

Outpatient Surgery Center

UVM Medical Center

Certificate of Need Application

May 20, 2024 Hearing Presentation

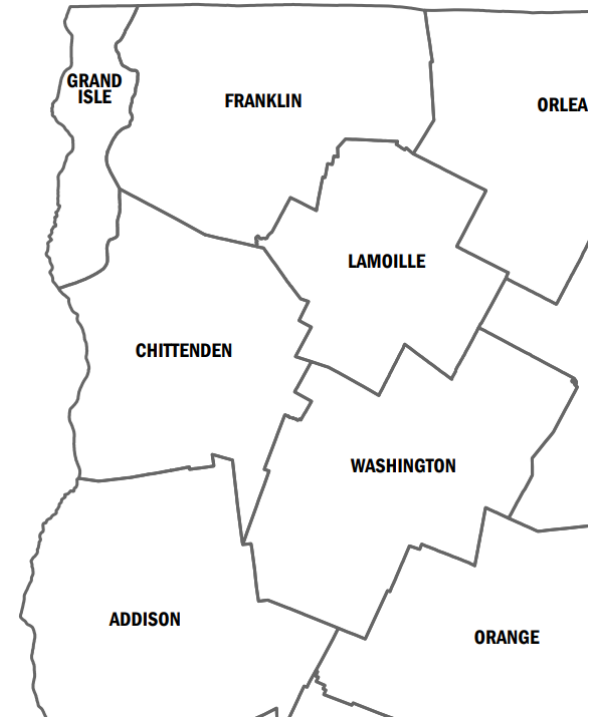
OSC MEETS GROWING NEED FOR SURGICAL CARE

- UVMHC's ORs are operating at capacity
- Area population is growing and aging
- UVMHC's patients' need for surgical care is growing
- OSC is the right size to meet this need

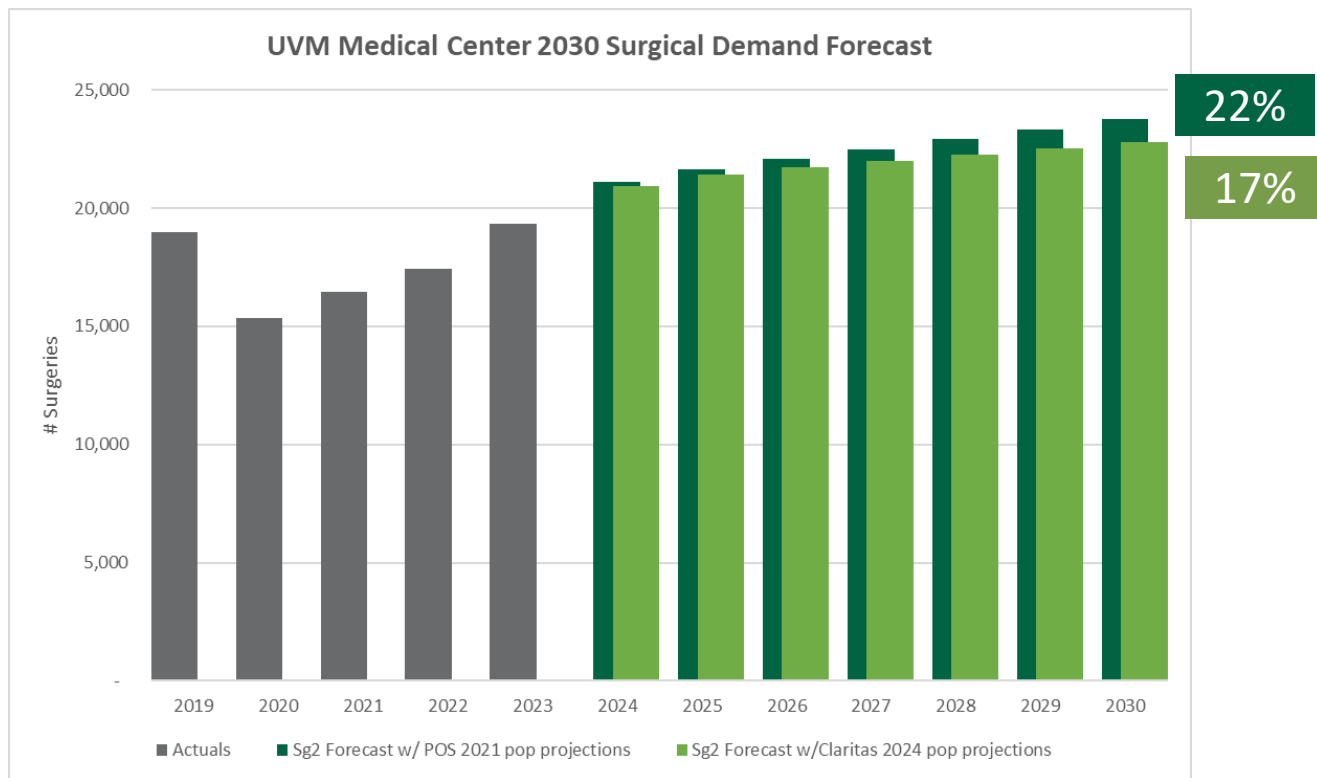
10-yr Population Growth Estimates for Chittenden County

10-year Growth Forecasts Chittenden County	Public Opinion Strategies Forecast (2021)	Claritas Pop Facts® with 2024 update
Total Population Growth	6%	6%
65+ Growth	62%	41%

10-year Growth Forecasts for Surrounding Counties	
Franklin	13%
Grand Isle	52%
Washington	7%



Surgical Growth Forecast to 2030



Halsa Advisors: OR Demand Modeling Methodology

Step 1: Projected OR Cases



Step 2: Projected Minutes by Service Line



Step 3: Projected OR Demand

$$\begin{array}{|c|} \hline \text{Projected Cases} \\ \hline \text{by Service Line} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Historical Avg} \\ \hline \text{Case Minutes by} \\ \hline \text{Service Line} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Projected Case} \\ \hline \text{Minutes} \\ \hline \end{array}$$

$$\begin{array}{|c|} \hline \text{Total Cases} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Estimated Room} \\ \hline \text{Turn Time} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Total Room Turn} \\ \hline \text{Minutes} \\ \hline \end{array}$$

$$\begin{array}{|c|} \hline \text{Total Room Turn} \\ \hline \text{Minutes} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Projected Case} \\ \hline \text{Minutes} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Total Minutes} \\ \hline \end{array}$$

$$\begin{array}{|c|} \hline \text{Total Minutes} \\ \hline \end{array} / \begin{array}{|c|} \hline \text{Projected} \\ \hline \text{Utilization} \\ \hline \text{Minutes per OR} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Total OR} \\ \hline \text{Demand} \\ \hline \end{array}$$

OR Demand Modeling Methodology – OR Utilization

Three key assumptions drive OR utilization

1. Hours of utilization per day
2. Room Turnover
 - If the facility is performing within expected parameters, we recommend using current actual performance
3. Utilization Percentage
 - We have recommended 75 percent for every hospital OR and every multi-specialty academic OSC planned for the last 29 years.

Main OR IP Assumptions	
Room Turnover	37
Hours per Day	10
Days per Year	250
Utilization	75%
Minutes/Rm/Yr	112,500

Main OR OP Assumptions	
Room Turnover	37
Hours per Day	10
Days per Year	250
Utilization	75%
Minutes/Rm/Yr	112,500

Fanny Allen OR Assumptions	
Room Turnover	25
Hours per Day	10
Days per Year	250
Utilization	75%
Minutes/Rm/Yr	112,500

WP Proc Room Assumptions	
Room Turnover	25
Hours per Day	10
Days per Year	250
Utilization	75%
Minutes/Rm/Yr	112,500

OSC OR Assumptions	
Room Turnover	25
Hours per Day	10
Days per Year	250
Utilization	75%
Minutes/Rm/Yr	112,500

UVMMC's OR Operational targets compared to Vizient 2022 OR Benchmarking Study

	OR Model Target	<u>Vizient Benchmarking Study 2022</u>	
		50th %tile	75th %tile
OR Utilization	75%	64%	77%
Turnaround Time: AMC ORs	37 min	41 min	32 min
Turnaround Time: ASCs	25 min	25 min	22 min

11 ORs Needed at OSC by 2030

	CON Application Scenario 3	GMCB Workbook Q.009, Q.3 (Rev.)(March 12, 2024)
Inputs Used to Project Surgery Volume	Sg2 Impact of Change® Model (POS 2021 population forecast)	Sg2 Impact of Change® Model (Claritas 2024 population forecast)
Projected IP + OP Volume 2030	23,767	22,817
Incremental ORs Needed in 2030	5.6*	6.04**
OSC OR Need in 2030 (assumes closure of Fanny Allen ORs)	10.6*	11.04**

* Halsa OR capacity model calculation

** Mathematica OR capacity model calculation

PROJECT SUMMARY

- Conveniently located on UVMMC's South Burlington outpatient campus
- Designed with extensive input from UVMMC MDs, RNs, and patient advocates
- ORs will accommodate full range of OP surgeries
- OR standardization will increase efficiency
- Designed to meet needs of UVMMC's diverse patient population
- Local access to care is essential to healthcare equity



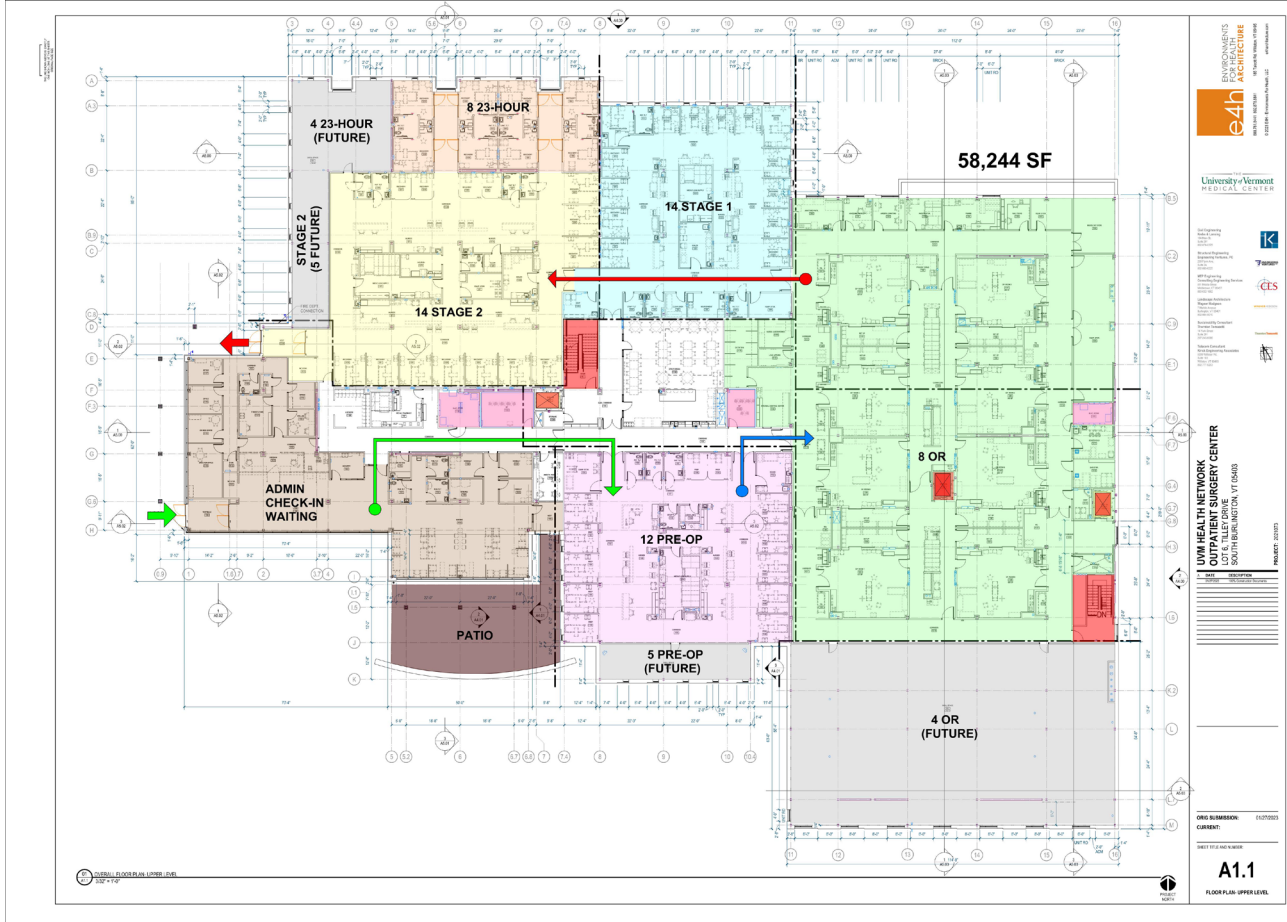
Aerial Site Plan

Lot Area = 13.53 ac. = 589,367 SF
 Building Coverage = 59,017 / 589,367 = 10.01 %
 Overall Coverage = 203,895 / 589,367 = 34.60 %
 Impervious Area (excluding building footprint) = 140,705 SF
 Total Building Square Footage = 84,006 SF
 Lower Level = 25,358 SF
 Upper Level = 58,648 SF
 Parking Capacity = 270 spaces
 Patient Parking

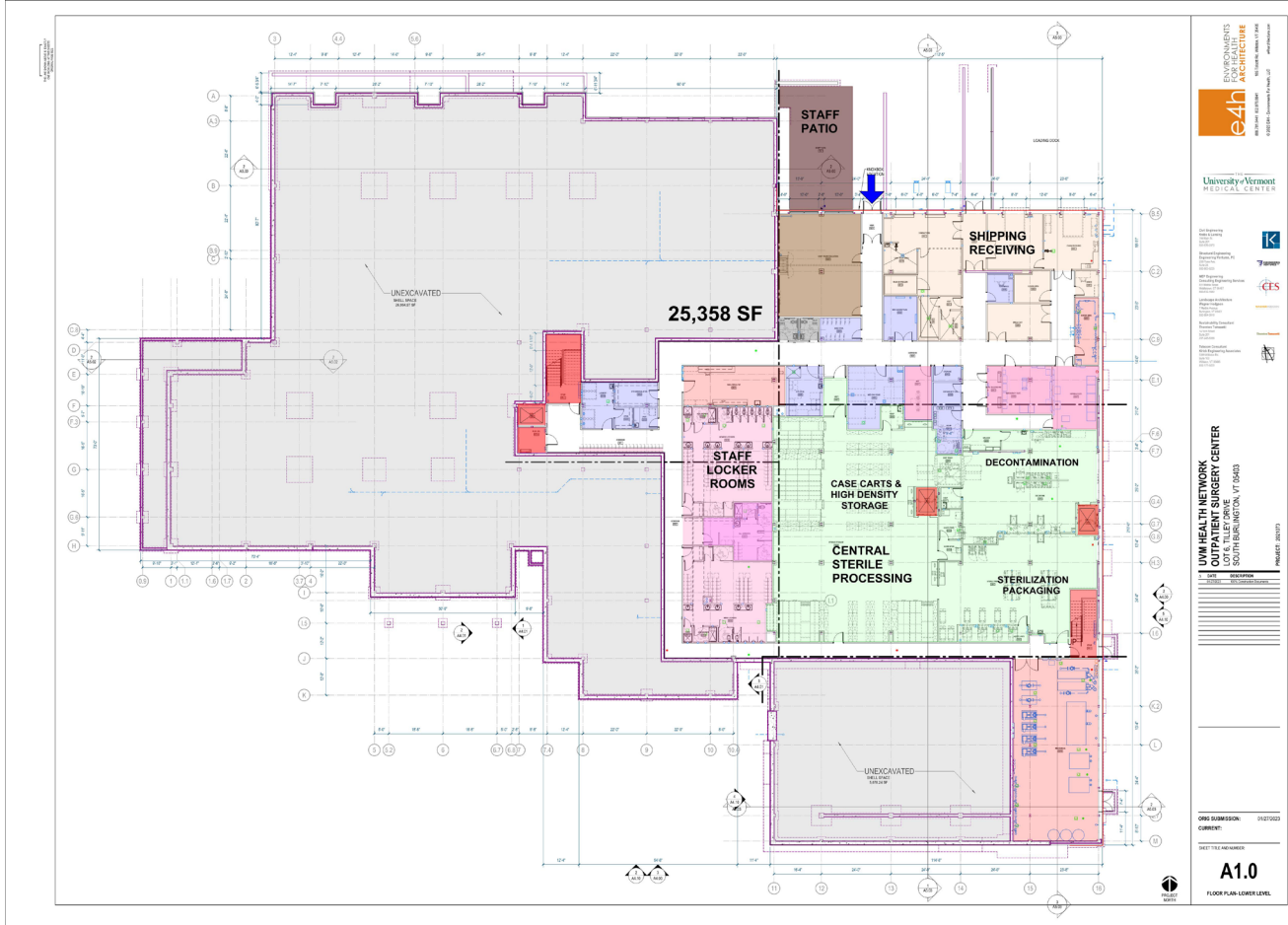


e4h ENVIRONMENTAL DESIGN ARCHITECTURE
 University of Vermont MEDICAL CENTER
 UVM HEALTH NETWORK OUTPATIENT SURGERY CENTER
 SOUTH BURLINGTON, VT 05403
 PROJECT: 201903
 DATE: 08/20/2019
 SCALE: 1" = 40'-0"
 SHEET: 2.03
 ILLUSTRATING SITE PLAN

Site Plan



Upper Level Floor Plan



Lower Level Floor Plan



Rendering – Northeast View Drop Off



Rendering – East View Pick-Up

OSC STAFFING NEEDS

- **UVMHC will hire additional anesthesiologists, anesthesia APPs, RNs, and ancillary staff**
- **OSC will be an attractive work environment for MDs and RNs**
- **Multiple initiatives support workforce recruitment: enhanced recruitment program, employee development opportunities, employee housing and childcare**

Providers and Learners

Department	Job Category	Total FTE Need (8 ORs)	Incremental FTE Need (8 ORs)	Incremental FTE Need (+2 more ORs)
Surgery	MDs	8.0	-	
	Residents	8.0	-	
Anesthesiology	MDs	3.2	1.2	1.0
	APPs	8.0	4.0	1.0
	Block Team	1.0	-	
Other	Pathologist	1.0	-	
	Pathology PA	1.0	-	
	Medical Students	3.0	-	
	Total	33.2	5.2	2.0

Staffing Summary

Direct Staffing	Total FTE Need (8 ORs)	Incremental FTE Need (8 ORs)	Incremental FTE Need (+2 more ORs)
Perianesthesia	53.1	33.6	7.7
RNs	35.2	21.6	5.5
US/LNAs	14.0	8.1	2.2
Other	3.9	3.9	0.0
OR	40.7	16.0	7.7
RNs	20.4	7.0	3.3
Surgical techs	8.7	2.9	3.3
Other	11.6	6.1	1.1
CSR	13.3	7.8	2.2
Total Direct Staff	107.1	57.5	17.8
Providers & Learners	33.2	5.2	2.0
Indirect/Ancillary Staffing	25.5	15.0	2.0
Total OSC Staff	165.8	77.7	21.8

OSC WILL SUPPORT UVMMMC'S FINANCIAL STABILITY

- **\$129.6M capital expense**
- **Debt financing planned for \$100M of capital expense**
- **Total 5-yr incremental operating margin of \$28M**
- **Will improve UVMMMC's operating margin, average age of plant, and debt to capitalization ratio**

Capital Expense Summary

Capital Costs	
Construction	\$94,427,436
Land Acquisition	\$5,150,158
Equipment	\$22,062,928
IT	\$1,654,284
Total	\$123,294,807

Capitalized Interest	
Interest	\$6,345,897
Grand Total	\$129,640,703

Incremental Pro Forma: Outpatient Surgery Center

	FY25 (Half Year)	FY26	FY27	FY28	FY29	5 Yr. Total
Incremental Revenue						
Incremental Patient Revenue	\$ 25,565,559	\$ 51,721,627	\$ 58,628,248	\$ 64,018,118	\$ 79,939,679	\$ 279,873,231
Total Operating Revenue	\$ 25,565,559	\$ 51,721,627	\$ 58,628,248	\$ 64,018,118	\$ 79,939,679	\$ 279,873,231
Incremental Expenses						
Salaries/Wages and Other	\$ 6,227,418	\$ 12,836,524	\$ 13,336,933	\$ 13,572,746	\$ 18,489,414	\$ 64,463,035
Other Dept. Operating Expense	\$ 3,382,821	\$ 4,055,388	\$ 4,418,040	\$ 4,484,505	\$ 6,350,886	\$ 22,691,641
Other non-Dept. Operating Expense	\$ 1,533,954	\$ 3,436,281	\$ 3,982,914	\$ 4,325,552	\$ 5,861,296	\$ 19,139,997
Direct Costs for Incremental Inpatient Cases	\$ 7,076,153	\$ 16,427,407	\$ 19,214,602	\$ 22,289,163	\$ 25,374,794	\$ 90,382,119
Total Depreciation and Interest	\$ 7,078,959	\$ 11,849,711	\$ 11,849,711	\$ 11,849,711	\$ 12,382,816	\$ 55,010,908
Total Expenses	\$ 25,299,305	\$ 48,605,311	\$ 52,802,200	\$ 56,521,677	\$ 68,459,206	\$ 251,687,700
Incremental Operating Margin	\$ 266,254	\$ 3,116,316	\$ 5,826,048	\$ 7,496,441	\$ 11,480,473	\$ 28,185,531
Incremental EBIDA	\$ 7,345,213	\$ 14,966,027	\$ 17,675,759	\$ 19,346,152	\$ 23,863,289	\$ 83,196,439

UVMMC Financial Metrics

UVMMC - Financial Metrics			Projection Years	Projection Years	Projection Years	Projection Years	Projection Years
	2021	2022	2023	2024	2025	2026	2027
Operating EBIDA Margin	7.1%	3.4%	6.9%	8.1%	8.3%	8.3%	8.5%
Debt to Capitalization	29.2%	32.0%	29.1%	32.9%	29.9%	27.3%	24.8%
Days Cash on Hand	184.6	112.4	116.4	134.4	135.5	144.2	154.9
Average Age of Plant	13.6	12.0	13.4	12.8	13.1	13.6	13.8