Presentation to

Green Mountain Care Board

2019 SVMC Budget

August 27, 2018

Tom Dee, President and CEO

Southwestern Vermont HEALTH CARE

SVHC: Overview and Hospital Issues (1 & 2)

About Us

Mission: to provide exceptional health care and comfort to the people we serve.

Vision: to be recognized as a preeminent, rural, integrated health care system that provides exceptional, convenient, safe, and affordable care.

Quality & Clinical Excellence

- **One of only 43 hospitals worldwide** to receive four consecutive designations as a Magnet® Center for Nursing Excellence.
- **Vermont's Only 5-Star Rated Hospital.** Awarded **CMS' 5-Star Rating** for quality, patient safety and patient experience.
- **Received the Highest Safety Score for hospital quality and safety performance** in Vermont, New York, and New Hampshire by ***Consumer Reports***.

VISION 2020

PARTNERSHIP | TRANSFORMATION | SUSTAINABILITY

A Strategic Road Map Based Upon …

- **Partnership**
  - Deepen affiliation with Dartmouth-Hitchcock, expand access, enhance service delivery, and gain economies of scale
- **Transformation**
  - Create an exceptional patient-centered, care delivery system while moving to an ambulatory care model
- **Sustainability**
  - Provide a higher value of care at a more affordable cost

VISION 2020

PARTNERSHIP

- **Five Major Partnerships:**
  1. **Continued Integration with Dartmouth-Hitchcock**
  2. **Southern Vermont College**
  3. **Bennington Community Collaborative**
  4. **Bennington Opiate Response Leadership Team**
  5. **Bennington Redevelopment Group**

Dr. Joanne Conroy, President and CEO of Dartmouth-Hitchcock with Tom Dee, President and CEO of Southwestern Vermont Health Care

Tom Dee with David Evans, PhD, President of Southern Vermont College

Dartmouth-Hitchcock

- Cancer Center
- Orthopedics
- Quality/Value Institute
- TeleHealth Services

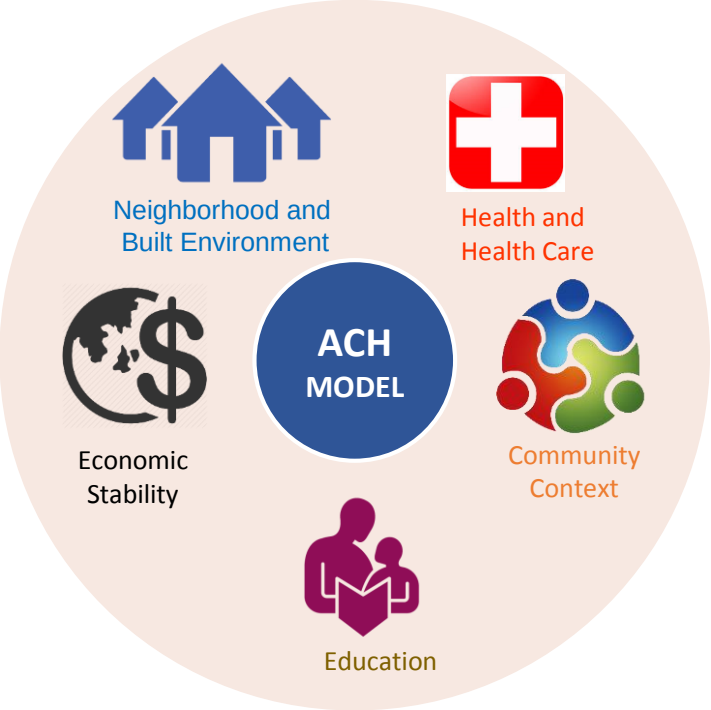
Southern Vermont College

- **Affiliation focuses on enhancing healthcare and workforce education for college-bound seniors and professionals**
- **Helps address Vermont's future nursing shortage**
- **Shared leadership and multi-disciplinary collaboration**
- **Career development for students and workforce development for professionals**

Bennington Community Collaborative

- Improve children's health (increase rates of immunization, well-child and adolescent care visits)
- Reduce the number of people who use the Emergency Department for non-acute medical needs
- Support persons with chronic disease to prevent disease exacerbation and hospitalization
- Increase the use of Hospice for end-of-life care
- Address substance abuse prevention and treatment

Address the Social Determinants of Health



Bennington Opiate Response Leadership Team

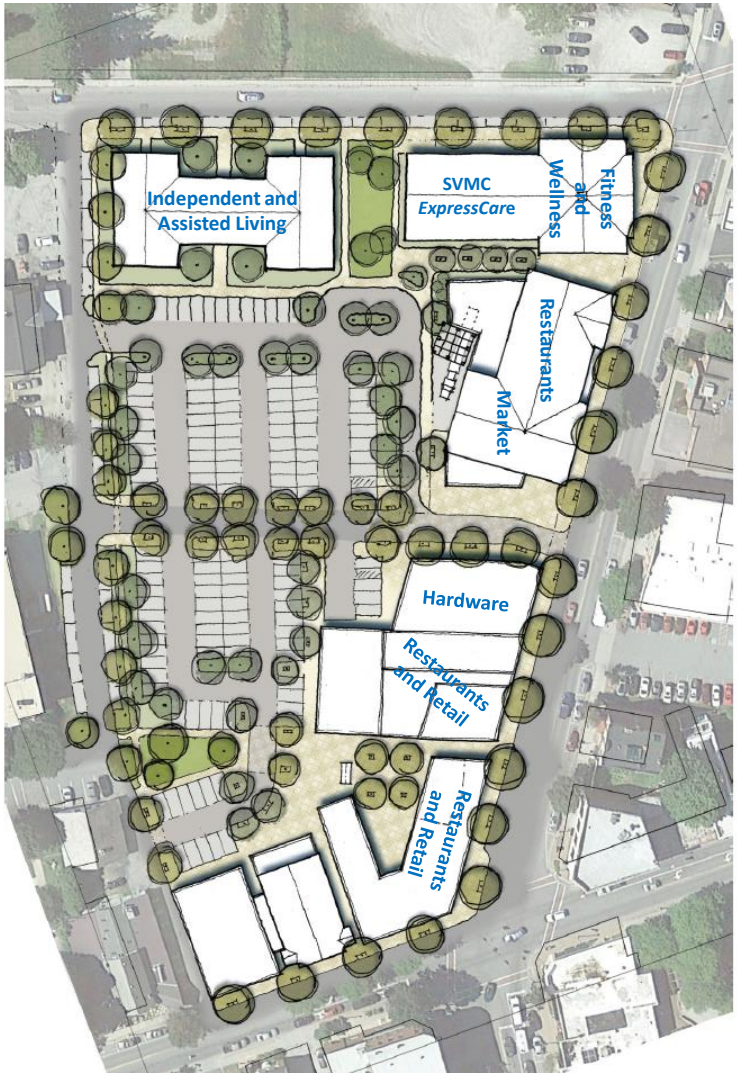
- **Developed in response to a forum Congressman Welch held on opiates**
- **Includes leaders from 15 health and human service agencies in Bennington County**
- **Developing a strategic plan focused on: prevention, treatment, recovery and criminal justice**

VISION **2020**

PARTNERSHIP

Bennington Redevelopment Group

- **Project goal: to enhance economic and community development with a revitalized downtown.**
  - Putnam Partnership Groups include major community institutions
  - $56M Revitalization Project for Town of Bennington
  - Phase I groundbreaking planned for late Fall 2018



VISION 2020

TRANSFORMATION

- **Four Major Transformations:**
  1. **Increased Access to Primary Care**
  2. **Enhance Technology**
  3. **Community-Based Care**
  4. **Hospital Modernization**

Primary Care

- **Expansion | Creation of Community Health Centers**
  - ✓ Bennington, Pownal, Manchester, Hoosick Falls
  - ✓ Wilmington expansion in 2019
- **Developed *ExpressCare* Sites with TeleHealth connections**
- **Planning for Primary Care Residency Program**

Technology

- **Commenced TeleHealth Services**
  - ✓ TeleED
  - ✓ TeleStroke
  - ✓ Tele*ExpressCare*
  - ✓ TeleICU
  - ✓ TelePsychiatry
  - ✓ TelePharmacy

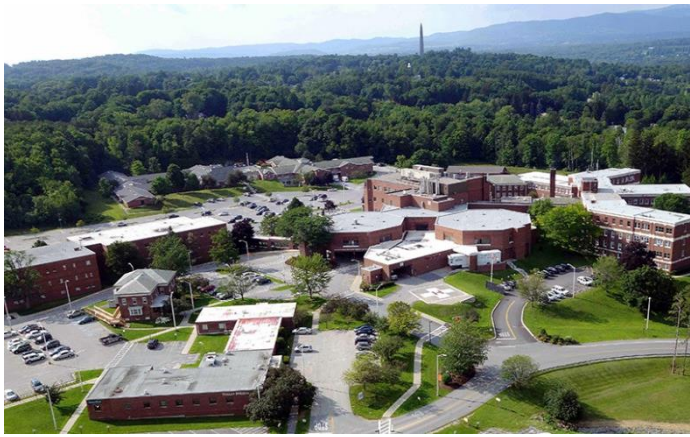
- **Planning to Integrate Electronic Health Record using Epic software**

Community-Based Care

- **Transitional Care Nursing**
  - ✓ TCN collaboration with Primary Care
  - ✓ TCN collaboration with Pediatrics
  - ✓ TCN collaboration with OB/GYN
  - ✓ TCN into Safe Arms
- **Commenced Dental Services**

Hospital Modernization

- **First large scale construction projects in decades**
  - ✓ Emergency Department
  - ✓ Cancer Center
  - ✓ Enterprise Information System (D-HH Epic)
- **Multiple certificate of need (CON) applications**



VISION 2020

SUSTAINABILITY

Creating Sustainability

- **Focus on Expense Management**
  - Key Metrics
    - ✓ Cost Per ADJ Admission — 25th Percentile (VT)
    - ✓ 3 Year NPR Growth — Below Statewide Average (VT)
    - ✓ Operating Margin — Above Median (VT)
- **Operations Improvement**
  - Value Institute (One D-H)
  - Movement towards High Reliability Organization (HRO)
- **Reversal of Patient Outmigration**
  - Orthopedics & Oncology
- **Continued Transition into OneCare Vermont**

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Green Mountain Care Board

2019 SVMC Budget

3. High Level Risks and Opportunities

August 27, 2018

Stephen Majetich, CFO

Southwestern Vermont HEALTH CARE

Risks and Opportunities -- SVMC

(Risk)	Description	Opportunity
	Tele-Medicine ***Overall SVMC believes this is a significant opportunity for the Hospital and Patients in our service area.*** • *Provides a platform to be seen and treated locally;* • *Improves access to specialists locally;* • *Lower cost of care to the patients, especially critical care patients;* • *Budgeted 8 additional patients per month due to Tele-ICU program with DH started mid August.*	***$1,300,000 if SVMC doubles its budgeted expectations***

D-HH Integration accelerates SVHC's path to high value care

Opportunity

Patients and local community

- Easier referrals
- Specialists rotating locally
- Telemedicine
- Best practice protocols
- Access to research studies
- Streamlined record sharing

Providers

- Easier referral to colleagues
- Standardization of care protocols
- Advanced sense of group
- Mentorship opportunities
- Effective continuing medical education
- Leadership opportunities

SVHC & SVHC employees

- Improved care & service quality
- More resilient financials
- Enhanced branding and market share
- Improved employee engagement
- Enhanced fundraising

Dartmouth-Hitchcock

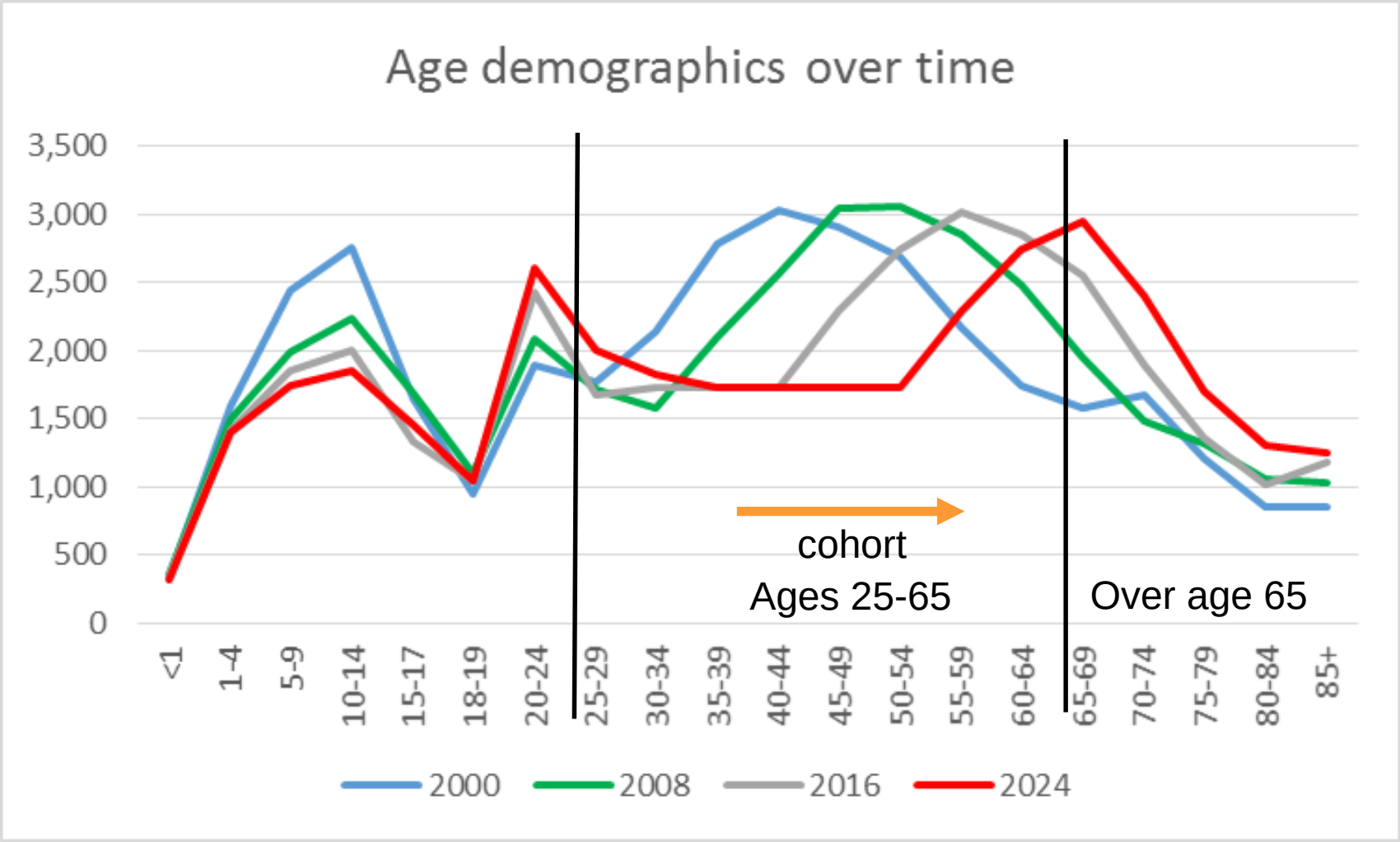
- Standardized provider credentialing across system
- Increase patient risk pool
- Recognition as VT provider
- Facilitate population health strategy locally
- Advance one-DH concept

Risks and Opportunities--SVMC

(Risk)	Description	Opportunity

Each percentage moving to Medicare will have a negative impact of nearly $600,000	***Service Area***
	Bennington County, Eastern NY and Northwestern MA
	• ***Medicare patients/volumes increase as a percent to total:***
	  • Budgeted approximately 1% shift in volume equals nearly $600,000.
	  • Service Area Population
	  • Declining;
	  • Aging	

- *Bennington County has an aging baby-boomer cohort that is not being replaced*



Risks and Opportunities--SVMC

(Risk)	Description	Opportunity

Continued growth in Bad Debt and Charity Care could adversely effect the Hospital between $500,000 to $1,000,000 in FY 2019, if current trend continues.
 	
Adding additional Financial Counseling resources to work with patients and technology
	Insurance Mandate—Eliminated
	
	• Current trends in our region SVMC is already seeing increases in Bad Debt and Charity Care due to:
	  • Larger portion of Health Plans have higher deductibles and co-payments;
	  • Greater number of individuals and small employers are not selecting to have coverage;
	  • Social-economic conditions in the service area;	

Risks and Opportunities--SVMC

(Risk)	Description	Opportunities

Increased contract labor costs and physician locum costs
 	
FY 2018 cost exceed budgeted amounts by over $1 million
	Workforce and Recruitment (Trained Professional Staff and Providers)
	• SVMC pay levels are in the aggregate 4% lower than VT average and market;
	• Inability to recruit qualified staff and providers will;
	  • Decrease access and increase costs;
	  • Challenge quality;
	• Age of providers and nursing staff
		Working with Southern Vermont College (SVC) to develop a "pipeline" of professional staff (mainly Nursing at this point)

Risks and Opportunities--SVMC

Estimated (Risk)	Description	Opportunities
	Medicare approved and proposed rules. ***Medicare has published approved Inpatient (IPPS) and proposed Outpatient (OPPS).***	***Enter the OneCare Medicare Risk Model***
$100,000	• Inpatient approved IPPS effect on SVMC vs. budget;	
$600,000	• Outpatient OPPS proposed would have estimated $600,000 reduction from what was included in the budget;	
$800,000	• Proposed change in physician reimbursement of off-campus practices;	
TBD	• Proposed change from 5 E&M codes to 2 E&M codes.	

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Green Mountain Care Board

2019 SVMC Budget

4. Access

August 27, 2018

Trey Dobson, MD

Southwestern Vermont HEALTH CARE

Access in Primary Care

Reviewed IHI definitions for third available appointment

Established target at each primary care practice location (7):
Non-urgent, new patient 3rd available appointment < 30 days

2 sites have Express Care/Walk-in Clinic, 8a-6p, open 7 days

Presentation to

Green Mountain Care Board

2019 SVMC Budget

5. All Payer Model Quality Measures

August 27, 2018

Jennifer Fels, RN MS

Director Bennington Blueprint

Southwestern Vermont HEALTH CARE

All-Payer Model Quality Measures: Regional Performance Results

Measure	Statewide Rate (All Payer Model Target)	Bennington	Comments
Percentage of Medicaid adolescents with well-care visits	**50%**	**51%**	Child and adolescent well-visits remain a focus of Patient Centered Medical Home Performance Improvement actions.
Initiation of alcohol and other drug dependence treatment	**36%**	**45%**	Initiation of treatment is a focus for improvement. Recovery Peer coaches are located in the SVMC ED. There is a plan to initiate opiate MAT in the ED with navigation to a Spoke site within 24 hours. SVMC has forwarded their intention to DVHA to be part of the pilot to develop a model to address the treatment chronic pain using complementary therapies.
Engagement of alcohol and other drug dependence treatment	**17%**	**22%**	SBIRT is a part of the SVMC ED screening process with a Health Advocate to support individuals seeking treatment resources. 100% risk screening for Social Determinates of Health is being implemented across all Patient Centered Medical Homes with navigation to services for positive screening results.
30-day follow-up after discharge for mental health	**68% (60%)**	**78%**	
30-day follow-up after discharge for alcohol or other drug dependence	**25% (40%)**	**34%**	Blueprint profile for July 2016 – June 2017 shows the Bennington rate at **34%,** with State average of 25%. See actions response on tables 2b and 3.

All-Payer Model Quality Measures: Regional Performance Results

Measure	Statewide Rate (All Payer Model Target)	Bennington	Comments
30-day follow-up after discharge for mental health	**68% (60%)**	**78%**	
30-day follow-up after discharge for alcohol or other drug dependence	**27% (40%)**	**34%**	Blueprint profile for July 2016 – June 2017 shows the Bennington rate at **34%**, with State average of 25%. See actions response on tables 2b and 3.
Diabetes HbA1c poor control (part of Medicare composite measure)	**10%**	**9%**	Blueprint profile for July 2016 – June 2017 shows HbA1c in poor control at **4%** compared to the State at 6%.
Controlling high blood pressure (part of Medicare composite measure)	**67%**	**64%**	Blueprint profile for July 2016 – June 2017 shows some improvement at ***66%.*** Adult Blueprint Patient Centered Medical Homes are working to implement to Statewide Hypertension Management Guidelines with support of the Blueprint QI Facilitator.
Appropriate asthma medication management (75% compliance)	**52%**	**56%**	Blueprint profile for July 2016 – June 2017 shows the Bennington rate at **78%** with a State average at 75%.

All-Payer Model Quality Measures: Regional Performance Results

Measure	Statewide Rate (All Payer Model Target)	Bennington	Comments
Percentage of adults reporting that they have a usual primary care provider	**88%** ***(89%)***	**93%**	SVMC has ongoing recruitment for primary care providers. Use of telemedicine has expanded SVMC capacity and supported patient safety improvement.
Prevalence of chronic disease: COPD	**6%** ***(≤7%)***	**8%**	Actions to address the higher disease prevalence include: pulmonary rehabilitation program, offering of tobacco cessation classes/supports in various locations across the HSA, diabetes educators available in primary care practices, offering of pre-diabetes program (3 cohorts in process) and setting goals in primary care practices with action steps to improve the management of hypertension and collaboration with SASH program in the management of hypertension. Universal risk screening is being implemented to address social determinates of health that may be negatively impacting disease self-management. Feedback is provided to all Blueprint Primary Care Practices on their profile data trended over time with peer comparison data. RiseVT program has been initiated in Bennington with a director hired to manage the initiative.
Prevalence of chronic disease: Hypertension	**25%** ***(≤26%)***	**27%**	
Prevalence of chronic disease: Diabetes	**8%** ***(≤9%)***	**9%**	
# per 10,000 population ages 18-64 receiving Medication Assisted Treatment for opioid dependence	**6,110 (155.4)** ***150***	**362 (170.5)**	Bennington HSA exceeds meeting the target of 155.4, for # of population ages 18 – 64 receiving Medication Assisted Treatment (MAT) for Opioid dependence with a rate of 170.5. The Bennington Spoke program continues to recruit providers to participate on MAT. A barrier is that Bennington does not have the availability of methadone (Hub) services. The Hubs (Rutland and Brattleboro) are one hour drive distance, one way. Two new MAT prescribers are anticipated to start: One in September, one in October 2018. SVMC has engaged a consultant to work with Bennington Leaders in developing a Bennington Opiate Response Plan encompassing: Prevention , Treatment, Recovery and Criminal Justice.

All-Payer Model Quality Measures: Regional Performance Results

Measure	Statewide Rate (Rate/10,000) (All Payer Model Target)	Bennington	Comments
Deaths related to drug overdose	**122 (2.2) *(115)***	**4 (1.2)**	Ongoing initiatives to reduce overdose deaths include: distribution of Naloxone, Recovery Center Peer Counselors in the SVMC Emergency Department on demand 24/7. SBIRT screening takes place in the SVMC Emergency Department There is an action plan to implement universal risk screening of the social determinates of health and referral to services for those persons who are identified at risk. SVMC and local Blueprint staff participate in community collaborations addressing the primary prevention of opiate SUD. New MAT prescribers and a 2019 plan to have a HUB in Bennington which will significantly increase treatment capacity.
Rate of Growth in number of mental health and substance use-related ED visits	**6% *(3%)***	**-11%**	SVMC has had a decrease in the rate of growth in the number of mental health and substance use related ED visits of -11% compared the target of a 3 % growth rate. This is due to multiple initiatives (see responses for questions 2a and 2b). SVMC has in place a Community Care Team that is comprised of community partners that meet monthly to address persons who use the ED on a frequent basis for mental health or SUD. The multi-agency partnership has resulted in individuals having a plan in place to address their disease and social determinates of health.

Presentation to

Green Mountain Care Board

2019 SVMC Budget
6. Financial Review

August 27, 2018

Stephen Majetich, CFO

Southwestern Vermont HEALTH CARE

Southwestern Vermont Medical Center
Statement of Operations

	FY 2018 Budget	*FY 2019 Budget*	*Change to Budget*	%
Operating revenues				
Net patient service revenues	$160,078,864	$158,423,884	($1,654,980)	
Fixed prospective revenue		6,777,492	6,777,492	
Total net patient service revenues	*160,078,864*	*165,201,376*	*5,122,512*	*3.2%*
Other operating revenues	3,963,786	5,127,206	1,163,420	29.4%
Total operating revenues	*164,042,650*	*170,328,582*	*6,285,932*	*3.8%*
Operating expenses				
Salaries and Benefits	62,938,434	64,956,525	2,018,091	3.2%
Supply expenses	11,590,376	11,486,078	(104,298)	-0.9%
Drug Costs	13,270,715	14,853,079	1,582,364	11.9%
DH PSA	28,520,581	27,938,028	(582,553)	-2.0%
Purchase services, utilities, insurance and other	25,008,142	28,505,078	3,496,936	14.0%
Provider tax	9,311,076	9,618,532	307,456	3.3%
Depreciation and amortization	6,576,292	6,309,783	(266,509)	-4.1%
Interest	521,014	544,462	23,448	4.5%
Total operating expenses	*157,736,630*	*164,211,565*	*6,474,935*	*4.1%*
Income (loss) from operations	***$6,306,020***	***$6,117,017***	***($189,003)***	***-3.0%***
Operating Margin	***3.84%***	***3.59%***		

SOUTHWESTERN VERMONT MEDICAL CENTER
STATEMENT OF CASH Flows
FY 2019 Budget

	FY 2018 Budget	*FY 2019 Budget*
INCOME (LOSS) FROM OPERATIONS	***$6,306,020***	***$6,117,017***
Add items included in operating results that are ***non-cash items***		
Depreciation and Amortization	6,531,292	6,309,783
Defined Benefit Pension Plan credit (included in benefits)	(250,000)	(700,000)
Changes in working capital items (less then one year due)	123,279	(863,083)
Funding of Defined Benefit Pension Plan	(4,200,000)	0
Investing Activities		
FY 2018 Capital Budget and other capital related investments	(7,250,000)	(6,000,000)
Financing Actiivties		
Repayment of Debt	(456,000)	(418,585)
Excess cash from operations	***$804,591***	***$4,445,132***

Southwestern Vermont Medical Center
Balance Sheets

	Balances as of		
	Sep. 30, 2017	**Sep. 30, 2018**	**Sep. 30, 2019**
	Audited	Projected	Budget
Assets			
Current Assets			
Cash and cash equivalents	$10,804,832	$8,545,341	$12,719,872
Patient accounts receivable, net	13,977,304	13,735,714	15,388,621
Prepaid expenses and other current assets	4,942,624	4,832,557	4,977,533
Total current assets	*29,724,760*	*27,113,612*	*33,086,026*
Assets whose use is limited			
Internally designated	6,606,342	6,881,271	7,225,335
Externally designated	102,383	103,000	104,000
Total assets whose use is limited	*6,708,725*	*6,984,271*	*7,329,335*
Property, plant and equipment, at cost	140,634,359	146,161,593	152,161,593
Less: accumulated depreciation	100,770,321	106,949,795	113,259,578
Net property, plant and equipment	*39,864,038*	*39,211,798*	*38,902,015*
Due from affiliates	6,951,651	11,196,400	12,727,579
Total assets	***$83,249,174***	***$84,506,081***	***$92,044,955***
Liabilities and Net (Deficit) Assets			
Current liabilities			
Current maturities of long-term debt	$462,621	$427,693	$404,160
Accounts payable and accrued expenses	18,349,048	17,479,216	18,003,592
Accrued salaries, wages and benefits	4,994,679	5,055,685	5,207,355
Current portion of estimate 3rd party settlements	1,229,984	1,500,000	1,500,000
Total current liabilities	*25,036,332*	*24,462,594*	*25,115,107*
Interest rate swap agreement	1,238,408	857,322	857,322
Long-term debt	9,991,778	9,622,365	9,377,032
Accrued pension liabilities	14,162,906	10,105,431	10,408,594
Asset retirement obligation	1,175,466	1,245,994	1,308,294
Total liabilities	*51,604,890*	*46,293,706*	*47,066,349*
Net assets			
Unrestricted	31,644,284	38,212,375	44,978,606
Temporarily restricted			
Permanently restricted			
Total net assets	*31,644,284*	*38,212,375*	*44,978,606*
Total liabilities and net assets	***$83,249,174***	***$84,506,081***	***$92,044,955***

Southwestern Vermont Medical Center
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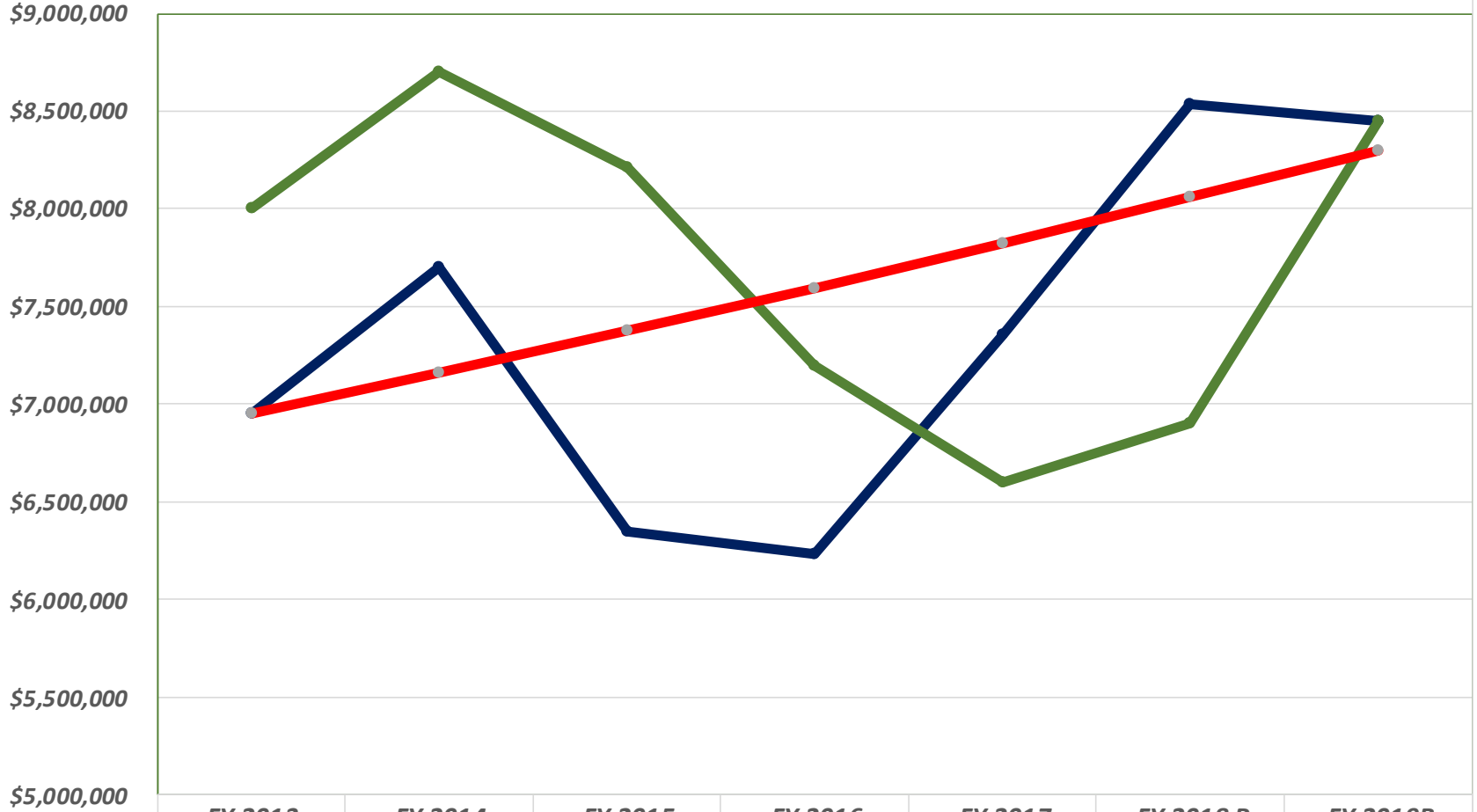
Operating Margin	***3.84%***	***3.59%***		

Net Patient Service Revenues

- SVMC's NPSR budget is increasing over $5.1 million or 3.2%;
- Rate/Price to increase is $1,081,568 or .68%;
  - ***Rate/Price increase components:***
    - Commercial effective rate increase of 3.25% or $2.2 million;
    - Medicare expected increase of $393,000;
    - Increase in Indigent Care of nearly $1.5 million;
    - DSH Funding slight decrease of $22,000.

SVMC Bad Debt and Charity Care
FY 2013 -- Budget FY 2019



	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 P	FY 2019B
Actual	$6,951,383	$7,700,723	$6,348,302	$6,234,619	$7,357,609	$8,533,143	$8,450,000
Budget	$8,000,000	$8,700,000	$8,210,000	$7,200,000	$6,601,666	$6,900,000	$8,450,000
Fy 2013 plus 3%	$6,951,383	$7,159,924	$7,374,722	$7,595,964	$7,823,843	$8,058,558	$8,300,315

Net Patient Service Revenues

- ***Total* <u>rate / price</u> *increases of $1,081,000 million represents an overall increase of .68%, budget to budget.***

Net Patient Service Revenues

- ***Significant positive volume drivers:***
  - Oncology patients $3.0 million, including all ancillary services;
  - Telemedicine inpatient volume of nearly $1.3 million or nearly 100 admissions;
  - Outpatient ancillary Radiology services;

Net Patient Service Revenues

- ***Significant negative volume drivers:***
  - Operating room volumes mainly in Orthopedic services; Lost highest volume MD. Replacement to start January 2019;
  - Medical Practices difficulty in recruiting especially in Gastroenterology, Family Medicine, Internal Medicine, Emergency Medicine, Dermatologist, Hospitalist.

Net Patient Service Revenues

- *Oncology Services significant service at SVMC*
  - Unique patients continue to increase;
  - Visits per patient remaining constant;
  - Cost of Pharmaceuticals increasing;
    - Cost of Drugs in FY 2019 to increase approximately $1.6 million.

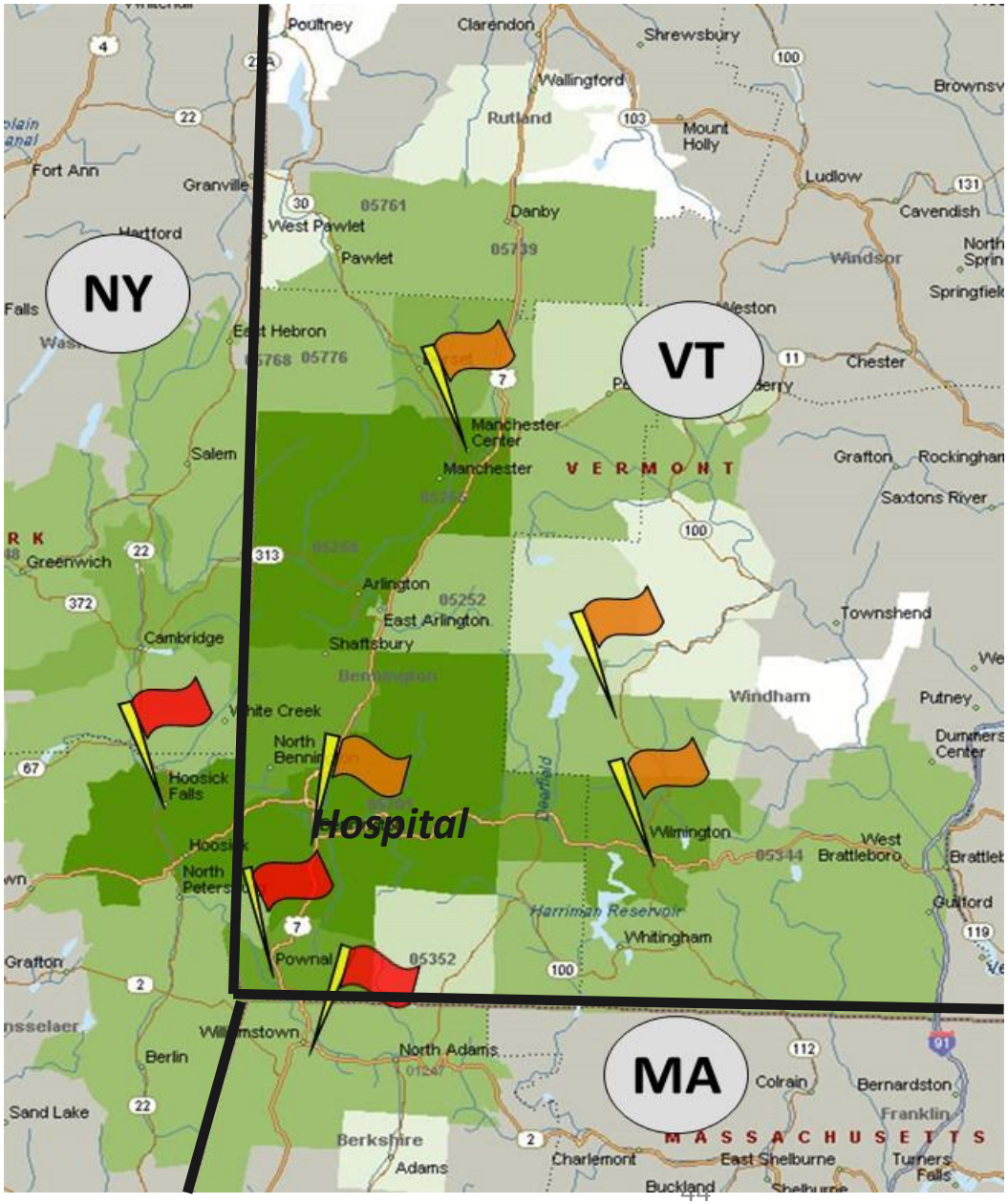
Outpatient Medical Oncology Services

	Unique Patients	Visits with Pharm	Gross Charges	NPSR	NPSR Per Visit	% Change
FY 2014	353	2,884	$19,559,730	$9,158,066	$3,175	6.97%
FY 2015	371	3,371	$24,029,948	$10,977,778	$3,256	2.55%
FY 2016	402	3,727	$32,244,705	$14,294,163	$3,835	17.79%
FY 2017	400	3,729	$34,554,446	$15,108,833	$4,052	5.63%
FY 2018 B	432	3,918	$37,720,960	$16,617,163	$4,241	5.56%
FY 2018 P	438	3,696	$37,070,000	$16,184,000	$4,379	8.10%
FY 2019 B	460	3,882	$40,201,895	$18,441,690	$4,751	8.49%

Out of State -- NPSR

New York State NPSR	
FY 2014	$27,700,000
FY 2015	$27,175,000
FY 2016	$30,404,000
FY 2017	$32,506,000
FY 2018 B	$33,324,000
FY 2018 P	$32,731,000
FY 2019 B	$33,800,000

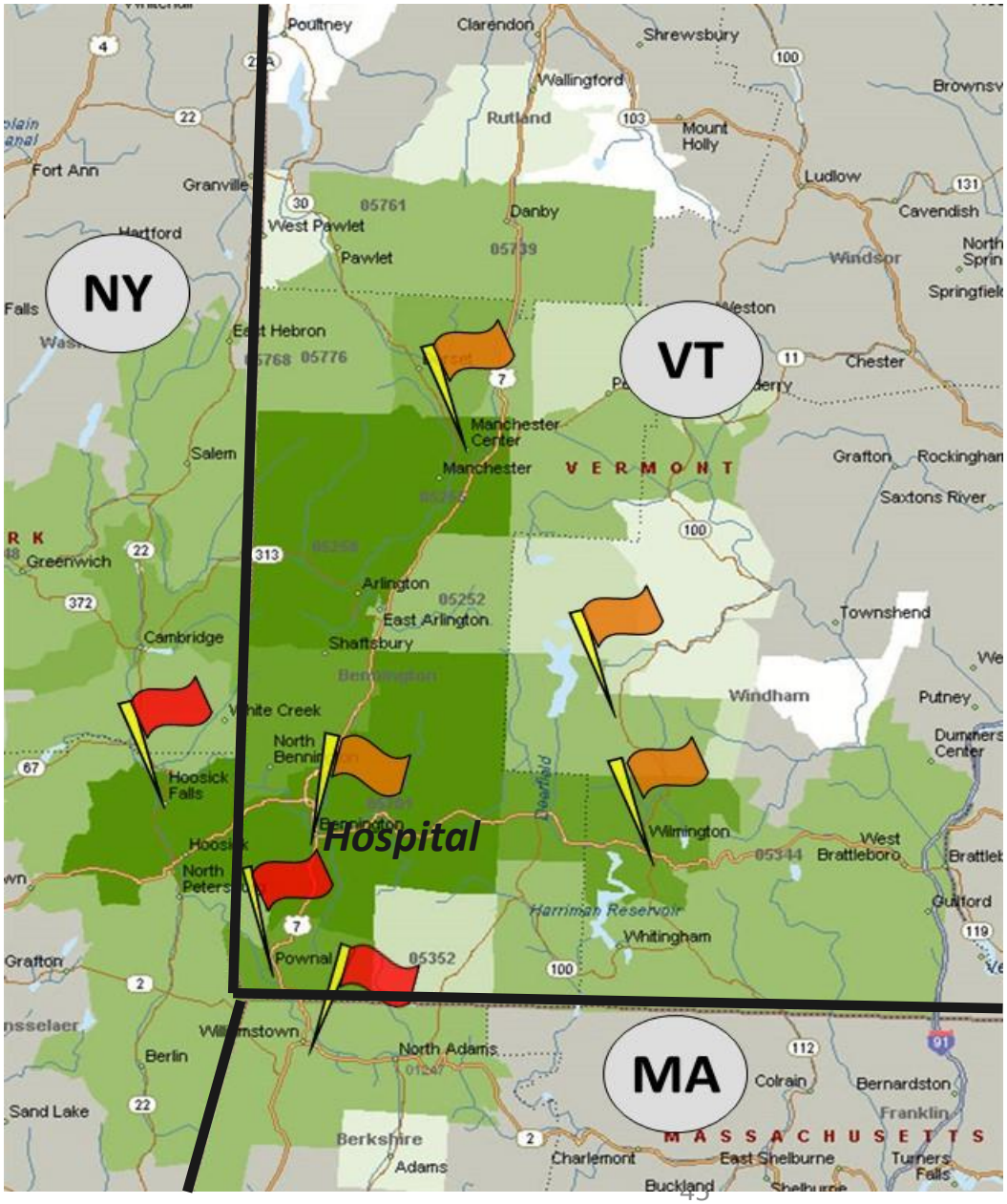
Massachusetts NPSR	
FY 2014	$4,950,000
FY 2015	$6,250,000
FY 2016	$7,904,000
FY 2017	$9,970,000
FY 2018 B	$10,900,000
FY 2018 P	$10,500,000
FY 2019 B	$11,400,000



Out of State -- NPSR

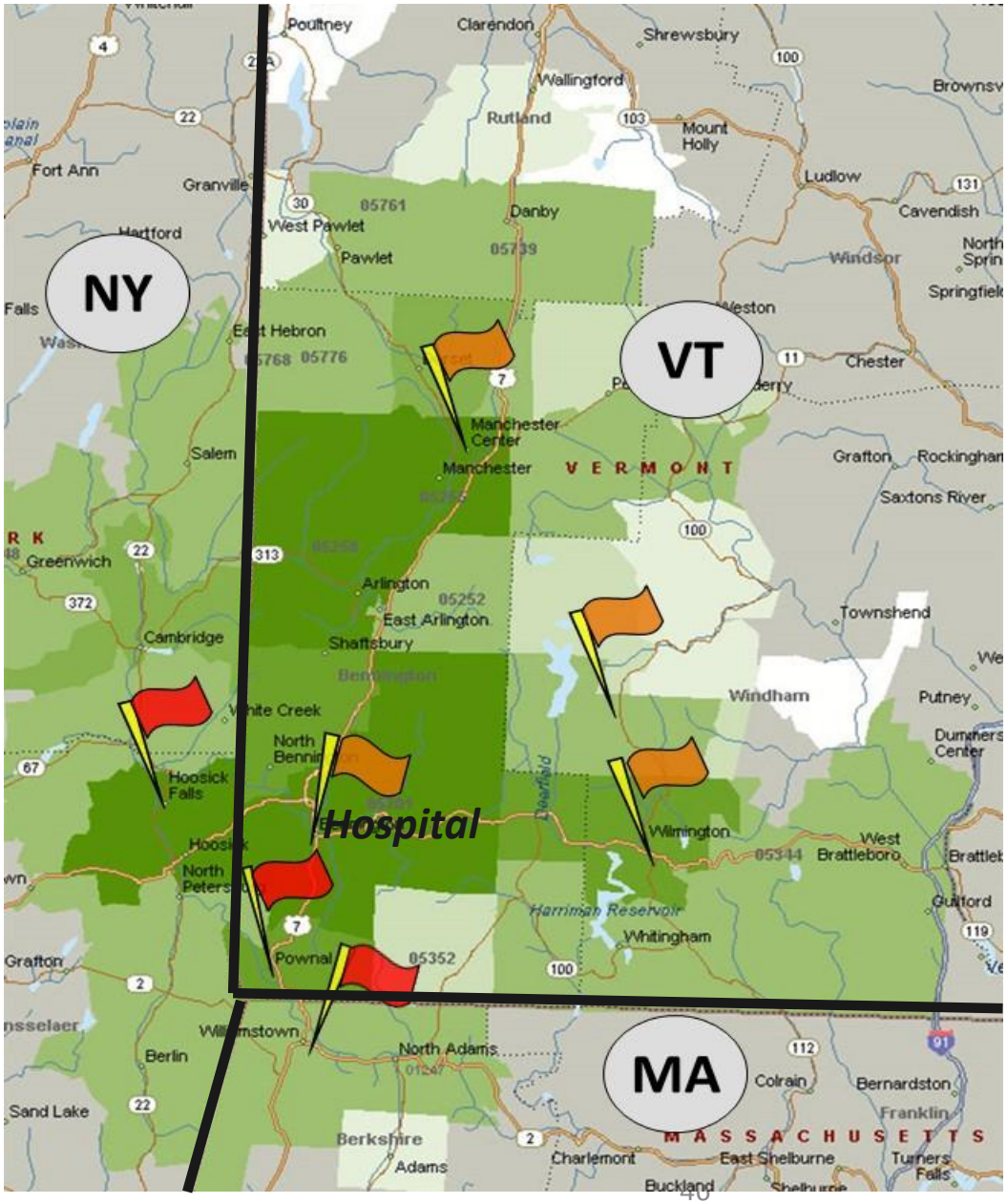
FY 2017 NPSR		
MA	$9,970,000	6.5%
NY	32,506,000	21.3%
Other	2,057,000	1.4%
VT	108,070,000	70.8%
Total	***$152,603,000***	***100.0%***

FY 2019 Budget NPSR		
MA	$11,400,000	6.9%
NY	33,800,000	20.5%
Other	2,250,000	1.4%
VT	117,751,000	71.2%
Total	***$165,201,000***	***100.0%***



Out of State -- NPSR

Payer Mix	Comm.& SP	M'care	M'caid (Inc. DSH)
MA	58%	38%	3%
NY	54%	37%	9%
Other	73%	25%	2%
VT	48%	39%	12%
Total	**51%**	**38%**	**11%**



Change in NPSR -- Summary

- *Rate / price increases, all sources, approximately $1.1 million or .68%;*

- *Volume / services $4.0 million or 2.5%;*

- *Out of state revenues slight increase;*

Revenue budget preparation

- ***Assumptions***
  - SVMC will participate in OneCare risk model for Medicaid recorded at the mid-point. NO upside or downside risk included;
  - All other payers fee for service assumptions used;
  - SVMC is working with OneCare for data in order for Management to recommend to the Board of Trustees if the Hospital will enter in the remaining risk models.

Southwestern Vermont Medical Center
Statement of Operations

	FY 2018 Budget	*FY 2019 Budget*	*Change to Budget*	%
Operating revenues				
Net patient service revenues	$160,078,864	$158,423,884	($1,654,980)	
Fixed prospective revenue		6,777,492	6,777,492	
Total net patient service revenues	*160,078,864*	*165,201,376*	*5,122,512*	*3.2%*
Other operating revenues	3,963,786	5,127,206	1,163,420	29.4%
Total operating revenues	*164,042,650*	*170,328,582*	*6,285,932*	*3.8%*
Operating expenses				
Salaries and Benefits	62,938,434	64,956,525	2,018,091	3.2%
Supply expenses	11,590,376	11,486,078	(104,298)	-0.9%
Drug Costs	13,270,715	14,853,079	1,582,364	11.9%
DH PSA	28,520,581	27,938,028	(582,553)	-2.0%
Purchase services, utilities, insurance and other	25,008,142	28,505,078	3,496,936	14.0%
Provider tax	9,311,076	9,618,532	307,456	3.3%
Depreciation and amortization	6,576,292	6,309,783	(266,509)	-4.1%
Interest	521,014	544,462	23,448	4.5%
Total operating expenses	*157,736,630*	*164,211,565*	*6,474,935*	*4.1%*
Income (loss) from operations	***$6,306,020***	***$6,117,017***	***($189,003)***	***-3.0%***
Operating Margin	***3.84%***	***3.59%***		

FY 2019 vs. FY 2018 Budget
Significant Operating Expense Highlights

Total operating expenses are increasing 4.1%

	Changes in Operating Expenses
Salaries and Benefits	$2,018,091
Drug Costs	1,582,364
Health Reform Costs -- non salary	1,541,000
Inflation and other changes	875,034
Contracted labor professional staff	700,000
Contracted Labor -- Security	385,000
Provider Tax	307,456
Dental clinic - full year	265,990
Supply cost savings	(400,000)
Planned savings program	(800,000)
Total expense increases	***$6,474,935***

Southwestern Vermont Medical Center
Statement of Operations

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Operating Margin	***3.84%***	***3.59%***		

Presentation to

Green Mountain Care Board

2019 SVMC Budget

7.Community Needs Assessment

August 27, 2018

Trey Dobson, MD

Chief Medical Officer

Southwestern Vermont HEALTH CARE

SVMC's Community Health Needs Assessment Methodology

Health data was collected from a variety of sources, including:

- Behavioral Risk Factor Surveillance System (BRFSS)
- Youth Risk Behavior Survey (YRBS)
- County Health Rankings & Community Commons
- Various Health Department reports from each state

6 focus groups held in communities across the region

Survey of thought leaders unable to attend focus groups

Focus groups identified top health needs for population age segments

Priority Health Needs found by SVMC's 2018 CHNA

Access to Care	• Increase primary care and urgent care access • Improve access to behavioral health services
Obesity and Healthy Activities	• Enhance health and wellness programs • Foster links between good health, nutrition, exercise, and education and economic development
Behavioral Health and Substance Abuse	• Expand substance abuse prevention and treatment options • Develop youth stress management and coping programs

SVMC's CHNA implementation plan is operating at many scales

Strategy 1
Traditional Clinical Approaches

Panel management
Transitional Care Nurses
Universal Risk Screening and Referral

Strategy 2
Innovative Person-Centric Community Linkages

Community Care Team
Spoke Program
SASH

Strategy 3
Community-wide Efforts

Putnam Development
Lightning Jar
RiseVT

SVMC's CHNA implementation plan resources

- *Charity Care*
- *Investment in primary care*
- *Resources for better medical management (ex. transitional care nursing program)*
- *Direct investment in the community (Putnam Development and Healthy Homes)*
- *Specific programming investment*
  - *Food insecurity*
  - *Youth resilience*
  - *RiseVT*
  - *And many, many more*

- *Specific budget for the community needs $300,000. Other dollars are included in other departmental budgets.*

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Green Mountain Care Board

2019 SVMC Budget

8. Healthcare Reform Investments

August 27, 2018

Stephen Majetich, CFO

Southwestern Vermont HEALTH CARE

Healthcare Reform Investments
(new FY 2019)

Health care investment		***Amount***
Planning costs for new IT System		$1,000,000
Telemedicine in the ICU		341,000
Expanded Psychiatrist in the Hospital, especially in the ED		200,000
Additional staffing in the Emergency Crisis Area in the ER		131,000
Expansion of the Transitional Care Program		120,000
Total		***$1,792,000***

Presentation to

Green Mountain Care Board

2019 SVMC Budget
9. Capital and CON's

August 27, 2018

Stephen Majetich, CFO

Southwestern Vermont HEALTH CARE

FY 2019 Capital Budget

Investment		Amount
Deerfield Campus		$2,500,000
Cancer Center and Women's Health needs		750,000
Electric Systems – Transformer		1,000,000
Routine IT and Engineering needs		1,500,000
All Others		250,000
Total		***$6,000,000***

Performance of prior CONs

- Replacement Linear Accelerator (GMCB-006-15con)
  - Completed November 2016
  - Proposed project cost $3,949,294
  - Final project cost $3,806,697

- Launch SVMC Dental Home (GMCB-015-16con)
  - Completed March 2018
  - Proposed project cost $803,781
  - Final project cost $797,605

Performance of current CONs

- Replace Boilers (GMCB-006-15con)
  - To be completed September 2018
  - Proposed project cost $3,750,000
  - Interim project cost $2,728,070
  - Projected completed costs $3,500,000

CON applications under development

(Amounts subject to change)

- Emergency Department and Main Entrance (GMCB-016-18con)
  - Estimated application submittal January 2019
  - Proposed project cost $21,600,000
- Cancer Center (GMCB-017-18con)
  - Estimated application submittal January 2019
  - Proposed project cost $8,500,000
- Information system conversion (GMCB-018-18con)
  - Estimated application submittal January 2019
  - Proposed project cost $17,000,000

Presentation to

Green Mountain Care Board

2019 SVMC Budget

10. Long Range Financial Outlook

August 27, 2018

Stephen Majetich, CFO

Southwestern Vermont HEALTH CARE

VISION 2020

SUSTAINABILITY

Creating Sustainability

- **Focus on Expense Management**
  - Key Metrics
    - ✓ Cost Per ADJ Admission — 25th Percentile (VT)
    - ✓ 3 Year NPR Growth — Below Statewide Average (VT)
    - ✓ Operating Margin — Above Median (VT)
- **Operations Improvement**
  - Value Institute (One D-H)
  - Movement towards High Reliability Organization (HRO)
- **Reversal of Patient Outmigration**
  - Orthopedics & Oncology
- **Continued Transition into OneCare Vermont**

Presentation to

Green Mountain Care Board

2019 SVMC Budget

11. Historical Compliance with Budget Orders

August 27, 2018

Stephen Majetich, CFO

Southwestern Vermont HEALTH CARE

Southwestern Vermont Medical Center
Budget Order Compliance Schedule

	Actual	*Budget*	*Variance*	*%*	
FY 2014	$139,410,223	$139,576,168	($165,945)	-0.1%	C
FY 2015	142,769,168	139,041,542	3,727,626	2.7%	NC
FY 2016	151,922,754	144,025,568	7,897,186	5.5%	NC
FY 2017	152,602,902	152,362,260	240,642	0.2%	C
FY 2018 Projected **	160,000,000	160,078,864	(78,864)	0.0%	TBD
FY 2019		165,201,376			

FY 2018 NPSR Budget	
FY 2018 Approved Order	$159,497,504
FY 2018 Approved Dental CON	581,360
FY 2018 Adjusted Budget	***$160,078,864***

**** Revised Projection based upon July results**

C = In compliance

NC = Above the .5% corridor

Presentation to

Green Mountain Care Board

Thank You for your time and consideration

Questions?

Southwestern Vermont HEALTH CARE