**
NET INCOME (LOSS) FROM OPERATIONS	**(1,902,075)**	**2,798,253**	**3,256,040**
Margin %	-0.9%	1.3%	1.4%
Non Operating Revenue (Expense)	1,563,997	3,855,989	2,571,604
Excess (Deficiency) Of Revenues Over Expenses	**(338,078)**	**6,654,243**	**5,827,643**
Other Non Operating Gain / (Loss)	15,462,430	(215,158)	1,675,046
INCREASE/(DECREASE) UNRESTRICTED NET ASSET	**15,124,352**	**6,439,085**	**7,502,689**

CVMC: Balance Sheet

SUMMARY BALANCE SHEET	CVMC		
	ACT2017	ACT2018 Projected	BUD2019
CURRENT ASSETS			
TOTAL CURRENT ASSETS	44,227,198	43,200,048	42,865,454
FUNDED DEPRECIATION	50,475,421	51,277,671	51,272,373
ESCROWED BOND FUNDS	9,432,675	9,593,435	9,593,435
OTHER	-	-	-
TOTAL BOARD DESIGNATED ASSETS	59,908,095	60,871,106	60,865,808
TOTAL PROPERTY, PLANT AND EQUIPMENT	171,574,632	180,966,527	191,461,390
TOTAL ACCUMULATED DEPRECIATION	(100,178,048)	(110,086,013)	(119,911,674)
TOTAL PROPERTY, PLANT AND EQUIPMENT, NET	71,396,584	70,880,514	71,549,716
OTHER LONG-TERM ASSETS	4,630,791	5,423,898	5,423,898
TOTAL ASSETS	**180,162,669**	**180,375,566**	**180,704,876**
CURRENT LIABILITIES			
TOTAL CURRENT LIABILITIES	25,984,619	27,073,343	28,080,953
TOTAL LONG-TERM DEBT	16,166,696	14,424,790	12,682,885
OTHER NONCURRENT LIABILITIES	47,788,088	45,037,437	45,037,437
TOTAL LIABILITIES	**89,939,402**	**86,535,570**	**85,801,274**
FUND BALANCE	90,223,266	93,839,996	94,903,600
TOTAL LIABILITIES AND FUND BALANCE	**180,162,669**	**180,375,566**	**180,704,874**

CVMC: Cash Flow

STATEMENT OF CASH FLOWS	CVMC		
	ACT2017	ACT2018 Projected	BUD2019
Sources of Cash:			
Income from Operations	-1,902,075	2,798,253	3,256,040
Net NonOperating Income	17,026,427	3,640,831	4,246,649
Items Not Affecting Working Capital:			
Depreciation	9,792,873	9,810,048	9,825,661
Amortization			
Other	-4,735,114	-6,526,873	-6,439,085
Long Term Debt Proceeds	0	0	0
Total Sources of Cash	**20,182,111**	**9,722,260**	**10,889,266**
Uses of Cash:			
Change in Working Capital, Excluding Current Portion of Debt	3,589,607	-2,266,129	-2,329,943
Additions to Property, Plant & Equipment, net	6,565,782	9,293,979	10,494,863
Long Term Debt Principal Repayments	-1,575,103	1,741,906	1,741,906
Total Uses of Cash	**8,580,287**	**8,769,756**	**9,906,826**
Cash Provided (Used)	11,601,824	952,504	982,440
Cash Balance, beginning of period	51,937,833	63,539,657	64,492,161
Cash Balance, end of period	**63,539,657**	**64,492,161**	**65,474,601**
Days of Operating Cash	116	115	113

Porter Hospital

Areas of Opportunity

Affiliation

Health Care Reform

Care Delivery Reform

- Wellness
- Complex Care Management
- Integration
- Quality

Access

Primary Care

Specialty Care

Express Care

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Community Health Needs Assessment

- Improving Access to Primary Care
  - Fully staffed primary care network
- Reducing Deaths Related to Drug Overdose and Suicide
  - Most Underserved to a Waiting List of 0
  - New MAT Program for Women and Children
  - Telemedicine Pilot at Bristol Primary Care
- Advancing Chronic Disease Management
  - Two new RN's to focus on Complex Care Management

The Path Forward

- Medication Assisted Treatment
- Palliative
- Cardiac Rehab

Palliative Care

Investments In Health Care Reform

Healthcare Reform Investments		
FTE/Type	**Allocation**	**Description**
1.8 Support Tech FTE	100,000	Investment in staffing to support enhanced observation (providing the 1:1 care) for mental health patients
1.2 FTE	100,000	Investment in increased Staffing to support the community demand for ExpressCare services by continuing to provide high quality care in a lower cost setting.
Palliative Care Services	135,000	Support to ensure patients have treatment plans in the most appropriate setting and help integrate these patients into the continuum of care by providing enhanced services and increased staffing availability to better serve the needs of this population.

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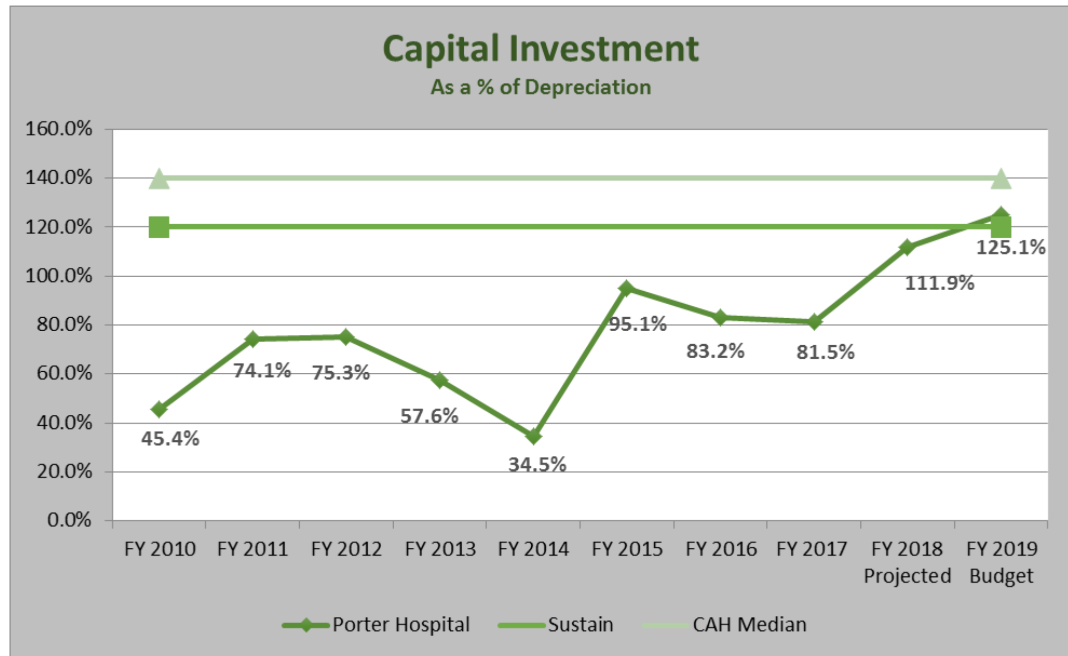
Financial Overview

- Financial Stability
- Improving DCOH
- Investing in Capital
- Investing in Services to Meet the Needs of Our Community



Porter Hospital Budget 2019

- Net revenue, Budget 18 vs. Budget 19, yields a 3.2% increase (before applying accounting change).
- Porter continues to remain in compliance with budget guidelines.
- Incorporates the rebalancing authorized by GMCB.
- Fixed Prospective Payments include participation in Medicare, Medicaid, and Blue Cross ($17M).

Price & Commercial Rate Increase

- Zero Percent Price Increase for the second consecutive year.
  - Incorporates a 5% reduction in professional fees.
- Proposing 2.8% Commercial Rate Increase.
- The lowest commercial rate increase in over 10 years.

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Cost Containment Initiatives

- Investments in Energy Efficiency
- Reduction of Three Director Level Positions
- Insurance Expense Reduction – Captive
- Continued Improvement – Staffing Control Mechanism

Expense Drivers

Three primary areas driving expense increases:

- Salary Expense has increased by 9.2% ($3.5M).
  - Contracted Anesthesia service to a full time employed MD model. ($945K)
  - General Surgery ($535K)

- IT Related Expenses have increased by 4.4%.

- Accounting Change Result

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Accounting Change

- Current ACO Agreement – Deduction Distinction Undefined
- Audit Firm Guidance
  - Without Distinction, Unable to Identify FPP Deductions Separately From Administrative Expense.
- Therefore creating artificial NPSR growth.

University of Vermont Health Network Porter Hospital		
	NPSR	% Δ
FY 2018 Budget Rebase	80,862,127	
FY 2019 Budget w/Acct Change	84,530,515	4.5%
Accounting Change Impact	(1,067,391)	
Net FY 2019 Budgeted NPSR	83,463,124	3.2%

Risk Reserve

- From the inception of the All Payer Model in 2017, Porter has included a reserve for risk.
  - Risk Reserves have been realized without implementing price increases or inflating rate requests.
- Accounting for Risk as a CAH
  - Historic Third Party Reserve Similarity
  - Effect of Impact: FY 2019 Downside Risk $2.2M = 10 DCOH
  - Due to Size and CAH Designation – Conservative Approach & Include Reserve.
- Hospitals are the initial source of risk for our HSA.

FY 2018 Reconciliation / Projected

- Porter's net patient revenue is anticipated to be in line with our rebased 2018 budget.
- For the remainder of the year, we anticipate that expenses will remain within budgeted expectations.
- However, temporary labor does still continue to be a challenge.
- Anticipated year end operating margin ≈ 4.5%.

FY 2018 Revised Projection

Porter	FY2018 Submitted Projection		FY2018 Revised Projection		Change in FY2018 Projection		
University of Vermont Health Network							
		$		$		$	% Δ
Total NPR + FPP + OCV Revenue		82,231,330		81,047,301		(1,184,029)	-1.44%
Other Revenue		5,086,892		5,086,892		-	0.00%
Total Unrestricted Revenue	$	**87,318,222**	$	**86,134,193**	$	**(1,184,029)**	-1.36%
Total Expenses	$	**81,917,778**	$	**81,917,778**	$	**-**	0.00%
Net Income (Loss) From Operations	$	**5,400,444**	$	**4,216,415**	$	**(1,184,029)**	
Margin %		6.2%		4.9%			-1.3%

THE University of Vermont HEALTH NETWORK

Porter Profit & Loss

SUMMARY INCOME STATEMENT	PH		
	ACT2017	ACT2018 Projected	BUD2019
Patient Revenue	166,219,955	169,389,242	171,658,662
Deductions	90,532,100	98,162,153	104,117,711
Net Patient Service Revenue	**75,687,854**	**71,227,089**	**67,540,952**
FPP + OCV Revenue	2,424,924	11,004,241	16,989,563
Total NPR + FPP + OCV Revenue	**78,112,779**	**82,231,330**	**84,530,515**
Other Revenue	5,987,680	5,086,892	4,954,509
TOTAL UNRESTRICTED REVENUE & OTHER	**84,100,459**	**87,318,222**	**89,485,024**
Salaries	38,498,647	40,328,091	41,869,341
Benefits	9,127,885	9,685,067	10,068,214
Other Expense	28,396,234	29,045,945	31,235,138
Depreciation	2,852,124	2,858,676	3,020,880
Provider Tax	-	-	-
TOTAL EXPENSES	**78,874,889**	**81,917,778**	**86,193,572**
NET INCOME (LOSS) FROM OPERATIONS	**5,225,570**	**5,400,444**	**3,291,452**
Margin %	6.2%	6.2%	3.7%
Non Operating Revenue (Expense)	809,002	530,269	399,455
Excess (Deficiency) Of Revenues Over Expenses	**6,034,572**	**5,930,713**	**3,690,907**
Other Non Operating Gain / (Loss)	-	-	-
INCREASE/(DECREASE) UNRESTRICTED NET ASSET	**6,034,572**	**5,930,713**	**3,690,907**

Porter Balance Sheet

SUMMARY BALANCE SHEET	PH		
	ACT2017	ACT2018 Projected	BUD2019
CURRENT ASSETS			
TOTAL CURRENT ASSETS	32,958,124	36,858,343	39,755,348
FUNDED DEPRECIATION	5,681,597	5,793,384	5,793,384
ESCROWED BOND FUNDS	5,016,421	5,066,491	5,066,491
OTHER	-	-	-
TOTAL BOARD DESIGNATED ASSETS	10,698,018	10,859,876	10,859,876
TOTAL PROPERTY, PLANT AND EQUIPMENT	52,649,496	57,199,703	60,979,836
TOTAL ACCUMULATED DEPRECIATION	(33,562,316)	(36,401,828)	(39,422,708)
		(1,191,115)	
TOTAL PROPERTY, PLANT AND EQUIPMENT, NET	19,087,180	20,797,875	21,557,128
OTHER LONG-TERM ASSETS	808,144	656,044	656,044
TOTAL ASSETS	**63,551,465**	**69,172,137**	**72,828,396**
CURRENT LIABILITIES			
TOTAL CURRENT LIABILITIES	12,675,580	13,622,116	13,947,880
TOTAL LONG-TERM DEBT	11,371,435	11,011,023	10,650,612
OTHER NONCURRENT LIABILITIES	5,178,424	5,245,601	5,245,601
TOTAL LIABILITIES	**29,225,439**	**29,878,741**	**29,844,093**
FUND BALANCE	34,326,026	39,293,397	42,984,304
TOTAL LIABILITIES AND FUND BALANCE	**63,551,465**	**69,172,138**	**72,828,397**

Porter Cash Flow

STATEMENT OF CASH FLOWS	PH		
	ACT2017	ACT2018 Projected	BUD2019
Sources of Cash:			
Income from Operations	5,225,570	5,400,444	3,291,452
Net NonOperating Income	809,002	530,269	399,455
Items Not Affecting Working Capital:			
Depreciation	2,852,124	2,858,676	3,020,880
Amortization			
Other	-1,682,875	-794,136	0
Long Term Debt Proceeds	0	0	0
Total Sources of Cash	**7,203,820**	**7,995,252**	**6,711,787**
Uses of Cash:			
Change in Working Capital, Excluding Current Portion of Debt	-109,177	-361,164	-9,886
Additions to Property, Plant & Equipment, net	2,090,169	4,569,370	3,780,133
Long Term Debt Principal Repayments	655,792	360,412	360,412
Total Uses of Cash	**2,636,784**	**4,568,618**	**4,130,658**
Cash Provided (Used)	4,567,037	3,426,634	2,581,129
Cash Balance, beginning of period	19,694,019	24,261,055	27,687,688
Cash Balance, end of period	**24,261,055**	**27,687,689**	**30,268,817**
Days of Operating Cash	116	128	133

Network Financial Overview, Capital Budget, and Outlook

FY2019 Budget

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

	A	B	C=B-A	D=C/A	E	F=E/A	G	H=G/A	I=C-E-G	J=I/A
			$	%	$	%	$	%		
Hospital	FY 2018 Budget Rebased w/FY 2017 Actual	FY 2019 Budget	Change Prior to Reconciliation Adjustments		Physician Transfers		ACO Accounting Change		Net Change from Adjusted FY2018 Budget Rebased w/FY 2017 Actual	% Change
UVMMC	$ 1,252,297,020	$ 1,273,460,046	$ 21,163,026	1.7%	$ -	0.0%	$ 7,919,705	0.6%	$ 13,243,321	1.1%
CVMC (FY2018 Budget not rebased)	$ 198,456,560	$ 211,387,021	$ 12,930,461	6.5%	$ 353,227	0.2%	$ 2,561,709	1.3%	$ 10,015,526	5.0%
Porter Hospital	$ 80,862,127	$ 84,530,515	$ 3,668,388	4.5%	$ -	0.0%	$ 1,067,391	1.3%	$ 2,600,997	3.2%
Total UVMHN - VT Hospitals	$ 1,531,615,707	$ 1,569,377,582	$ 37,761,875	2.5%	$ 353,227	0.0%	$ 11,548,805	0.8%	$ 25,859,843	1.7%

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

THE University of Vermont HEALTH NETWORK

UVMHN VT: P&L

SUMMARY INCOME STATEMENT	UVMHN		
	ACT2017	ACT2018 Projected	BUD2019
Patient Revenue	3,195,482,272	3,263,003,437	3,369,890,835
Deductions	1,738,942,854	1,875,326,921	2,061,184,188
Net Patient Service Revenue	**1,456,539,418**	**1,387,676,517**	**1,308,706,647**
FPP + OCV Revenue	27,929,866	146,670,569	260,670,935
Total NPR + FPP + OCV Revenue	**1,484,469,284**	**1,534,347,086**	**1,569,377,582**
Other Revenue	121,615,520	127,770,110	124,479,513
TOTAL UNRESTRICTED REVENUE & OTHER	**1,606,084,804**	**1,662,117,196**	**1,693,857,095**
Salaries	724,097,783	757,631,843	769,772,238
Benefits	196,293,550	190,614,306	194,866,360
Other Expense	475,718,844	510,855,174	533,464,128
Depreciation	60,718,708	61,744,860	65,638,335
Provider Tax	77,351,630	79,522,046	84,324,519
TOTAL EXPENSES	**1,534,180,515**	**1,600,368,228**	**1,648,065,579**
NET INCOME (LOSS) FROM OPERATIONS	**71,904,289**	**61,748,968**	**45,791,516**
Margin %	4.5%	3.7%	2.7%
Non Operating Revenue (Expense)	63,158,515	34,767,220	19,302,832
Excess (Deficiency) Of Revenues Over Expenses	**135,062,804**	**96,516,189**	**65,094,348**
Other Non Operating Gain / (Loss)	(24,131,828)	(6,793,461)	18,275,044
INCREASE/(DECREASE) UNRESTRICTED NET ASSET	**110,930,976**	**89,722,728**	**83,369,392**

THE University of Vermont HEALTH NETWORK

UVMHN VT: Balance Sheet

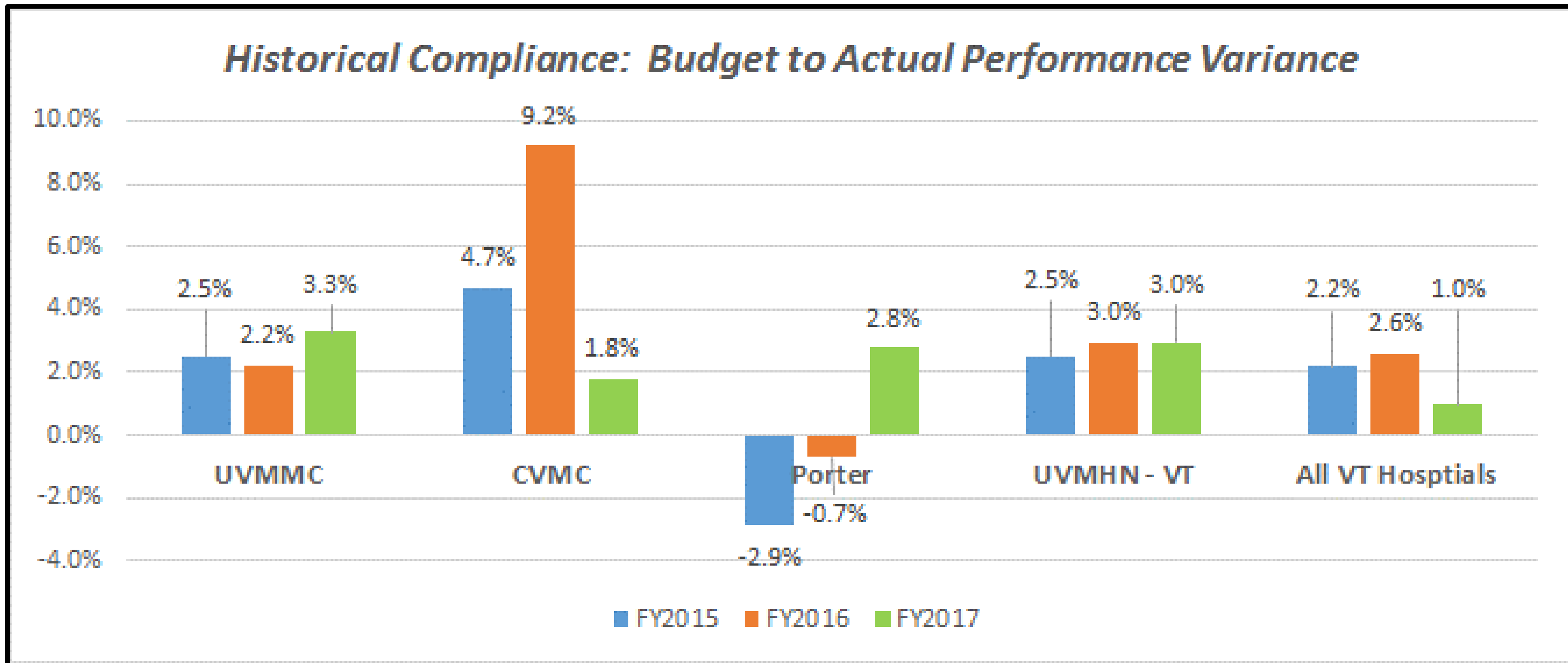
SUMMARY BALANCE SHEET	UVMHN		
	ACT2017	ACT2018 Projected	BUD2019
CURRENT ASSETS			
TOTAL CURRENT ASSETS	492,889,397	501,215,832	497,441,345
FUNDED DEPRECIATION	592,131,220	570,833,811	561,647,866
ESCROWED BOND FUNDS	83,656,571	82,011,509	82,011,509
OTHER	-	-	-
TOTAL BOARD DESIGNATED ASSETS	675,787,791	652,845,320	643,659,376
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,339,184,465	1,469,455,764	1,606,389,892
TOTAL ACCUMULATED DEPRECIATION	(752,849,466)	(813,293,829)	(878,932,164)
TOTAL PROPERTY, PLANT AND EQUIPMENT, NET	586,334,998	656,161,935	727,457,727
OTHER LONG-TERM ASSETS	69,182,149	75,363,839	75,363,839
TOTAL ASSETS	**1,824,194,336**	**1,885,586,927**	**1,943,922,287**
CURRENT LIABILITIES			
TOTAL CURRENT LIABILITIES	234,616,165	238,073,380	243,282,849
TOTAL LONG-TERM DEBT	501,783,563	477,935,993	454,088,423
OTHER NONCURRENT LIABILITIES	69,922,949	63,736,386	63,736,386
TOTAL LIABILITIES	**806,322,677**	**779,745,759**	**761,107,658**
FUND BALANCE	1,017,871,659	1,105,841,168	1,182,814,629
TOTAL LIABILITIES AND FUND BALANCE	**1,824,194,336**	**1,885,586,927**	**1,943,922,287**

UVMHN VT: Cash Flow

STATEMENT OF CASH FLOWS	UVMHN		
	ACT2017	ACT2018 Projected	BUD2019
Sources of Cash:			
Income from Operations	71,904,289	61,748,968	45,791,516
Net NonOperating Income	39,026,687	27,973,759	37,577,876
Items Not Affecting Working Capital:			
Depreciation	60,718,708	61,744,860	65,638,335
Amortization			
Other	5,753,180	-12,476,410	-6,439,085
Long Term Debt Proceeds	0	0	0
Total Sources of Cash	**177,402,865**	**138,991,178**	**142,568,643**
Uses of Cash:			
Change in Working Capital, Excluding Current Portion of Debt	13,914,215	-30,974,738	-3,372,176
Additions to Property, Plant & Equipment, net	99,282,818	131,571,796	136,934,128
Long Term Debt Principal Repayments	-35,555,204	23,738,112	23,847,570
Total Uses of Cash	**77,641,830**	**124,335,170**	**157,409,521**
Cash Provided (Used)	99,761,035	14,656,008	(14,840,878)
Cash Balance, beginning of period	674,435,850	774,196,885	788,852,892
Cash Balance, end of period	**774,196,885**	**788,852,893**	**774,012,014**
Days of Operating Cash	192	187	179

THE University of Vermont HEALTH NETWORK

Historical Compliance



Source: GMCB March 21, 2018 presentation, Fiscal Year 2019 Guidance - slide 8

Source: GMCB FY2016 Budget to Actual Reviews, Final Summary, May 2017 - slide 10

Source: GMCB Vermont Hospital Enforcement Analysis, System Summary FY2015 Actuals, updated May 2016 - slide 9

In-State v. Out-of-State Payer Mix

- For CVMC & Porter out-of-state revenues are not material
- UVMMC receives approximately 17% or $215 million annually in patient revenue from out-of-state residents
  - ~15% or $190 million from NY State residents
  - ~ 2% or $25 million for other out-of-state residents
- State of Vermont receives approximately $15 million of annual benefit from these out-of-state patient revenues
  - State receives hospitals' provider tax payments and federal matching assistance program dollars on these revenues

Network Capital Budget

- Current 5 year projected spend from FY2018 – FY2022
  - $547 million UVMHN VT
  - $684 million total UVMHN
- In the process updating multi-year financial framework
  - Refreshing hospitals' master facility plans
  - Assessing total investment necessary to address inpatient mental health bed capacity
  - Will update GMCB when complete
- Will require reassessing UVM Health Network priorities and sequencing of all capital spend dollars
  - Some projects will be delayed or removed altogether if there will not be enough dollars to fund all necessary projects

Network-Wide Financial Focus

- It is becoming more and more important to examine Network-wide finances and budget, rather than solely assessing individual hospital's finances
- We do most of our own financial planning on a Network-wide basis
- Most outside stakeholders now evaluate us as a Network
  - Lenders look at entire Network
  - Rating agencies look at entire Network
  - Investors look at entire Network
  - Vendors look at entire Network

Healthy Vermont. Together.

- Everything the UVM Health Network does is intended to serve its Mission and the Triple Aim
  - The All Payer Model is at the very center of these efforts
- Network overall financial health is necessary to meet its mission and support the APM
  - The Network must use all of the tools available to it as an integrated health care delivery system
  - Without freedom to use all of these tools, won't achieve necessary efficiencies
- Through that lens, we ask that UVMHN's hospital budgets should be approved as proposed

GMCB and HCA Questions?