



NMC FY'20 Mid Year Rate Increase Request

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*Green Mountain Care Board
April 29, 2020*



Thank you for this opportunity to speak.

NMC's current reality:

- The Meditech implementation to achieve a single Electronic Medical Record across the organization has taken longer than anticipated to reach pre-implementation productivity levels affecting topline revenue. While progress has been made, the lost revenue cannot be recaptured as it has now been a year since initial go live.
- Providing 4 levels of inpatient care as the sole community hospital in St. Albans creates barriers to achieving scale in our utilization of bedside nursing requirements and requires use of traveler nurses to staff (ICU).
 - Critical Care
 - Post Surgical
 - Step Down
 - Observation

Financial Overview – FY'2020

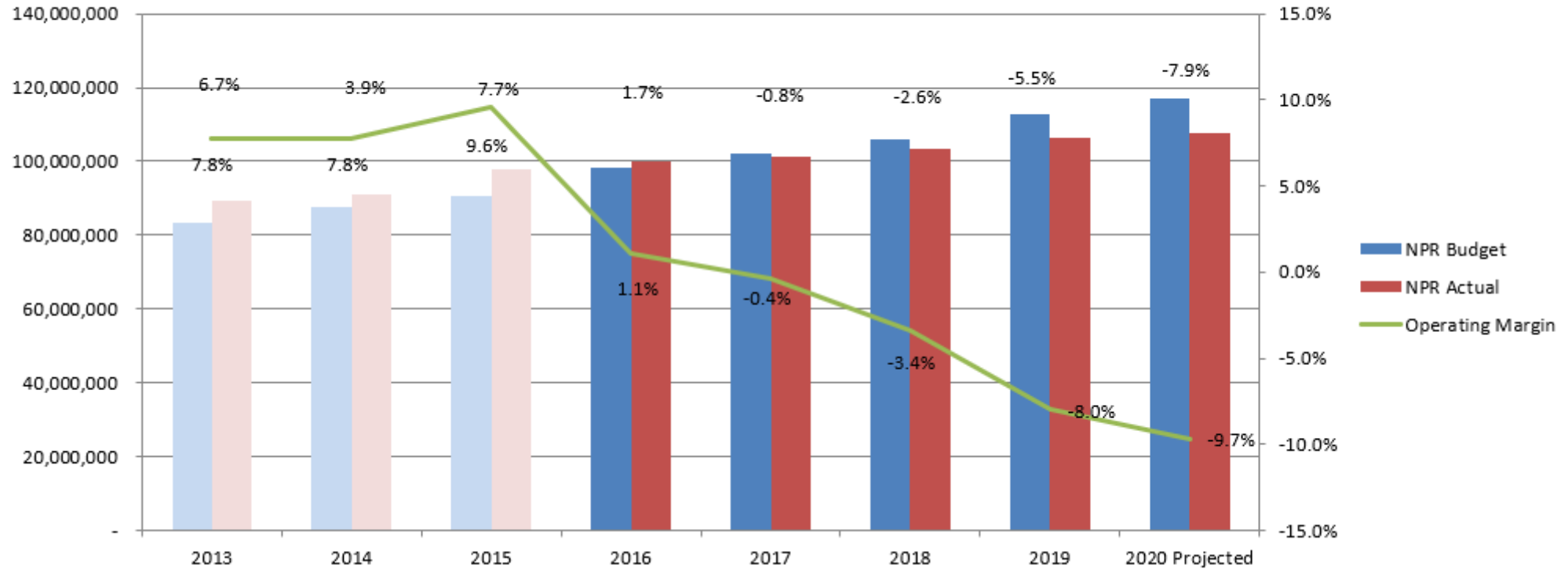
Profit and Loss

	2020 Budget		2020 Projected (Without COVID-19 Impact)
Net Patient Revenue	116,926,579	Net Patient Revenue	107,740,840
Other Operating Revenue	5,213,346	Other Operating Revenue	5,253,053
Total Operating Revenue	<u>122,139,925</u>	Total Operating Revenue	<u>112,993,893</u>
Total Operating Expenses	<u>122,388,212</u>	Total Operating Expenses	<u>123,911,769</u>
Net Income From Operations	<u>(248,287)</u>	Net Loss From Operations	<u>(10,917,876)</u>
Non-Operating Income	<u>1,706,318</u>	Non-Operating Income	<u>1,576,862</u>
Net Income	<u>1,458,031</u>	Net Income	<u>(9,341,014)</u>

- Net patient revenue projected to be nearly \$9.2M or nearly 8% under budget in FY'2020.
- NMC has followed through with the expense reductions previously communicated to the Board. Self-insured health claims and traveler costs are the only two areas running over budget this year.
 - Traveler costs from 10/1/19 – 2/29/20 are \$841,000 over budget
 - Self-insured health claims 10/1/19 – 2/29/20 are \$870,000 over budget

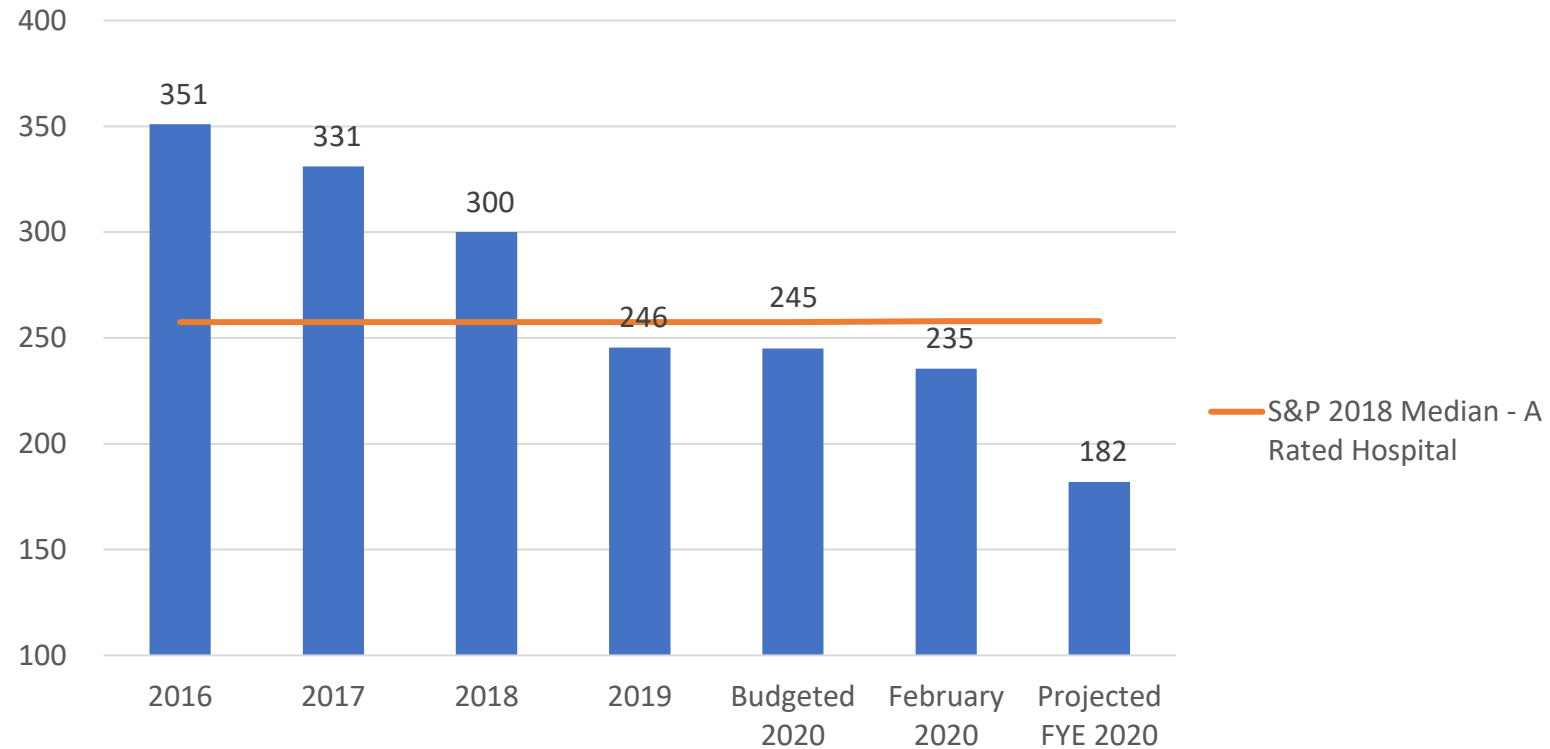
Financial Health – Key Metrics

Net Patient Revenue and Operating Margin



Financial Health – Key Metrics

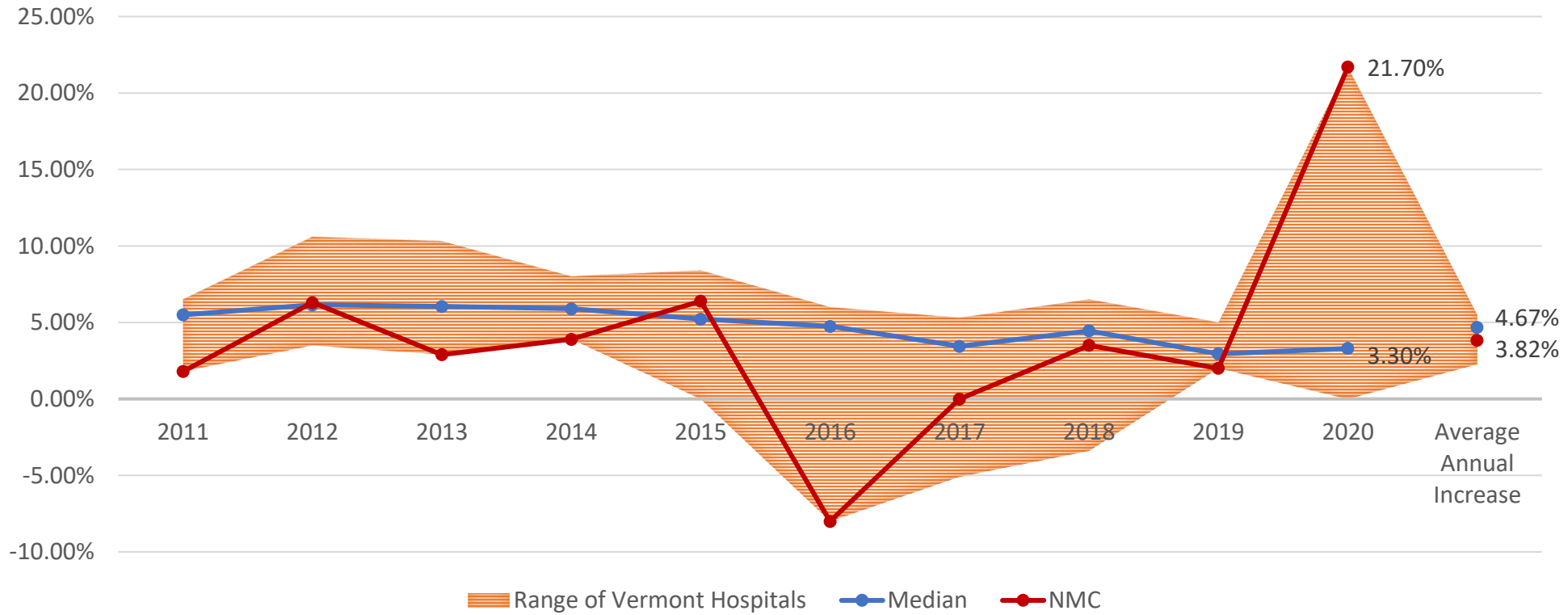
Days Cash on Hand



Note – Projected FYE 2020 figure excludes COVID-19 impact

NMC's bond covenant is a minimum of 100 days

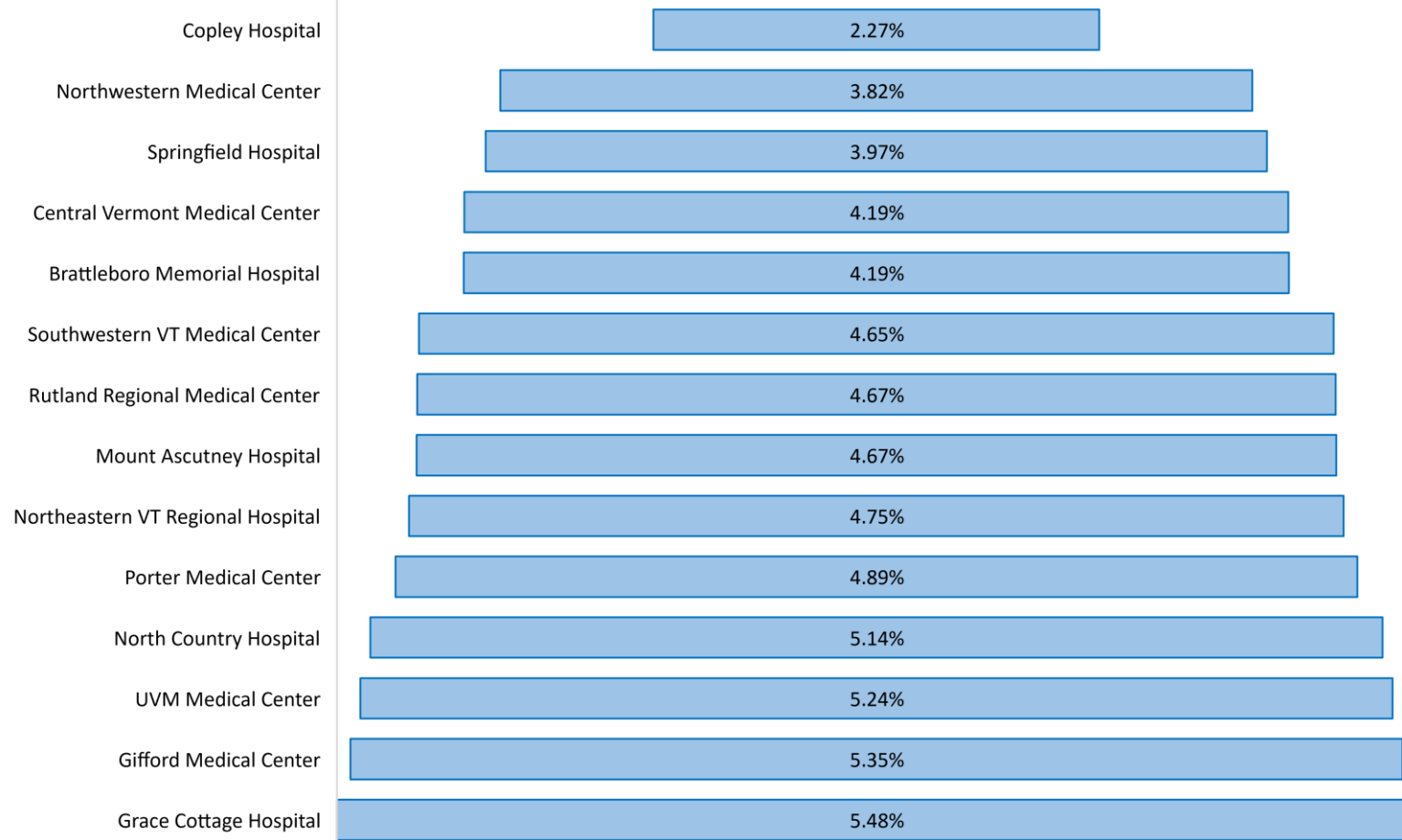
Historical Compliance with Budget Orders



If approved for the mid year rate increase requested, NMC will still be below the median

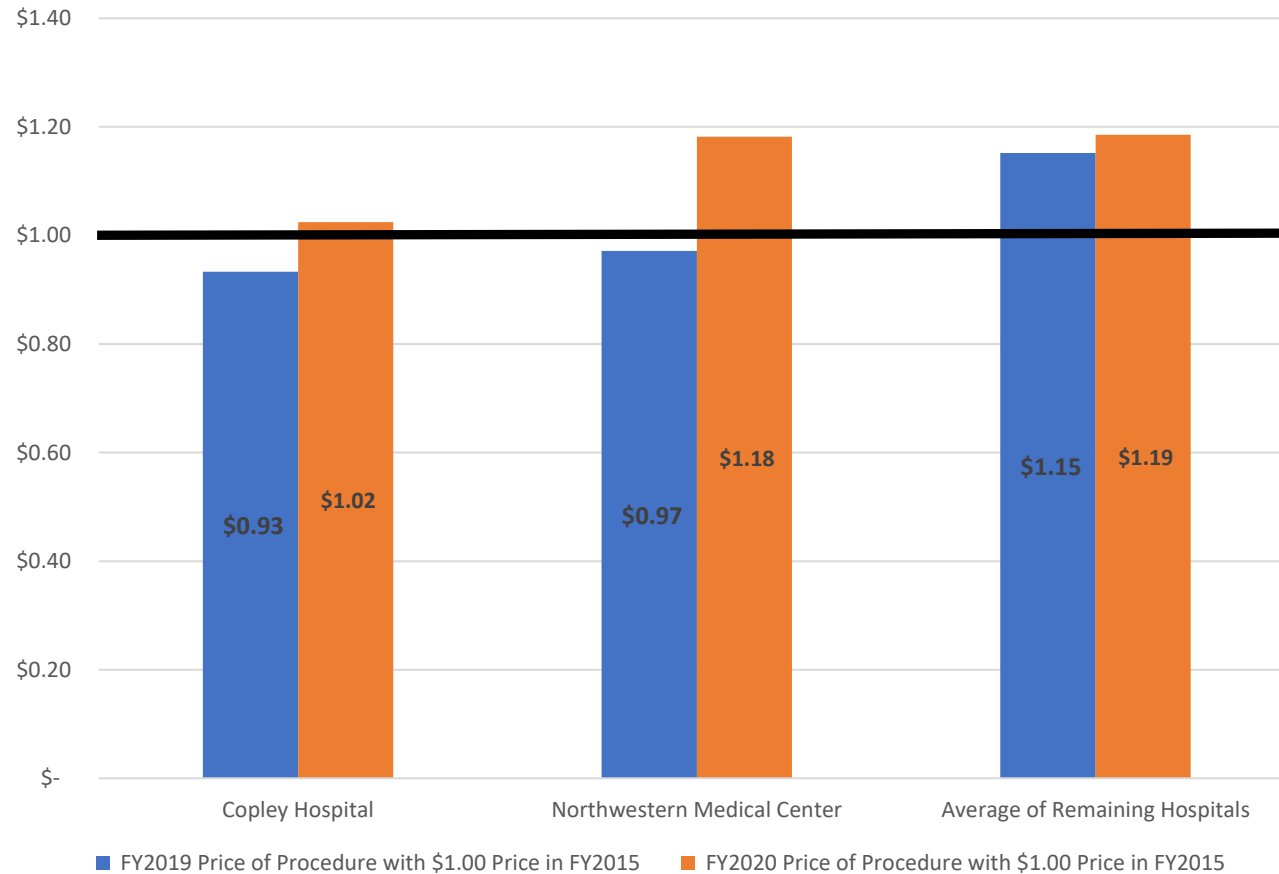
Historical Compliance with Budget Orders

Compounded Average Annual Increase (FY2011-FY2020)



Historical Compliance with Budget Orders

Price Comparison - FY2015 to Present



Cost Drivers & Cost Containments

... What we have already done

Staffing - Non-management	\$	1,306,919
Staffing - Management		529,529
340b Program		500,000
Unidentified		500,000
Staffing - Providers		497,900
Overtime Reduction		473,405
All Other		444,086
Implant Contract Renegotiation		350,000
Lab Reference Testing Vendor Change		274,000
Staffing - Progressive Care Unit		262,800
Voluntary Exit Program		251,022
Lifestyle Medicine/RiseVT		250,000
Staffing - Capitalize Project Management		103,750
Sitter Program		92,938
Shift Incentive Reduction		75,754
OR Call Pay Reduction		43,000

Cost Drivers & Cost Containments

... What is next

Cost Containment Strategies	Annualized Savings
Staffing Reductions - Hourly	312,000
Staffing Reductions - Salaried	200,000
Staffing Reductions - Provider	700,000
Reduction in RiseVT Budget	350,000
Elimination of Leases	120,000
Elimination of Concierge Program	110,000
Redesign of Health Care Plan	750,000

Revenue Enhancing Strategies	Annualized Revenue
Sleep Program	300,000
Tele-ICU Program in Partnership with DH	300,000

Thank you.

Questions?