1. Introduction/Overview

Presenters
- Art Mathisen, CEO
- Rassoul Rangaviz, CFO
- Lori Profota, RN, DNP, Chief Nursing Officer
- Adam Kunin, MD, Cardiologist and CMO
- Don Dupuis, MD, General Surgeon and CMO

Support
- Vera Jones, Chief Operating Officer
- Brian Aros, MD, Orthopedic Surgeon, and Chair of Surgery
- John Macy, MD, Chief of Orthopedic Surgery
- Deb Dorain, Director, Revenue Cycle & Financial Planning
- Amy Fitzgerald, Director, Human Resources
- Carol Ferrante, Director, Outpatient Practices
2. Hospital Issues

- One Fully Integrated Health Information System
- Recruitment and Retention
- Facility and Medical Equipment
- Financial Challenges
- Addressing Social Determinants of Health
3. Areas of Risk & Opportunities

Areas of Risk
- Finances and Capital Requirements
- New EMR selection and implementation
- Recruitment and Retention
- Healthcare Reform

Areas of Opportunities
- Implementing our Strategic Plan
- General Surgery
- Rise Vermont
- Day-to-Day Operational Improvements
- Collaboration among hospitals, FQHCs, Academic Institutions, and Community Partners
- Community Health Needs Assessment
## 4. Access: Wait Times

<table>
<thead>
<tr>
<th>Clinic</th>
<th>New Patient</th>
<th>Follow-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Surgery Clinic</td>
<td>5 days</td>
<td>4 days</td>
</tr>
<tr>
<td>The Women’s Center</td>
<td>37 days</td>
<td>33 days</td>
</tr>
<tr>
<td>Mansfield Orthopaedics</td>
<td>57 days</td>
<td>38 days</td>
</tr>
<tr>
<td>Cardiology Clinic</td>
<td>107 days</td>
<td>28 days</td>
</tr>
</tbody>
</table>
5. APM Quality Measures

<table>
<thead>
<tr>
<th>Measure</th>
<th>APM Target</th>
<th>Statewide Rate</th>
<th>Morrisville/Lamoille</th>
</tr>
</thead>
<tbody>
<tr>
<td>30-day follow-up after discharge for mental health</td>
<td>60%</td>
<td>68%</td>
<td>75%</td>
</tr>
<tr>
<td>30-day follow-up after discharge for alcohol or other drug dependence</td>
<td>40%</td>
<td>27%</td>
<td>26%</td>
</tr>
<tr>
<td>Percentage of adults reporting that they have a usual primary care provider</td>
<td>89%</td>
<td>88%</td>
<td>90%</td>
</tr>
<tr>
<td>Prevalence of chronic disease: COPD</td>
<td>≤7%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Prevalence of chronic disease: Hypertension</td>
<td>≤26%</td>
<td>25%</td>
<td>27%</td>
</tr>
<tr>
<td>Prevalence of chronic disease: Diabetes</td>
<td>≤9%</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td># per 10,000 population ages 18–64 receiving Medication Assisted Treatment for opioid dependence (Rate/10,000)</td>
<td>150</td>
<td>155</td>
<td>160</td>
</tr>
<tr>
<td>Rate of Growth in number of mental health and substance use–related ED visits</td>
<td>3%</td>
<td>6%</td>
<td>13%</td>
</tr>
</tbody>
</table>

- Copley’s HSA is meeting or exceeding 5 of APM Targets
- Copley is focusing on areas where we can make an impact - *Where patients access our healthcare teams*
5. APM Quality Measures (con’t)

- Death related to suicide - Participating with LCMH on the Zero Suicide Program
- Screening - for substance abuse, depression, SDOH, and Adverse Childhood Events Screening in targeted populations
- Acute Care Readmission risk assessment on every patient admitted
- Chronic Health Conditions - FY19 blood pressure screening for targeted populations
- FY19 Partnering with CHSLV - Community Referral Specialist to improve follow-up and monitoring of high utilizers, Mental Health and Substance dependence patients
5. APM Quality Measures (con’t)

- National Surgical Quality Improvement Program
  - Complication, readmission, and reoperation rates dramatically below NSQIP benchmarks

- Antibiotic Stewardship Program with UVMMC
  - Significant decreases in targeted antibiotic usage

- Readmission Risk Assessment
  - Retrospective review of shared patients with Morrisville’s Skilled Nursing Facility, The Manor
  - Concurrent review of patients using the LACE tool for patients admitted to the Acute Care Nursing Unit

- UCC/Blueprint/Accountable Communities of Health
- Results of Cardiology Shared Decision Making
## 6a. Proposed Financials

<table>
<thead>
<tr>
<th></th>
<th>BUD18</th>
<th>BUD19</th>
<th>Proposed Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Patient Revenue</td>
<td>$68,024,531</td>
<td>$72,037,976</td>
<td>$4,013,445</td>
<td>5.9%</td>
</tr>
<tr>
<td>Other Operating Revenue</td>
<td>1,348,615</td>
<td>1,188,760</td>
<td>(159,855)</td>
<td>-11.9%</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>69,373,146</td>
<td>73,226,736</td>
<td>3,853,590</td>
<td>5.6%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>69,296,653</td>
<td>71,740,825</td>
<td>2,444,172</td>
<td>3.5%</td>
</tr>
<tr>
<td>Operating Surplus</td>
<td>$76,493</td>
<td>$1,485,911</td>
<td>$1,409,418</td>
<td></td>
</tr>
<tr>
<td>Operating Margin</td>
<td>0.1%</td>
<td>2.0%</td>
<td>1.9%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NPR</th>
<th>Proposed Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate Increase 7.9%</td>
<td>3,104,535</td>
<td>4.6%</td>
</tr>
<tr>
<td>Reimbursement</td>
<td>2,110,379</td>
<td>3.1%</td>
</tr>
<tr>
<td>Bad Debt &amp; Charity</td>
<td>18,724</td>
<td>0.0%</td>
</tr>
<tr>
<td>Utilization ($920,459)</td>
<td>(-1.4%)</td>
<td></td>
</tr>
<tr>
<td>DSH</td>
<td>(299,734)</td>
<td>-0.4%</td>
</tr>
<tr>
<td>NPR Increase</td>
<td>$4,013,445</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Proposed Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor costs</td>
<td>$1,028,213</td>
<td>2.5%</td>
</tr>
<tr>
<td>Drugs</td>
<td>730,247</td>
<td>27.9%</td>
</tr>
<tr>
<td>Supplies</td>
<td>684,784</td>
<td>6.8%</td>
</tr>
<tr>
<td>Other costs</td>
<td>928</td>
<td>0.0%</td>
</tr>
<tr>
<td>Expense Increase</td>
<td>$2,444,172</td>
<td>3.5%</td>
</tr>
</tbody>
</table>
6a. Proposed Financials

**5Y Cumulative Rate Change**
- **Copley**: 3.2% Decrease
- **State**: 18.1% Increase

**5Y Cumulative Performance**
- **Copley**: 0.8% Op Margin
- **State**: 3.2% Op Margin

**5Y Cumulative Performance**
- **Copley**: Decreased 42 days
- **State**: Data not available
6b. In-State vs Out-of-State Payer Mix

- 95% of patients are Vermont residents
- 5% Out-of-State
## 6c. Cost Containment Efforts

<table>
<thead>
<tr>
<th>Savings Targeted</th>
<th>FTEs</th>
<th>Labor Costs</th>
<th>Supply Chain</th>
<th>Other Costs</th>
<th>Total Targeted</th>
<th>Achieved To-Date</th>
<th>% Achieved To-Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17</td>
<td>(0.9)</td>
<td>(361,388)</td>
<td>(400,000)</td>
<td>-</td>
<td>(761,388)</td>
<td>(761,388)</td>
<td>100%</td>
</tr>
<tr>
<td>FY18</td>
<td>(7.3)</td>
<td>(925,653)</td>
<td>(380,707)</td>
<td>(110,000)</td>
<td>(1,416,360)</td>
<td>(818,838)</td>
<td>58%</td>
</tr>
<tr>
<td>FY19</td>
<td>(6.5)</td>
<td>(695,774)</td>
<td>(15,000)</td>
<td>(60,000)</td>
<td>(770,774)</td>
<td>(204,659)</td>
<td>27%</td>
</tr>
<tr>
<td>Total</td>
<td>(14.8)</td>
<td>(1,982,815)</td>
<td>(795,707)</td>
<td>(170,000)</td>
<td>(2,948,522)</td>
<td>(1,784,855)</td>
<td>61%</td>
</tr>
</tbody>
</table>
6c. Cost Containment Efforts

Targeted $2M Savings in Labor Costs:

- Contractor labor in OR, ED, and Acute Care
- Acute Care Unit staffing mix
- Rehabilitation Services supervisory and support staff
- The Women’s Center OB/GYN and support staff
- Cardiology Clinic midlevel and support staff
- Mansfield Orthopedics non-surgical MD position
- Revenue Cycle support services in registration, transcription, billing
- Health Insurance plan change, improving claims experience

Achieved To Date = 49%
6c. Cost Containment Efforts (con’t)

Targeted $800k Savings Supply Chain:

- More aggressive price negotiation for implants
  - Achieved 20-35% reduction on certain implants, savings of $500k

- Fully implement 340(b) drug program
  - Effective 1/1/18, expect to achieve savings of $170k in FY18

- Better management of waste in supplies and drugs
  - Achieved $55k in savings on food waste and OR supply losses

Achieved To Date = 91%
6c. Expense Drivers

**3Y Ave 4.7% Increase**
- Need for Travelers
- Market adjustments for retention
- Investments in growing workforce from within

**3Y Ave 11.2% Increase**
- Double-digit Inflation
- Drug shortages
- Oncology utilization

**3Y Ave 6.8% Increase**
- Demand for Orthopedic implants
- Custom implant utilization

**BUD19 2.5% Increase**

**BUD19 27.9% Increase**

**BUD19 6.8% Increase**
6d. Update on YTD FY18 Performance

- NPR Projected to be 2.3% below budget
  - Utilization below budget across many service lines
- Expense pressures:
  - Recruitment & Retention, Need for Travelers
  - Drug Shortages and Double-Digit Inflation on Drugs
  - Implant utilization, mix of services

<table>
<thead>
<tr>
<th></th>
<th>BUD18</th>
<th>PROJ18</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net patient revenue</td>
<td>$68,024,531</td>
<td>$66,445,250</td>
<td>$(1,579,281)</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>1,348,615</td>
<td>1,257,843</td>
<td>(90,772)</td>
</tr>
<tr>
<td>Total operating revenue</td>
<td>$69,373,146</td>
<td>$67,703,093</td>
<td>$(1,670,053)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>69,296,653</td>
<td>69,909,790</td>
<td>613,137</td>
</tr>
<tr>
<td>Operating surplus (loss)</td>
<td>$76,493</td>
<td>$(2,206,697)</td>
<td>$(2,283,190)</td>
</tr>
<tr>
<td>Non-operating revenue</td>
<td>370,900</td>
<td>378,067</td>
<td>7,167</td>
</tr>
<tr>
<td>Excess of revenue over expense</td>
<td>$447,393</td>
<td>$(1,828,630)</td>
<td>$(2,276,023)</td>
</tr>
</tbody>
</table>
7. Community Health Needs Update

- 2018 CHNA Implementation Plan in Development
- Top Needs Identified:
  - Preventative Care (also a 2015 need)
  - Mental Health
  - Chronic Health Conditions (also a 2015 need)
  - Substance Use/Abuse
- Response: Primary & Secondary Prevention = Cost Avoidance
  - Increased screening for social determinants of health
  - Continue Social Worker in ED; UCC Collaboration
  - Zero Suicide Program with Lamoille County Mental Health
  - Rise VT – Lamoille
  - Rx Drug Drop Box
  - Social Media for Education/Awareness
8. Health Reform Investment Update

- **Social Work in the Emergency Department**
  
  Goal: Connect patients with resources in a timely manner to address:
  
  Social Determinants of Health
  Access to Care and Resources

  6% of all Emergency Department (ED) patients were screened or evaluated by our ED social worker
  
  - 608 total referrals, including 422 unique patients
  - 157 complex with a face to face evaluation
  - 241 patients were successfully connected with primary care
  - 77 high utilizers were identified and connected to resources
8. Health Reform Investment Update (con’t)

- **RiseVT Program**
  - Hired a Program Manager to focus specifically on RiseVT initiatives
  - Created a Stakeholder Committee of local community partners
  - Identified 2 designated communities, chosen based on demographic and population health data provided by the VT Department of Health
  - Collaboration within the communities to amplify activities aligned with the RiseVT mission.
  - Summer of 2018 began “Active Play” activities and education sponsored by Copley in our local community.
8. Health Reform Investment Update (con’t)

- Health Promotion on Social Media
  - Live Well Lamoille Blog – Nationally Recognized
  - Stable of bloggers from UCC, Community
    - Past topics:
      - “Expect Some Pain”
      - “Talking to Youth About Marijuana”
      - “Fake News: Does It Affect Our Health?”
      - “Learning Through Arthritis”
      - “Building Resilience and Hope”
  - FY18 Results YTD
    - Blog reached 22% of Households in Lamoille
    - 407 views per month
    - FB: 1,906 fans; 753,900 impressions
    - Twitter: 599 followers; 81,908 impressions
8. Health Reform Investment Update (con’t)

- FY19 Community Action Grants
  - Budgeted $10K for social needs
  - Grantees to be prioritized by CHNA & UCC
  - FY18 Grants/Contributions made to:
    - Pop-up Homeless Shelter
    - Healthy Lamoille Valley (Sub. Abuse Prevention)
    - Morristown Bike & Pedestrian (Bike Share, Racks)
    - Hunger Free Vermont/Lamoille Hunger Council
9. Capital Spending Plans

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget FY19</th>
<th>Plan FY20</th>
<th>Plan FY21</th>
<th>Plan FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinical</td>
<td>$1,480,265</td>
<td>$2,066,745</td>
<td>$1,156,370</td>
<td>$755,200</td>
</tr>
<tr>
<td>Facility</td>
<td>642,000</td>
<td>5,472,000</td>
<td>3,577,000</td>
<td>862,000</td>
</tr>
<tr>
<td>IT</td>
<td>499,050</td>
<td>2,465,400</td>
<td>1,061,750</td>
<td>404,250</td>
</tr>
<tr>
<td>Other</td>
<td>416,700</td>
<td>170,000</td>
<td>438,180</td>
<td>404,286</td>
</tr>
<tr>
<td>Total</td>
<td>$3,038,015</td>
<td>$10,174,145</td>
<td>$6,233,300</td>
<td>$2,425,736</td>
</tr>
</tbody>
</table>

- **$3M Capital Budget FY19**
  - No items over $500k

- **$18.8M Placeholder for FY20-22 Capital Spending**
  - Developing Master Plan to address facility, technology, and equipment needs

- Funding sources yet to be determined
10. Long-Range Financial Outlook

- Contributing Factors:
  - Cost Pressures (3-5%)
  - Operating Margin (2-4%)
  - Utilization Trends
  - Service Mix
  - Funding Major Capital Investments
  - Continued Cost Containment Efforts

- Tie-in to APM Goals:
  - State-wide 3.5% may be an achievable goal
  - Individual hospital’s goals should be case by case based on utilization trend, service mix, size, capital needs, and overall financial health
# 11. Historical Budget Compliance

## Net Patient Revenue in Compliance over 3 Years

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate Change</th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16</td>
<td>-4.0%</td>
<td>$60,987,719</td>
<td>$62,804,324</td>
<td>$1,816,605</td>
<td>3.0%</td>
</tr>
<tr>
<td>FY17</td>
<td>-3.7%</td>
<td>$64,819,405</td>
<td>$64,983,966</td>
<td>$164,561</td>
<td>0.3%</td>
</tr>
<tr>
<td>FY18</td>
<td>-3.4%</td>
<td>$68,024,531</td>
<td>$66,445,249</td>
<td>($1,579,282)</td>
<td>-2.3%</td>
</tr>
<tr>
<td>3Y Total</td>
<td>-11.1%</td>
<td>$193,831,655</td>
<td>$194,233,539</td>
<td>$401,884</td>
<td>0.2%</td>
</tr>
</tbody>
</table>
Closing Remarks

We ask the Green Mountain Care Board to approve our FY2019 budget as requested. Copley will focus on:

- Achieving work efficiencies, while maintaining high quality, to achieve a healthy FY19 Budget
- Evaluating going “Risk” with Medicaid for CY19
- Investing in prevention via the Rise Vermont platform
- Utilizing the Unified Community Collaborative (UCC)/Accountable Communities of Health as a catalyst to focus on healthcare reform efforts
- Continuing to engage local and statewide partners to enhance access to various medical specialties
- Implementing new Community Health Needs Assessment and Strategic Plan
Thank you for your consideration

Questions?