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FY2019 Budget Narrative

1. *Executive Summary.*

Summarize the changes in the hospital budget submission. Include any information the GMCB should know about programmatic, staffing, and operational changes.

North Country Hospital had experienced a decrease in volumes during FY2017 as a result of the loss of a General Surgeon and expected retirement of an Orthopedic Surgeon. During FY2018 these two services have recovered with the hiring of new surgeons who are in the process of rebuilding the practices and bringing the services back to the levels pre-FY2017.

In May of 2018 North Country converted three of its Electronic Health Records to a single cloud based Electronic Health Record. This has changed the expense base of Information Systems from a capital investment model to an operation expense model.

2. *Payment and Delivery Reform.* **Describe how the hospital is preparing for and investing in value-based payment and delivery reform and implementation of the All-Payer Model for FY 2019 and over the next five years. Include answers to the following questions:**
   A. **Has the hospital signed a contract with OneCare Vermont? If yes, for which payers? If not, explain (and skip B. through E., below.)**
   North Country Hospital is currently under contract effective January 1, 2018 with OneCare Vermont to participate in the Medicaid ACO. North Country has also signed a non-binding Memorandum Of Understanding to participate in OneCare Vermont for 2019 for all payers, Medicaid, Medicare and Commercial.
   B. **What is the amount of FPP the hospital expects to receive in FY 2019 based on estimated attributed lives?**
   North Country Hospital has budgeted to receive $5,294,314 for FY2019 for the 3,917 Medicaid attributed lives.
   C. **What is the maximum upside and downside risk the hospital has assumed?**
   The maximum upside and downside risk the hospital has assumed is $375,000.
   D. **How is the risk (up-and downside) accounted for in the financials?**
   The risk has been built into the reserves of the hospital on the balance sheet in FY2018. Evaluating the amount needed for reserves on the balance sheet for up-and downside will be coordinated with the hospital's external auditing team.
      i. **How will the hospital manage financial risk while maintaining access to high quality care and appropriate levels of utilization?**
      While managing financial risk and maintaining access to high quality care with appropriate levels of utilization would appear to be separate, North Country embraces a team approach at the senior level to constantly monitor and evaluate risk, quality and utilization. These three pillars can become fluid, but need to remain in sync with each other. Constant evaluation and engagement needs to happen to enable adjustments to be made in these three areas.

      ii. **How will the hospital track and ensure that provider financial incentives do not have a negative impact on patient care?**

Our incentive plan for physicians contains both productivity based incentives as well as population based incentives. We benchmark our physician productivity against the Medical Group Management Association national survey data base. We monitor both the number of patients seen as well as the number of Work Relative Value Units (wRVUs) produced very closely to ensure that our physicians are seeing the appropriate amount of patients and producing the appropriate amount of Work Relative Value Units related to the patients seen. We strive for our physicians to produce at or very near the median of the survey benchmark. By striving to achieve the Median of the survey we believe that provides the appropriate balance of seeing the patients that need to be seen in a timely fashion and still allow the physicians the opportunity to receive some incentive compensation.

E. **What amount of Other Reform payments does the hospital expect to receive from OneCare Vermont by the end of calendar year 2018? (*e.g.,* payments from OneCare's Value-Based Incentive Program based on quality performance)**
North Country expects to receive all other reform payments that are available to it by the end of calendar year 2018 which equates to $279,000. The hospital has added a 1.0 FTE to the 2019 budget specifically to address the initiatives required for quality performance.

3. *Community Health Needs Assessment*.
Describe the hospital's initiatives addressing its population health goals as identified in the CHNA.

Partnership and collaboration with other health and social service agencies in our community is essential if we are to have any material impact on population health. For this reason, North Country Hospital has been actively working with these community agencies to create the culture and infrastructure necessary to effect change. Over the past couples of years, we have partnered with the following agencies to found the Upper Northeast Kingdom Community Council: Northeast Kingdom Human Services (our designated mental health agency), Northeast Kingdom Community Action, Northeast Kingdom Council on Aging, Northern Counties Health Care (FQHC), Rural Edge (Low Income Housing Provider and SASH agency), Orleans/Essex VNA, Orleans County School Supervisory Union, and the Newport District Office of the Vermont Department of Health. This Accountable Health Community provides the structure and framework for the leading health and social service providers in our community to take a *Collective Action* approach to improving the health of our population.

Over the past year, we have continued to work to integrate mental health services in our medical home by contracting with our designated mental health agency, Northeast Kingdom Human Services. In 2017 we added a psychiatric nurse practitioner four days per week in our Newport primary care clinic. This investment is paying significant dividends in helping coordinate care and improve management of prevalent chronic mental health conditions such as anxiety and depression. This has also provided a resource to our emergency room for patients who are awaiting placement in a specialty psychiatric facility.

Data is integral to accountable care and we have invested in the dbMotion data warehouse. With the implementation of dbMotion, we have successfully deployed their *Collaborate* care

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management software to the Orleans/Essex VNA, the Bel-Aire Skilled Nursing Facility, and several of our independent physician offices. This software allows us to securely share health information between our organizations and provides a common platform for care management.

North Country has plans on expanding our Wellness Center which has been in existence for over 35 years. This expansion will relocate the center for better access to the community as well as increase the offerings of wellness activities. There are also future capabilities of incorporating nutritional educational classes which can be coordinated with the Healthcare Shares program that was initiated in 2017. In conjunction with this expansion, there are plans to create an Urgent Care clinic in contiguous space which is anticipated to give additional access to care in a more centralized location for the community.

The establishment of the Upper Northeast Kingdom Community Council, as described above, provides a framework for the local collaboration that is called for in the All Payer Model. Many of the implementation activities that we have conducted in response to the health needs identified in our Community Health Needs Assessment have involved more than one organization. Below are some of the initiatives that we have implemented over the past year:

Community Health Needs Assessment: Summary of Implementation Strategy Activities Completed

Key Health Concerns	2017 Activities
Access to Medical Care when needed	✓ Combined total new patients admitted to NC Primary Care and Pediatrics practices: new patients: 1076 - North Country Pediatrics: 91 New Patient Visits - North Country Primary Care Newport: 738 New Patient Visits - North Country Primary Care Barton Orleans: 247 New Patient visits ✓ NCH's Medical Home Community Care Team: - Coordinated transportation (RCT) for 159 patients to attend medical appointments - Assisted 36 people with placement at skilled Nursing Facility/Level III - Sent 30 referrals to nursing services such as VNA, NEKHC - Assisted 9 people with getting medical equipment - Connected 52 patients to NEK Council on Aging - Sent 15 referrals to Vermont Chronic Care Initiative (VCCI) - Sent 6 referrals to SASH (housing/health support) - Sent 36 referrals to state agencies (ESD, VocRehab, etc.) - Connected 4 patients with the Wellness Center - Connected 3 patients with Umbrella (Domestic Violence)
Access to Mental Health Resources when needed	✓ North Country Hospital added Kelly Hensley, DNP and expanded psychiatry services embedded in NC Primary Care to 5 days/week ✓ Medical Home Community Care Team helped:

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	- 124 patients access Mental Health counseling - 177 patients connect with Kelley Hensley, DNP/Dr. Edelstein. ✓ Coordinate development of WRAP (Wellness Recovery Action Plan) workshop at the Journey to Recovery Community Center in Newport: 10 registrants and 10 completers
Alcohol, Street Drugs & Prescription Abuse: Addiction Treatment/Access to Substance Abuse Services when needed	✓ The Medical Home Model Community Care Team at 2 NC Primary Care locations helped: - 10 patients connect with inpatient addiction treatment - 11 patients connect with community based drug abuse treatment - 119 people connect with a Licensed Drug & Alcohol Counselor (LDAC)
Access to Dental Care and Oral Health when needed	✓ Ronald McDonald Van visited: - Kids Wellness Day ✓ NCH partnered with Northern Counties HC to build and open the Orleans Dental Center, offering fulltime dental staffing ✓ Medical Home Community Care Team at NC Primary Care assisted 10 people with dental needs/dental clinic
Tobacco Use: Addiction Treatment	✓ 1 on 1 counseling: Over 150 phone calls with 70 individuals (47 provider referrals and 23 self-referrals) for tobacco cessation. ✓ The Medical Home Model Community Care Team referral 14 patients to Tobacco Cessation ✓ 2 Tobacco Cessation groups held with 8 registrants and 8 completers. Class held at these locations: - BAART 3 Completers (Nov. 2017) - BAART 5 Completers (Mar. 2017) ✓ The Wellness Center hosted classes of Hypnosis for Smoking
Tobacco Use: Prevention	✓ Tobacco prevention activities presented at: - Kids Wellness Day at the Wellness Center ✓ NCH became a Smoke Free Campus in 2017 ✓ NCH collaborated with 802Quits and NEKLS at Hope on the Slopes Event to promote smoking cessation
Alcohol, Street Drugs & Prescription Abuse: Prevention	✓ RPP Grant: Drug Take Back Day-Moo92 interview
Overweight/Obesity: Encourage Physical Activity	✓ 1960 Wellness Center classes held ✓ 14820 Wellness Center visits ✓ Personal Training: 52 Classes ✓ Weekly Healthy You column published in local newspaper ✓ 5 Self-Care Workshops ✓ 12 classes on Weight loss with Hypnosis ✓ Spinning for Oncology (raised money for NCH Oncology)

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	✓ Breathing and Stretching techniques taught at the Better Breathers Support Group ✓ Worksite Wellness - Tai Chi - Self-Care workshops - Workouts for employees - Exercise Challenge - Workstation workouts - Healthy Baking Competition - Cancer Ribbons ✓ Journaling Workshops ✓ Health Expo at RDI ✓ Rock Painting Project ✓ Zumba Fundraiser for American Heart Assoc. ✓ Yoga for staff at Albany Head Start: 2 classes ✓ Zumba for staff at Albany Head Start: 1 class ✓ Kids Yoga & Karate: Afterschool Program - Troy Elementary School - West Charleston Elementary School ✓ The Wellness Center received their 5th award for Excellence in Workplace Wellness ✓ Public Health Week: 5 exercise classes at State Office Building in Newport ✓ Zumba at Glover School Wellness Day: 3 hours ✓ Chair Workouts at NKHS ✓ NCUHS Career Fair ✓ Community National Bank Nutrition & Fitness Program ✓ Balance Bootcamp ✓ Self-Care Workshop at Diabetes Prevention Group ✓ Spinning Training (Certification) participants from Canada, NH, NY & VT ✓ Zumba for kids at Barton School ✓ Mini-Relay day at Coventry Elementary School: fitness activities ✓ Zumba on the Green at the NEK Relay for Life ✓ Weekly Safe Routes to School Walk ✓ Kids Karate Camp ✓ Diabetes Prevention Program 14 registered started June 7th, weekly sessions for 16 weeks ✓ Prevent Type 2 Workshop, Nov/Dec, 8 participants and 8 completers ✓ Diabetes Self-Management workshop, 13 registered began Oct. 2nd, 2.5 hour weekly sessions for 6 weeks ✓ Diabetes Self-Management workshop, April/May, 12 participants and 12 completers ✓ Discussions held with all tobacco cessation clients (whether in classes or in individual counseling) regarding importance of choosing healthy foods and adding or continuing a regular pattern of physical activity.
Overweight/Obesity: Encourage Healthy Eating	✓ Health Care Shares 2017 o Barton: 35 individuals (13 children <18 yrs. old) o Newport: 154 individuals (71 children < 18 yrs. old)

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	o Total: 189 individuals (84 children) o Includes 53 continuously active participant families, 5 add-ons and 2 add-ons/withdrawals with a total of 60 participant families ✓ Wellness Center Nutrition Consults: 30 ✓ Nutrition Education & Counseling: provided to 309 patients by medical Home Model Community Care Team Dieticians at no cost to patients at these Blueprint for Health practices: NC Pediatrics, NCPC Newport, NCPC Barton Orleans and Island Pond Health Center. ✓ Nutrition Course for Jr. High at UCA: taught basic nutrition, food groups, label reading, etc. ✓ GMFTS Block Party ✓ Annual Kids Day at Wellness Center ✓ NCUHS Health Class Finals Panel-a panel for helping adjudicate health finals ✓ Diabetes Prevention Program 14 registered started June 7th, weekly sessions for 16 weeks ✓ Prevent Type 2 Workshop, Nov/Dec, 8 participants and 8 completers ✓ Diabetes Self-Management workshop, 13 registered began Oct. 2nd, 2.5 hour weekly sessions for 6 weeks ✓ Diabetes Self-Management workshop, April/May, 12 participants and 12 completers
Community Health Needs: Other Related Activities	✓ Food Drive for the United Church of Newport Food Shelf ✓ Hypnosis for Stress & Anxiety: 7 classes ✓ AARP Smart Driver & Safety Class ✓ 2nd Annual ATV Safety Course-20 Students attended ✓ Education on Childhood injury prevention at Parent/Child Center meeting ✓ Animal Shelter Fundraiser (raised over $470) ✓ Zumba fundraiser for American Heart Assoc.

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Our most significant investment that is related to health reform is to replace our electronic health records system. We had been operating three main electronic health record systems: McKesson Paragon for inpatient, Medhost for the Emergency Room, and Allscripts for the outpatient physician practices. Individually, none of these systems functions particularly well and all have declined in their ranking with KLAS, the nation's leading performance rating agency for information technology vendors. Collectively, these systems presented significant operational problems, as the data is maintained in three disparate databases. Functionally, it is challenging for our clinicians to have to switch between systems to access patient information. Operationally, running three different systems presents significant barriers in our quest to standardize work flows and to access information to measure performance. Improving our performance in population health requires a robust analytics capability and we believe our new integrated electronic health record platform will significantly advance our capacity in this area.

4. *Quality Measure Results.*
Review Appendix IV, and provide a response to health service area, county or regional performance results for each of the All-Payer Model quality measures. Discuss outcomes, goals, and plans for improvement.

NCH exceeds, equals or is within 2% of Vermont's statewide rate for the following measures:

Measure	VT Rate	Newport Rate
Percentage of Medicaid adolescents with well-care visitis	50%	56%
30 -day follow up after discharge for mental health	68%	68%
Diabetes HbA1c Poor Control	10%	10%
Appropriate asthma medication management (75% captured)	52%	50%
Percentage of adults reporting that they have usual primary care provider	88%	91%
Prevalence of chronic disease: HTN	25%	27%
Deaths related to drug overdose	122 (2.2)	2 (0.8)
Rate of growth in number of mental health and substance	6%	-11%

use-related ED visits		

NCH performs below Vermont's statewide rate for the following measures:

Measure	VT Rate	Newport Rate	Plans & goals for improvement
Initiation of alcohol and drug dependence treatment	36%	25%	In March 2018, NCH partnered with Newport's Journey to Recovery Community Center to support that organization's application to receive VDH ADAP Emergency Department Recovery Coach Pilot site funding. This program will fund Peer Recovery Coaches in NCH's ED for people who experience an opioid overdose or other alcohol or drug related emergencies. We anticipate this new resource of a Recovery Coaches will be critical in encouraging people to initiate alcohol and/or drug dependence treatment. Goal is to increase % from 25% to 28% within 12 months of the start of the Recovery Coach Program being embedded in NCH's ED
Engagement of alcohol and drug dependence treatment	17%	11%	As noted in the measure above, utilization of a

			Recovery Coach model will also be critical in encouraging people to continue engagement in alcohol and drug dependence treatment. Goal is to increase the % from 11% to 14% within 12 months of the start of the Recovery Coach program being embedded in NCH'S ED.
Prevalence of chronic disease: COPD	6%	10%	
Prevalence of chronic disease: Diabetes	8%	13%	NCH employees 2 FTE Dieticians who are members of the Blueprint for Health Community Health Team and see patients in all area patient Centered Medical Homes. The majority of patients seen by the Dieticians are pre-diabetic or diabetic. We have had a vacancy since September 2017, resulting in decreased capacity. A new dietician has been hired and begins in September 2018. In addition, NCH's HealthCare Shares Program, which targets pre-diabetic and diabetes patients, has expanded this year to serve more patients. We also anticipate the new

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			ACO Care Coordinator/Panel Manager will increase our capacity to provide services to pre-diabetic and diabetic patients. Goal is to decrease the % of diabetes from 13% to 11% in FY 2019.
# per 100,000 population ages 18-64 receiving Medication Assistance Treatment	6,110 (155.4)	337 (212.8)	As described in Question 7 in the Narrative, NCH's primary care practices are actively developing a Newport area MAT Spoke program in coordination with BAART, the local HUB and sharing Blueprint Spoke funds with NVRH, also a Blueprint Administrative Entity. Goal is to have the first 8 Newport area MAT patients transitioned to North Country Primary Care Spoke providers by end of Q1 FY 2019 and increase the number of Newport MAT patents quarterly by at least 8 patients each subsequent quarter.

5. *Mental Health.*
   Provide the following information:
   A. The number of mental health beds;
   North Country Hospital does not have inpatient beds for Mental Health patients.

B. **The number of patients who waited in the emergency department for an available mental health bed at this hospital or at another facility;**
For the time period of October 1, 2018 thru May 15, 2018 there were 46 patients who waited in the emergency department for an available mental health bed.

C. **The range and average time patients spend in the emergency department awaiting an appropriate mental health placement;**
The range of time that patients spent in the emergency department waiting for appropriate placement was from 3.72 hours to 174.72 hours. The average time spent waiting for placement was 22.81 hours.

D. **Average cost per day for patients awaiting transfer;**
North Country does not collate the cost of these patients who are waiting in our Emergency Room for transfer to an appropriate mental health facility.

E. **List and describe each initiative, program or practice the hospital has implemented, or plans to implement, that focuses on ensuring that Vermonters have access to high quality, timely, and appropriate mental health treatment.**

- Hired a psychiatric consultant to work with the newly established Psychiatric committee and the ongoing NKHS/NCH committee.
- Continue monthly meetings with NKHS to troubleshoot any system or individual issues.
- ENA psychiatric education modules instituted for all E.D. nurses
- Hired psychiatric LNAs on the night shift for when patients need 1:1
- Psychiatric Committee involved in creating activities box for boarding patients as well as changing policies, working on possible build of better safe rooms, and encouraging evidence-based care of psychiatric patients.
- Have instituted Tele-Psych in the E.D. so patients can have more efficient access to a psychiatrist if needed and care plans can be established by the psychiatric expert.
- Are drawing up full architectural plans for using existing space in ambulance bay to create safe rooms for patients (visited Rutland's unit in the E.D. as a model)
- Have requested representative from Vt. Disability Rights to come to several meetings once we have draft plans for their input as well as other key involved agencies.

6. *Patient access.*

Provide wait times, by medical practice area, for the "third next available appointment," as defined by the Institute for Healthcare Improvement (IHI) http://www.ihi.org/resources/Pages/Measures/ThirdNextAvailableAppointment.aspx. For hospitals that do not use this measure, describe wait times and how they are currently measured.

Wait times as measured in "third next available appointment" have only be obtained through a manual process prior to converting to the new electronic health record. North Country does not utilize a continuous tracking mechanism for this statistic as it is labor intensive. As such, the wait times are measured in an as needed basis. Outside of this, wait times have not been historically measured.

7. *Substance use disorder treatment programs.*
   Describe the hospital's substance use disorder (SUD) treatment programs, and provide the following information:
   A. A description of the hospital's full range of SUD treatment programs;
   - NCH's Emergency Department triages requiring medical detoxification before transfer to inpatient or other treatment services
   - WISSH Program: "Women and Infants Safe and Healthy". Focus is to enable opioid dependent Moms to receive pre-natal care and deliver their babies at NCH instead of transferring to UVM. Shared plan of care includes the expectant mother, NC OB/GYN office, BAART, local Mental Health agency, DCF, NCH's Maternal Child Health Department, and family medicine/pediatricians who will care for the baby at/after birth. Central to the success of this program is that trust is built among these at-risk families, physicians, care managers and staff. As a result, women report increased ability to complete pre-natal visits and attend child birth preparation classes since they are close to home
   - NCH's Primary Care and Pediatric practices have embedded Licensed Social Workers and RN Care Coordinators who routinely assist in connecting primary care patients to Substance Use Services. In CY 2017, these Community Care Team members helped 10 patients connect with inpatient addiction treatment, 11 patients connect with community based drug abuse treatment and 119 people connect with a Licensed Drug and Alcohol Counselor (LADAC)
   - In CY 2017, NCH expanded psychiatry services embedded in North Country Primary Care to 5 days/week and this is an invaluable resource for those patients with both Substance Use disorders as well as mental health diagnoses.

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B. **The number of patients currently enrolled in medication-assisted treatment (MAT) programs and other SUD programs; and**
    - NCH currently has 0 patients enrolled in a MAT program, as the program is in its beginning stage. We are participating in the Vermont MAT Learning Collaborative with Blueprint and UVM. We have 1 Family Medicine physician who has partially completed the required MAT Waiver training and on track to finish it by Fall of 2018. We have met with the Medical Director and Clinical Director of BAART, the local HUB which is also a Spoke in the Newport and St Johnsbury areas to discuss the logistics of transitioning patients who are clinically ready to receive Office Based Opioid Treatment. BAART is also a SPOKE provider in both Newport and St Johnsbury and has the capacity to expand their current Spoke nurse/mental health counselor team to serve additional Newport Spoke patients. NCH's will be sharing Blueprint for Health MAT funds with NVRH and that language is already written into both area Blueprint grants. The goal is to have the first 8 Newport MAT patients transitioned to North Country primary Care Spoke providers by the end of Q1 FY2019 and to increase the numbers by at least 8 patients each subsequent quarter

C. **The number of MAT providers and other SUD providers employed by the hospital.**
    - The number of MAT providers and other SUD providers employed by the hospital: answered above in 7. B

8. *Health Reform Investments.*
Part I: Provide updates on all health reform activities submitted under the GMCB's extended NPR cap for FYs 2016 - 2018 including:
A. **The amount of the investment;**
B. **The goals of the program;**
C. **Metrics and other evidence demonstrating the program's ability to meet these goals, highlighting metrics and other evidence that demonstrate alignment with the goals of the All-Payer Model;**
D. **Any other program outcomes, positive or negative;**
E. **Whether the program is ongoing or of limited duration, and why;**
F. **For any program that has been discontinued, describe how ending the program has or will be accounted for in past, current or future budgets.**

Health Care Reform Activities for FY 2016-2018			
	FY2016	FY2017	FY2018

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Amount of Investment	$141,416	$646,524	$0
Goal of Program	- Add'l cost of Participation in the ACO ($99,750) - Capital expense depreciation for Information systems population health module ($41,666)	- 1/3 for participation in the ACO - 1/3 for capital expense depreciation of DB Motion and Dragon Voice recognition (part of meaningful use) - 1/3 for administrative support related to being part of the ACO, coordination of ACO data and dedicated participation in the ACO	North Country was not in a financial position to commit additional funding for new healthcare reform initiatives at the time the FY2018 budget was being developed. FY2017 operating financial results were of a substantial loss of $1.8 mil
Metric and other evidence	- Participated in the SSP ACO with OneCare - IS population health module never materialized	- Continued participation in the SSP ACO with Onecare - Qualified for meaningful use and collaborative information sharing with community providers - Coordinated support and analysis of ACO quality initiatives and data	N/A
Any other outcomes (positive or negative)	N/A	N/A	N/A
Ongoing or limited duration and why	- NCH continues to participate in the ACO of OneCare - Population Health module never matured	All three of these initiatives are ongoing	N/A
Has program been discontinued	See above	See above	N/A

Part II: Complete the Table at Appendix V.

Please also refer to excel file in Adaptive

2019 Hospital Health Care Reform Investments

Hospital: North Country Hospital and Health Ctr. Inc.

Total Amount Across All Activities/Investments: **$379,842**

Per GMCB budget guidance, indicate which health care reform goals the activity/investment meets (see Columns G-K)

Activities, investments, or initiatives within the 0.4% health care reform investment	Allocation for the investment	Was this activity in last year's budget?	If yes, describe how the 2019 investment differs from previous investments in the same activity	Is this investment supplanting previous costs, or does it represent new costs?	Does this activity support the transition toward value-based purchasing?	Does this activity support All-Payer Model (APM) Population Health Goal 1: Increase Access to Primary Care?	Does this activity support APM Population Health Goal 2: Reduce Deaths from Suicide and Drug Overdose?	Does this activity support APM Population Health Goal 3: Reduce Prevalence and Morbidity of Chronic Disease?	List APM quality measure(s) that the activity is intended to improve	Summary of evidence base or rationale that the activity will achieve the intended improvement(s), as well as the longer term goals of reducing health care costs and improving quality of care
We are hiring an ACO Care Coordinator for panel management of High Risk and Very High Risk patients that are identified as part of the ACO attributed lives	*$96,642*	*No*		*new*	*Yes*	*Yes*		*Yes*	-A1c Poor Control -Controlling High Blood Pressure -Tobacco use assessment and Cessation Intervention	Participating in the development and oversight of shared care plans to improve/increase primary care access. This will be measured through OneCare VT software and data feedback.
ACO dues	*$283,200*	*Yes*	*We budgeted $91,800 in dues last year. The dues increased to $375,000 this year.*	*new*	*Yes*					

9. *Reconciliation*.
   Provide reconciliation between FY 2018 approved budget and FY 2018 YTD, showing both positive and negative variances. Explain the variances.
   Areas that will have significant variances to budget include Bad Debt and Free Care. When the 2018 budget was constructed, Bad Debt and Free Care were trending lower than we are currently experiencing. Salaries are projected to be less than the FY2018 budget with the offset being Locums being over budget by a similar amount. Supplies have been trending with a favorable variance to budget with the majority of the variance being in pharmaceutical expense. The FY2018 budget was higher than actual estimates based on the discontinuation of the chemo program in April 2017.

10. *Budget-to-budget growth.*
    A. Net patient revenues:
    i. Provide the budgeted FY 2019 NPR increase over the approved FY 2018 budget. If the GMCB rebased the hospital's budget for the purpose of calculating FY 2019, provide the budgeted increase in NPR for FY 2019 measured from the hospital's rebased budget.
    The budgeted FY2019 NPR increase over the approved FY2018 budget is 3.20%. If the GMCB rebased the hospitals budget the 2018 Actual level there would not be much of a change in the increase in NPR as the 2018 Actual is running close to the 2018 Budget.

    ii. Describe any significant changes made to the FY 2018 budget (including, but not limited to, changes in anticipated reimbursements, physician acquisitions and certificates of need) and how they affect the FY 2019 proposed budget.

There are no significant changes made to the FY2018 budget other than the items noted earlier. Replacement of two surgeons, one that was vacant effective May of 2017 and one that retired in January 2018. This accounts for an increase in net patient revenue of about $300k. The other significant change is the new EHR system.

iii. Describe any cost saving initiatives proposed in FY 2019 and their effect on the budget.
There are continued efforts as we enter year two of our contract with the New England Alliance for Health (NEAH) for cost savings through our supply chain as well as leveraged savings through purchase service contracting and service agreement contracting. North Country has also added a 1.0 FTE position specific to management and compliance with our 340B program to more aggressively pursue better contract pricing for our non-340B drugs and to ensure compliance with the entire 340B program.

iv. Explain changes in NPR/FPP expected for each payer source:

a. Medicare revenue assumptions: Identify and describe
1) any significant changes to prior year Medicare reimbursement adjustments (*e.g*. settlement adjustments, reclassifications) and their effect on revenues;
There are no significant changes for Medicare reimbursement prior to reimbursement adjustments.

2) any major changes that occurred during FY 2018 that were not included in the FY 2018 budget, and
There are no major changes for Medicare that occurred during FY2018 that were not included in the FY2018 budget.

3) any anticipated revenues related to meaningful use and 340B funds in FY 2019.
There are no anticipated revenues related to meaningful use for FY2019. Revenues for 340B funds remain constant with those seen in FY2017 and FY2018. The only change seen for 340B revenues is the acquisition of Rite Aid by Walgreens which was effective January 30, 2018. There has been a transition period from February 14, 2018 to current which has delayed cash flow. Once the transition is complete, the reconciliation is expected to be retroactive to February 14.

b. Medicaid revenue assumptions: Budget for net patient revenues expected from rate changes, utilization and/or changes in services.
The major change in the Medicaid revenue assumptions for net patient revenue is the shift from historical Medicaid net revenue to Fixed Prospective Payment (FPP) net revenue. This was not

budgeted in 2018 but has been accounted for in the budget for 2019. The total shift to FPP is $5.2 mil.

c. Commercial/self-pay/other revenue assumptions: Commercial insurance revenue estimates should include the latest assumptions available to the hospital and any other factors that may explain the change in net patient revenues.

v. Complete Appendix VI, Tables 1A and 1B. If the hospital categorizes revenue differently than as indicated in the tables, provide such categories, including labels and amounts, in the “Other” rows.

B. Expenses:

i. **Provide the budgeted FY 2019 net expenditure increase over the approved FY 2018 net expenditure increase.**
The budgeted FY2019 net expenditure increase over the approved FY2018 net expenditure increase is $2.382 mil or 2.83%.

ii. **Describe any significant changes made to the FY 2018 budget (including, but not limited to, changes in costs of labor, supplies, utilization, capital projects) and how they affect the FY 2019 proposed budget. Provide assumptions about inflation and major program increases.**

- Increase in ACO dues $283,000
- Built in salary increase of 2%
- Added ~$1.0 mil in FTEs
  - 1.0 fte General Surgeon physician
  - .50 fte Family Practice physician
  - Support staff for both physicians (practice and operating room)
  - .70 fte for 340B specialist

- Maintenance agreement cost of $1.9 mil for Athena

iii. **Describe any cost saving initiatives proposed in FY 2019 and their effect on the budget.**

- $500 k in cost savings through efficiencies from Athena
- $750k in cost savings from supply savings with the majority in reduced cost of pharmaceuticals through contracting

iv. Complete Appendix VI, Table 2. If the hospital categorizes expenses differently than as indicated in the tables, provide such categories, including labels and amounts, in the “Other” rows.

11. *Bad Debt.*

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A. **Provide the amount of bad debt carried by the hospital at the close of FY 2017 that was incurred prior to FY 2016.**
The amount of bad debt expense at the close of FY2017 that was incurred prior to FY2016 was $347,535. At the close of FY2017 there were also $1,026,000 of accounts receivable that was incurred prior to FY2016 that were on payment plans who are all in good standing. By putting these accounts on payment plans these patients do not get sent to collection.

B. **If the hospital contracts with a collection agency, provide the name of the agency.**
- Balance Healthcare Receivables (BHR)
- James Levy, Esq.

C. **In your opinion, explain whether the agency adheres to "patient friendly billing" guidelines.** ***See*** **http://www.hfma.org/Content.aspx?id=1033**
The collection agencies have to adhere to the Consumer Protection Act, the Fair Credit Reporting Act, the Fair Debt Collection Practice Act, HIPAA, the billing and collection requirements of I.R.C. §501 (r)(6) and the standards and requirements of JHACO. North Country has no reason to believe the agency does not adhere to "patient friendly billing" guidelines.

12. *Rate Request*.

A. **Provide the hospital's budgeted overall rate/price increase or decrease. Explain how the rate was derived and what assumptions were used in determining the increase or decrease.**
The hospital's overall requested rate increase is 3.57%. This is derived from a rate increase for our physician practices of 0.00% and a rate increase for all hospital based charges of 4.15%.

B. **For each payer, if the net patient revenue budget-to-budget increase or decrease is different than the overall rate/price change—for example, if the requested commercial "ask" differs from the rate/price change—explain why they differ.**

C. **In April/May, the GMCB will provide a rate schedule for reporting the rate/price change for each major line of business and the gross and net revenues expected from each payer as a result of the rate/price change.**

13. *FY 2017 overages*.
For those hospitals that received a letter regarding their FY 2017 budget-to-actual overages results, specifically address the issues and requirements outlined in the letter.
This question does not apply to North Country Hospital

14. *Capital budget investments*.

Describe the major investments, including projects subject to certificate of need review, that have been budgeted for FY 2019 and their effect on the FY 2019 operating budget.
There are two major investments that have been budgeted for FY2019. There is a budgeted project to renovate our Lab space which includes replacement of the roof and air handling and monitoring capabilities. The capital budget is for $1.5 million for the Lab renovation project.

The second project is to build out three behavioral health safe rooms in our Emergency department for safer care and better treatment of our mental health patients in the Emergency department. The capital budget for this project is $1.2 million.

The combined additional effect on the FY2019 operating budget is $67,500 which is the total depreciation for both projects.

15. *Technical concerns*.
Explain any technical concerns or reporting issues the GMCB should examine for possible changes in the future.
The only technical concern that the GMCB should be aware of for possible changes in the future is the EHR and Accounting software conversion that took place in May 2018.

Salary Information

Submit a full copy of the hospital's Form 990 (for Actual 2017), including the most current version of Schedule H (filed in 2018) that has been submitted to the Internal Revenue Service as part of the hospital organization's Form 990 reporting obligations under Section 501(c)(3) of the Internal Revenue Code. ***(Note that this information is required under the GMCB Guidelines for the Community Health Needs Assessment, attached. Provide a single copy of these documents.)***
The current Form 990, schedule H and Community Health Needs Assessment are the same documents that were submitted last year. The upcoming 990 and Schedule H filing will be available mid-August and will be submitted once available. The next Community Health Needs Assessment will be available after Board Approval by the end of September 2018 and will be submitted once Board approved.

A. Complete the following table*: **See also the submitted excel file**

North Country Hospital
Where caring runs deep.

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	624	26,663,588.54	5,592,682.31	865,252.62
$200,000 - $299,999	11	2,661,108.56	181,912.73	71,717.08
$300,000 - $499,999	18	6,701,173.50	358,519.93	193,562.21
$500,000 - $999,999	5	2,831,492.85	85,404.76	86,210.42
$1,000,000 +	0	0.00	0.00	0.00

*The information in this table should match Form 990 for CY2017.

B. Submit the hospital's policy or policies on executive, provider, and non-medical staff compensation.

C. Identify:

i. **Outside consultants relied on for benchmarking;**

- Premier Inc – Hospital Labor and productivity benchmarking
- Crimson – Practice productivity benchmarking

ii. **Peer groups to which the hospital benchmarks;**

- NEAH – New England Alliance for Health – Supply Chain
- NNEHCS – Northern New England Health Care Compensation Survey - Staff salary benchmarking – Executive Benchmarking
- Yaffee – Executive Benchmarking
- HHCS – Executive Benchmarking
- MGMA – Physician salary and productivity benchmarking – Executive Benchmarking

iii. **Compensation targets in terms of percentiles for each staff category; and**

- Compensation targets to benchmark are analyzed based on the mid-point of the salary range for each job code and pay grade which is compared to the median compensation of the benchmark. Staff are compensated within the salary range based on years of experience with a maximum years of experience credited for new hires being 10 years.

iv. **The hospital's actual compensation level, compared to target, for each employee group (*e.g*. executive, provider, non-medical staff)**

- Non-Medical Staff - The actual compensation level compared to target and adjusted for years of experience is at target for many positions but are slightly below target for some positions. Supply and demand along with two of the last five years with a 0% increase in salaries contributes to being slightly under target.
- Provider – The actual compensation level compared to target is at target.

- Executive – The target is the median of comparable sized hospitals with the actual salaries being slightly less than target

Organizational Structure

Provide the hospital's organizational chart including parent companies, subsidiaries, affiliated entities, etc.

North Country Health System