Green Mountain Care Board

2020 SVMC Budget Presentation

August 19, 2019

Thomas Dee -- CEO

Southwestern Vermont HEALTH CARE

SOUTHWESTERN VERMONT HEALTH CARE

1916 Founded

1918 Opened

3 States Served
(VT, NY, MA)

9 Locations
VT: Bennington (2), Manchester, Pownal, West Dover, Wilmington
NY: Hoosick Falls (2)
MA: Williamstown

2 *ExpressCare* Locations
Bennington & Manchester

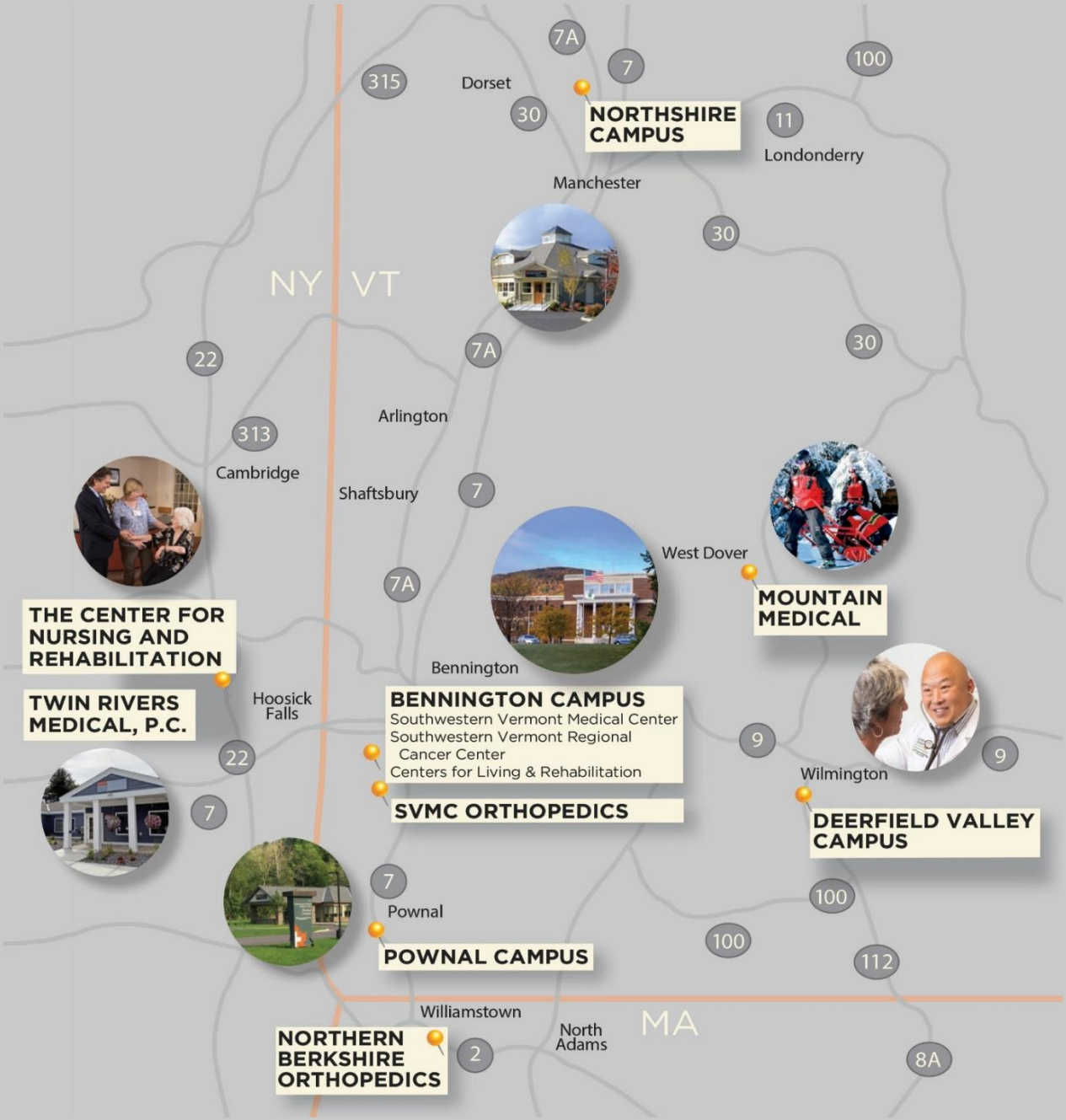
189 Medical Staff
Physicians & Associate Providers

132 TeleProviders

1,400 Total Employees

100% Board-Certified Medical Staff

D-HH Affiliated with Dartmouth-Hitchcock Health



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 | TRANSFORMATION | SUSTAINABILITY

Major Partnerships

- Dartmouth-Hitchcock Health
- Castleton University
- Bennington Community Collaborative
- Bennington Substance Abuse Taskforce
- Bennington Redevelopment Group

VISION 2020

PARTNERSHIP | TRANSFORMATION | SUSTAINABILITY

Dartmouth-Hitchcock Health

> **SVHC affiliation status**

> **Service agreements:**

- Cancer Center
- Orthopedics
- Quality/Value Institute
- Physician Recruitment
- TeleHealth Services
- Perioperative and Anesthesia Services

VISION 2020

PARTNERSHIP | TRANSFORMATION | SUSTAINABILITY

Castleton University

- Nursing program transitioning to Castleton University as of 9/1/19
- SVHC offering RN jobs to students that complete program
- SVHC will provide up to 100% tuition reimbursement

VISION 2020

PARTNERSHIP | TRANSFORMATION | SUSTAINABILITY

Bennington Community Collaborative

- **Partnering with regional health and community organizations to encourage healthy behaviors**
- **Focus on the Social Determinants of Health**
  - Income
  - Education
  - Affordable Housing
  - Support Services
  - Lifestyle/Activities
    - ✓ RiseVT

VISION 2020

PARTNERSHIP | TRANSFORMATION | SUSTAINABILITY

Food Insecurity

- **Bennington College & SVHC received $1M grant from Andrew W. Mellon Foundation**
- **Key initiatives:**
  - Monthly Veggie Van Go site
  - Reprocess produce from regional farms into meals for food kitchens and homeless shelters

VISION 2020

PARTNERSHIP | TRANSFORMATION | SUSTAINABILITY

Bennington Substance Abuse Taskforce

- Significant progress since forming committee
- Reported out to Congressman Welch in February 2019
- Recommendations included:
  - Areas of prevention, treatment centers, group housing, educational/counseling services, and hiring a coordinator

VISION 2020

PARTNERSHIP | TRANSFORMATION | SUSTAINABILITY

Putnam Block

- **Project goal:**
  To enhance economic and community development with a revitalized downtown
- **$56M Revitalization Project for Town of Bennington**
- **Groundbreaking August 7th**
- **Phase II includes medical services (2021)**

VISION 2020

PARTNERSHIP | TRANSFORMATION | SUSTAINABILITY

Telehealth Services

- TeleED
- Tele*ExpressCare*
- TeleGenetics
- TeleGestational Diabetes
- TeleICU
- TeleMSNeurology
- TelePediatricUrology
- TelePediatricCardiology
- TelePharmacy
- TelePsychiatry
- TeleStroke

VISION 2020

PARTNERSHIP | TRANSFORMATION | SUSTAINABILITY

Expand Primary Care footprint

- Update current and add new facilities
- Develop Family Medicine Residency Program

VISION 2020

PARTNERSHIP | TRANSFORMATION | SUSTAINABILITY

Operations Improvement

- Improve patient access
- Increase patient satisfaction
- Enhance quality
- Population health focus
- Reduce healthcare costs

VISION 2020

PARTNERSHIP | TRANSFORMATION | SUSTAINABILITY

OneCareVermont

- Three payers: Medicaid, Medicare, Blue Cross/Blue Shield (exchange)
- Covered lives: 12,500
- Healthcare spending: $91M

Strategic Plan Process

> **Focusing on the future:**

- Community needs
- Strategic imperatives
- Strengthening operating performance
- Role within D-HH
- Phase I and Phase II modernization projects

Presentation to

Green Mountain Care Board

2020 SVMC Budget
2. Summary of SVMC's Request

August 19, 2019

Stephen Majetich, CFO

Southwestern Vermont HEALTH CARE

Summary of Request

SVMC submitted an Operating Budget for FY 2020 with Net Patient Service Revenues of $172,284,645, inclusive of Fee for Service and Fixed Payments revenues.

Below are the area's of increase:

		Amounts
Revenue Rate/Price (what SVMC gets paid)		$2,018,000
Volume and Services		3,764,296
Physician "Acquisition"		1,301,000
Total increase		$7,083,296

Summary of Request

Rate/Price (what SVMC gets paid)

	Amounts
Charge increase of 2.8% – realization from commercial payers	$2,776,000
Medicare increase – 1% from Fee for Service and 3.5% from Fixed Payment Model	673,000
Medicare decrease – provider based payment reduction, effective January 1, 2020	(762,000)
Medicaid increase – 1% still to be determined by OneCare and State	138,000
Disproportionate Share payment decrease	(183,000)
Payer Mix shift to Medicare	(424,000)
Net increase in Bad Debt and Charity Care	(200,000)
Change in Rate/Price	$2,018,000

Summary of Request

Volume and Services

	Amounts
Medical Practices	$1,181,000
Oncology services/drug revenues	1,140,000
Outpatient surgical services	585,000
Inpatient volumes	563,000
Endoscopy	372,000
MRI and CT volumes	205,000
All other services	(281,704)
Change in Volumes and Services	$3,764,296

Summary of Request

Physician Acquisition

	Amounts
Anesthesia Service Currently, the service is provided through a PSA with an independent anesthesia group which has provided the hospital notice not to renew the contract, effective January 1, 2020. SVMC will be bring this service in-house where SVMC bills for the professional service and pays the providers directly through the DH PSA and employment agreements. Effective January 1, 2020. **Additional professional revenues in FY 2020 not currently in FY 2019 run rate and budget**	**$1,301,000**

SVMC is at the targeted growth rate of 3.5%

Proposed FY 2020 NPSR *(including Fee for Service and Fixed Prospective Payment)*		**$172,284,645**
Less: Physician Acquisition revenues		**1,301,000**
Adjusted NPSR FY 2020 Budget		**170,983,645**
FY 2019 NPSR Budget Approved		**165,201,376**
FY 2020 NPSR increase		**$5,782,269**
Percent of increase		**3.50%**

Target Met

Presentation to

Green Mountain Care Board

2020 SVMC Budget
#3 and #4 Hospital Issues and High Level Risks and Opportunities

August 19, 2019

Stephen Majetich, CFO

Southwestern Vermont HEALTH CARE

Risks and Opportunities--SVMC

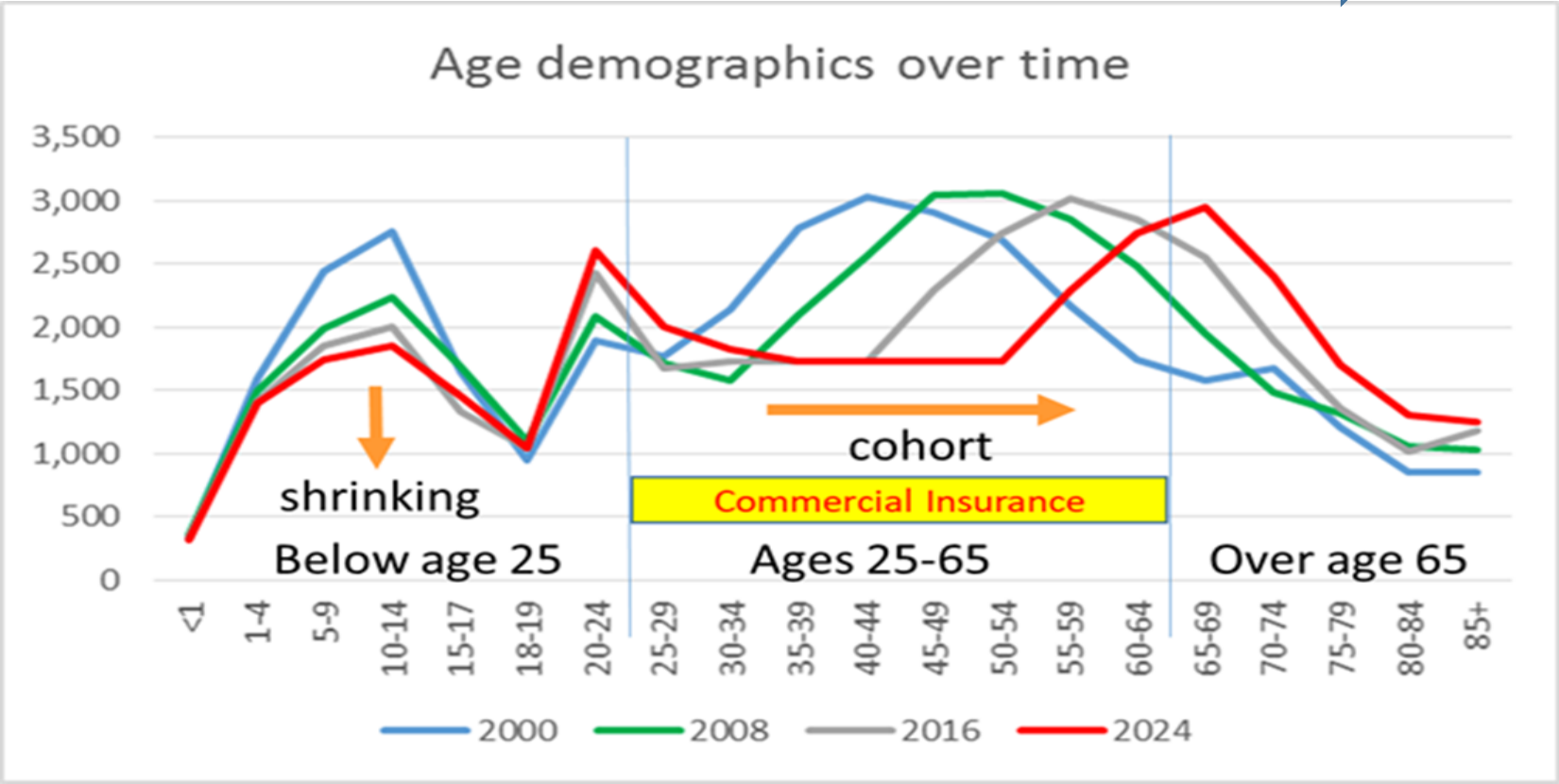
(Risk)	Description	Opportunity

Each percentage moving to Medicare will have a negative impact of nearly $450,000	***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 $450,000.
	  • Service Area Population
	  • Declining numbers;
	  • Aging, greater Medicare and Medicaid
	• ***Economic conditions of the region***
		MA payer mix is favorable when compared to VT

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

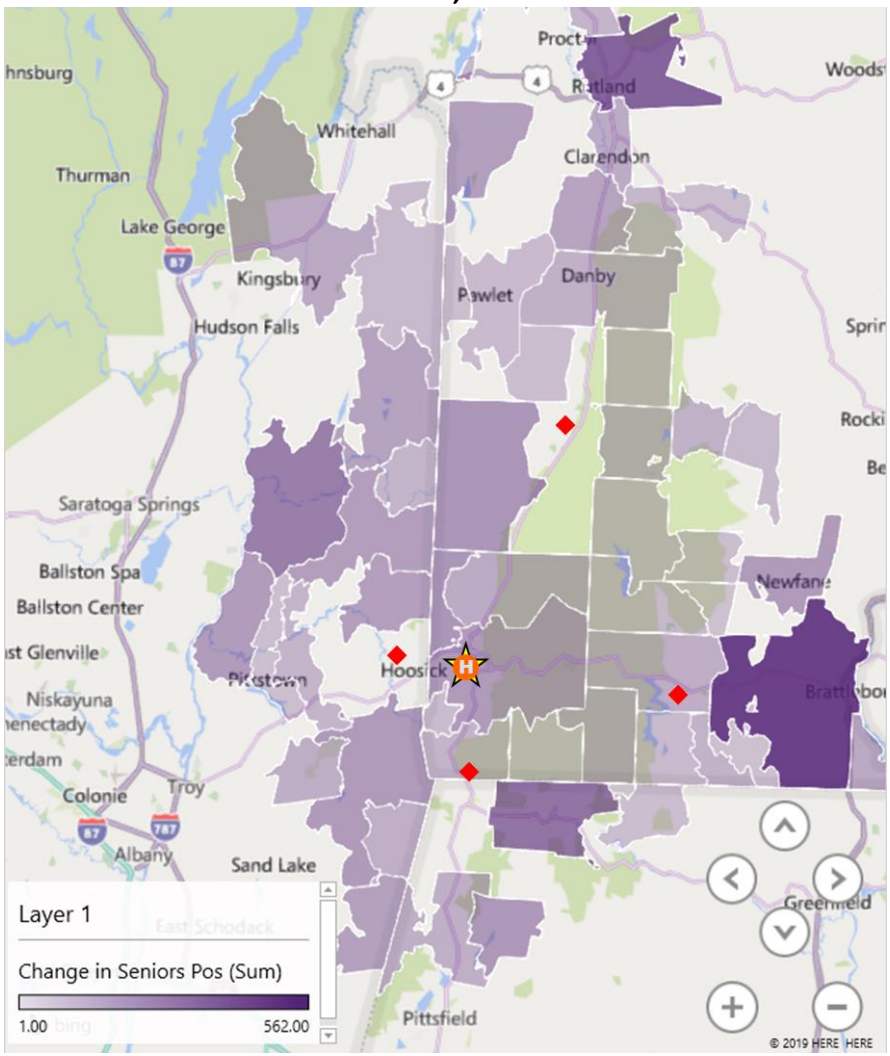
	Under 15	15-44	45-64	65-69	70-74	75-79	80+	0-64	65+	Total
Discharges	19	730	797	304	328	332	895	1,546	1,859	3,405
% of Total	1%	21%	23%	9%	10%	10%	26%	45%	55%	

Population shift to > 65 +

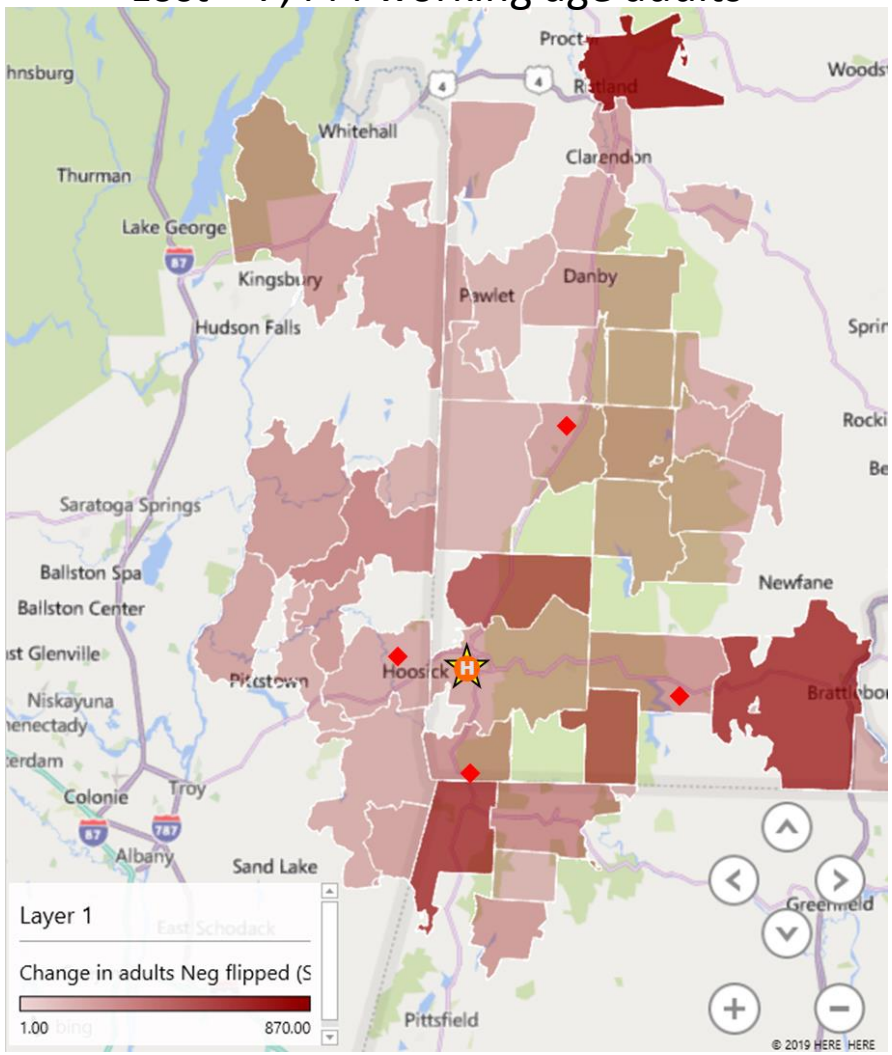


SVMC's Aging Population

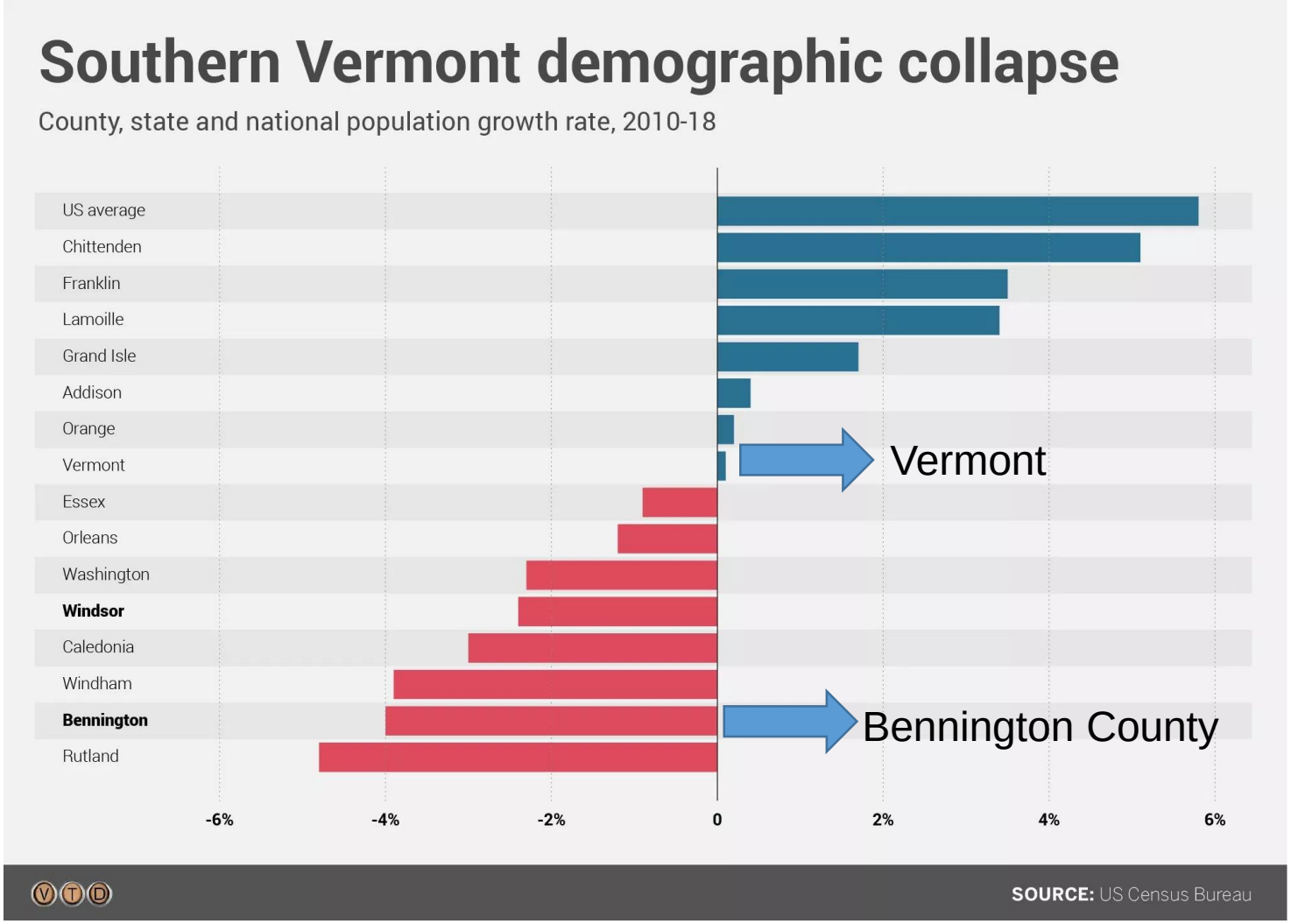
Zip codes that grew older
Gained = 6,344 seniors



Zip codes that lost working age adults
Lost = 7,444 working age adults



Population declining



Source: Data analysis: Depopulation, workforce issues plague Southern Vermont economy, Anne Wallace Allen, VT Digger, May 19 2019
https://vtdigger.org/2019/05/19/summit-report-aim-address-southern-vermonts-struggling-economy/

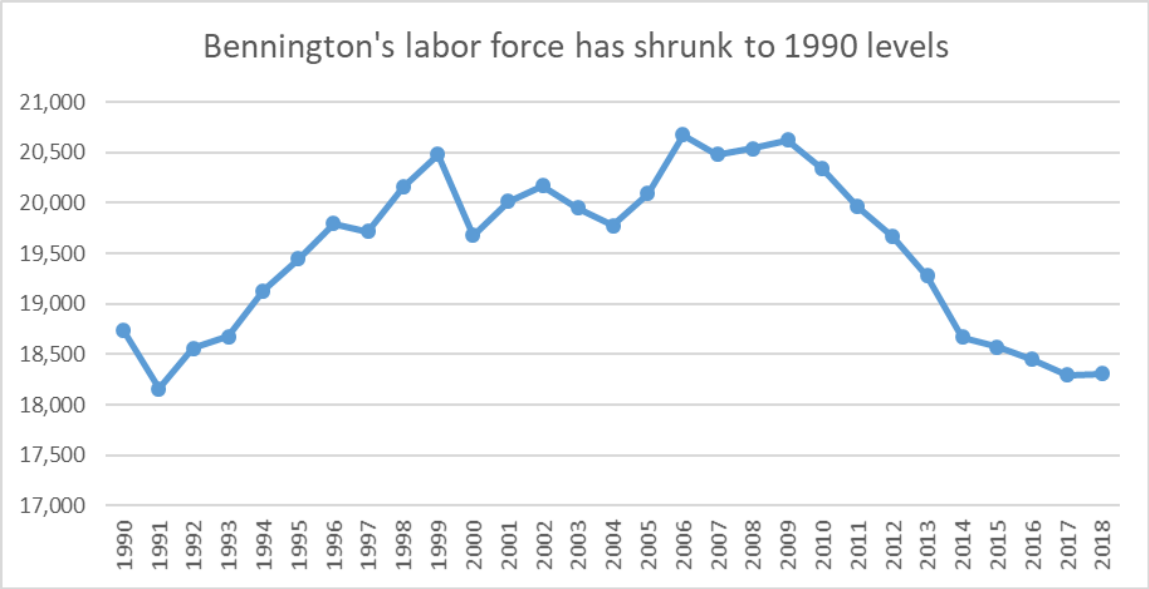
Risks and Opportunities--SVMC

(Risk)	Description	Opportunities

To get to VT average, if appropriate, would be a significant cost increase.
 	
Significant dollars are budgeted for agency or locum costs
	Workforce and Recruitment (Trained Professional Staff and Providers)
	• SVMC pay levels are in the aggregate 6% lower than VT average and market, as provided by GMCB staff;
	• Inability to recruit qualified staff and providers will;
	  • Decrease access and increase costs;
	  • Challenge quality;
	• Age of providers and nursing staff
	• Workplace violence especially in the Emergency Room
		Worked with Southern Vermont College (SVC) to develop a "pipeline" of professional staff, mainly Nursing, now working with Castleton University and other Nursing Colleges

Workforce Challenges

- *Economics of region are challenging;*
- *Lost more than 2,000 jobs in region (VT) during last 10 years;*
- *50 net business closures;*
- *Limited job opportunities / limited workforce;*
- *Household income in bottom quartile in Vermont.*



Risks and Opportunities--SVMC

(Risk)	Description	Opportunities
Low reimbursement rates ***Economic impact to the community (employment rates, recruitment of providers and specialist, sustainability)*** ***High risk of provider and employee injury***	***Behavioral Health*** • Increasing individuals with mental health (MH) and substance use disorder (SUD) are presenting to SVMC; • These patients typically are complex to manage and have complex social determinants of health requiring complex care; • Lack of Behavioral Health Workforce and resources in the community;	***Develop a local SUD program*** ***Partner with UCS and other organizations (including other hospitals) to develop effective programs***

Risks and Opportunities -- SVMC

(Risk)	Description	Opportunity
The current revenue stream and rate structure included in the operating statement cannot support the additional interest, depreciation and operating expenses.	***Physical Plant and Information Technology Platforms*** • *SVMC's average age of plant is 18.4 years compared to the statewide average of 12.8;* • *SVMC has a modernization plan of nearly $50 million, excluding information technology upgrades.* • *Complete Information technology upgrade costs range between $20 to $25 million;* • *The Strategic Plan to be completed in the Fall. The Board of Trustee's will be reviewing in the Fall*	***SVMC and SVHC has 160 days cash on hand and a favorable long term debt to capitalization ratio.*** ***SVMC and SVHC has the balance sheet to support additional Long Term Debt*** ***Fund Raising plan***

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;*	***Improve Access for primary care and specialty care*** ***Opportunity to keep patients local. In a population health model should reduce costs***

Risks and Opportunities -- SVMC

(Risk)	Description	Opportunity
	Other Risks in the FY 2020 Budget	
TBD ***$138,000*** ***Range at risk $600,000 to $1,000,000***	*1. Regulatory rate increases* • *Medicare IPPS and OPPS have not been approved;* • *Included 1% Medicaid increase which has not yet been agreed to;* *2. Retention of Providers and recruitment* • *Providers in the budget have not signed contracts*	***TBD***
TBD ***$750,000+***	*3. Volumes assumptions and Payer Mix Assumptions* *4. Drug cost assumptions*	***If payer mix remains the same as FY 2019 $424,000***

Presentation to

Green Mountain Care Board

2020 SVMC Budget

5. Financial Health—Key Metrics

August 19, 2019

Stephen Majetich, CFO

Southwestern Vermont HEALTH CARE

Southwestern Vermont Medical Center
Operating Indicators and Significant Financial Ratios
FY 2020 Budget

Profitability Indicators	***FY 2018 Actual***	***FY 2019 Budget***	***FY 2019 Projected***	***FY 2020 Budget***
Income from operations	*$7,613,745*	*$6,117,017*	*$5,723,684*	*$6,052,474*
Operating margin	*4.60%*	*3.60%*	*3.30%*	*3.40%*
Total margin	*5.80%*	*4.00%*	*3.60%*	*3.70%*
Return on assets	*19.59%*	*17.73%*	*16.59%*	*14.71%*

- Profitability indicators have been consistent. Key factors to consider when examining profitability indicators:
  - Income from operations consistent;
  - Operating expenses, per indicators, SVMC is lower when compared to other Vermont PPS Hospitals;
  - Depreciation expense significantly lower than benchmarks, due to aging plant;
  - Interest expense is below benchmarks due to low debt and aging plant. Long term debt to capitalization is extremely low;
  - Cash flow from operations each year close to break even.

All indicators from GMCB staff analysis dated July 31, 2019

Southwestern Vermont Medical Center
Operating Indicators and Significant Financial Ratios
FY 2020 Budget

Liquidity Indicators	***FY 2018 Actual***	***FY 2019 Budget***	***FY 2019 Projected***	***FY 2020 Budget***
Days Cash on Hand--SVMC	*38.02*	*46.35*	*34.80*	*35.75*
Days Cash on Hand--SVHC (Parent)	*163.00*	*170.00*	*160.00*	*161.00*
Net Days in Patient Accounts Rec.	*34.21*	*35.45*	*36.82*	*38.55*
Net Days in Accounts Payable	*54.36*	*58.06*	*48.49*	*47.92*

- Days cash on hand (System) at or near VT System Averages
- Days in Accounts Receivable over 20% below VT State Average
- Days in Accounts Payable at 47.92 days compared to System Average of 55 days

All indicators from GMCB staff analysis dated July 31, 2019

Southwestern Vermont Medical Center
Operating Indicators and Significant Financial Ratios
FY 2020 Budget

Capital Structure	***FY 2018 Actual***	***FY 2019 Budget***	***FY 2019 Projected***	***FY 2020 Budget***
Debt Service Coverage Ratio--SVMC	*15.10%*	*13.70%*	*14.00%*	*13.70%*
Long Term Debt to Capitalization	*20.00%*	*17.00%*	*21.00%*	*17.00%*
Average Age of Plant	*17.4*	*18.0*	*18.2*	*18.4*

- Debt Service Coverage Ratio is 13.7 where the VT State Average is 3.5 times (higher is better).
- Long Term Debt to Capitalization ratio is favorable to the VT State Average of 24% (lower is better).
- Average age of plant is unfavorable SVMC 18.4 years, VT State Average 12.8 years (lower is better).

All indicators from GMCB staff analysis dated July 31, 2019

Southwestern Vermont Medical Center
Operating Indicators and Significant Financial Ratios
FY 2020 Budget

	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
Costs				
Salaries and Benefits per FTE	*$79,407*	*$83,720*	*$83,918*	*$85,121*
FTE's per adjusted occupied bed	*5.00*	*5.00*	*5.00*	*5.00*

- Salaries and Benefits per FTE is 5.4% below VT State Average.
- FTE’s per adjusted occupied bed SVMC is reported at 5 compared to reported 6 for the VT State Average.

All indicators from GMCB staff analysis dated July 31, 2019

Presentation to

Green Mountain Care Board

2020 SVMC Budget
6. Financial Review

August 19, 2019

Stephen Majetich, CFO

Southwestern Vermont HEALTH CARE

Southwestern Vermont Medical Center
Statement of Operations and Changes in Net Assets
Budget FY 2020 vs. Budget FY 2019

	FY 2019 Budget	FY 2020 Budget	Change to Budget to Budget	% Change
Operating revenues				
Net patient service revenues	$171,301,376	$178,684,645	$7,383,269	4.3%
Less: Provision for bad debts	6,100,000	6,400,000	300,000	4.9%
Net patient service revenues net of provision for bad debts	*165,201,376*	*172,284,645*	*7,083,269*	*4.3%*
Other operating revenues	5,127,206	5,722,145	594,939	11.6%
Total operating revenues	*170,328,582*	*178,006,790*	*7,678,208*	*4.5%*
Operating expenses				
Salaries and wages	50,346,085	52,531,822	2,185,737	4.3%
Employee benefits	14,610,440	15,032,690	422,250	2.9%
Supply expenses	11,486,078	12,057,140	571,062	5.0%
Drug Costs	14,853,079	14,711,000	(142,079)	-1.0%
DH PSA	27,938,028	32,000,930	4,062,902	14.5%
Purchase services, utilities, insurance and other	28,505,078	28,389,144	(115,934)	-0.4%
Provider tax	9,618,532	9,981,590	363,058	3.8%
Depreciation and amortization	6,309,783	6,500,000	190,217	3.0%
Interest	544,462	750,000	205,538	37.8%
Total operating expenses	*164,211,565*	*171,954,316*	*7,742,751*	*4.7%*
Income (loss) from operations	***$6,117,017***	***$6,052,474***	***($64,543)***	***-1.1%***
Operating Margin	***3.6%***	***3.4%***		

Southwestern Vermont Medical Center
Statement of Operations and Changes in Net Assets
Budget FY 2020 vs. Projected FY 2019

	FY 2019 Projection	*FY 2020 Budget*	*Change to Budget to Proj*	*% Change*
Operating revenues				
Net patient service revenues	$171,092,774	$178,684,645	$7,591,871	4.4%
Less: Provision for bad debts	6,183,143	6,400,000	216,857	3.5%
Net patient service revenues net of provision for bad debts	*164,909,631*	*172,284,645*	*7,375,014*	*4.5%*
Other operating revenues	6,069,620	5,722,145	(347,475)	-5.7%
Total operating revenues	*170,979,251*	*178,006,790*	*7,027,539*	*4.1%*
Operating expenses				
Salaries and wages	50,652,369	52,531,822	1,879,453	3.7%
Employee benefits	14,509,874	15,032,690	522,816	3.6%
Supply expenses	11,427,016	12,057,140	630,124	5.5%
Drug Costs	15,051,509	14,711,000	(340,509)	-2.3%
DH PSA	28,488,028	32,000,930	3,512,902	12.3%
Purchase services, utilities, insurance and othe	28,743,306	28,389,144	(354,162)	-1.2%
Provider tax	9,652,381	9,981,590	329,209	3.4%
Depreciation and amortization	6,224,069	6,500,000	275,931	4.4%
Interest	507,015	750,000	242,985	47.9%
Total operating expenses	*165,255,567*	*171,954,316*	*6,698,749*	*4.1%*
Income (loss) from operations	***$5,723,684***	***$6,052,474***	***$328,790***	***5.7%***
Operating Margin	***3.3%***	***3.4%***		

SOUTHWESTERN VERMONT MEDICAL CENTER
STATEMENT OF SUMMARY CASH FLOWS
FY 2020 Budget

	FY 2019 Projected	*FY 2019 Budget*	*FY 2020 Budget*
INCOME (LOSS) FROM OPERATIONS	***$5,723,684***	***$6,117,017***	***$6,052,474***
Add items included in operating results that are ***non-cash items***			
Depreciation and Amortization	6,224,069	6,309,783	6,500,000
Defined Benefit Pension Plan credit (included in benefits)	(900,000)	(700,000)	(500,000)
Changes in working capital items (less then one year due)	(2,868,412)	(863,083)	(424,220)
Funding of Defined Benefit Pension Plan	(3,750,000)	0	(4,500,000)
Investing Activities			
FY 2018 Capital Budget and other capital related investments	(6,000,000)	(6,000,000)	(6,000,000)
Financing Actiivties			
Repayment of Debt	448,392	(418,585)	(456,561)
Excess cash from operations	***($1,122,267)***	***$4,445,132***	***$671,693***

Southwestern Vermont Medical Center
Balance Sheets

	Balances as of		
	Sep. 30, 2018	***Sep. 30, 2019***	***Sep. 30, 2020***
	Audited	***Projected***	***Budget***
Assets			
Current Assets			
Cash and cash equivalents	$8,811,592	$7,689,325	$8,361,018
Patient accounts receivable, net	14,607,010	13,735,714	14,340,085
Other receivables	705,259	611,868	630,224
Inventories and supplies	3,218,225	3,238,799	3,335,963
Prepaid expenses and other current assets	1,387,186	1,428,802	1,471,666
Total current assets	*28,729,272*	*26,704,508*	*28,138,956*
Total assets whose use is limited	*7,062,597*	*7,473,446*	*7,842,968*
Property, plant and equipment, at cost	146,249,015	149,486,878	155,486,878
Less: accumulated depreciation	106,881,742	113,105,811	119,605,811
Net property, plant and equipment	*39,367,273*	*36,381,067*	*35,881,067*
Due from affiliates	*5,846,288*	*5,494,411*	*7,025,590*
Total assets	***$81,005,430***	***$76,053,432***	***$78,888,581***
Liabilities and Net (Deficit) Assets			
Current liabilities			
Current maturities of long-term debt	$428,528	$384,251	$404,160
Accounts payable	6,819,591	6,170,916	6,356,043
Accrued salaries, wages and benefits	3,576,468	3,407,483	3,509,707
Earned benefit payable	1,763,492	1,816,397	1,870,889
Other current liabilities	8,757,164	7,847,307	8,082,727
Current portion of estimate 3rd party settler	1,351,414	1,500,000	1,500,000
Total current liabilities	*22,696,657*	*21,126,354*	*21,723,526*
Interest rate swap agreement	767,691	1,012,425	1,012,425
Long-term debt	9,568,084	9,223,739	8,978,406
Accrued pension liabilities	7,908,690	8,925,157	4,692,912
Asset retirement obligation	1,190,238	1,261,652	1,324,735
Total liabilities	*42,131,360*	*41,549,328*	*37,732,004*
Total net assets	*38,874,070*	*34,504,104*	*41,156,577*
Total liabilities and net assets	***$81,005,430***	***$76,053,432***	***$78,888,581***

FY 2020 vs. FY 2019 Budget
Significant Operating Expense Highlights

Total operating expenses are increasing 3.7% prior to increase in Anesthesia.

Total increase 4.7%

	Changes in Operating Expenses
Salaries and Benefits	$2,608,000
Physician/Provider costs	992,000
Anesthesiology,costs net	1,705,000
Supply costs -- volume	450,000
Tele-Medicine increases	350,000
Inflation	750,000
Contracted labor professional staff	600,000
Increased Security -- ER	450,000
Strategic Plan initiaitives	500,000
Provider Tax	363,058
Interest and depreciation	395,755
Drug costs	(142,079)
Supply cost savings and others	(278,983)
Savings program--Strategic Plan	(1,000,000)
Total operating expense changes	***$7,742,751***

Presentation to

Green Mountain Care Board

2020 SVMC Budget
7.Other Clarifying Information

August 19, 2019

Trey Dobson, MD

Chief Medical Officer

Southwestern Vermont HEALTH CARE

OneCare – Variation Data

In late June early July, OneCare issued a Variation report:

- **Highlights:**
  - *Bennington Average ACG risk score is greater than the OneCare network for all three programs;*
  - *Bennington HSA Total Cost Per-Member, Per-Month spent 3.6%, 5.7% and 1.1% less than the OneCare network average;*

- **Point of concern**
  - *Medicare Total Cost Per Member, Per month costs in the ER are the highest in OneCare.*

Selected Population Health Initiatives

- *Screening for Social Determinants of Health*
- *Transitional Care Program*
- *Community Care Teams (interdisciplinary community partners case conference on adults with complex behavioral health diagnoses and at risk youth)*
- *YSBIRT in Pediatrics and SBINs in the ED*
- *COPD Taskforce*
- *RiseVT*
- *Bennington Opioid Response Plan*
- *Food Insecurity Initiatives*
- *UCS and SVMC Youth Psychiatric Urgent Care Model (Fall 2019)*

Presentation to

Green Mountain Care Board

2020 SVMC Budget
8. Capital and CON's

August 19, 2019

Stephen Majetich, CFO

Southwestern Vermont HEALTH CARE

FY 2020 Capital Budget

Investment		Amount
Women's Health 3D Mammography		$750,000
Modernization and renovation of Pharmacy		850,000
Routine IT and Engineering needs		2,000,000
All Others – to be determined as part of the ***Strategic Plan***		2,400,000
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 prior CONs

- Replacement 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

  - ***Annually cost savings $325,000***
  - ***Reduced Carbon Emissions by and estimated 4,432,000 pounds (1,500 cars off the road for a year)***

CON applications under development

(Amounts subject to change)

- Family Medicine Residence Program
  - Estimate application August/Sept 2019
  - Proposed capital costs $500,000
  - Possible funding deficit $1.5 million
- Emergency Department and Main Entrance
  - Estimated application submittal fall 2019
  - Proposed project cost $23,000,000
- Cancer Center
  - Estimated application submittal 2020
  - Proposed project cost $8,100,000

Presentation to

Green Mountain Care Board

2020 SVMC Budget

9. Long Range Financial Outlook

August 19, 2019

Stephen Majetich, CFO

Southwestern Vermont HEALTH CARE

VISION 2020

SUSTAINABILITY

Creating Sustainability

- **Operations Improvement**
  - Movement towards High Reliability Organization (HRO)
- **Focus on Expense Management**
  - Key Metrics

Operating Margin	Above Median (VT)
Days Cash on Hand	Minimum 150 Days
Cost Per ADJ Admission	25th Percentile (VT)
3 Year NPR Growth	Below Statewide Average

- **Deliver quality specialty care locally**
  - Orthopedics and specific service lines
  - Leverage telemedicine and continue to develop partnership with other organizations/Hospitals/Health Systems
- **Continued transition to value-based reimbursement through** OneCareVermont

Long-term Strategic Plan

Goals of the Strategic Plan

- Meet the healthcare needs of the community with locally delivered, high quality care;
- Continue population health and value-based care evolution;
- Re-evaluate and sustain critical service lines;
- Implement infrastructure to support the future of healthcare delivery (technology, facilities and workforce pipelines);
- Affiliate and partner to gain economies of scale, co-develop services, and achieve sustainability;
- ***Create a five year financial plan with the goal for sustainability. Maintain a 2 to 3 percent operating margin.***

Presentation to

Green Mountain Care Board

2020 SVMC Budget

10. Historical Compliance with Budget Orders

August 19, 2019

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)	-0.12%	***C***
FY 2015	142,769,168	139,041,542	3,727,626	2.68%	***NC***
FY 2016	151,922,754	144,025,568	7,897,186	5.48%	***NC***
FY 2017	152,602,902	152,362,260	240,642	0.16%	***C***
FY 2018	161,115,765	160,078,864	1,036,901	0.65%	***NC***
FY 2019 Projected **	164,909,631	165,201,376	(291,745)	-0.18%	***C***
FY 2020					

***** Projected NPSR as submitted***
C = In Compliance
NC = Above the .5% corridor