



Vermont Association of
Hospitals and Health Systems

Vermont Hospital Budgets

*lower costs, optimal patient experience,
community investments*

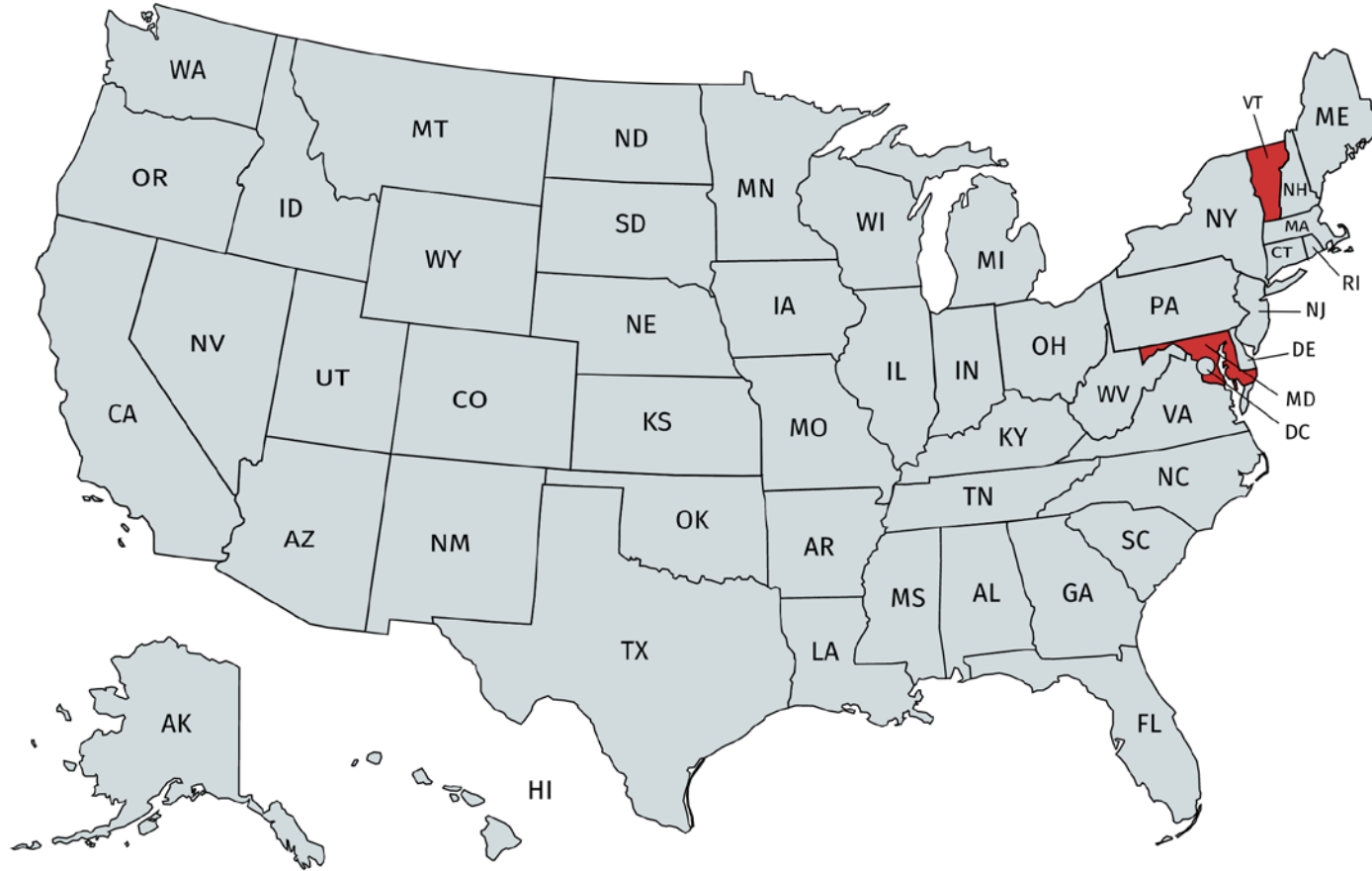
Jeff Tieman, President and CEO, VAHHS

Jill Berry Bowen, CEO, Northwestern Medical Center and VAHHS Board Chair

Michael Del Trecco, Senior VP, Finance and Operations, VAHHS

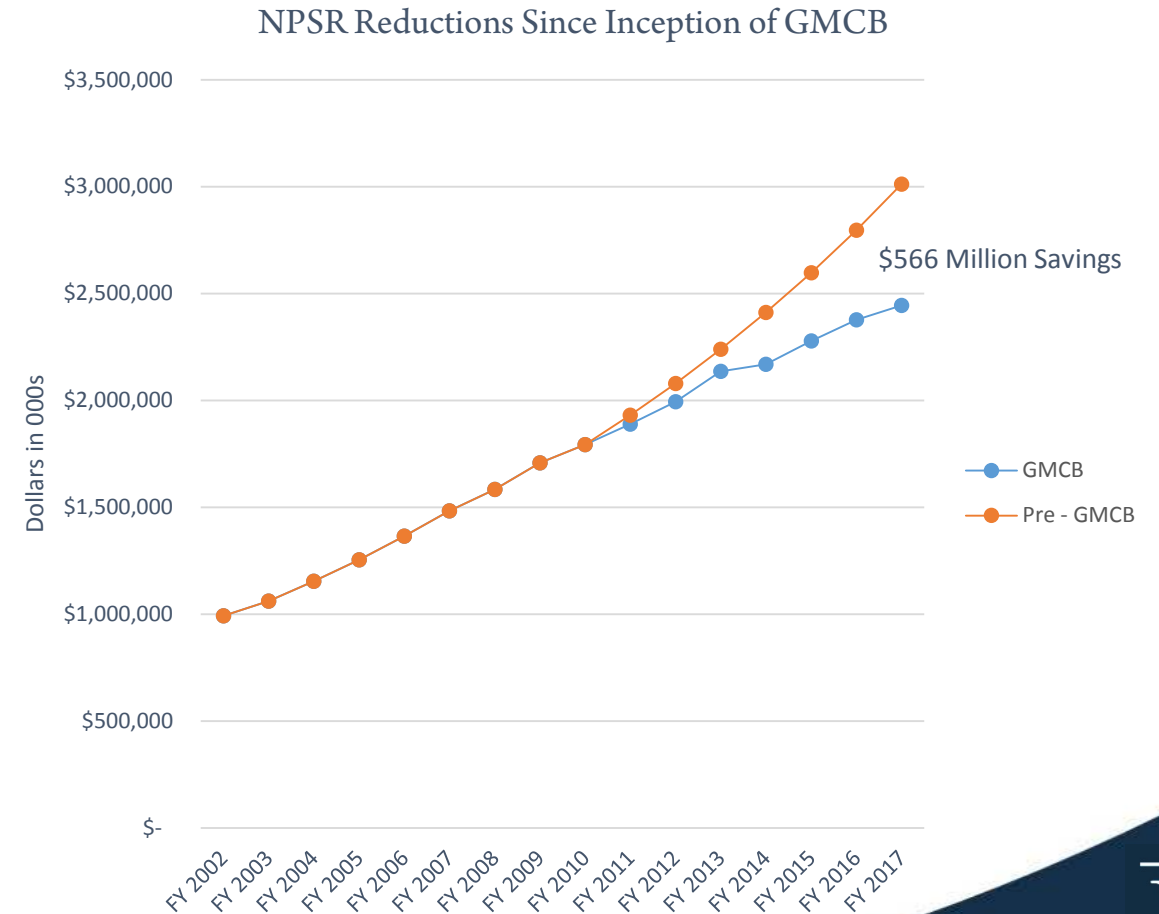


Unique Environment



Achieving Results for Vermonters

- Top-rated health care system
- Making progress on cost
 - NPSR increasing more slowly
 - \$600 million saved over 7 years
- Investing in the future



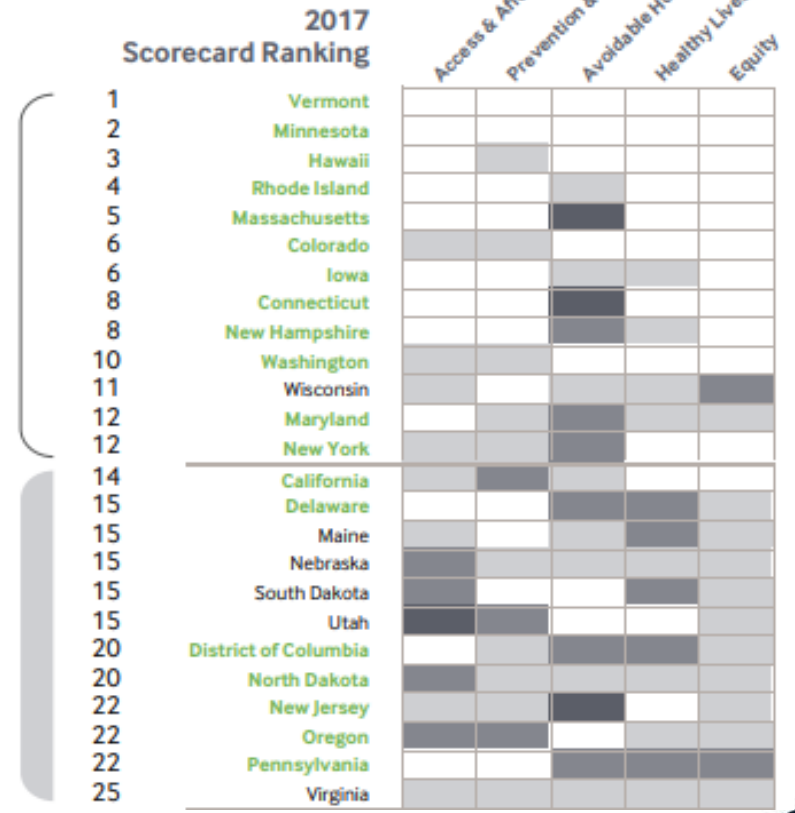
Highest Quality Care

Overall performance

- Top quartile
- Second quartile
- Third quartile
- Bottom quartile



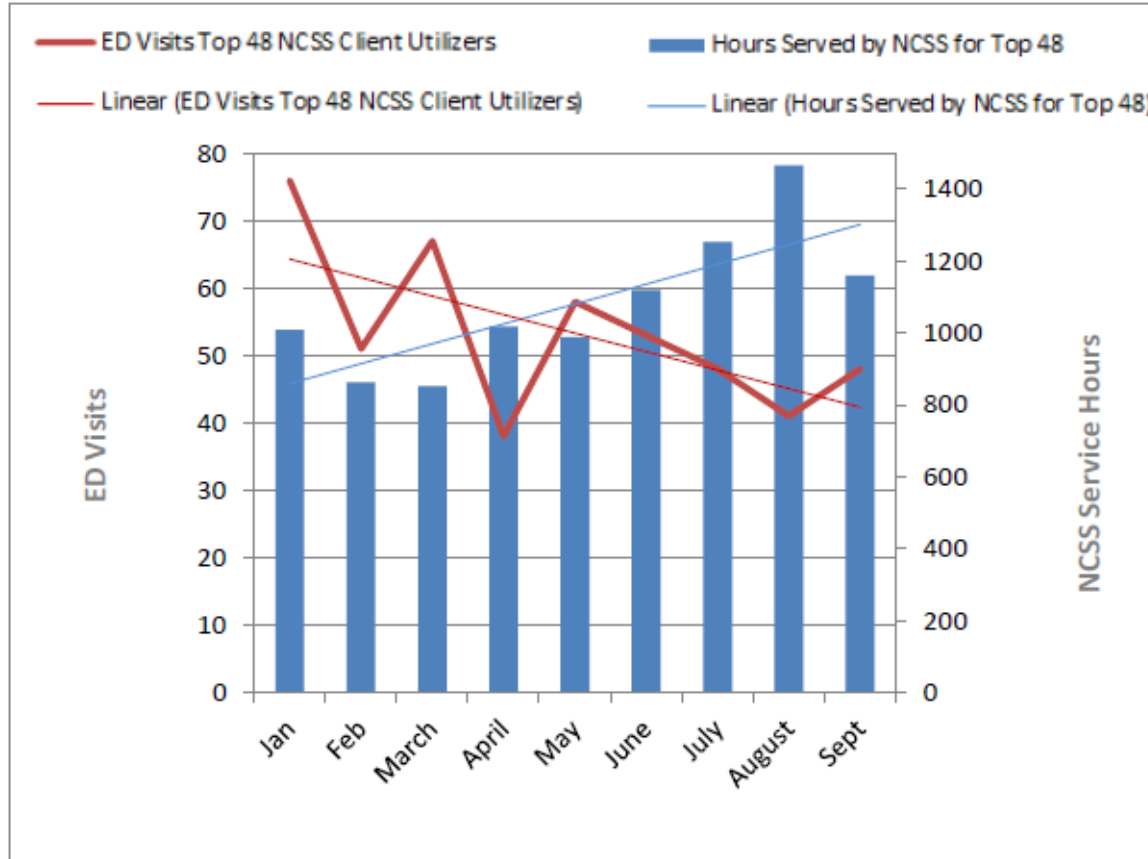
The COMMONWEALTH FUND



Agency for HealthCare Research and Quality (AHRQ) Comparison of the 50 States - All Health Care Quality Measures				
Top 10	Middle 31			Bottom 10
Delaware	Alabama	Kansas	North Carolina	Arkansas
Iowa	Alaska	Kentucky	Ohio	California
Maine	Arizona	Maryland	Oregon	Florida
Massachusetts	Colorado	Michigan	Pennsylvania	Georgia
Minnesota	Connecticut	Mississippi	South Carolina	Louisiana
New Hampshire	DC	Missouri	South Dakota	Nevada
North Dakota	Hawaii	Montana	Utah	New Mexico
Rhode Island	Idaho	Nebraska	Virginia	Oklahoma
Vermont	Illinois	New Jersey	Washington	Tennessee
Wisconsin	Indiana	New York	West Virginia	Texas
			Wyoming	



NMC Case Study



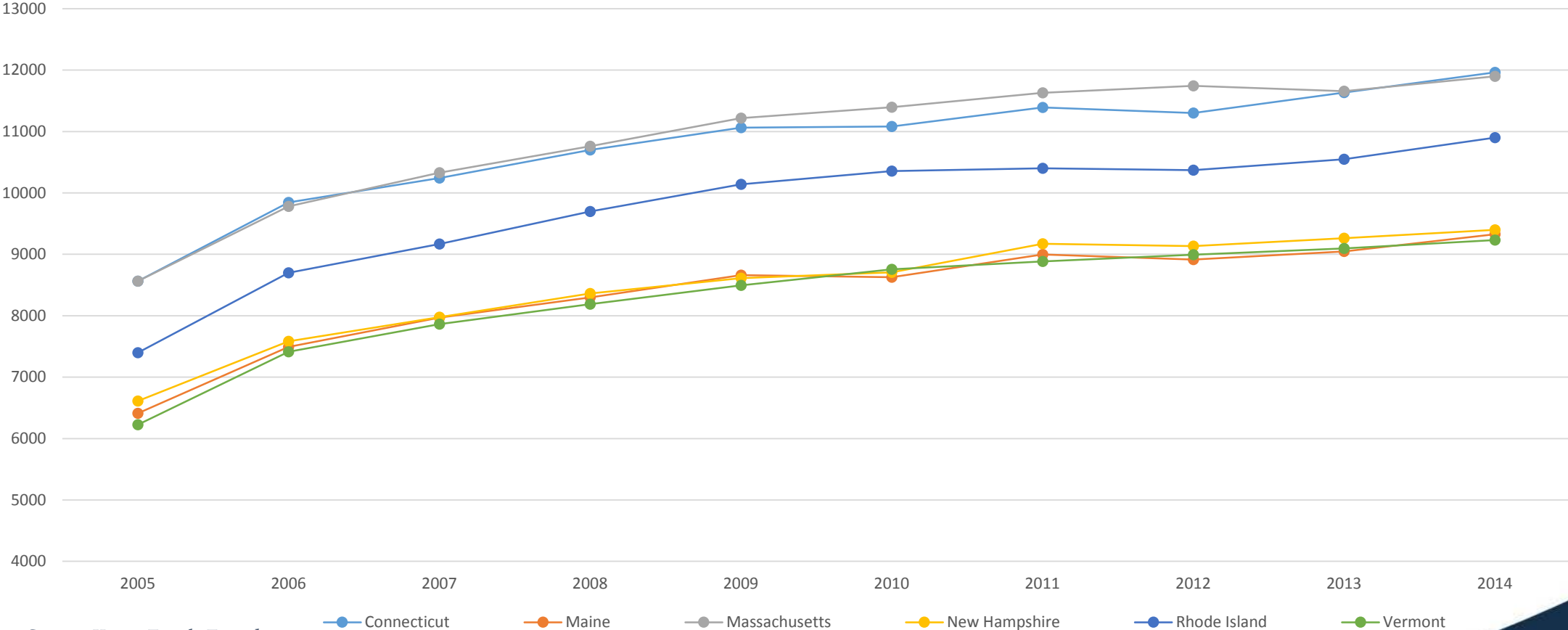
37 % Reduction in ED Visits by NCSS Active Clients
Jan to Sep 2017



NCSS High ED Summary 11/22/17 *ED visit data provided by NMC October 16, 2017, based on High ED Utilizer definition of three or more visits in three months



Medicare Spending by Enrollee, by State (NE)

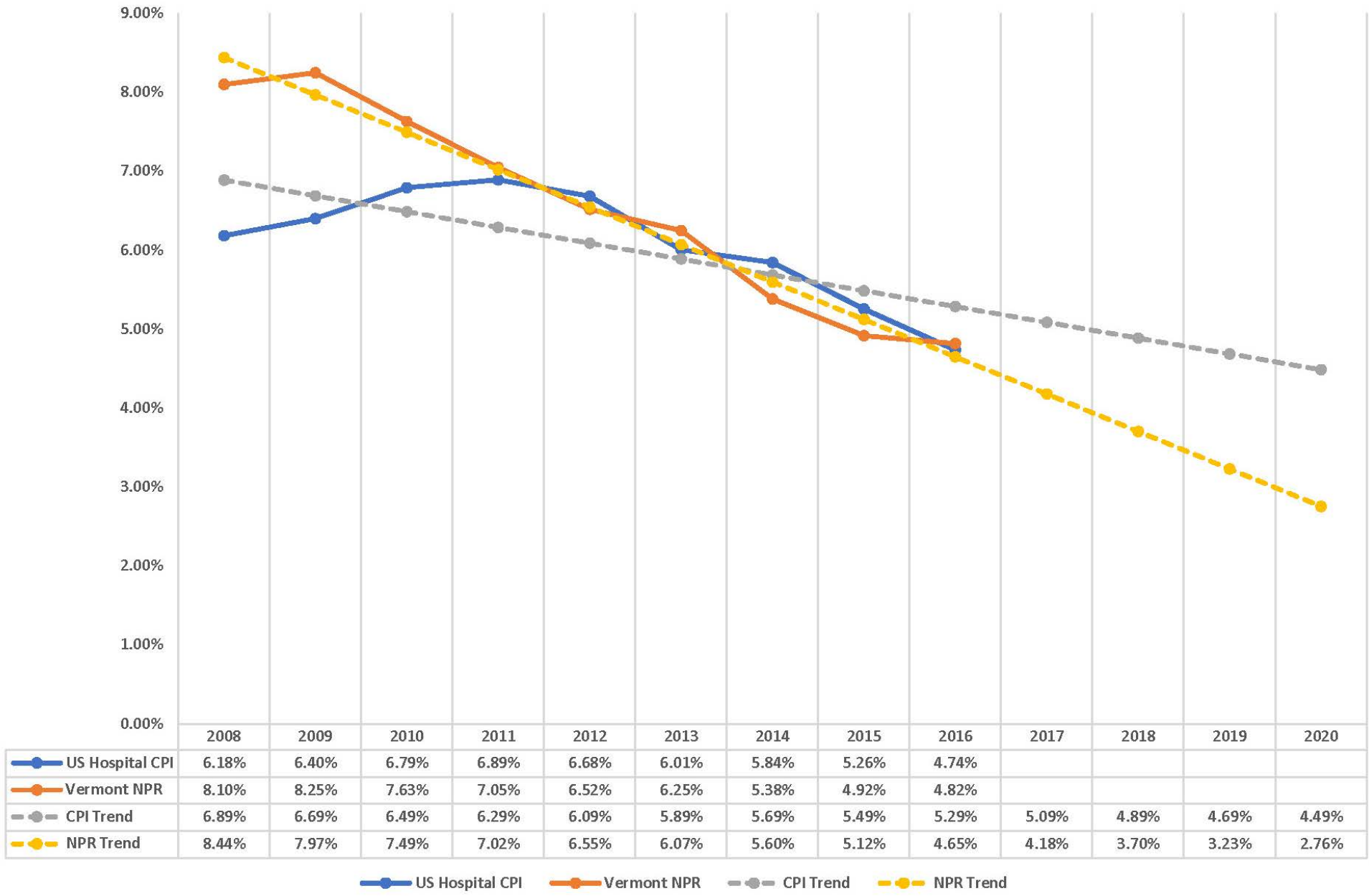


Source: Kaiser Family Foundation

● Connecticut
 ● Maine
 ● Massachusetts
 ● New Hampshire
 ● Rhode Island
 ● Vermont



**U.S. Hospital CPI and Vermont NPR 6 Year Rolling Average (2008 - 2016 Actuals)
U.S. Hospital CPI and Vermont NPR (2017 - 2020 Projected)**



Providers, Employers, Community Builders

- Vital Services for Vermonters – Every year, we:
 - Provide emergency care to 266,000 patients
 - Deliver 5,800 babies and perform 120,000 surgeries
 - Provide \$115 million in uncompensated care
- Community health needs assessments and investments
 - Rise VT, housing, food security, transportation, wellness

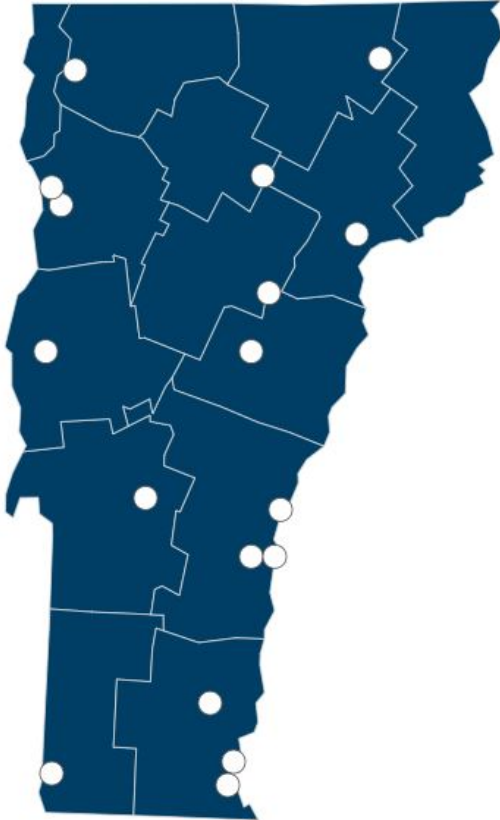


Investing in Population Health

- All Payer Model
 - Hospitals funding reform efforts without transformation dollars
 - 9 hospitals taking risk
 - All hospitals investing in primary prevention and care coordination



Challenges Facing Vermont Hospitals



- Financial risk for populations of patients
- Demographics: Aging population
- Mental Health Crisis & Opiate epidemic
- Workforce Development & Retention
- Medical Inflation
- Payment Cuts (DSH, Primary Care)
- Continued Federal Uncertainty



Ensuring Hospital Financial Health

FY 2017 - Number of Hospitals Meeting Criteria for S&P A- Ratings				
		# of Hospitals	# of Hospitals	# of Hospitals
Metric	Rating	Meeting Metric	Below Metric	Negative Margin
Operating Margin %	2.3%	4 of 14	10 of 14	8 of 14
Total Margin %	2.9%	7 of 14	7 of 14	4 of 14
Days Cash	148	6 of 14	8 of 14	N/A
Average Age Plant (yrs)	11.1	4 of 14	10 of 14	N/A



NPSR Growth Cap Impact

- Services and programs evaluated
- Access concerns
- Financial stability and long-term strength at risk
- Export care/competitive disadvantage

RECOMMENDATION:

FY19 NPSR Target 3.4%

2019 - Projected Inflation		
Inflation Drivers of Concern	Percent	Description / Price Estimates From Suppliers
Salaries	3% - 4%	Admin and Clinical workforce retention and recruitment
Purchased Labor	5%	Workforce shortages; example RN and hospitalists
Benefits	5%	Admin and Clinical workforce retention and recruitment
Supplies	2%	Medical Supply Costs
Utilities/Fuel/Transportation	7% - 9%	Impact of inflation and projections for fuel costs
Pharmacy	6% - 8%	Impact of pharmaceutical cost
*** CMS Projections	5.3% - 5.5%	CMS Report - Medical Inflation between 2019 - 2026



Progress We Can All Be Proud Of

- We have achieved shared results:

- \$600 million in cost savings
- Partnership on regulation, reform
- An outstanding health care system

- We have a shared vision:

- Access to the highest quality care
- Invest in prevention and disease management to improve population health
- Slow the growth of health care costs

