Mt. Ascutney Hospital & Health Center

Budget Presentation

Green Mountain Care Board
August 29, 2018
Presenting

- Joseph Perras, M.D., CEO/CMO
- David Sanville, Chief Financial Officer
- Theresa Tabor, Controller
- Wendy Fielding, Vice President, Financial Planning, Dartmouth-Hitchcock Health
Agenda

1. Overview
2. Hospital Issues
3. Risk/Opportunities
4. Access
5. Quality
6. Financials
7. Community Health Needs Assessment
8. Health Reform Investments
9. Capital Budget
10. Financial Outlook
11. Compliance
1.0 Overview
1.1 Our Mission

To improve the lives of those we serve.
1.2 Organizational Chart

Dartmouth Hitchcock-Health

- Dartmouth-Hitchcock Medical Center
  Lebanon, NH
- Alice Peck Day
  Lebanon, NH
- Windsor Hospital Corporation
  d/b/a
  Mt. Ascutney Hospital
  And Health Center
- Visiting Nurse and Hospice
  White River Junction, VT
- Cheshire Medical Center
  Keene, NH
- New London Hospital
  New London, NH
- Historic Homes Of Runnemede
  Windsor, VT
1.3 Our most valuable assets

460 employees and 192 volunteers spread across the region at 3 clinical sites: Windsor, Woodstock, and Hanover, NH
1.4 Since D-HH Affiliation in July, 2014

- Over 6000 referrals from DHMC

- 1600 Admissions for post acute care to our swing and acute rehabilitation units, 500+ admissions/year

- In 2018, ADC- 22 on Swing/Acute Unit and 8.5 on Acute Rehab
1.5 D-HH Integration Activities

- Finance
- Supply Chain
- Pharmacy
- Regional LAB Services
- Radiology
- Medical Staff office- System Credentials Committee
- Specialty service line coordination
- System-Wide Strategic Planning
1.6 Current Service Lines

- Primary Care
- General Surgery
- Podiatry
- Ophthalmology
- Psychiatry
- Hospital Medicine
- Community Health Teams
- Cardiology
- Pathology

- Pediatrics
- Physical Medicine and Rehab
- Pain Management
- Radiology
- Rheumatology
- Gastroenterology
- Telehealth programs in emergency medicine and psychiatry
2.0 Hospital Issues

• **Chief Concern is Workforce**
  - MDs, all tech positions, nursing
  - Mission critical positions
  - High dependence on locums providers and travelers in tech and nursing roles
  - DH with 700+ vacancies, MAHHC has 40+ currently, roughly 10% of needed workforce for each institution
  - Traveler costs have increased from $275K in FY16 to a current, projected total of $1.2M for FY18
2.1 Hospital Issues

• **Primary Care**
  - Provider turnover is significant, average length off time spent in first primary care job is 3-5 years
  - ACGME survey data for new residency graduates show strong preference for urban/suburban practices with population bases > 100K
  - Trailing partner or spouse stresses when relocating to rural areas
  - Wage pressures as ALL institutions are desperate for primary care
  - Physician/Provider Burnout
    • EMR, clerical workload turning trainees away from primary care
2.2 Financial & Operational Uncertainty

- **ACO/APM**
  - Entrance into Medicare, Medicaid, and BC/BS programs for 2019
  - $990K to $1.3M of downside risk in a breakeven budget
    - $250K + $72K reserved for in budget
    - $100K - $500K short
  - Figures were not available in time for budget submission
  - $260K in OneCare Fees
  - Predictable VT revenue and FFS for our NH patients, high public payer mix
  - All of our high cost tertiary care is provided outside of our HSA and little influence on cost control
2.3 Opioids

• We have underestimated the effect of this epidemic on our workforce

• While our HSA does not have a waitlist for patients desiring Medication Assisted Therapy (MAT), we fall short in a number of areas:
  • Real time referrals from Emergency Department to outpatient treatment
  • Stakeholder disagreement regarding philosophy of MAT
  • Limited acceptance of HARM-REDUCING Strategies
    • Needle exchange, observed injection centers, ED initiation of MAT
    • Direct outreach to addicts
3.0 Risk

• **Limited experience with ACO**
  • No info on Medicare and Commercial Programs for budget
  • Reserve estimates understated by up to $500K
  • Small “n” – covered lives
  • Based on best estimate
  • CAH cost report settlement

• **Staffing recruitment and retention**
  • Wage pressures
  • Travelers
  • Providers

• **Small “n” – volumes**

• **Uncontrollable inflation**
3.1 Risk

- D-HH system needs vs. MAH needs vs. ACO needs vs. State limits
- Nursing home Medicaid census limits
  - Cost is far greater than reimbursement
  - Highest referral recipient in DHH for subacute inpatients
- D-HH provider staffing
- Effect of individual mandate roll back
- Increasing dependence on Other Operating Revenues
  - 340B
  - Meaningful-Use funding
  - Grant funding
3.2 Opportunity

- **Ongoing D-HH capacity study and service line planning**
  - Primary Care
  - Operating Room
  - Inpatient
- **Improving Primary Care operations**
- **Ongoing integration efforts with D-HH**
  - GPO opportunities
  - Capital equipment
  - Regional service pricing
- **Pharmaceutical Formulary/PBM revision**
  - Employee retail ($100K), specialty, mail order ($120k)
  - Inpatient and Outpatient 340B cost improvements ($75K)
    - Formulary, ACO, other
# 4.0 Access

<table>
<thead>
<tr>
<th>Medical Practice Area</th>
<th>Number of Days Wait</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Internal Medicine</strong></td>
<td></td>
</tr>
<tr>
<td>New Patient Physical</td>
<td>WL</td>
</tr>
<tr>
<td>Routine Exam</td>
<td>2</td>
</tr>
<tr>
<td>Return Visit Exam</td>
<td>2</td>
</tr>
<tr>
<td><strong>Pediatrics</strong></td>
<td></td>
</tr>
<tr>
<td>New Patient Physical</td>
<td>1</td>
</tr>
<tr>
<td>Routine Exam</td>
<td>1</td>
</tr>
<tr>
<td>Return Visit Exam</td>
<td>1</td>
</tr>
<tr>
<td><strong>General Surgery</strong></td>
<td></td>
</tr>
<tr>
<td>New Patient Physical</td>
<td>5</td>
</tr>
<tr>
<td>Routine Exam</td>
<td>5</td>
</tr>
<tr>
<td>Return Visit Exam</td>
<td>5</td>
</tr>
</tbody>
</table>

MAHHC Third Next Available Appointment
5.0 Reaction to APM Quality Measures

- We want to preface our response to this question by stating that we do not have full confidence in the accuracy or reliability of the data as presented by the Blueprint.
- While there has been some progress made, we continue to struggle with accuracy of NON claims-based data.
- We believe the state should rely on national HIE services that have ALREADY done the background connectivity work with large EMR Vendors (ie Cerner/Epic)
- **Medicaid well child visits** – we do not believe this data accurately reflects our pediatric practices, discrepancy with real-time chart reviews
- **Initial of alcohol and other drug dependence treatment** – initiated SBIRT in the ER and Primary Care clinics
- **30d f/u after discharge for Mental Health** – we have exceeded state targets
- **Controlling high blood pressure** – exceeded state targets through education efforts directed toward or provider and nursing staff, improved data collection
- **Appropriate asthma medication management** – we are engaged in QI project targeting all our COPD./asthma patients. We have reduced ED visits and admissions for this cohort, which is likely a better metric than simple medication management.
- **Percent of adults with PCP, self reported** – we are below the state average (slightly) due to extensive physician departures over the last 3 years. We have had 50% turnover in the primary care clinics and limited success with replacing physicians, we have had greater success with hiring associate providers.
## 5.1 Reaction to APM Quality Measures

1. Vermont All-Payer Model Quality Measures by Hospital Service Area

<table>
<thead>
<tr>
<th>Measure</th>
<th>Statewide Rate (All-Payer Model Target)²</th>
<th>Barre</th>
<th>Bennington</th>
<th>Brattleboro</th>
<th>Burlington</th>
<th>Middlebury</th>
<th>Morrisville</th>
<th>Newport</th>
<th>Randolph</th>
<th>Rutland</th>
<th>Springfield</th>
<th>St. Albans</th>
<th>St. Johnsbury</th>
<th>White River</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of Medicaid adolescents with well-care visits</td>
<td>50%</td>
<td>49%</td>
<td>51%</td>
<td>41%</td>
<td>53%</td>
<td>52%</td>
<td>45%</td>
<td>56%</td>
<td>48%</td>
<td>44%</td>
<td>49%</td>
<td>47%</td>
<td>60%</td>
<td>49%</td>
</tr>
<tr>
<td>Initiation of alcohol and other drug dependence treatment</td>
<td>36%</td>
<td>40%</td>
<td>45%</td>
<td>43%</td>
<td>33%</td>
<td>39%</td>
<td>30%</td>
<td>25%</td>
<td>49%</td>
<td>37%</td>
<td>31%</td>
<td>36%</td>
<td>33%</td>
<td>41%</td>
</tr>
<tr>
<td>Engagement of alcohol and other drug dependence treatment</td>
<td>17%</td>
<td>15%</td>
<td>22%</td>
<td>20%</td>
<td>17%</td>
<td>17%</td>
<td>16%</td>
<td>11%</td>
<td>18%</td>
<td>19%</td>
<td>13%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>30-day follow-up after discharge for mental health</td>
<td>68% (90%)</td>
<td>73%</td>
<td>78%</td>
<td>75%</td>
<td>58%</td>
<td>58%</td>
<td>75%</td>
<td>68%</td>
<td>69%</td>
<td>74%</td>
<td>68%</td>
<td>67%</td>
<td>58%</td>
<td>70%</td>
</tr>
<tr>
<td>30-day follow-up after discharge for alcohol or other drug dependence</td>
<td>27% (40%)</td>
<td>38%</td>
<td>26%</td>
<td>26%</td>
<td>28%</td>
<td>38%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diabetes HbA1c poor control (part of Medicare composite measure)³</td>
<td>10%</td>
<td>8%</td>
<td>9%</td>
<td>10%</td>
<td>9%</td>
<td>11%</td>
<td>10%</td>
<td></td>
<td></td>
<td>9%</td>
<td>11%</td>
<td>12%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Controlling high blood pressure (part of Medicare composite measure)</td>
<td>67%</td>
<td>73%</td>
<td>64%</td>
<td>69%</td>
<td>64%</td>
<td>72%</td>
<td>63%</td>
<td>64%</td>
<td>70%</td>
<td>67%</td>
<td>67%</td>
<td>67%</td>
<td>75%</td>
<td>71%</td>
</tr>
<tr>
<td>Appropriate asthma medication management (75% compliance)</td>
<td>52%</td>
<td>50%</td>
<td>56%</td>
<td>49%</td>
<td>49%</td>
<td>48%</td>
<td>52%</td>
<td>50%</td>
<td>60%</td>
<td>58%</td>
<td>57%</td>
<td>51%</td>
<td>56%</td>
<td>48%</td>
</tr>
</tbody>
</table>

² Measures with no target listed are those measures that have targets based on national percentiles rather than rates.
³ Lower scores indicate better performance.
## 5.2 Reaction to APM Quality Measures

### Table 1b: Behavioral Risk Factor Surveillance System Survey – Respondents to Survey of Random Sample of Vermont Residents (2016)

<table>
<thead>
<tr>
<th>Measure</th>
<th>Barre</th>
<th>Bennington</th>
<th>Brattleboro</th>
<th>Burlington</th>
<th>Middlebury</th>
<th>Morrisville</th>
<th>Newport</th>
<th>Randolph</th>
<th>Rutland</th>
<th>Springfield</th>
<th>St. Albans</th>
<th>St. Johnsbury</th>
<th>White River</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of adults reporting that they have a usual primary care provider</td>
<td>88%</td>
<td>89%</td>
<td>93%</td>
<td>88%</td>
<td>90%</td>
<td>86%</td>
<td>90%</td>
<td>91%</td>
<td>93%</td>
<td>88%</td>
<td>87%</td>
<td>89%</td>
<td>86%</td>
</tr>
<tr>
<td>Prevalence of chronic disease: COPD</td>
<td>6%</td>
<td>7%</td>
<td>8%</td>
<td>6%</td>
<td>4%</td>
<td>5%</td>
<td>6%</td>
<td>10%</td>
<td>4%</td>
<td>9%</td>
<td>7%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Prevalence of chronic disease: Hypertension</td>
<td>25%</td>
<td>28%</td>
<td>27%</td>
<td>25%</td>
<td>24%</td>
<td>26%</td>
<td>27%</td>
<td>27%</td>
<td>27%</td>
<td>28%</td>
<td>31%</td>
<td>28%</td>
<td>27%</td>
</tr>
<tr>
<td>Prevalence of chronic disease: Diabetes</td>
<td>8%</td>
<td>8%</td>
<td>9%</td>
<td>8%</td>
<td>6%</td>
<td>10%</td>
<td>7%</td>
<td>13%</td>
<td>9%</td>
<td>10%</td>
<td>11%</td>
<td>10%</td>
<td>9%</td>
</tr>
</tbody>
</table>

### Table 2a: Vermont All-Payer Model Quality Measures by County

<table>
<thead>
<tr>
<th>Measure</th>
<th>Addison</th>
<th>Bennington</th>
<th>Caledonia</th>
<th>Chittenden</th>
<th>Essex</th>
<th>Franklin</th>
<th>Grand Isle</th>
<th>Lamoille</th>
<th>Orange</th>
<th>Orleans</th>
<th>Rutland</th>
<th>Washington</th>
<th>Windham</th>
<th>Windsor</th>
</tr>
</thead>
<tbody>
<tr>
<td># per 10,000 population ages 18-64 receiving Medication Assisted Treatment for opioid dependence*</td>
<td>6,110</td>
<td>183</td>
<td>362</td>
<td>291</td>
<td>1,387</td>
<td>41</td>
<td>635</td>
<td>58</td>
<td>256</td>
<td>224</td>
<td>337</td>
<td>373</td>
<td>732</td>
<td>596</td>
</tr>
<tr>
<td></td>
<td>(155.4)</td>
<td>(77.1)</td>
<td>(170.5)</td>
<td>(157.6)</td>
<td>(126.6)</td>
<td>(115.8)</td>
<td>(207.8)</td>
<td>(135.2)</td>
<td>(160.3)</td>
<td>(125.2)</td>
<td>(212.8)</td>
<td>(202.1)</td>
<td>(163.3)</td>
<td>(160.9)</td>
</tr>
</tbody>
</table>

### Table 2b: Vermont Department of Health Vital Statistics Data - Vermont deaths by county of residence (2017 – released 3/16/18)

<table>
<thead>
<tr>
<th>Measure</th>
<th>Addison</th>
<th>Bennington</th>
<th>Caledonia</th>
<th>Chittenden</th>
<th>Essex</th>
<th>Franklin</th>
<th>Grand Isle</th>
<th>Lamoille</th>
<th>Orange</th>
<th>Orleans</th>
<th>Rutland</th>
<th>Washington</th>
<th>Windham</th>
<th>Windsor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deaths related to drug overdose*</td>
<td>122</td>
<td>1</td>
<td>4</td>
<td>8</td>
<td>34</td>
<td>0</td>
<td>12</td>
<td>1</td>
<td>3</td>
<td>7</td>
<td>2</td>
<td>11</td>
<td>12</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>(2.2)</td>
<td>(0.5)</td>
<td>(1.2)</td>
<td>(3.0)</td>
<td>(2.4)</td>
<td>(0.0)</td>
<td>(2.9)</td>
<td>(1.7)</td>
<td>(2.8)</td>
<td>(2.8)</td>
<td>(0.8)</td>
<td>(2.1)</td>
<td>(2.3)</td>
<td>(4.4)</td>
</tr>
</tbody>
</table>

*The State reports these rates for Hubs & Spokes per 100,000. For consistency with the APM, counts and rates have been calculated per 10,000 using 2016 population estimates (ages 18-64).

* Rates calculated using 2016 population estimates (ages 14+).
## MT. ASCUTNEY HOSPITAL & HEALTH CTR
### Profit and Loss Statement

<table>
<thead>
<tr>
<th>2019 Budget Submitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Patient Care Revenue</td>
</tr>
<tr>
<td>Net Revenue Deductions</td>
</tr>
<tr>
<td>Net Patient Care Revenue</td>
</tr>
<tr>
<td>Fixed Prospective Payments (incl Reserves&amp;Other)</td>
</tr>
<tr>
<td>Total NPR &amp; FPP (incl Reserves)</td>
</tr>
<tr>
<td>Other Operating Revenue</td>
</tr>
<tr>
<td>Total Operating Revenue</td>
</tr>
<tr>
<td>Total Operating Expense</td>
</tr>
<tr>
<td>Net Operating Income (Loss)</td>
</tr>
<tr>
<td>Non-Operating Revenue</td>
</tr>
<tr>
<td>Excess (Deficit) Of Revenue Over Expense</td>
</tr>
<tr>
<td>Operating Margin %</td>
</tr>
<tr>
<td>Total Margin %</td>
</tr>
</tbody>
</table>
### MT. ASCUTNEY HOSPITAL & HEALTH CTR
Cash Flow Statement

#### 2019 Budget Submitted

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash From Operations</strong></td>
<td></td>
</tr>
<tr>
<td>Excess Revenue Over Expense</td>
<td>878,584</td>
</tr>
<tr>
<td>Depreciation/Amortization</td>
<td>2,223,622</td>
</tr>
<tr>
<td>Patient A/R</td>
<td>12,254</td>
</tr>
<tr>
<td>Other Charges</td>
<td>538,238</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,652,698</strong></td>
</tr>
<tr>
<td><strong>Cash From Investing Activity</strong></td>
<td></td>
</tr>
<tr>
<td>Capital Spending</td>
<td></td>
</tr>
<tr>
<td>Change in Accum Depr Less Depreciation</td>
<td>(5,764,285)</td>
</tr>
<tr>
<td>Change in Captial Assets</td>
<td>595,834</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>(5,168,451)</strong></td>
</tr>
<tr>
<td>(Increase)/Decrease</td>
<td></td>
</tr>
<tr>
<td>Funded Depreciation</td>
<td>(2,504,282)</td>
</tr>
<tr>
<td>Other LT Assets &amp; Escrowed Bonds &amp; Other</td>
<td>922,549</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>(1,581,733)</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>(6,750,184)</strong></td>
</tr>
<tr>
<td><strong>Financing Activity</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>386,587</strong></td>
</tr>
<tr>
<td><strong>Other Changes</strong></td>
<td></td>
</tr>
<tr>
<td>Change in Fund Balance Less Net Income</td>
<td>6,969,222</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,969,222</strong></td>
</tr>
<tr>
<td><strong>Beginning Cash</strong></td>
<td><strong>2,122,595</strong></td>
</tr>
<tr>
<td><strong>Net Increase/(Decrease) in Cash</strong></td>
<td><strong>4,258,323</strong></td>
</tr>
<tr>
<td><strong>Ending Cash</strong></td>
<td><strong>6,380,918</strong></td>
</tr>
</tbody>
</table>
### Balance Sheet

**MT. ASCUTNEY HOSPITAL & HEALTH CTR**  
**BALANCE SHEET**

**2019 BUDGET SUBMITTED**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL CURRENT ASSETS</td>
<td>$13,552,609</td>
</tr>
<tr>
<td>TOTAL BOARD DESIGNATED ASSETS</td>
<td>$19,043,644</td>
</tr>
<tr>
<td>TOTAL PROPERTY, PLANT AND EQUIPMENT, NET</td>
<td>$21,033,829</td>
</tr>
<tr>
<td>OTHER LONG-TERM ASSETS</td>
<td>$2,770,913</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$56,400,995</strong></td>
</tr>
<tr>
<td>LIABILITIES AND FUND BALANCE</td>
<td></td>
</tr>
<tr>
<td>TOTAL CURRENT LIABILITIES</td>
<td>$7,709,548</td>
</tr>
<tr>
<td>TOTAL LONG-TERM DEBT</td>
<td>$11,515,170</td>
</tr>
<tr>
<td>OTHER NONCURRENT LIABILITIES</td>
<td>$8,882,254</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>$28,106,972</strong></td>
</tr>
<tr>
<td>FUND BALANCE</td>
<td>$28,294,023</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND FUND BALANCE</strong></td>
<td><strong>56,400,995</strong></td>
</tr>
</tbody>
</table>
### 6.B Payer Mix

<table>
<thead>
<tr>
<th>State</th>
<th>FY19 Budget</th>
<th>FY18 JULY YTD</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>VT</td>
<td>71.8%</td>
<td>72.3%</td>
<td>71.3%</td>
</tr>
<tr>
<td>NH</td>
<td>26.1%</td>
<td>25.8%</td>
<td>26.5%</td>
</tr>
<tr>
<td>OTHER</td>
<td>2.1%</td>
<td>1.9%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>
6.C1 Expense Drivers & Cost Containment Efforts

- Workforce issues
- Primary Care subsidy
- ACO
- Energy initiatives
- Pharmacy
- Group purchasing
- System integration and reduction of overhead
- Captive Insurance and Shadow Captive Stop Loss
6.C2 Expense Drivers & Cost Containment Efforts

- **Group purchasing**
  - Leveraging D-HH buying power & credit
  - Standardizing Supplies and Product
  - Standardizing Equipment & Group Buys

- **System integration and reduction of overhead**
  - Laboratory
  - Radiology
  - Benefits
  - Biomedical Services
  - Shared Staff, Management, & Providers

- **Captive Insurance and Shadow Captive Stop Loss**
  - Ongoing Savings
  - Lowering premium
6.C3 Expense Drivers & Cost Containment Efforts

Savings for Mt Ascutney Hospital

Low-hanging fruit
Total estimated savings
$121,368

Percent of members impacted
19%

Percent of drugs impacted
18%
6.C4 Expense Drivers & Cost Containment Efforts

Low Hanging Fruit

Clinical insight: All products provide the same benefits

Source: U.S. Food & Drug Administration

Comparative effectiveness

- Brand B: $57 per pill, 3 utilizers
- Brand A: $56 per pill, 11 utilizers
- Generic A: $0.61 per pill, 0 utilizers

Savings for Mt Ascutney Hospital

- $20,521 est annual savings
- 14 member impact
- up to 14 prescribers engaged
- 2 drugs formulary impact
6.C5 Expense Drivers & Cost Containment Efforts

**LOW HANGING FRUIT**

Clinical insight: No difference in efficacy between formulations

Source: FDA U.S. FOOD & DRUG ADMINISTRATION

Comparative effectiveness research

- Branded generic
  - $515 per month
  - 3 utilizers

- Generic
  - $10 per month
  - 13 utilizers

---

Savings for Mt Ascutney Hospital

- $6,070 est annual savings
- Total spend for this drug: $7,001
- 3 member impact
- up to 3 prescribers engaged
- 1 drug formulary impact
## 6.D1 YTD Reconciliation

### Net Patient Service Revenue

<table>
<thead>
<tr>
<th></th>
<th>$</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18 June YTD Approved Budget</td>
<td>36,511,732</td>
<td></td>
</tr>
<tr>
<td>Utilization</td>
<td>2,556,565</td>
<td>7.0%</td>
</tr>
<tr>
<td>Payer Mix</td>
<td>(890,000)</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Bad Debt/Free Care</td>
<td>(450,000)</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Changes in DSH</td>
<td>215,000</td>
<td>0.6%</td>
</tr>
<tr>
<td>Rounding</td>
<td>3,768</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>FY18 YTD Actual</strong></td>
<td><strong>37,947,066</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Difference</strong></td>
<td><strong>1,435,334</strong></td>
<td><strong>3.9%</strong></td>
</tr>
</tbody>
</table>

**Utilization - increased volume**

**Payer Mix - decrease commercial volume, increase in Medicare**

**Bad Debt/Free Care - increase in non-insured patients**

**Changes in DSH - lower than budgeted DSH reimbursement**

### Other Revenue

<table>
<thead>
<tr>
<th></th>
<th>$</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18 June YTD Approved Budget</td>
<td>2,510,155</td>
<td></td>
</tr>
<tr>
<td>Grant Income</td>
<td>(16,000)</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Net Asset Release</td>
<td>(10,000)</td>
<td>-0.4%</td>
</tr>
<tr>
<td>EHR Incentive Release</td>
<td>162,000</td>
<td>6.5%</td>
</tr>
<tr>
<td>Sale of Services</td>
<td>55,000</td>
<td>2.2%</td>
</tr>
<tr>
<td>Program Revenue</td>
<td>(50,000)</td>
<td>-2.0%</td>
</tr>
<tr>
<td>Purchase Discounts</td>
<td>84,000</td>
<td>3.3%</td>
</tr>
<tr>
<td>Rounding</td>
<td>3,747</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>FY18 YTD Actual</strong></td>
<td><strong>2,738,902</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Difference</strong></td>
<td><strong>228,747</strong></td>
<td><strong>9.1%</strong></td>
</tr>
</tbody>
</table>

**Other Revenue - Previously restricted EHR incentives released, better than anticipated sale of services, better purchasing discounts achieved**
## 6.D2 YTD Reconciliation

<table>
<thead>
<tr>
<th>Expenses</th>
<th>$</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18 June YTD Approved Budget</td>
<td>$39,704,334</td>
<td></td>
</tr>
<tr>
<td>Purchased Labor</td>
<td>715,000</td>
<td>1.8%</td>
</tr>
<tr>
<td>Salaries</td>
<td>345,000</td>
<td>0.9%</td>
</tr>
<tr>
<td>Benefits</td>
<td>160,000</td>
<td>0.4%</td>
</tr>
<tr>
<td>Purchased Services</td>
<td>(275,000)</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Other Cost Savings</td>
<td>(574,000)</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(215,000)</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Rounding</td>
<td>2,683</td>
<td>0.0%</td>
</tr>
<tr>
<td>FY18 YTD Actual</td>
<td>$39,863,017</td>
<td></td>
</tr>
<tr>
<td>Difference</td>
<td>$158,683</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

### Purchased Labor
- ever increasing need for travellers and
  locums to manage volume

### Salaries
- staffing to volume

### Benefits
- commensurate increase

### Cost Savings
- tight fiscal controls, management training,
  product optimization and negotiation, energy rebates, etc.
  Savings seen in equipment rentals, travel, dues/fees/
  utilities, insurance, supplies, education, etc.

### Depreciation
- significant assets at end of depreciable life

<table>
<thead>
<tr>
<th>Non-Operating Revenues and Expenses</th>
<th>$</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18 June YTD Approved Budget</td>
<td>$1,530,701</td>
<td></td>
</tr>
<tr>
<td>DH Allocation</td>
<td>(885,701)</td>
<td>-57.9%</td>
</tr>
<tr>
<td>Contributions</td>
<td>160,000</td>
<td>10.5%</td>
</tr>
<tr>
<td>Investments/Securities</td>
<td>60,000</td>
<td>3.9%</td>
</tr>
<tr>
<td>Net Assets Released</td>
<td>(200,000)</td>
<td>-13.1%</td>
</tr>
<tr>
<td>Rounding</td>
<td>5,674</td>
<td>0.4%</td>
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<tr>
<td>FY18 YTD Actual</td>
<td>$670,673</td>
<td></td>
</tr>
<tr>
<td>Difference</td>
<td>$(860,028)</td>
<td>-56.2%</td>
</tr>
</tbody>
</table>

### DH Allocation
- not receiving expected allocation

### Contributions
- increased success of fundraising campaigns

### Investments/Securities
- greater than expected investment
  performance and profitable sales of securities

### Net Asset Release
- have not released or spent all budgeted restricted funding

---

Mt. Ascutney Hospital and Health Center
Dartmouth-Hitchcock
6.E1 Other Financial Information - History

Net Operating Income - Budget to Actual

- Budget
- Actual

Mt. Ascutney Hospital and Health Center
Dartmouth-Hitchcock
6.E2 Other Financial Information - History

Cumulative Net Operating Income - Budget to Actual

- Actuals
- Budget

Mt. Ascutney Hospital and Health Center
Dartmouth-Hitchcock
### 6.E3 Other Financial Information - Health

**MAHHC Small Hospital Rating Comparison Analysis**

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Indicator</th>
<th>A**</th>
<th>BBB+</th>
<th>BBB</th>
<th>BBB-</th>
<th>Speculative</th>
<th>7/31/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Annual Debt Service Coverage</td>
<td></td>
<td>5.9</td>
<td>3.1</td>
<td>3.7</td>
<td>2.4</td>
<td>1.8</td>
<td>9.9</td>
</tr>
<tr>
<td>Nonoperating Revenue/Total Revenue</td>
<td></td>
<td>3%</td>
<td>1%</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td></td>
<td>5%</td>
<td>6%</td>
<td>2%</td>
<td>1%</td>
<td>-2%</td>
<td>2%</td>
</tr>
<tr>
<td>Average Age of Plant</td>
<td></td>
<td>13.7</td>
<td>11.6</td>
<td>11.1</td>
<td>10.2</td>
<td>11.3</td>
<td>11.8</td>
</tr>
<tr>
<td>Days Cash on Hand</td>
<td></td>
<td>541.2</td>
<td>282.4</td>
<td>236.8</td>
<td>137.5</td>
<td>112.8</td>
<td>125</td>
</tr>
<tr>
<td>Days in AR</td>
<td></td>
<td>49.3</td>
<td>43.7</td>
<td>43.9</td>
<td>51.8</td>
<td>48.7</td>
<td>40.0</td>
</tr>
<tr>
<td>DB Pension Funded Status</td>
<td></td>
<td>99.70%</td>
<td>N/A</td>
<td>92.20%</td>
<td>71.90%</td>
<td>62.60%</td>
<td>82%</td>
</tr>
</tbody>
</table>

*(NPR <$125M)*

*Using S&P methodology*
6.E4 Other Financial Information - Health

- Turnover & Wages have improved over the last few years
  - Despite that, travelers have increased
  - Still behind state averages
- FTE/Adj. Discharge & FTE/Adj. Occupied Bed better than state average
- Days Cash on Hand catching up to state average
- Age of Plant close to state average historically, slightly better for Budget 2019
- Weathered integration changes and positioned for ACO/Population Health
- Pricing out of market
7.0 MAHHC Response to CHNA

1. Alcohol and drug misuse including heroin and use of pain medications
   - Medication Assisted Therapy, counseling, support and case management through Spoke services
     - Pediatrics & Primary Care MAT in Woodstock and Windsor sites
     - Coordination of Community Specialty Services, Connecticut Valley Recovery Services & Bradford Psychiatric Associates
     - Led quality improvement projects within each site
   - Screening Brief Intervention and Referral to Treatment (SBIRT) in ED and Patient Centered Medical Home
   - Youth Summit outcomes of creating Prevention and Treatment Resource Guides
   - Beyond Naloxone: Summit to Prevent Opiate Deaths
   - Multidisciplinary Functional Recovery Consult Team for patients with chronic pain
   - Prevention of alcohol, tobacco and other drugs, working with towns, schools, school nurses, planning commissions, children and families
   - Cost- $361,500
7.1 MAHHC Response to CHNA

2. Access to mental health

- WRAP workshops delivered for skill building and self-management support for anxiety, depression and general mental health
- Expansion of a HCRS embedded clinician/LADAC to four days a week in Patient Centered Medical Home supported by SBIRT grant
- Psychiatrist embedded in Patient Centered Medical Home
- Counseling at Windsor Connection Resource Center
- Cost- $295,000
7.2 MAHHC Response to CHNA

3. Access to dental care

• Application of fluoride in pediatric clinics
• Dental vouchers for care through Windsor Community Health Clinic
• Dental clinics in the school
• Community Health Team, Spoke Staff and staff of the Windsor Community Health Clinic assist patients to find dental homes, care and financing
• Cost- $28,000
7.3 MAHHC Response to CHNA

4. Access to affordable health insurance, cost of prescription drugs

• Windsor Community Health Clinic assistants with Vermont Health Connect, and Medicare and Medicaid applications

• Vouchers for medications through the Windsor Community Health Clinic, a member of the Vermont Coalition of clinics for the uninsured.

• Cost - $82,500
7.4 MAHHC Response to CHNA

5. Nutrition/access to affordable food

- Work with the school, local churches, recreation department, Windsor Connection Resource Center and Windsor Food Shelf to provide Summer Food Program
- Implementation of 3–4–50- reached over 300 children in 5 schools
- Distribution of free cookbook, “Eat Well on $4 a Day”
- Work with Vermont Housing Association and SASH to organize a Learning Kitchen class for residents at low income housing
- Re-started Rachel’s Kitchen to serve free community breakfasts, Monday–Friday
- VeggieVanGo monthly vegetable distribution and outreach on MAHHC campus
- MD’s give prescriptions for vegetables, RD/CDE and CHT provides nutritional counseling.
- Cost- 24,000
7.5 MAHHC Response to CHNA

6. Lack of physical activity, need for recreational opportunities and active living
   • Implementation of 3–4–50
   • Local implementation of RiseVT with stakeholder group and strategic plan.
   • Cost- $35,000
7.6 MAHHC Response to CHNA

7. Income, poverty and family stress

- A Family Wellness Program has been embedded in the pediatric clinic based on the research effective Vermont Family-Based Approach
- Parent-to-Parent Collaborative Problem-Solving Programs
- PATCH services at the Windsor Connection Resource Center include visits for economic services, visits for mental health counseling and visits for employment counseling
- Windsor has been identified as a Promise Community - to promote kindergarten readiness and emotional and social competence of children and families. Working with daycares, bringing together community partners and community inputs, establishing over 31 free “take a book” boxes in 4 towns.
- Cost- $261,000
7.7 MAHHC Response to CHNA

8. Access to Primary Care

- Achievement of NCQA re-designation as Level III Patient Centered Medical Home
- Ongoing Recruitment of Primary Care Providers
- Development of a Quality Dashboard
- Community Health Team working with high risk and very high risk, complex chronic care patients, decreasing costs and increasing quality.
- Outreach and Care Coordination with SASH, Senior Solutions, VNH, Bayada, HCRS, Leadership regional implementation for OneCare Vermont and Blueprint for Health
- Cost - $290,500
9. Transportation

- Rides to Wellness pilot with Vermont Public Transportation Association. Volunteers drove 15,282 miles providing medical transportation vouchers and gas cards provided through our free clinic.

- Cost - $93,000
7.9 Population/Community Health at MAHHC

- Community Health is embedded in our Mission and Strategic Plan

- **We have built and infrastructure to operationalize our commitment**
  - Community Health Board Subcommittee
  - Director of Community Health
  - Mt. Ascutney Prevention Partnership

- **Leadership role in building community networks**
  - Windsor HSA Community Collaborative
  - Windsor Area Community Partnership
  - Windsor Connection Resource Center and PATCH Team
  - OneCare VT and Blueprint for Health
  - Windsor Area Drug Task Force

- Cost - $109,500
## 7.10 Cost Summary for CHNA Initiatives

<table>
<thead>
<tr>
<th>Slide #</th>
<th>Description</th>
<th>TOTAL COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.0</td>
<td>Alcohol and drug misuse including heroin and use of pain medications</td>
<td>361,500</td>
</tr>
<tr>
<td>7.1</td>
<td>Access to mental health</td>
<td>295,000</td>
</tr>
<tr>
<td>7.2</td>
<td>Access to dental care</td>
<td>28,000</td>
</tr>
<tr>
<td>7.3</td>
<td>Access to affordable health insurance, cost of prescription drugs</td>
<td>82,500</td>
</tr>
<tr>
<td>7.4</td>
<td>Nutrition/access to affordable food</td>
<td>24,000</td>
</tr>
<tr>
<td>7.5</td>
<td>Lack of physical activity, need for recreational opportunities and active living</td>
<td>16,000</td>
</tr>
<tr>
<td>7.6</td>
<td>Income, poverty and family stress</td>
<td>261,000</td>
</tr>
<tr>
<td>7.7</td>
<td>Access to Primary Care</td>
<td>290,500</td>
</tr>
<tr>
<td>7.8</td>
<td>Transportation</td>
<td>93,000</td>
</tr>
<tr>
<td>7.9</td>
<td>Population/Community Health at MAHHC</td>
<td>109,500</td>
</tr>
</tbody>
</table>

**Total Cost**: 1,561,000
8.0 Hospital Investments in Health Reform

• Report on previously approved 2016 reform investment
  • Psychiatry
• FY19 investments in health reform

<table>
<thead>
<tr>
<th>Investment</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>OneCare Analyst</td>
<td>$ 91,700</td>
</tr>
<tr>
<td>Social Worker - Primary Care</td>
<td>87,770</td>
</tr>
<tr>
<td>Quality Analyst</td>
<td>118,738</td>
</tr>
<tr>
<td>Nurse Informaticist</td>
<td>117,810</td>
</tr>
<tr>
<td>CHT Nurse Manager</td>
<td>45,850</td>
</tr>
<tr>
<td>OneCare Fees</td>
<td>240,000</td>
</tr>
<tr>
<td>Risk Reserve</td>
<td>250,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 951,868</strong></td>
</tr>
</tbody>
</table>
8.1 Hospital Investments in Health Reform

• People
  • Workforce challenges hindering the needed increases in RN and care management resources
  • Successful recruitment of a data analyst to our Quality Department, with development of a quality dashboard, patient registries, and dynamic worklists to empower providers
  • Have also hired a nurse informaticist to train nursing staff in outpatient/inpatient settings in use of EMR and other software platforms and allow them to work at “top of license”
8.2 Hospital Investments in Health Reform

• People (cont.)
  • Investment in nursing and care management resources in outpatient clinic
    • New positions include nurse manager, trying to recruit a social worker
    • Training on care management software through One Care VT
    • Regional coordination of care management resources as leaders of our HSA
8.3 Hospital Investments in Health Reform

- **Physician Support**
  - 0.5 FTE of MD support to OCV QI efforts
  - Initial focus on care of COPD patients as identified high risk group in OCV data
  - Have reduced readmissions of all high patients < 10%
  - Cardiovascular patients with CHF is also an identified target of opportunity
    - Have invested in 0.2 FTE of Cardiology support from D-HH
9.0 Capital Budget 2018

• 2018 Budgeted at $3,219,000
• 2018 Projected is $2,500,000
• $700k favorable variance is largely due to
  • Bandwidth to complete projects and trial equipment
    • Internal
    • External
  • Anticipated Incomplete projects rolled in FY2019 budget
• No material change to scope and list of projects
• No CON’s
9.1 Capital Budget 2019

- 2019 Budgeted at $3,824,757
- No CON’s

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Improvement</td>
<td>$658,000</td>
</tr>
<tr>
<td>Land Improvement</td>
<td>180,000</td>
</tr>
<tr>
<td>Major Moveable</td>
<td>2,986,757</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$3,824,757</strong></td>
</tr>
</tbody>
</table>
9.2 Capital Budget 2019

- Historically underfunded capital
- Almost entirely routine replacement
- Nothing strategic beyond some IT projects to prepare for further DHH integration
- $700k in roll over from 2018
- Land Improvements: Parking lot replacements, sidewalk replacements, etc.
- Major Moveable: O.R. Equipment, IT devices & servers, beds, clinical testing equipment, etc.
- Building Improvements: Roof top units, domestic hot water, pool renovation, etc.
  - Energy efficient where ever possible
10.0 Long Range Financial Outlook/Plans

- Improve wages to market levels to improve recruitment and retention
- Maintain lean infrastructure
- Maintain capital spending trend to maintain average age of plant
- Continue GPO and D-HH standardization
- Continue effective expense management
- Combat fixed expense % by creatively using current and available resources
- Continue with D-HH integration efforts, capacity projects, and service-line planning
- Reduce pricing to better align with market
10.1 Financial Outlook/Plans & APM

• Current management style reflects incremental, consistent and ongoing changes
• Focusing on future as opposed to yesterday’s crisis
• Positioning ourselves with people, plant, and procedures to improve access, cost, and quality
• Reduce controllable inflation to get closer to APM 3.5% growth trend
• Maintain cash positions to manage through the uncertainty of ACO/APM
# 11.0 Budget Compliance

## Historical Compliance with Budget Orders

<table>
<thead>
<tr>
<th>Order ID</th>
<th>Order</th>
<th>Budget FY14</th>
<th>Actual FY14</th>
<th>Variance</th>
<th>Budget FY15</th>
<th>Actual FY15</th>
<th>Variance</th>
<th>Budget FY16</th>
<th>Actual FY16</th>
<th>Variance</th>
<th>Budget FY17</th>
<th>Actual FY17</th>
<th>Variance</th>
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<tbody>
<tr>
<td>(A)</td>
<td>Rate Increase</td>
<td>5.0%</td>
<td>5.0%</td>
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<td>3.2%</td>
<td>3.2%</td>
<td>0.0%</td>
<td>5.7%</td>
<td>5.7%</td>
<td>0.0%</td>
<td>4.9%</td>
<td>4.9%</td>
<td>0.0%</td>
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<tr>
<td>(B)</td>
<td>Financials</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Net Patient Care Revenue</td>
<td>$46,900,850</td>
<td>$45,789,349</td>
<td>-2.4%</td>
<td>$48,508,891</td>
<td>$45,514,515</td>
<td>-6.2%</td>
<td>$48,060,871</td>
<td>$46,402,275</td>
<td>-3.5%</td>
<td>$47,744,700</td>
<td>$48,253,025</td>
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<tr>
<td></td>
<td>Other Operating Revenue</td>
<td>2,063,548</td>
<td>2,931,428</td>
<td>10.1%</td>
<td>3,346,230</td>
<td>2,409,727</td>
<td>-28.0%</td>
<td>2,589,908</td>
<td>3,316,523</td>
<td>28.1%</td>
<td>2,857,159</td>
<td>3,530,324</td>
<td>23.1%</td>
</tr>
<tr>
<td></td>
<td>Total Net Revenue</td>
<td>49,964,398</td>
<td>48,720,777</td>
<td>-1.7%</td>
<td>51,855,121</td>
<td>47,924,232</td>
<td>-7.6%</td>
<td>50,650,779</td>
<td>49,718,798</td>
<td>-1.8%</td>
<td>50,611,659</td>
<td>51,783,349</td>
<td>2.3%</td>
</tr>
<tr>
<td></td>
<td>Expenses</td>
<td>48,768,179</td>
<td>49,184,582</td>
<td>0.9%</td>
<td>51,096,009</td>
<td>49,097,805</td>
<td>-3.9%</td>
<td>50,599,108</td>
<td>49,577,507</td>
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<td>51,856,343</td>
<td>50,392,970</td>
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<tr>
<td></td>
<td>Operating Surplus</td>
<td>796,019</td>
<td>(463,805)</td>
<td>-158.3%</td>
<td>758,512</td>
<td>(1,173,573)</td>
<td>-254.7%</td>
<td>51,671</td>
<td>141,292</td>
<td>173.4%</td>
<td>(1,244,484)</td>
<td>1,390,379</td>
<td>-211.7%</td>
</tr>
<tr>
<td></td>
<td>Non-Operating Surplus</td>
<td>1,013,225</td>
<td>675,987</td>
<td>-32.9%</td>
<td>303,771</td>
<td>(303,003)</td>
<td>-199.7%</td>
<td>446,000</td>
<td>1,161,272</td>
<td>160.4%</td>
<td>1,844,274</td>
<td>4,500,330</td>
<td>144.0%</td>
</tr>
<tr>
<td></td>
<td>Total Surplus</td>
<td>$1,809,244</td>
<td>$216,182</td>
<td>-88.1%</td>
<td>$1,062,283</td>
<td>($1,476,576)</td>
<td>-239.0%</td>
<td>$497,671</td>
<td>$1,302,564</td>
<td>161.7%</td>
<td>$599,790</td>
<td>$5,890,709</td>
<td>882.1%</td>
</tr>
</tbody>
</table>

(C/D) Change Advisement: Compliant
(C/D) YTD Filings: Compliant
(E) Other Filings: Compliant
(F) Audit Filing: Compliant
(G) Health Reform Filing: Compliant
(H) Further Orders: Compliant
(I) Electronic Form: Compliant
(J) Future Orders: Compliant
Thank you!