

THE
University of Vermont
 HEALTH NETWORK

To: The Honorable Owen Foster, Chair, Green Mountain Care Board

From: Rick Vincent, Chief Financial Officer, University of Vermont Health Network

Date: January 31, 2024

Subject: Fiscal Year 2023 Actual-to-Budget Narrative

University of Vermont Medical Center

NPR	Total	% over/under
FY 2023 Approved Budget	\$ 1,658,725,627	
Utilization	\$ 121,231,384	7.3%
Reimbursement/Payer Mix	\$ (75,216,459)	-4.5%
Bad Debt/Free Care	\$ 33,344,250	2.0%
Changes in DSH	\$ (11,826,485)	-0.7%
GME Reimbursement Change	\$ 30,713,364	1.9%
Administrative Write-Offs	\$ (17,955,898)	-1.1%
FY 2023 Actual Results	\$ 1,739,015,783	4.8%

NPR, FPP & Health Reform Payments

\$ Variance: \$80.3M

% Variance: 4.8%

Inpatient, outpatient, and professional volumes all came in higher than budget. Inpatient census reached an all-time high in FY 2023 and remained high throughout the year. The Emergency Department also saw visit counts at levels not seen in over a decade. Operating Room surgical case volumes finished the year strong as well; increasing OR volumes was one of our access improvement focus areas.

Another main driver for NPR was due to the additional unbudgeted lump sum enhanced GME payment received in June, as well as the GME payment in September coming in higher than budget.

Additionally, we were approved for sole community hospital status, which was not budgeted, higher Medicare pass through and 340B payments.

A significant offset to the above favorability was due to the unfavorable gross payer mix, Medicaid ACO shared loss, unfavorable collection rate to budget, and an additional DSH payment that did not materialize compared to budget.

Other Operating Revenue

\$ Variance: \$26.8M

% Variance: 8.9%

The majority of the favorable variance was due to Specialty Pharmacy and Mail Order pharmacy generating a \$21.6M positive variance, OCV contributions of \$9.2M (entirely offset within expenses), and COVID-19 related FEMA funding of \$5.3M. These were significantly offset by a reduction in our Contract 340B Pharmacy revenue due to drug manufacturers imposing restrictions on access to 340B pricing.

Expenses	Amount	% over/under
FY 2023 Approved Budget	\$ 1,921,613,374	
Salaries	\$ (25,993,750)	-1.4%
Contract Staffing	\$ 43,567,119	2.3%
Fringe Benefits	\$ 867,358	0.0%
Physician	\$ (7,490,568)	-0.4%
Locum tenans (MDs)	\$ 4,533,066	0.2%
Supplies	\$ 10,288,637	0.5%
Drugs	\$ 29,930,740	1.6%
Facilities	\$ 37,620	0.0%
Software Related	\$ 2,351,258	0.1%
Depreciation	\$ 3,210,159	0.2%
Interest	\$ (215,852)	0.0%
Health Care Provider Tax	\$ (8,581,758)	-0.4%
Purchased Services	\$ 13,057,959	0.7%
Other	\$ 16,236,646	0.8%
	\$ -	0.0%
FY 2023 Actual Results	\$ 2,003,412,010	4.3%

Staff Salaries

\$ Variance: (\$17.6M)

% Variance: (2.6%)

UVM Medical Center saw its utilization of contracted travelers and their pay rate remain high due to continued workforce challenges and record high inpatient census. This contributed \$43.6M to the unfavorable variance. The number of travelers exceeded 400 for two of the 12 months, ending the year at 370 in September. Average hourly rate peaked in November at \$137 before ending the year at \$102.

Staff and leadership stabilization and incentive payments along with increased premium pay due to the continued workforce challenges also contributed to the unfavorable variance.

Physician Salaries

\$ Variance: \$3.0M

% Variance: 1.3%

The UVM Health Network Medical Group had a significant number of vacancies, which drove the favorability. These were partially offset with the continued high utilization of locum tenens due to workforce shortages.

Fringe Benefits

\$ Variance: (\$867K)

% Variance: (0.4%)

The unfavorability was due to physician FICA. These were mostly offset by non-physician FICA, Non-physician fringe primarily driven by vacant APP positions and higher than budgeted contracted employees utilized to backfill vacant positions. Along with annuity forfeitures due to Fidelity plan merger.

All Other Operating Expenses

\$ Variance: (\$66.3M)

% Variance: (8.1%)

Med/Surg (\$9.3M) supply expense was driven by supply chain reallocation of rebates and COVID-19 expired supply inventory.

Retail Pharmacy (\$19M) expense overage is due to increased costs associated with manufacturers pulling out of 340B. Specialty volumes and Mail Order coming in higher than budget with the corresponding revenues flowing through Other revenue as mentioned above.

Pharmacy (\$10.9M) expense was driven by favorable volumes in IP Pharmacy of 9.0%, as well as unbudgeted expensive CAR-T blood therapy treatments and an unfavorable rate within Nuclear Medicine.

Purchased Services (\$13.1M) was driven by unbudgeted consulting expenses for ECG services on the Network bed management project and McKinsey expenses related to the utilization management/utilization review assessment. Additionally, the unbudgeted Home Health & Hospice McClure Miller Respite House support for patients they accepted without reimbursement, which

created capacity at UVM Medical Center to accept more new patients. We also experienced higher than budgeted expenses within transplant surgery.

Other (\$33.1M) expense unfavorability was driven by the receipt of additional GME payments, budgeted margin improvement initiatives that did not fully materialize, and Medical Group development expenses.

Provider Tax \$8.6M favorability was due to an adjustment made in July after a reconciliation of our liability determined we were over accrued.

Insurance \$3.1M expense favorability was driven by a reduction in cybersecurity insurance expenses due to the shift of being self-insured through VMCIC at a network level.

Miscellaneous items \$7.4M expense favorability, mainly driven by lower Shared Service expenses within Finance Administration and Revenue Cycle.

Net Operating Margin

\$ Variance: \$25.2M

% Variance: 64.2%

The positive variance was caused by a combination of higher than budgeted NPR due to high volumes, additional enhanced GME payments, and sole community hospital status. Other revenue also played into our favorability due to Specialty and Mail Order Pharmacy, and COVID-19 related FEMA funding. The biggest expense offsets were related to the high volumes in Pharmacy, including Specialty Pharmacy and Mail Order.

Non-Operating Revenue

\$ Variance: \$38.4M

% Variance: 227%

Variance is primarily related to strong market performance with \$34.8M coming from investment related lines.

Total Margin

\$ Variance: \$63.7M

% Variance: 113%

Positive total margin variance was driven by strong market performance within our investments that flow through non-operating revenue, along with a favorable operating margin as detailed above.

Central Vermont Medical Center

NPR	Total	% over/under
FY 2023 Approved Budget	\$ 269,231,389	
Utilization	\$ 9,068,077	3.4%
Reimbursement/Payer Mix	\$ (17,135,149)	-6.4%
Bad Debt/Free Care	\$ (2,624,256)	-1.0%
Changes in DSH	\$ (1,782,577)	-0.7%
Administrative Write-Offs	\$ (4,631,974)	-1.7%
		0.0%
FY 2023 Actual Results	\$ 252,125,510	-6.4%

NPR, FPP & Health Reform Payments

\$ Variance: (\$17.1M)

% Variance: (6.4%)

The FY 2023 total NPR, FPP and OCV revenue was unfavorable by \$17.1M or -6.4% when compared to the FY 2023 budget. Bad debt and charity care combined were unfavorable by \$2.6M, due to legacy billing software clean up. Increased utilization was offset by unfavorable payer mix and collection rates, as well as an increase in payer denials. Disproportionate Share payments for FY 2023 received in September resulted in a \$1.8M unfavorable impact to overall net revenues.

Other Operating Revenue

\$ Variance: \$2.7M

% Variance: 14.8%

Other revenue was over budget by \$2.7M, primarily due FEMA funding for COVID-19 related travelers. \$4.4M reimbursement from prior fiscal year offset by unfavorable variances in other contract pharmacy 340B revenue of \$1.4M.

Expenses	Amount	% over/under
FY 2023 Approved Budget	\$ 284,962,279	
Salaries	\$ (6,241,855)	-2.2%
Contract Staffing	\$ 13,774,006	4.8%
Fringe Benefits	\$ (1,622,155)	-0.6%
Physician	\$ 612,375	0.2%
Locum tenans (MDs)	\$ 1,819,120	0.6%
Supplies	\$ 879,713	0.3%
Drugs	\$ (1,033,396)	-0.4%
Facilities	\$ (268,781)	-0.1%
Software Related	\$ (2,841,113)	-1.0%
Depreciation	\$ (1,201,392)	-0.4%
Interest	\$ 59,691	0.0%
Health Care Provider Tax	\$ (1,344,715)	-0.5%
Purchased Services	\$ 1,060,893	0.4%
Other	\$ 2,703,911	0.9%
FY 2023 Actual Results	\$ 291,318,581	2.2%

Staff Salaries

\$ Variance: \$6.2M

% Variance: 2.2%

Non-MD salaries were under budget by \$6.2M or -2.2% in total. FTEs were lower than budget by 83.5.

Fringe Benefits

\$ Variance: 1.6M

% Variance: 0.6%

Fringe benefits were under budget by \$1.6M for the fiscal year due to FTEs being under budget.

Physician Salaries

\$ Variance: (\$0.6M)

% Variance: (0.2%)

Physician salaries were over budget by \$0.6M or 0.2%; FTEs were higher than budget by 3.7.

Contract Staffing

\$ Variance: (\$13.8M)

% Variance: (4.8%)

CVMC had 93 traveler FTEs with an associated expense of \$22M (\$13.8M higher than budget) for an average cost per FTE of \$236K, a 25% rate decrease from previous years. 39 of the 93 travelers

were needed for bedside patient care at our Woodridge Nursing and Rehabilitation facility. The remaining travelers were used for inpatient and outpatient services at the hospital.

Non-Salary Expenses

\$ Variance: (\$2M)

% Variance: (1.8%)

Supplies were over budget and drug expenses were under budget by 0.3% and -0.4% respectively. Software expense was under budget by \$2.8M, mostly due to a change in where the expenses are being reported, partially leading to an increase in the other expenses of \$2.6M. Depreciation was under budget by \$1.2M due to delayed capital spending. Health care provider tax was \$1.3M or 0.5% under budget due to less than budgeted NPR. Purchased services were over budget by \$1M.

Net Operating Margin

\$ Variance: (\$20.7M)

% Variance: (721%)

Operating revenues were \$5.3M unfavorable to budget, and operating expenses were \$15.9M unfavorable driven by the factors mentioned above.

Non-Operating Revenue

\$ Variance: (\$9.8M)

% Variance: (180%)

Non-operating revenues were unfavorable to budget by \$9.8M due to favorable investment returns, offset by required pension funding and other investment activity.

Total Margin

\$ Variance: (\$30.6M)

% Variance: (366%)

Operating revenues were \$14.3M unfavorable to budget, operating expenses were \$6.4M unfavorable, and non-operating revenues were unfavorable by \$9.8M.

Porter Hospital

NPR	Total	% over/under
FY 2023 Approved Budget	\$ 104,464,068	
Utilization	\$ 9,724,820	9.3%
Reimbursement/Payer Mix	\$ 51,539	0.0%
Bad Debt/Free Care	\$ 2,639,133	2.5%
Changes in DSH	\$ (3,712)	0.0%
Administrative Write-Offs	\$ (1,411,473)	-1.4%
	\$ -	0.0%
FY 2023 Actual Results	\$ 115,464,374	10.5%

NPR, FPP & Health Reform Payments

\$ Variance: \$11.0M

% Variance: 10.5%

The FY 2023 NPR, FPP & Health Reform Payments revenue was favorable by \$11.0M or 10.5% when compared to the FY 2023 budget, primarily due to above budget volumes in ED visits, lab tests and radiology procedures offset by below budget OR surgical cases and contract 340B pharmacy revenue. Bad debt and charity care are below budget with combined \$2.6M or 2.5%, while Porter’s administrative write-off (denial write-offs) in FY 2023 were unfavorable to budget by \$1.4M or 1.4%. This unfavorable outcome is due to the higher than budgeted timely filing, lack of authorization, medical necessity denials in FY 2023 due to the final transition off the Meditech system (legacy system) to fully operate on the Epic system.

Other Operating Revenue

\$ Variance: (\$133K)

% Variance: (3%)

Other Operating Revenue was unfavorable to budget by \$133K, primarily due to unfavorable Contract Pharmacy 340B revenue offset by a favorable variance in payer incentives.

Expenses	Amount	% over/under
FY 2023 Approved Budget	\$ 102,735,157	
Salaries	\$ (1,312,875)	-1.3%
Contract Staffing	\$ 8,368,385	8.1%
Fringe Benefits	\$ (1,905,548)	-1.9%
Physician	\$ 168,473	0.2%
Locum tenans (MDs)	\$ 218,386	0.2%
Supplies	\$ 31,839	0.0%
Drugs	\$ 791,384	0.8%
Facilities	\$ 112,477	0.1%
Software Related	\$ (1,509,465)	-1.5%
Depreciation	\$ 59,900	0.1%
Interest	\$ (7,308)	0.0%
Health Care Provider Tax	\$ 21,450	0.0%
Purchased Services	\$ 913,305	0.9%
Other	\$ 2,038,803	2.0%
	\$ -	0.0%
FY 2023 Actual Results	\$ 110,724,362	7.8%

Salaries

\$ Variance: \$1.3M

% Variance: 1.3%

Porter's favorable salaries variance was due to below budget net staff salaries due to continued staffing shortages across all aspects of Porter, but primarily in the nursing areas. The underbudget expense was offset by contract staffing usage. See contract staffing below.

Fringe Benefits

\$ Variance: \$1.9M

% Variance: 1.9%

Fringe benefits were under budget due to FTEs being under budget. In addition, fringe benefits were below budget in retirement expense savings due to the use of accumulated forfeiture funds and below budget pension expenses.

Physicians and Locum Tenens

\$ Variance: (\$387K)

% Variance: (0.4%)

Physician costs were over budget due to use of locum services for our Hospitalist and providers in our practice group in order to keep access available during a period when we had an open Physician position. In addition, Porter incurred a higher than budget physicians salary expense for

urgent need stipends to ensure adequate provider coverage.

Contract Staffing

\$ Variance: (\$8.4M)

% Variance: (8.1%)

Porter experienced a spike in both the rate and number of contracted travelers due to workforce challenges. This contributed \$8.4M to the unfavorable expense variance. The number of travelers increased from a low of 37 FTEs in October 2022 to a high of 58.5 FTEs by June 2023 with eight months of the year with contracted travelers over 46 FTEs. Contracted travelers were notably in the areas of nursing, laboratory, and X-ray technicians.

Drugs

\$ Variance: (\$791K)

% Variance: (0.8%)

Pharmacy generated an unfavorable result directly correlated to volume increases as well as supply chain cost increases.

Depreciation

\$ Variance: (\$60K)

% Variance: (0.1%)

Depreciation expense was slightly unfavorable to budget due to the timing of capital expenditures.

Purchased Services

\$ Variance: (\$913K)

% Variance: (0.9%)

Purchased services are unfavorable to budget due to above budgeted ACO participation fees, IT expenses, clinical/medical equipment service contracts, and consulting services due to third party collection agency fees offset by the reduction in audit fees as these service expenses were provided by UVM Health Network offset (see Other Expenses below).

All Other Operating Expenses

\$ Variance: (\$2.0M)

% Variance: (2.0%)

Other operating expenses were unfavorable to budget due to overbudget Network Shared Services expenses of \$1.4M, nutrition supplies of \$132K and other individually immaterial variances in line items such as lease expenses, recruitment, insurance, and miscellaneous supplies.

Net Operating Margin

\$ Variance: \$2.9M

% Variance: 47%

Net operating margin performance was favorable to budgeted expectations driven primarily by revenue volumes (see more detailed analysis above) offset by increased contracted traveler costs.

Non-Operating Revenue

\$ Variance: \$3.1M

% Variance: 567%

Non-operating revenue was favorable to budget primarily due to favorable investment market returns.

Total Margin

\$ Variance: \$7.5M

% Variance: 111%

Total margin was above budgeted expectations due to the net of the favorable net operating revenues of \$10.9M or 10%, unfavorable operating expenses of \$8.0M or 8%, and unfavorable non-operating revenues of \$3.1M or 567%.

Financial Update

Annual Medical Staff Meeting
October 24, 2023

Judy Peek-Lee, CFO-UVMC

FY23 Year in Review

- Quarter 1 Losses were **\$17.1M**
- Defense against further losses:
 - FTE management
 - LOS initiatives
 - Throughput Focus
 - Investment into margin producing areas
 - Surgery
 - Radiology Modalities
 - Search for other funding
- Impact:
 - Margin Improvement
 - Wait times and backlogs improved in certain areas
 - Days Cash on Hand started to recover as positive margins surfaced

Financial Summary

YTD September 2023

Volume

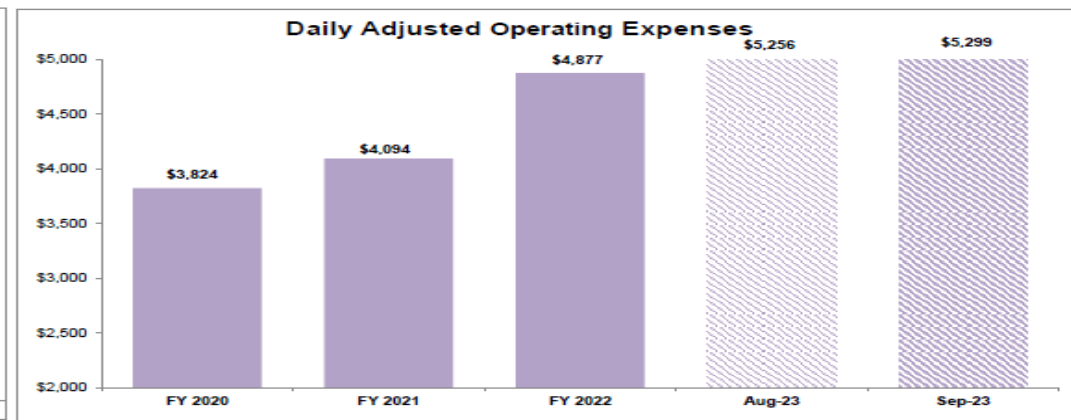
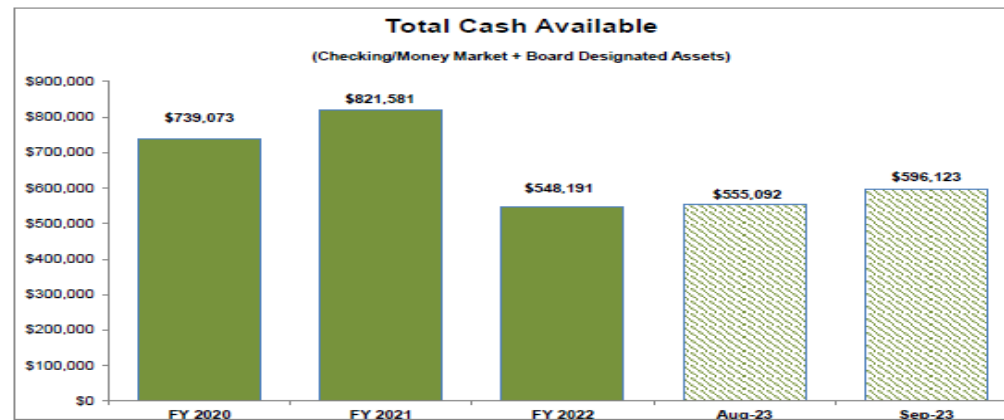
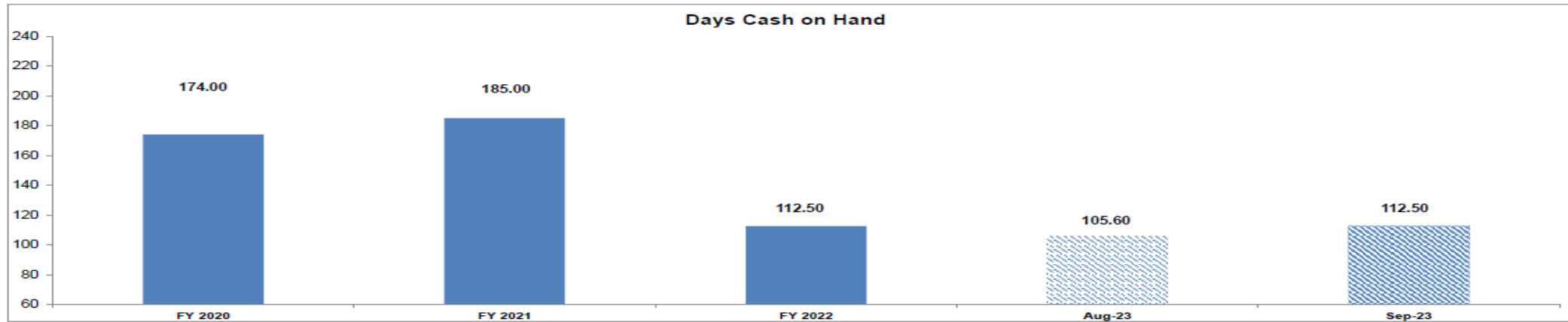
- ED Visits: FY23 YTD – 68,550 up 10% from budget. FY22 YTD – 63,809
- OR Cases: FY23 YTD - 21,204 up 2% from budget. FY22 YTD – 19,043
- Births were up for September coming in at 194 against a budget of 190
- IP Volumes:
 - Admissions down 20 from budget; down 666 YTD
 - Discharges down 3 from budget; down 678 YTD
- OP Volumes:
 - MRI: FY23 YTD - 24,260 up 9% from budget. FY22 YTD – 21,252
 - CT: FY23 YTD – 71,065 up 15% from budget. FY22 YTD – 62,658
 - Cath Lab: FY23 YTD – 1,986 down 161 from budget. FY22 YTD – 2,159
- MG WRVUs up 18,974
- CMI came in at 1.84 vs 1.83 budgeted and 1.82 FY22

Staffing & Traveler Use

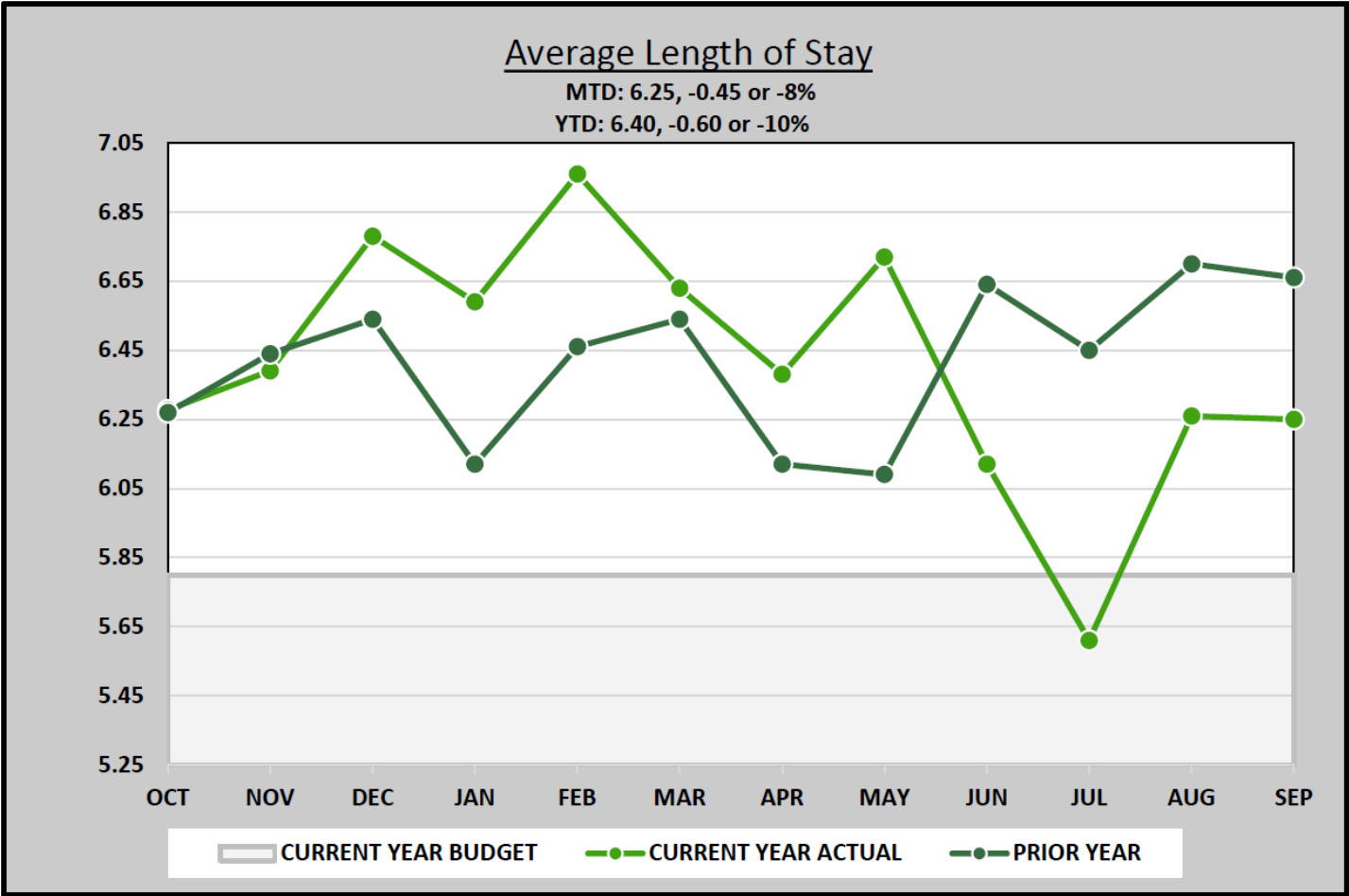
- 384 Travelers in September with usage across the organization against a budget of 228
- 9.1 Locums
- Continue to spend significant \$\$ in premium pay

DCOH

Days cash on hand on month end 9/30/23 were 112.5 days; a 6.9 day increase from from August month end.



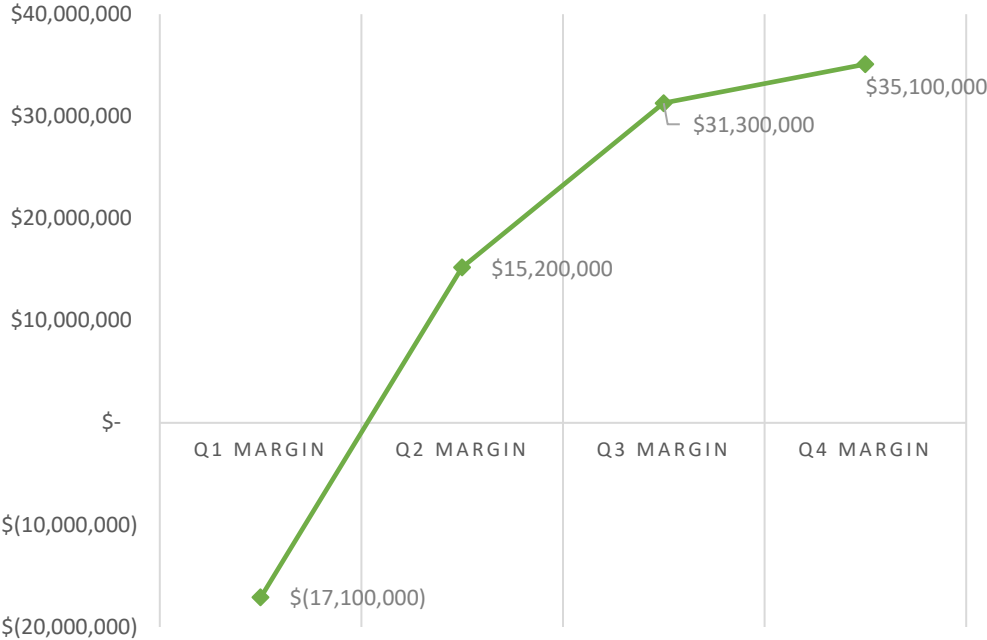
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FY23 Trajectory

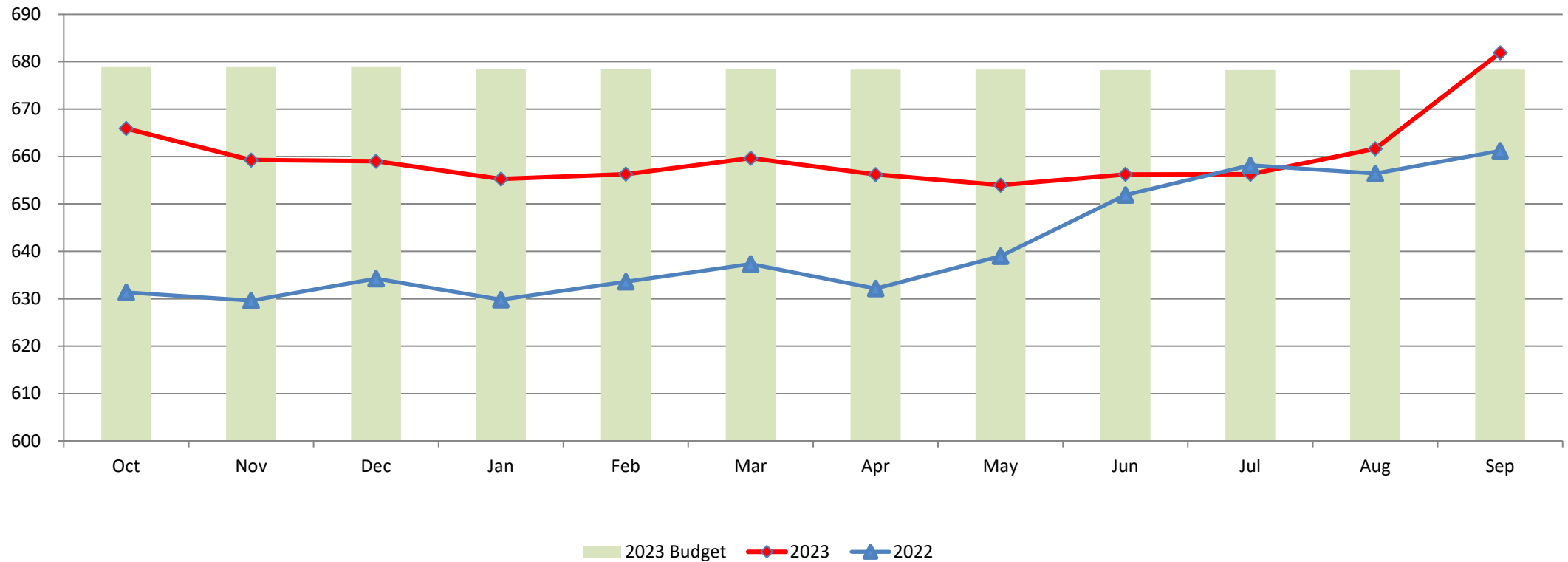
- Q1 Margin: (\$17.1M)
- Q2 Margin: \$15.2M
- Q3 Margin: \$31.3M
- Q4 Margin: \$35.1M

- FY23 Margin: \$64.5M



Physician FTEs

Physician FTEs

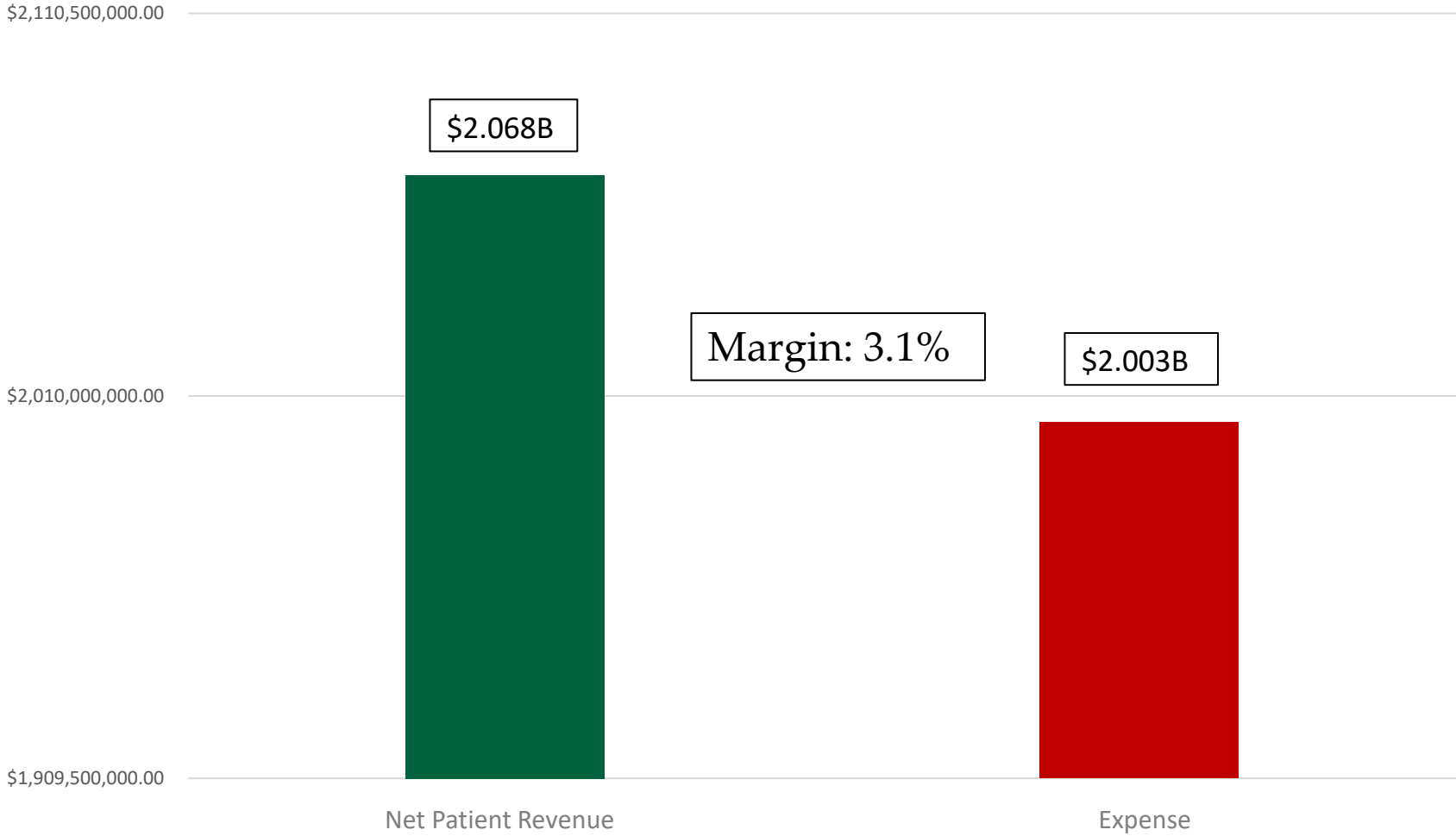


FTEs

	FY23 September		
	Actual	Budget	Variance
UVMHC	4,155.20	4,217.70	62.50
Medical Group	1,305.00	1,339.30	34.30
Travelers	370.30	226.50	(143.80)
Total FTEs (excl SS)	5,830.50	5,783.50	(47.00)

FTE's by Job Class	FY23 Actual	FY22 Actual
Physicians	671.5	655.2
Travelers - Physicians	10.4	6
APP	269.3	249.6
Travelers - Non-Physicians	370.3	453.3

YTD FY23 Margin



A Look Ahead

- FY24 Margin Target is 3%
 - Barriers
 - Lower than Requested Commercial Rate Increase
 - Requested 13.49% increase
 - Received “UP TO” 3.1% increase
 - Cost Inflation
 - Union contracts that went beyond budgeted funding
 - Supplies and other costs that exceed the GMCB increase
 - Opportunities
 - Examine how we deliver care
 - Improving on Length Of Stay
 - CDI - CMI

OUR STRATEGIC PILLARS

Our mission is to improve the health of the people in the communities we serve by integrating patient care, education, and research in a caring environment.

UVM HEALTH NETWORK EXPERIENCE

Create an exceptional experience for our employees and those we serve.

- A. Deliver safe, effective, equitable care.
- B. Improve access to care.
- C. Increase value and affordability of care.
- D. Attract and retain an engaged workforce.
- E. Create a diverse and inclusive environment for all.

EDUCATION & RESEARCH MISSION

Advance healthcare through learning and innovation.

- A. Make education part of what we do every day.
- B. Bring research insights and benefits to patients.
- C. Be a national leader in comprehensive cancer care.

STEWARDSHIP

Improve community health and build public trust.

- A. Acknowledge past and current injustices while collaborating with our community to increase health equity.
- B. Build and foster authentic relationships with our communities and community leaders.
- C. Build a culture of generosity that inspires philanthropy.
- D. Preserve our natural resources to support a healthy community.

OPERATIONAL EXCELLENCE

Attain a financial foundation that allows us to fulfill our mission.

- A. Generate the resources to meet the needs of our communities and region we serve.
- B. Build and redesign processes and systems to deliver higher value care.

Questions?

Porter Medical Center FY23 Year End Financial Results

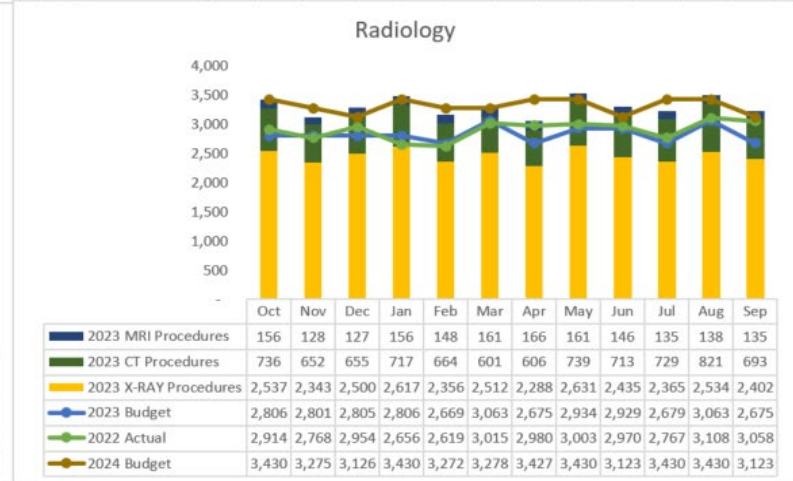
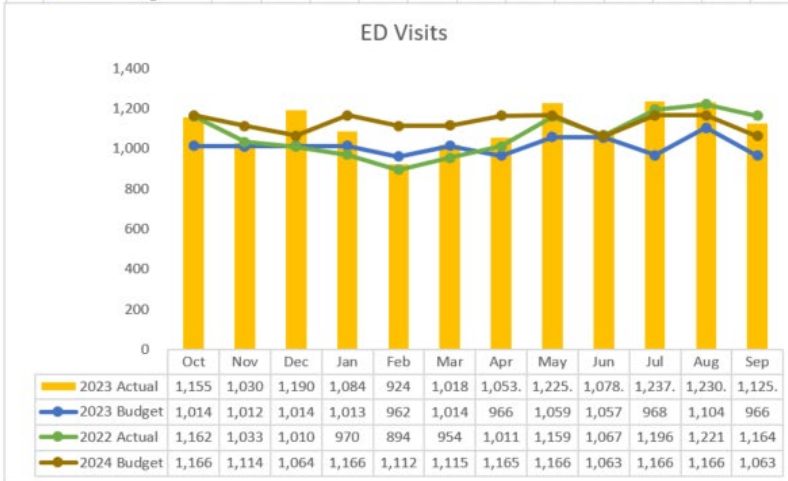
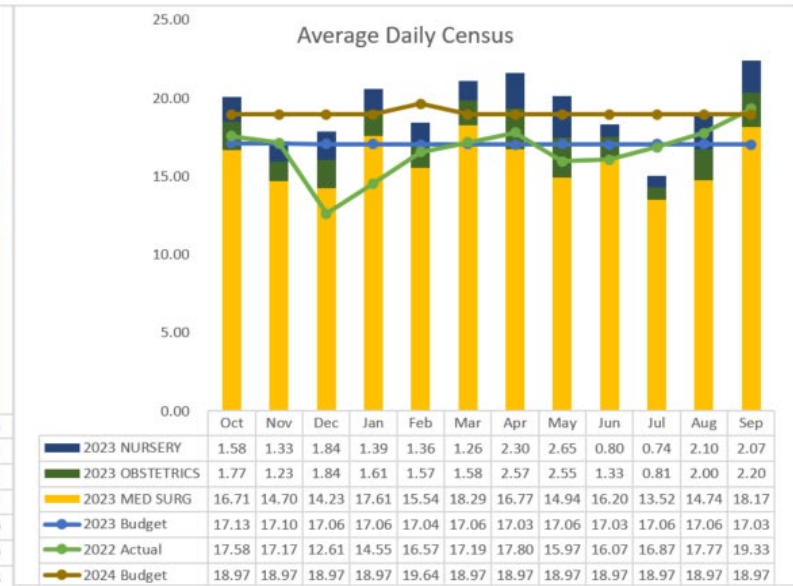
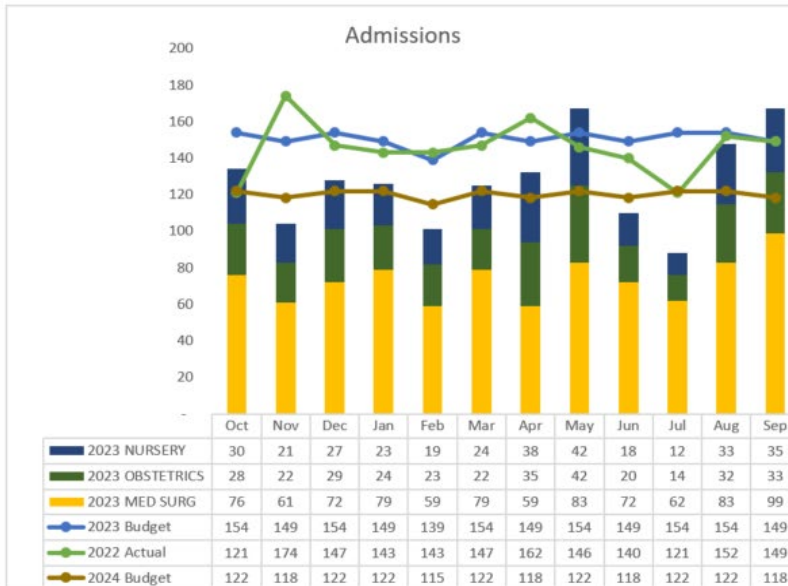
September 2023 PMC Income Statement

STATEMENT OF OPERATIONS						
REVENUES	One Month Ending 9/30/2023			Fiscal 2023 YTD 9/30/2023		
	Actual	Budget	Variance	Actual	Budget	Variance
Inpatient Revenue	\$1,680,908	\$1,992,146	(\$311,238)	\$17,834,736	\$24,244,784	(\$6,410,048)
Outpatient Revenue	\$11,646,660	\$10,494,734	\$1,151,926	\$152,580,978	\$133,283,947	\$19,297,031
Professional Revenue	\$3,079,617	\$3,139,187	(\$59,569)	\$38,614,326	\$38,130,717	\$483,608
SNF Revenue	\$1,151,479	\$986,920	\$164,559	\$13,989,102	\$12,007,522	\$1,981,580
Swing Revenue	\$431,753	\$158,918	\$272,835	\$5,373,969	\$1,935,741	\$3,438,228
Gross FFS Revenue	\$17,990,417	\$16,771,904	\$1,218,513	\$228,393,110	\$209,602,711	\$18,790,399
Deductions	\$10,019,458	\$8,833,617	\$1,185,841	\$122,959,656	\$112,253,334	\$10,706,322
Net FFS Revenue	\$7,970,959	\$7,938,287	\$32,672	\$105,433,454	\$97,349,377	\$8,084,077
Collection %	44.31%	47.33%		46.16%	46.44%	
Fixed Prospective Payments (FPP)	\$2,162,806	\$1,485,706	\$677,100	\$21,425,277	\$17,828,472	\$3,596,806
OCV Value and Care Coordination Payments	\$44,468	\$19,853	\$24,615	\$597,554	\$238,230	\$359,324
Net Revenue	\$10,178,233	\$9,443,846	\$734,387	\$127,456,285	\$115,416,079	\$12,040,206
Collection % including FPP + OCV	56.58%	56.31%	0.27%	55.81%	55.06%	0.74%
Other Revenue	\$410,248	\$476,495	(\$66,247)	\$4,927,073	\$5,717,943	(\$790,870)
TOTAL REVENUE	\$10,588,481	\$9,920,341	\$668,140	\$132,383,358	\$121,134,022	\$11,249,336
EXPENSES						
Physicians Salaries	\$1,302,488	\$1,212,499	(\$89,989)	\$15,039,504	\$14,621,866	(\$417,638)
Staff Salaries	\$3,611,221	\$3,835,939	\$224,718	\$43,851,094	\$44,911,003	\$1,059,909
Staff Temp/Travelers-Salaries	\$1,417,526	\$508,573	(\$908,953)	\$17,984,908	\$6,134,896	(\$11,850,013)
Total Salaries	\$6,331,236	\$5,557,011	(\$774,225)	\$76,875,507	\$65,667,765	(\$11,207,742)
Payroll Tax & Fringe	\$606,604	\$1,193,430	\$586,827	\$12,236,919	\$14,554,803	\$2,317,884
Salaries, Payroll Taxes & Fringe Benefits	\$6,937,839	\$6,750,442	(\$187,398)	\$89,112,426	\$80,222,568	(\$8,889,857)
Non-Salary Expenses	\$3,627,434	\$3,017,137	(\$610,298)	\$40,293,270	\$37,038,148	(\$3,255,122)
TOTAL EXPENSES	\$10,565,273	\$9,767,578	(\$797,695)	\$129,405,696	\$117,260,716	(\$12,144,980)
NET INCOME (LOSS) FROM OPERATIONS	\$23,207	\$152,763	(\$129,555)	\$2,977,662	\$3,873,306	(\$895,643)
Income (Loss) Margin	0.22%	1.54%		2.25%	3.20%	

September 2023 Volumes

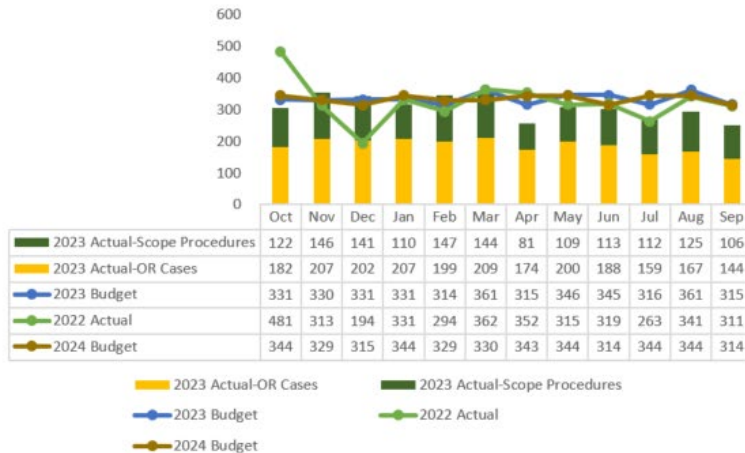
KEY STATS	Actual Sept 2023	Budget Sept 2023	Variance	Actual FY23 YTD	Budget FY23 YTD	Variance
HOSPITAL INPATIENT STATISTICS						
MED SURG	99	95	4	884	1,150	(266)
OBSTETRICS	33	30	3	324	365	(41)
NURSERY	35	24	11	322	293	29
TOTAL ADMISSIONS	167	149	18	1,530	1,808	(278)
AVERAGE DAILY CENSUS						
MED SURG	18.17	13.80	4.37	8.48	13.82	(5.34)
OBSTETRICS	2.20	1.47	0.73	1.76	1.48	0.28
NURSERY	2.07	1.77	0.30	1.62	1.77	(0.15)
TOTAL INPATIENT AVERAGE DAILY CENSUS	22.43	17.03	5.40	11.85	15.29	(3.44)
IP	45	61	(16)	516	742	(226)
OP	1,080	905	175	12,833	11,407	1,426
EMERGENCY VISITS	1,125	966	159	13,349	12,149	1,200
OR - IP	10	16	(6)	174	198	(24)
OR - OP	240	299	(59)	3,520	3,798	(278)
OR and SCOPE PROCEDURES	250	315	(65)	3,694	3,996	(302)
X-RAY PROCEDURES	2,402	2,082	320	29,520	26,398	3,122
CT PROCEDURES	693	459	234	8,326	5,806	2,520
MRI PROCEDURES	135	134	1	1,757	1,701	56
LAB TESTS	20,948	14,968	5,980	244,888	188,904	55,984
WRVU-Practices Only	15,584	12,643	2,941	179,300	160,464	18,835
Arrived Visits-Practices Only	7,174	6,768	406	102,908	85,952	16,956
HELEN PORTER DAILY CENSUS						
LONG TERM CARE	35.87	36.00	(0.1)	35.49	36.00	(0.51)
POST ACUTE	24.63	23.00	1.6	22.51	23.00	(0.49)
MEMORY CARE	29.03	28.00	1.0	29.00	28.00	1.00
TOTAL AVERAGE DAILY CENSUS	89.53	87.00	2.53	87.00	87.00	0.00

September 2023 YTD Volume Graphs

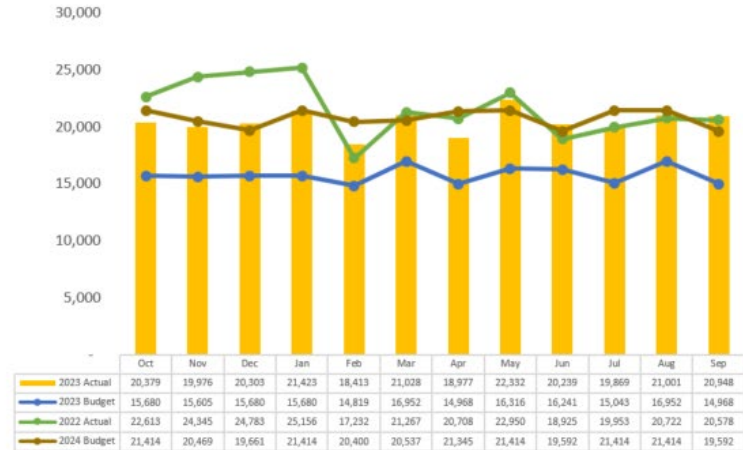


September 2023 YTD Volume Graphs

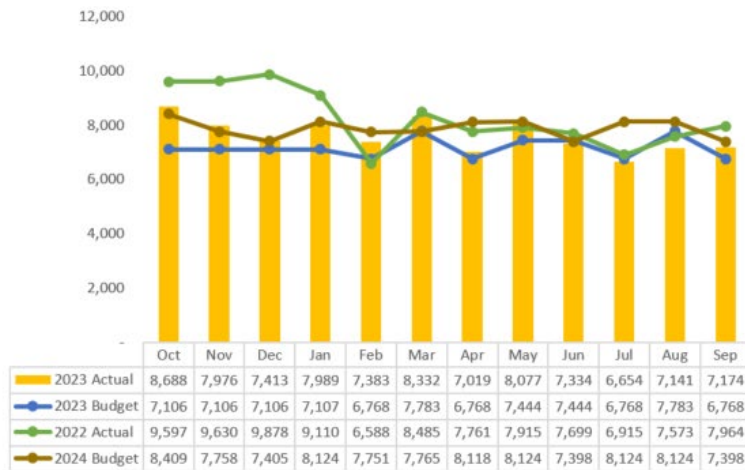
OR and Scope Cases



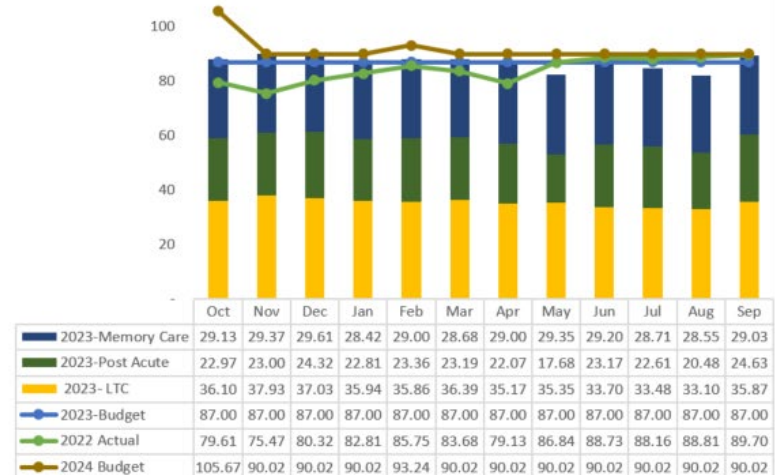
Lab Tests



Arrived Visits-Practices Only



Helen Porter Average Daily Census



PMC FY23 vs FY24 Budget

STATEMENT OF OPERATIONS			
	FY23	FY24	
REVENUES	Actual	Budget	Variance
Inpatient Revenue	\$17,834,736	\$18,455,139	\$620,403
Outpatient Revenue	\$152,580,978	\$162,390,067	\$9,809,090
Professional Revenue	\$38,614,326	\$35,097,547	(\$3,516,779)
SNF Revenue	\$13,989,102	\$14,930,838	\$941,737
Swing Revenue	\$5,373,969	\$5,691,572	\$317,603
Gross FFS Revenue	\$228,393,110	\$236,565,164	\$8,172,054
Deductions	\$122,959,656	\$121,091,023	(\$1,868,633)
Net FFS Revenue	\$105,433,454	\$115,474,141	\$10,040,687
Collection %	46.16%	48.81%	2.65%
Fixed Prospective Payments (FPP)	\$21,425,277	\$23,491,017	\$2,065,740
OCV Value and Care Coordination Payment	\$597,554	\$462,420	(\$135,134)
Net Revenue	\$127,456,285	\$139,427,578	\$11,971,293
Collection % including FPP + OCV	55.81%	58.94%	3.13%
Other Revenue	\$4,927,073	\$3,982,558	(\$944,515)
TOTAL REVENUE	\$132,383,358	\$143,410,136	\$11,026,778
EXPENSES			
Physicians Salaries	\$15,039,504	\$14,425,015	\$614,489
Staff Salaries	\$43,851,094	\$50,851,918	(\$7,000,824)
Staff Temp/Travelers-Salaries	\$17,984,908	\$11,740,495	\$6,244,413
Total Salaries	\$76,875,507	\$77,017,428	(\$141,921)
Payroll Tax & Fringe	\$12,236,919	\$14,497,001	\$2,260,082
Salaries, Payroll Taxes & Fringe Benefits	\$89,112,426	\$91,514,429	\$2,118,161
Medical Supplies	\$6,275,484	\$7,341,767	(\$1,066,283)
Pharmaceuticals	\$4,591,145	\$4,815,991	(\$224,846)
Purchased Services	\$8,552,829	\$7,494,968	\$1,057,861
Facility Maint/Repair	\$601,344	\$728,211	(\$126,867)
Utilities	\$1,548,146	\$1,596,599	(\$48,453)
Other Expenses	\$8,116,836	\$8,602,134	(\$485,298)
Provider tax	\$6,385,607	\$7,706,056	(\$1,320,449)
Shared Services	\$15,821,065	\$20,756,708	(\$4,935,643)
Shared Services Credit	(\$11,599,187)	(\$10,264,902)	(\$1,334,285)
Non-Salary Expenses	\$40,293,270	\$48,777,532	(\$8,484,262)
TOTAL EXPENSES	\$129,405,696	\$140,291,961	(\$6,366,102)
NET INCOME (LOSS) FROM OPERATIONS	\$2,977,662	\$3,118,175	\$140,512
Income (Loss) Margin	2.25%	2.17%	

Financial Update

UVMHN Finance Committee

November 1, 2023

Rick Vincent – EVP / Network Chief Financial Officer

September Results

	Month			Year to Date			Month Target from Jan Proj
	Actual	Budget	Variance	Actual	Budget	Variance	
UVMC	\$ 22,129,802	\$ 19,713,544	\$ 2,416,258	\$ 64,550,221	\$ 39,301,607	\$ 25,248,614	\$ 23,000,000
CVMC	\$ (5,135,542)	\$ 139,109	\$ (5,274,651)	\$ (17,844,028)	\$ 2,873,971	\$ (20,717,999)	\$ (1,000,000)
PMC	\$ 23,207	\$ 152,763	\$ (129,556)	\$ 2,977,662	\$ 3,873,307	\$ (895,645)	\$ 300,000
HHH	\$ (377,592)	\$ (245,247)	\$ (132,345)	\$ (3,925,226)	\$ (2,883,233)	\$ (1,041,993)	\$ (400,000)
CVPH	\$ 1,863,254	\$ (139,235)	\$ 2,002,489	\$ (37,905,718)	\$ 4,461,976	\$ (42,367,694)	\$ (2,000,000)
AHMC	\$ 14,493	\$ (115,851)	\$ 130,344	\$ (11,308,370)	\$ (41,849)	\$ (11,266,521)	\$ (1,000,000)
ECH	\$ 659,930	\$ 453,274	\$ 206,656	\$ 6,262,239	\$ 2,345,864	\$ 3,916,375	\$ 300,000
UVMHN	\$ 19,177,552	\$ 19,958,357	\$ (780,805)	\$ 2,806,780	\$ 49,931,643	\$ (47,124,863)	\$ 19,200,000
4th QTR	\$ 20,423,068						
3rd QTR	\$ 18,310,217						
2nd QTR	\$ 4,029,356						
1st QTR	\$ (39,955,859)						

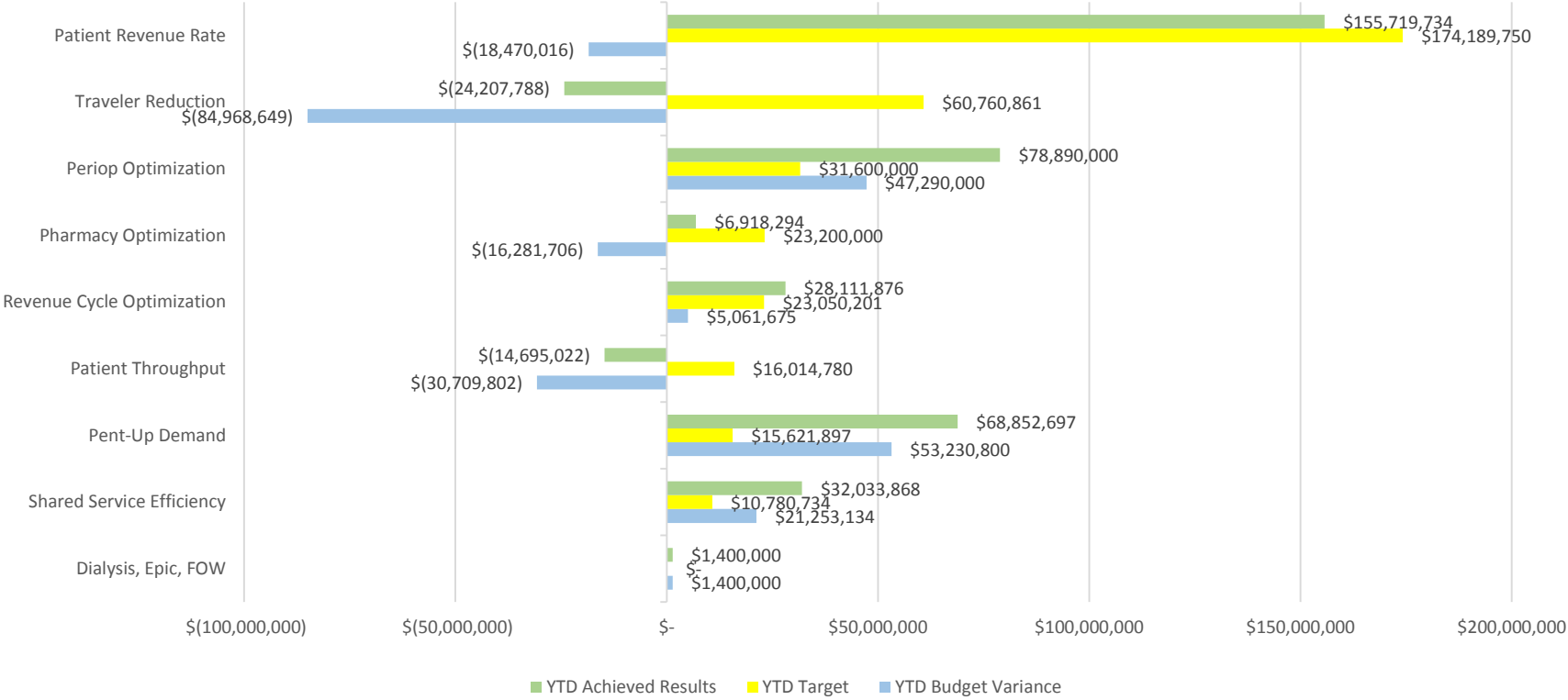
Traveler & Locum Expense Trend

	FY22				FY23			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total Traveler FTEs	543.08	648.85	697.69	769.57	802.33	748.81	742.54	724.52
Hospital Traveler FTEs	487.44	579.31	627.10	706.88	728.14	663.85	650.12	636.38
SNF Traveler FTEs	55.64	69.55	70.59	62.69	74.18	84.96	92.43	88.14
Traveler Expense	\$ 56,885,931	\$ 63,036,825	\$ 59,787,976	\$ 62,820,502	\$ 56,880,626	\$ 49,550,492	\$ 47,154,871	\$ 40,112,351
Rate per Hour	\$ 201	\$ 187	\$ 165	\$ 157	\$ 136	\$ 127	\$ 122	\$ 106
% of Total Staff Costs	16.0%	16.9%	15.7%	15.6%	14.6%	12.5%	12.2%	10.3%
Locum Expense	\$ 2,471,026	\$ 3,134,037	\$ 5,763,973	\$ 4,906,263	\$ 4,953,779	\$ 5,116,060	\$ 5,528,263	\$ 4,877,757

FY23 Year-End Margin Variance Drivers

	Margin Variance
Patient Revenue Volume - Pent Up Demand / Periop / Patient Throughput	\$69.8M
Patient Revenue Rates - Commercial Rates / Rev Cycle / Payer Mix	(\$34.4M)
Other Revenue - Pharmacy Optimization	(\$14.3M)
Travelers - Workforce Optimization	(\$85.0M)
Shared Service Efficiency	\$21.5M
Other Drivers	(\$4.7M)
Total	(\$47.1M)

Path Forward Work Streams Through September



FY23 Year-End Results Compared Rating Agency Projection

	FY23 Projection Low End	Hospital Directed Payments	VAPAP	FY23 Projection High End	FY23 Projection	FY23 Budget
Operating Margin	\$ 20,100,000 0.7%	\$ 25,000,000	\$ 21,000,000	\$ 66,100,000 2.2%	\$ 43,100,000 1.4%	\$ 50,000,000 1.7%
Operating EBIDA Margin	\$ 140,100,000 4.7%			\$ 186,100,000 6.2%	\$ 163,600,000 5.4%	\$ 169,000,000 5.6%
FY23 YE Margin	\$ 2,806,780					
FEMA Grants in FY24 vs FY23	\$ 17,500,000					
Adjusted FY23 Margin	\$ 20,306,780 0.7%					
FY23 YE Operating EBIDA Margin	\$ 130,946,506					
FEMA Grants in FY24 vs FY23	\$ 17,500,000					
Adjusted FY23 Operating EBIDA Margin	\$ 148,446,506 4.8%					

Questions?

The heart and science of medicine.

UVMHealth.org

Network Periop

Volume Target Updates

October 31, 2023



THE
University of Vermont
HEALTH NETWORK

CARE DELIVERY OPTIMIZATION

FY23 Activities

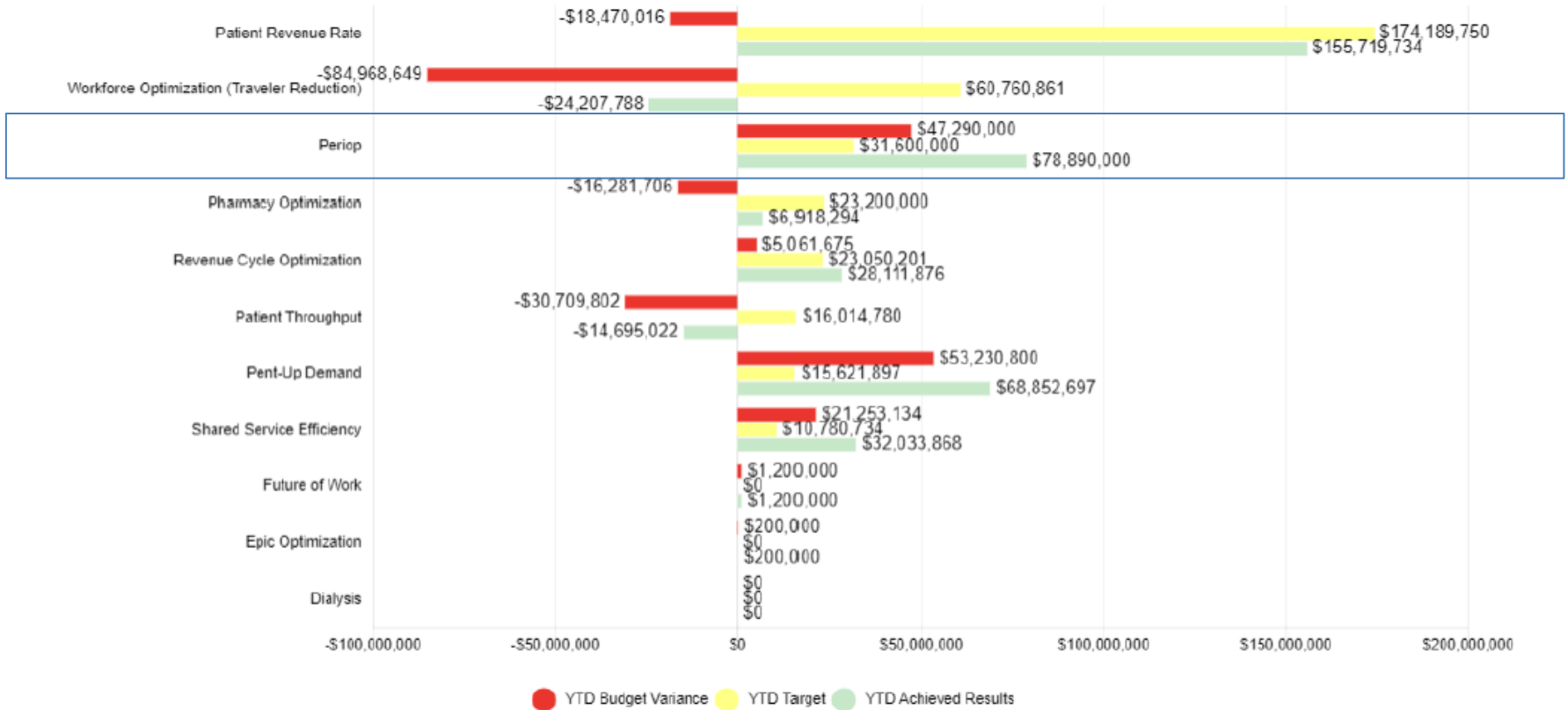
To Achieve Path Forward Volume and Revenue Targets

- Goal
 - 3,160 Incremental Cases Above FY23 Run-Rate Budget
 - \$31.6M Incremental NPSR (assumed \$10K/case network wide, incorporated in Path Forward budget)
- UVMHC
 - Launched “Sprint Room” Nov 28 2022. Incremental Main Campus OR staffed initially by travelers.
 - Established “Sprint Team” to meet weekly to manage Sprint schedule plus overall OR utilization
 - Also augmented 1p meeting to triage daily add-ons
 - Allocated time to services with largest Surgical Ready Queues (SRQs)
 - Sum of Direct Depot cases pending scheduling and cases on Schedule 90+ days out
 - Priority Services:
 - Sprint 1 (13 weeks): Joints, Neurosurgery, General Surgery
 - Sprint 2 (13 weeks): Cardiac Surgery, Joints, ENT
 - Sprint 3 (remainder of FY23): Robotics, Cardiac Surgery, Joints, ENT, other backlogged services
- CVPH
 - Launched “Tiger Team”, which met weekly to optimize OR utilization
 - Sprint 1: Q1 FY23 focused heavily on Joints backlog in NY
- CVMC
 - Launched “Tiger Team” in April 2023 to optimize OR utilization
 - Targeted utilizing the 13 days / month left open in standard block schedule
- PMC
 - Shoulders, ENT, GYN optimization

Network Period Metrics

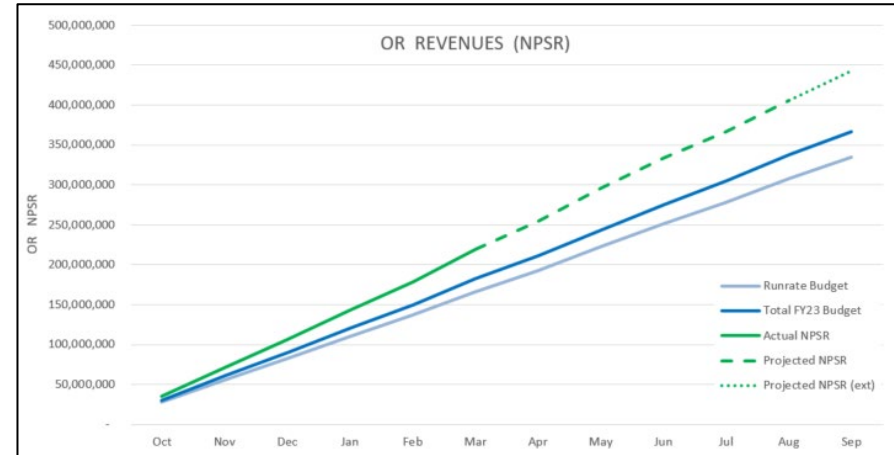
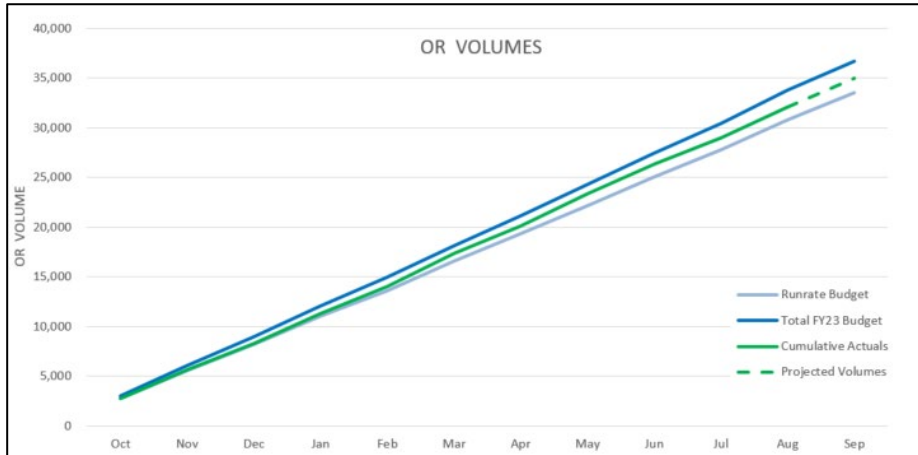
FY23 Path Forward Official Results

YTD Achieved Results to YTD Target by Work Stream



Network Periop Metrics

Cumulative Financial Performance Was Very Strong vs Budget



OR Volumes

- Ahead of FY23 “run rate”
- Behind FY23 budget including Path Forward (-5.0%)

OR Revenue

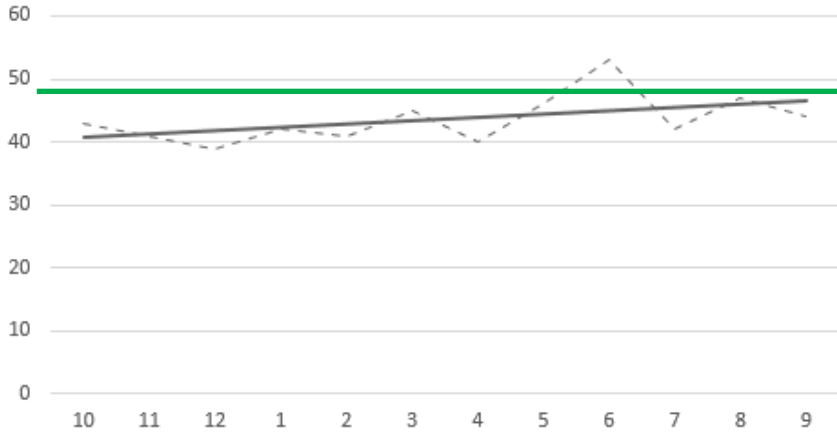
- Ahead of FY23 budget, including Path Forward
- Per case revenue (NPSR) ahead of budget (+26.6%)
- Per case rate driven by UVMCC

Drivers of High NPSR

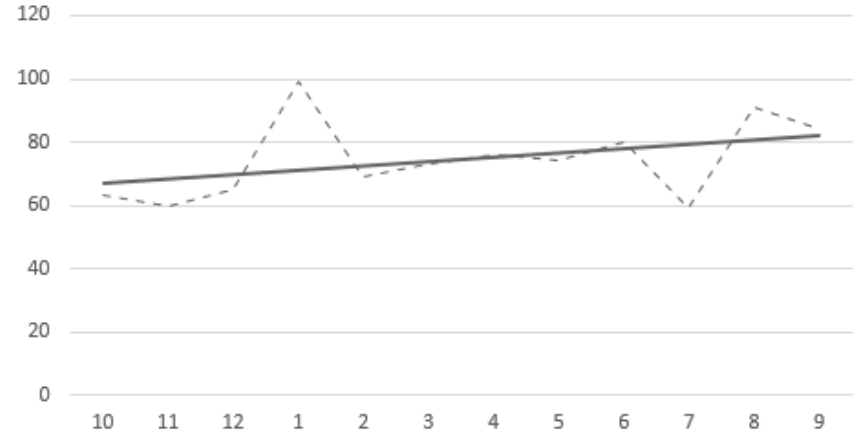
Cardiac and Joint Replacement Volumes up over FY23

UVMMC Epic Data, Volume Defined by Surgeon

Cardiac Surgery Volumes by Month



Hip and Knee Arthroplasty Volume by Month



Outstanding Volume Performance

6 Record Months in FY23

October 2023 (FY24) will also be a new record

UVMHC Historical Cases by Month													Largest	2nd Largest			
Automatically Fed FY24 Budget and Actuals from Other Tabs																	
Fiscal Year	Month												Total				
	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP					
2015	1,783	1,540	1,669	1,602	1,468	1,670	1,675	1,595	1,775	1,753	1,587	1,562	19,679				
2016	1,702	1,643	1,752	1,706	1,647	1,787	1,682	1,656	1,754	1,575	1,769	1,568	20,241				
2017	1,704	1,678	1,565	1,843	1,632	1,795	1,581	1,795	1,759	1,557	1,841	1,518	20,268				
2018	1,765	1,612	1,588	1,766	1,560	1,759	1,679	1,895	1,687	1,570	1,749	1,569	20,199				
2019	1,800	1,679	1,495	1,762	1,495	1,739	1,756	1,747	1,620	1,689	1,780	1,568	20,130				
2020	1,835	1,648	1,535	1,661	1,748	1,286	509	1,031	1,678	1,713	1,625	1,670	17,939				
2021	1,748	1,297	1,414	1,489	1,452	1,733	1,635	1,603	1,782	1,647	1,575	1,587	18,962				
2022	1,633	1,661	1,204	1,382	1,414	1,767	1,489	1,722	1,706	1,629	1,789	1,653	19,049				
2023	1,643	1,683	1,589	1,773	1,723	1,970	1,712	1,954	1,847	1,598	1,935	1,777	21,204				
2024	1,801	-	-	-	-	-	-	-	-	-	-	-	1,801				

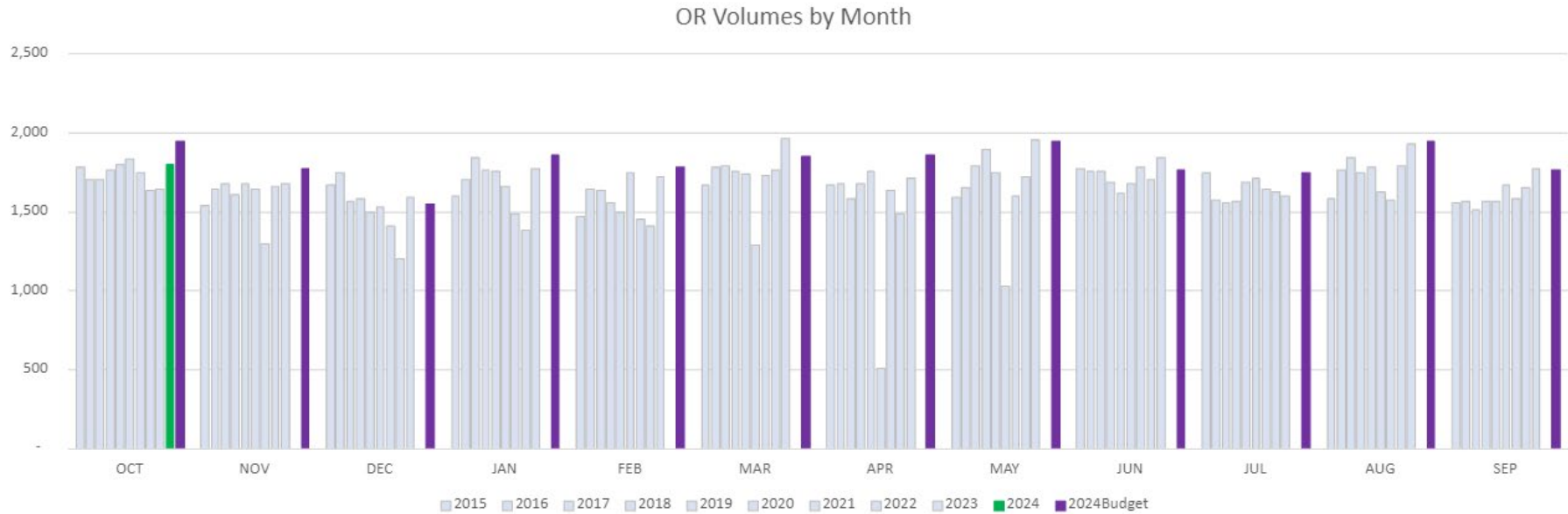
FY24 Goals (OKR) and Tactics

Achieve Network Budgeted Surgical Volume: 35,924 with Adjustment for NPSR

- UVMHC: FY23 run rate + Fanny OR5 = 21,804
 - Continued operations of Main OR “Sprint Room” = FY23 run rate
 - Addition of Fanny OR 5 at 80% utilization = + 600
 - Starting Nov 1, gradual ramp to full usage Dec 1
 - Mondays: General Surgery
 - Tuesdays: Urology (swap from Fridays)
 - Wednesdays: Orthopedics
 - Thursdays: Orthopedics and Eyes alternating
 - Fridays: Plastic Surgery and GYN
- CVMC: FY23 run rate + 10 specific initiatives = 4,619
 - CVMC-Specific Initiatives
 - 2 Sprint rooms / Month = + 36 cases
 - General Surgeon David Smith = + 144 cases
 - Jeremy Dressler @ CVMC 0.2 cFTE = + 54 cases
 - 2 → 3 Joints / day = + 48 cases
 - CVMC-UVMHC Collaborative Initiatives
 - Plastic Surgery 1 day / month (Nesbit) = + 24 cases
 - General Surgery 1 day / month (Pineda) = + 36 cases
 - ENT 2.5 days / month (Herrington, Ostby, Kurien, Brundage) = + 81 cases
 - Vascular Surgery improved utilization of existing time = + 18 cases
 - Ortho backlog 1 day / month (Shoulder and Sports) = + 24 cases
- CVPH: Original FY24 Budget = 6,296
- PMC: Original FY24 Budget = 2,419
- AHMC: FY23 Actual = 722

Very Challenging Budget Targets for FY24

Off to a Strong Start!



OCT 2023 will be highest October since pre- 2015

OCT 2023 prime time room utilization will be **82%+**

- 77% utilization is 75%tile (Vizient)
- 69% utilization is median (Vizient)

CVMC Periop Strategy FY24

FY23 Run Rate + 465 cases from 10 specific initiatives

Updated 10/30/2023 845a - CDillon

				OCT		NOV		DEC		JAN		FEB			
				Days	Cases	Days	Cases	Days	Cases	Days	Cases	Days	Cases	Days	
FY24 Initiatives				Proj Days/mo	Proj Vol/mo										
				2	6	2	7	2	7						
				2	6	2	7								
NEW				1	2	0	0	0	0	1					
NEW				2	6	1	6	1	1	2	6				
				4	12	4	12	5	13	4	6				
NEW				1	3	0	0	1	2	2	0				
				0.5	0.75	0	0	0	0	0	0				
NEW				2	6	1	2	3	7	2					
				1	3	0	0	1	3	1	2				
NEW				1	2	0	0	0	0	0	0				
				4	4	3	3	0	0	1	1				
					0	2	2	2	1						
				18.5	44.75	13	32	15	34	13	15				
				81	17.4%										

Questions / Discussion



Financial Update

UVMHN Finance Committee
August 30, 2023

Rick Vincent – EVP / Network Chief Financial Officer

Things the Committee Should Know at end of Presentation

- Where we currently stand financially by partner and as a network
- The primary negative and positive drivers behind our financial performance
- The primary initiatives aimed at continuing to improve our financial performance, and how we're doing at achieving the targets for those initiatives
- The range we expected financials to be at year-end

July Results

	Month			Year to Date		
	Actual	Budget	Variance	Actual	Budget	Variance
UVMC	\$ 5,652,969	\$ 4,715,112	\$ 937,857	\$ 35,119,112	\$ 12,918,371	\$ 22,200,741
CVMC	\$ (2,605,979)	\$ (347,557)	\$ (2,258,422)	\$ (10,944,276)	\$ 1,440,646	\$ (12,384,922)
PMC	\$ (629,686)	\$ (14,383)	\$ (615,303)	\$ 2,966,133	\$ 3,014,709	\$ (48,576)
HHH	\$ (347,290)	\$ (230,642)	\$ (116,648)	\$ (3,401,017)	\$ (2,415,421)	\$ (985,596)
CVPH	\$ (3,342,074)	\$ 9,522	\$ (3,351,596)	\$ (38,186,329)	\$ 2,360,975	\$ (40,547,304)
AHMC	\$ (901,530)	\$ (180,583)	\$ (720,947)	\$ (10,453,100)	\$ (473,662)	\$ (9,979,438)
ECH	\$ 387,717	\$ 182,484	\$ 205,233	\$ 5,497,320	\$ 1,495,693	\$ 4,001,627
UVMHN	\$ (1,785,873)	\$ 4,133,953	\$ (5,919,826)	\$ (19,402,157)	\$ 18,341,311	\$ (37,743,468)
3rd QTR	\$ 18,310,217					
2nd QTR	\$ 4,029,356					
1st QTR	\$ (39,955,859)					

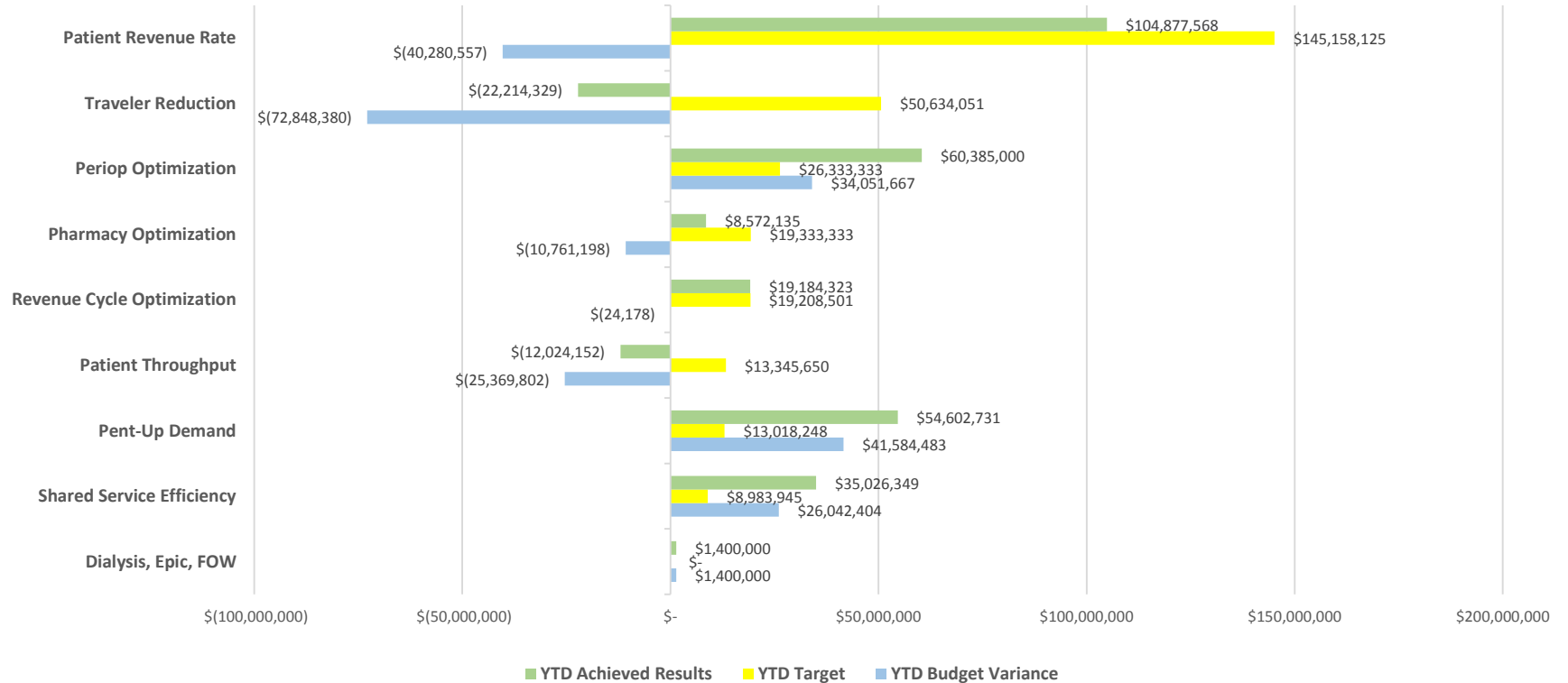
Traveler Expense Trend

	FY22				FY23			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Jul
Total Traveler FTEs	543.08	648.85	697.69	769.57	802.33	748.81	742.54	734.17
Hospital Traveler FTEs	487.44	579.31	627.10	706.88	728.14	663.85	650.12	647.65
SNF Traveler FTEs	55.64	69.55	70.59	62.69	74.18	84.96	92.43	86.52
Traveler Expense	\$ 56,885,931	\$ 63,036,825	\$ 59,787,976	\$ 62,820,502	\$ 56,880,626	\$ 49,550,492	\$ 47,154,871	\$ 14,193,666
Rate per Hour	\$ 201	\$ 187	\$ 165	\$ 157	\$ 136	\$ 127	\$ 122	\$ 112
% of Total Staff Costs	16.0%	16.9%	15.7%	15.6%	14.6%	12.5%	12.2%	10.9%

YTD July Margin Variance Drivers

	Margin Variance
Patient Revenue Volume - Pent Up Demand / Periop / Patient Throughput	\$50.3M
Patient Revenue Rates - Commercial Rates / Rev Cycle / Payer Mix	(\$30.3M)
Other Revenue - Pharmacy Optimization	(\$10.8M)
Travelers - Workforce Optimization	(\$72.8M)
Shared Service Efficiency	\$26.0M
Other Drivers	(\$0.1M)
Total	(\$37.7M)

Path Forward Work Streams Through July



FY23 Margin Projection

	FY23 Projection Low End	Hospital Directed Payments	VAPAP	FY23 Projection High End	FY23 Projection	FY23 Budget
Operating Margin	\$ 20,100,000 0.7%	\$ 25,000,000	\$ 21,000,000	\$ 66,100,000 2.2%	\$ 43,100,000 1.4%	\$ 50,000,000 1.7%
Operating EBIDA Margin	\$ 140,100,000 4.7%			\$ 186,100,000 6.2%	\$ 163,600,000 5.4%	\$ 169,000,000 5.6%
YTD July Margin	\$ (19,402,157)					
Aug & Sept Projected Margin	\$ 4,000,000					
Annual GME IGT	\$ 18,000,000					
FEMA Grants	\$ 17,500,000					
Total	\$ 20,097,843					

Things the Committee Should Know Success or Unanswered Questions

Financial Update

UVMHN Finance Committee
June 28, 2023

Rick Vincent – EVP / Network Chief Financial Officer

Things the Committee Should Know at end of Presentation

- Where we currently stand financially by partner and as a network
- The primary negative and positive drivers behind our financial performance
- The primary initiatives aimed at continuing to improve our financial performance, and how we're doing at achieving the targets for those initiatives
- The range we expected financials to be at year-end

May Results

	Month			Year to Date		
	Actual	Budget	Variance	Actual	Budget	Variance
UVMC	\$ 7,336,672	\$ 5,793,601	\$ 1,543,071	\$ 14,010,592	\$ 2,911,816	\$ 11,098,776
CVMC	\$ (1,850,625)	\$ 834,400	\$ (2,685,025)	\$ (6,510,248)	\$ 819,205	\$ (7,329,453)
PMC	\$ 1,398,744	\$ 403,633	\$ 995,111	\$ 4,007,428	\$ 2,577,321	\$ 1,430,107
HHH	\$ (341,985)	\$ (224,778)	\$ (117,207)	\$ (3,371,450)	\$ (1,940,979)	\$ (1,430,471)
CVPH	\$ (3,022,566)	\$ 1,899,813	\$ (4,922,379)	\$ (32,295,615)	\$ 283,386	\$ (32,579,001)
AHMC	\$ (1,164,215)	\$ 313,553	\$ (1,477,768)	\$ (8,607,939)	\$ (658,004)	\$ (7,949,935)
ECH	\$ 934,031	\$ 260,601	\$ 673,430	\$ 3,521,941	\$ 1,097,099	\$ 2,424,842
UVMHN	\$ 3,290,056	\$ 9,280,823	\$ (5,990,767)	\$ (29,245,291)	\$ 5,089,844	\$ (34,335,135)
April	\$ 3,390,697					
March	\$ 5,591,270					
February	\$ 2,206,650					
January	\$ (3,768,566)					
1st QTR per Month	\$ (13,318,620)					

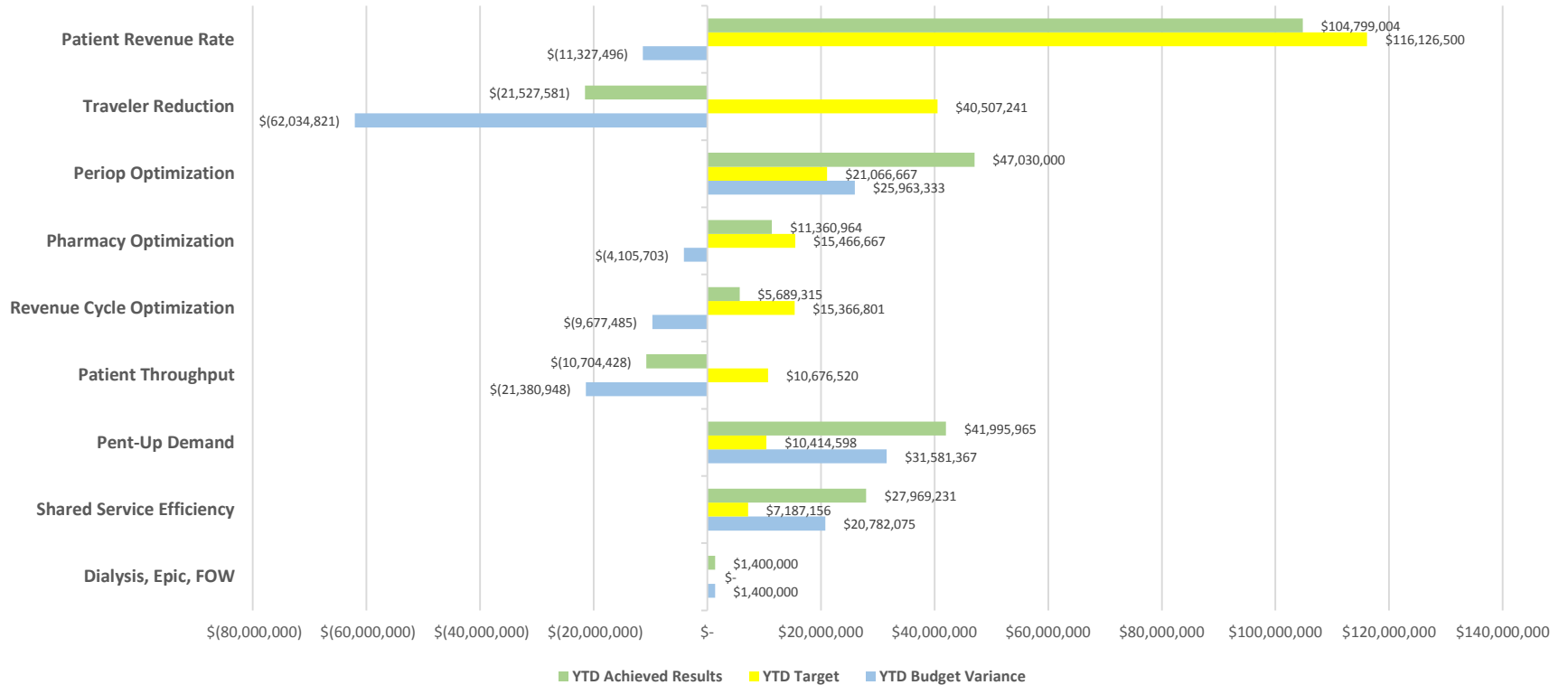
Traveler Expense Trend

	FY22				FY23			
	Q1	Q2	Q3	Q4	Q1	Q2	Apr	May
Total Traveler FTEs	543.08	648.85	697.69	769.57	802.33	748.81	764.85	731.51
Hospital Traveler FTEs	487.44	579.31	627.10	706.88	728.14	663.85	662.95	642.35
SNF Traveler FTEs	55.64	69.55	70.59	62.69	74.18	84.96	101.90	89.16
Traveler Expense	\$ 56,885,931	\$ 63,036,825	\$ 59,787,976	\$ 62,820,502	\$ 56,880,626	\$ 49,919,968	\$ 16,771,933	\$ 15,457,758
Rate per Hour	\$ 201	\$ 187	\$ 165	\$ 157	\$ 136	\$ 128	\$ 127	\$ 122
% of Total Staff Costs	16.0%	16.9%	15.7%	15.6%	14.6%	12.5%	13.0%	11.8%

YTD April Margin Variance Drivers

	Margin Variance
Patient Revenue Volume - Pent Up Demand / Periop / Patient Throughput	\$36.1M
Patient Revenue Rates - Commercial Rates / Rev Cycle / Payer Mix	(\$21.0M)
Other Revenue - Pharmacy Optimization	(\$4.1M)
Travelers - Workforce Optimization	(\$62.0M)
Shared Service Efficiency	\$20.8M
Other Drivers	(\$4.1M)
Total	<u>(\$34.3M)</u>

Path Forward Work Streams Through May



FY23 Margin Projection

	FY23 Projection Low End	Hospital Directed Payments	VAPAP	FY23 Projection High End	FY23 Projection	FY23 Budget
Operating Margin	\$ 20,100,000 0.7%	\$ 25,000,000	\$ 21,000,000	\$ 66,100,000 2.2%	\$ 43,100,000 1.4%	\$ 50,000,000 1.7%
Operating EBIDA Margin	\$ 140,100,000 4.7%			\$ 186,100,000 6.2%	\$ 163,600,000 5.4%	\$ 169,000,000 5.6%

Large Financial Impacts Between Now and End of Year

Annual GME IGT	\$ 11,000,000
GME IGT Expansion	\$ 17,000,000
FEMA Grants	\$ 18,500,000
Total	\$ 46,500,000

Things the Committee Should Know Success or Unanswered Questions

Financial Update

UVMHN Finance Committee
May 24, 2023

Rick Vincent – EVP / Network Chief Financial Officer

Things the Committee Should Know at end of Presentation

- Where we currently stand financially by partner and as a network
- The primary negative and positive drivers behind our financial performance
- The primary initiatives aimed at continuing to improve our financial performance, and how we're doing at achieving the targets for those initiatives
- The range we expected financials to be at year-end

April Results

	Month			Year to Date		
	Actual	Budget	Variance	Actual	Budget	Variance
UVMC	\$ 8,562,704	\$ 5,237,167	\$ 3,325,537	\$ 6,673,920	\$ (2,881,785)	\$ 9,555,705
CVMC	\$ (654,934)	\$ 130,806	\$ (785,740)	\$ (4,659,623)	\$ (15,195)	\$ (4,644,428)
PMC	\$ 9,615	\$ 3,594	\$ 6,021	\$ 2,608,225	\$ 2,173,688	\$ 434,537
HHH	\$ (587,754)	\$ (237,122)	\$ (350,632)	\$ (3,029,466)	\$ (1,716,200)	\$ (1,313,266)
CVPH	\$ (3,063,603)	\$ (463,601)	\$ (2,600,002)	\$ (29,273,049)	\$ (1,616,427)	\$ (27,656,622)
AHMC	\$ (1,004,627)	\$ (84,946)	\$ (919,681)	\$ (7,443,724)	\$ (971,557)	\$ (6,472,167)
ECH	\$ 129,296	\$ 216,883	\$ (87,587)	\$ 2,587,910	\$ 836,498	\$ 1,751,412
UVMHN	\$ 3,390,697	\$ 4,802,781	\$ (1,412,084)	\$ (32,535,807)	\$ (4,190,978)	\$ (28,344,829)
March	\$ 5,591,270					
February	\$ 2,206,650					
January	\$ (3,768,566)					
1st QTR per Month	\$ (13,318,620)					

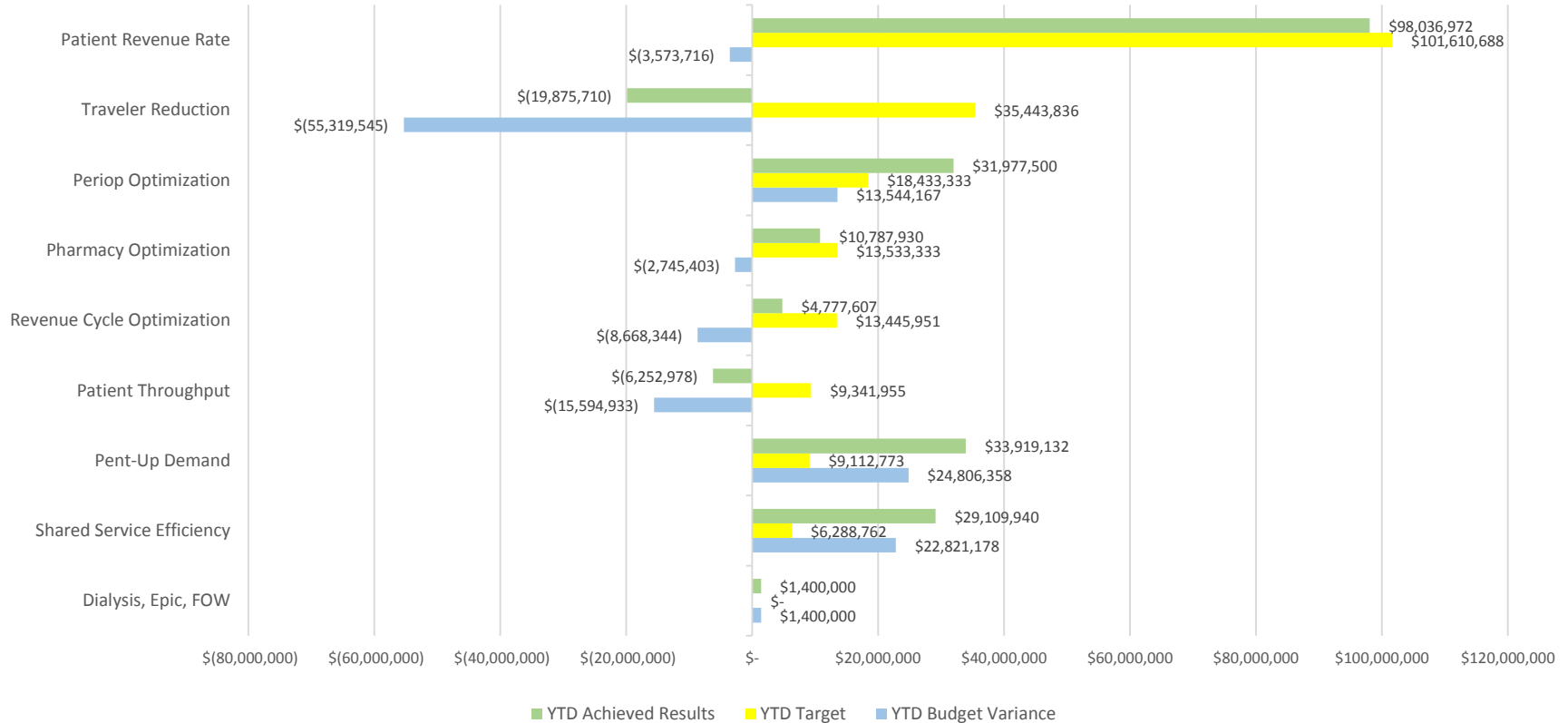
Traveler Expense Trend

	FY22				FY23		
	Q1	Q2	Q3	Q4	Q1	Q2	Apr
Traveler FTEs	543.08	648.85	697.69	769.57	802.33	744.97	762.40
Traveler Expense	\$ 56,885,931	\$ 63,036,825	\$ 59,787,976	\$ 62,820,502	\$ 56,880,626	\$ 49,919,968	\$ 16,771,933
Rate per Hour	\$ 201	\$ 187	\$ 165	\$ 157	\$ 136	\$ 129	\$ 127
% of Total Staff Costs	16.0%	16.9%	15.7%	15.6%	14.6%	12.5%	13.0%

YTD April Margin Variance Drivers

Patient Revenue Volume - Pent Up Demand / Periop / Patient Throughput	\$22.8M
Patient Revenue Rates - Commercial Rates / Rev Cycle / Payer Mix	(\$12.2M)
Other Revenue - Pharmacy Optimization	(\$2.7M)
Travelers - Workforce Optimization	(\$55.3M)
Shared Service Efficiency	\$22.8M
Other Drivers	(\$3.7M)
Total	<hr/> (\$28.3M) <hr/>

Path Forward Work Streams Through April



FY23 Margin Projection

	FY23 Projection Low End	Hospital Directed Payments	VAPAP	FY23 Projection High End	FY23 Projection	FY23 Budget
Operating Margin	\$ 20,100,000 0.7%	\$ 25,000,000	\$ 21,000,000	\$ 66,100,000 2.2%	\$ 43,100,000 1.4%	\$ 50,000,000 1.7%
Operating EBIDA Margin	\$ 140,100,000 4.7%			\$ 186,100,000 6.2%	\$ 163,600,000 5.4%	\$ 169,000,000 5.6%

Large Financial Impacts Between Now and End of Year

Annual GME IGT	\$ 11,000,000
GME IGT Expansion	\$ 17,000,000
FEMA Grants	\$ 18,500,000
Total	\$ 46,500,000

Things the Committee Should Know Success or Unanswered Questions

Pent Up Demand

Notable Milestones & Updates

- Physician Recruitment efforts and investments: Early indicators demonstrate success, number of qualified applicants has increased.
- Use of eConsults continues to increase.
- Patient Digital Tools: Scheduling Simplification planning for four clinics is officially underway. This is a precursor to launching digital tools such as self scheduling.
- Endoscopy: Identifying logistics for UVMHC physicians to perform additional scopes at CVPH. Endovault (common IT platform) has been approved.
- Radiology continues to add clinics for nights and weekends. Additional Pet/CT is fully operational. Volumes continue to be well above budget.

Coming Up

- Radiology is filling technologist positions mid-to-late summer.
- “Enhanced referrals” for primary care providers to specialists.

Roadblocks

- Staffing remains a challenge in many/most areas.

Questions/Requests

- Have simple/high impact ideas on how to improve Access to Care or Access to Information? Please email Bradley.krompf@uvmhealth.org
- Gratitude, please share you gratitude with everyone working in clinical operations. This work is impactful for patients and our communities.

Pent Up Demand

Notable Milestones & Updates

Radiology:

- CT Backlog for CVMC down to 3 weeks
- CT Backlog for UVMHC down to 5 weeks, with volume 10% over budget YTD and 11% higher than volume in 2022
- Ultrasound Backlog is down from 4 weeks to 1 week across network
- March Volume: 240 patients scanned

Clinic Visits

- Scheduling Simplification will begin in 4 clinics: Pain (Tilley Drive), Family Medicine at Middlebury, Milton, Montpelier
- eConsults continue to expand (on pace for 1,240 in FY23)

Colonoscopy:

- IT Steering approved Endovault. Implementation will allow for a common platform to support network-wide QA/QI.

Physician Recruitment:

- Began Partnership with Enterprise Medical (sourcing)
- Chris Corde has joined us to create efficiencies in our recruitment processes and build a recruitment department over time

Coming Up

Clinic Visits

- Scheduling Simplification will begin in 4 clinics: Pain (Tilley Drive), Family Medicine at Middlebury, Milton, Montpelier

Radiology:

- Second PET/CT at UVMHC operational with full schedule April 3rd

Roadblocks

Staffing Challenges:

- Limited Radiologists to read PET/CT which will result into longer delay for results
- Staffing for radiology technologists remains challenging until May graduation for rad tech students
- Physician vacancies

Questions/Requests

We would love to hear from others – what ideas do you have to help improve Access to Care that we may not be thinking of? There is so much expertise in this Network, please email Bradley.krompf@uvmhealth.org with thoughts or suggestions.

Financial & Path Forward Update

UVMHN Board Meeting
March 2023

Rick Vincent, EVP, Network Chief Financial Officer

Summary

Three Things the Board Should Know at the End of the Presentation

- Where current financials stand
- Plan for how to continue to improve financial results through to year-end
- Where we expect financials to be at year-end

Question for the Board to Consider

- Are you supportive of management continuing to identify areas for reducing clinical capacity to reduce traveler costs if other Path Forward work streams are not able to offset the impact of traveler costs not meeting target and being significantly over budget?

February Results

	Month			Year to Date		
	Actual	Budget	Variance	Actual	Budget	Variance
UVMC	\$ 2,138,132	\$ 3,339,762	\$ (1,201,630)	\$ (13,144,950)	\$ (12,507,541)	\$ (637,409)
CVMC	\$ 2,291,276	\$ 550,830	\$ 1,740,446	\$ (2,507,890)	\$ (1,419,781)	\$ (1,088,109)
PMC	\$ 2,330,127	\$ 318,530	\$ 2,011,597	\$ 2,138,332	\$ 1,318,858	\$ 819,474
HHH	\$ (34,059)	\$ (263,047)	\$ 228,988	\$ (1,909,201)	\$ (1,253,839)	\$ (655,362)
CVPH	\$ (4,490,495)	\$ (308,955)	\$ (4,181,540)	\$ (22,731,014)	\$ (3,662,304)	\$ (19,068,710)
AHMC	\$ (935,497)	\$ (4,884)	\$ (930,613)	\$ (5,308,026)	\$ (1,408,907)	\$ (3,899,119)
ECH	\$ 942,240	\$ 123,312	\$ 818,928	\$ 1,980,051	\$ 433,952	\$ 1,546,099
UVMHN	\$ 2,241,724	\$ 3,755,548	\$ (1,513,824)	\$ (41,482,698)	\$ (18,499,562)	\$ (22,983,136)

Traveler Expense Trend

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Traveler FTEs	676.58	685.35	711.77	695.94	728.68	776.54	803.48	823.30	821.53	762.16	746.50	758.50
Traveler Expense	\$ 20,684,064	\$ 20,864,763	\$ 20,231,754	\$ 18,691,459	\$ 20,907,904	\$ 20,045,572	\$ 21,867,026	\$ 19,292,105	\$ 19,418,617	\$ 18,169,904	\$ 17,381,176	\$ 16,154,266
Rate per Hour	\$ 176	\$ 176	\$ 164	\$ 155	\$ 166	\$ 149	\$ 157	\$ 135	\$ 136	\$ 138	\$ 134	\$ 123
% of Total Staff Costs	16%	17%	15%	15%	16%	15%	16%	15%	15%	14%	13%	13%
CVPH % of Total	19%	27%	18%	24%	29%	26%	28%	22%	22%	23%	17%	17%

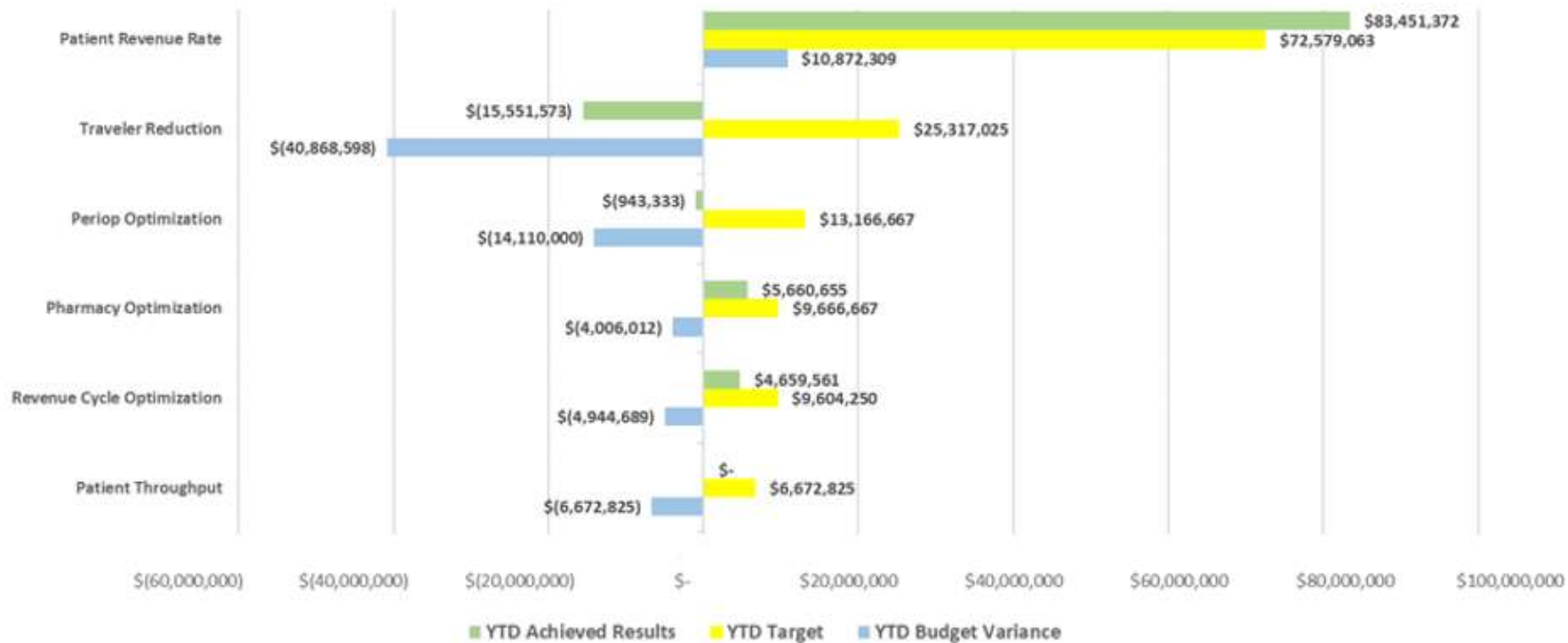
Traveler Expense Trend

	Sep	Feb
Traveler FTEs	803.48	758.5
Traveler Expense	\$21,867,026	\$16,154,266
Rate per Hour	\$157	\$123
% of Total Staff Costs	16%	13%
CVPH% of Total	28%	17%

Margin Variance Drivers

Patient Revenue - Pent Up Demand / Periop / Patient Throughput	(\$3.5M)
Patient Revenue - Rates / Value Based Incentives / Rev Cycle	\$5.9M
Other Revenue - Pharmacy Optimization	(\$4.0M)
Travelers - Workforce Optimization	(\$40.9M)
Shared Service Efficiency	\$18.9M
Other Drivers	\$0.6M
Total	<hr/> <u>(\$23.0M)</u> <hr/>

Path Forward Work Streams



Path Forward Work Streams



FY23 Margin Projection

	FY23 Projection Low End	Hospital Directed Payments	VAPAP	FY23 Projection High End	FY23 Projection	FY23 Budget
Operating Margin	\$ 20,100,000 0.7%	\$ 25,000,000	\$ 21,000,000	\$ 66,100,000 2.2%	\$ 43,100,000 1.4%	\$ 50,000,000 1.7%
Operating EBIDA Margin	\$ 140,100,000 4.7%			\$ 186,100,000 6.2%	\$ 163,600,000 5.4%	\$ 169,000,000 5.6%

Network PeriOp Initiative (Path Forward)

Update for Combined NCG-NOG Meeting
October 19, 2022

- Chris Dillon
- Shawn Rogers
- Jen Gagnon
- Lisa Mark MD
- Jeremy Beaudry
- Jason Sanders MD
- Al Gobeille

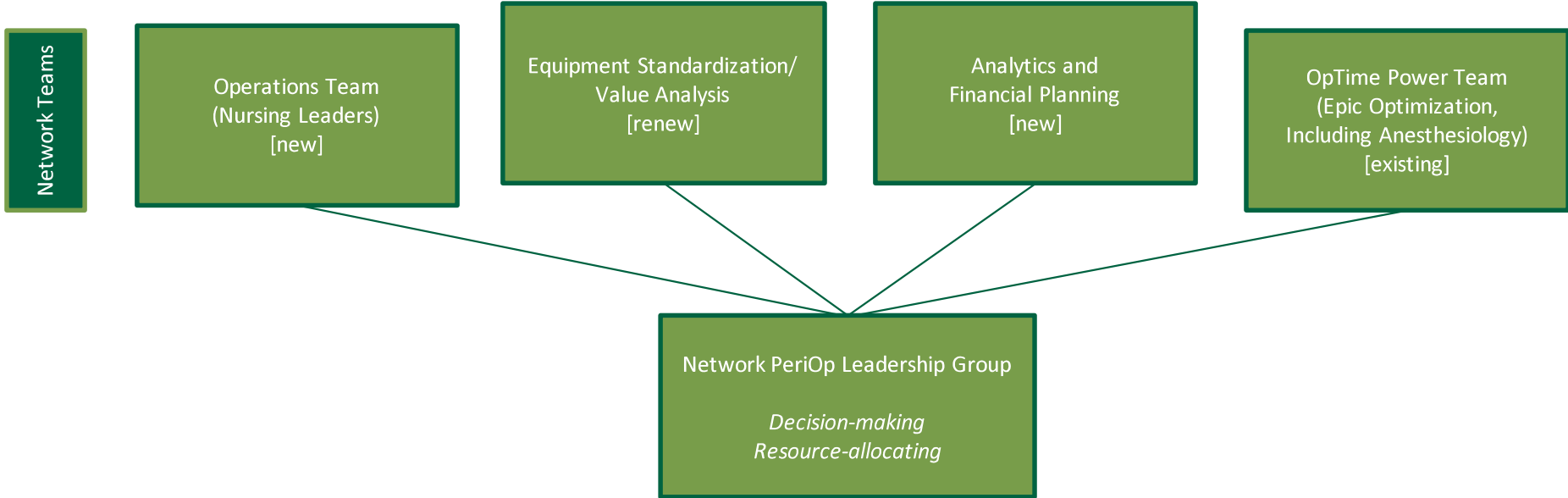


Priority Impacts

1. Work down surgical backlogs to increase patient access to necessary care
2. Improve financial performance by
 - A. Increasing OR utilization
 - B. Prioritizing high margin, backlogged cases
3. Accelerate decision-making via streamlined business planning + ROI calculations
4. Build stronger, more flexible, and more connected perioperative teams

... while maintaining or improving quality performance

Functioning Organizational Structure



Local Periop Teams	<u>JVMMC</u>	<u>CVMC</u>	<u>PMC</u>	<u>CVPH + AHMC</u>
	<ul style="list-style-type: none"> Nursing: Monica Goldwater Surgery: Mark Plante Anesth: Patrick Bender Quality / PM: Geera Demers 	<ul style="list-style-type: none"> Nursing: Amy Long Surgery: Sara Graves Anesth: Andre Gilbert 	<ul style="list-style-type: none"> Nursing: Linda Waldorf Surgery: Ellen Davis Anesth: Matt Breckenridge 	<ul style="list-style-type: none"> Nursing: Crystal Walker Surgery: Zach Kanouse Anesth: Lars Galdin

- Network Departments**
- Anesthesiology
 - Orthopedics
 - Surgery
 - Women’s

Periop Analytics: Prime Time Room Utilization and Implications

- Definition: $(\text{case time} + \text{turnover time}) / \text{available prime time minutes}$
- Benchmarks: 66%-80% depending on source
- UVMHN Data:
 - UVMHN ORs overall: 67% utilized in prime time
 - Largest ORs (UVMMC Main and Fanny, CVPH Main, and CVMC): 70-75% utilized in prime time
- Implications:
 - Capacity exists at larger facilities, hard to access immediately
 - Capacity exists at smaller facilities (PMC, AHMC), hard to fill given smaller local populations
- Other considerations:
 - Activating closed rooms at busy sites could increase throughput faster:
 - **1 Room at UVMMC Main [Sprint Focus]**
 - 1 Room at UVMMC Fanny
 - 2 Rooms at CVPH Main
 - 1 Room at CVMC (decommissioned, would require capital investment)

Current Work Stream Priorities: Overview

Programs	Initiatives	Rationale	Incremental Revenue Potential	Status / Next Steps
Incremental Room at UVMC Main OR 5 d/w <i>13 weeks</i> <i>Targeting Nov 28 start</i> <i>Near-term impact potential</i> <i>Sprint Focus</i>	2 d/w Hip + Knee Arthroplasty	<ul style="list-style-type: none"> Largest backlog (~75 patients) Leakage risk Financially valuable 	1.7 M	Next services under consideration <ul style="list-style-type: none"> Urology General Surgery Vascular Surgery + TAVR + EP Intermediate term opportunities <ul style="list-style-type: none"> Urology → Fanny (capital) Pediatrics → Fanny (process) Direct scheduling (process)
	2 d/w Cardiac Surgery	<ul style="list-style-type: none"> IP census impact (5-6 pts waiting) Reduce delays and bumps UVMC-only cases Financially valuable 	1.9 M	
	1 d/2w Spine	<ul style="list-style-type: none"> Significant backlog (~30 patients) UVMC-only cases Financially valuable 	0.4 M	
	1 d/2w Shoulder Arthroplasty	<ul style="list-style-type: none"> Backlogged cases at risk of leaking 50% require IP, disqualifying Fanny Financially valuable 	0.3 M	
Total Joints Optimization <i>Intermediate term impact</i>	3 → 4 Joints per room per day in prime time	<ul style="list-style-type: none"> Largest backlog network-wide 33% throughput increase in existing time Done at peer organizations nationally Financially valuable 	5.7 M [ann.]	<ul style="list-style-type: none"> UVMC and CVPH focus Workgroup established Engaged network Chair (Nichols)
CVPH Incremental Joints Time <i>Near-term impact potential</i>	12 days Oct-Dec 2022 @ CVPH 3 or 4 joints/day	<ul style="list-style-type: none"> Joints = largest CVPH backlog (3x other svcs.) OR time become available with retirements Financially valuable 	0.9 M	<ul style="list-style-type: none"> Booked 36 patients into new time Looking for 3 → 4 opportunities Next: General Surgery
UVMC → PMC	1 room available x3 Fridays/month Targeting ENT and Shoulder Arthroplasty	<ul style="list-style-type: none"> Shoulders done at PMC today ENT seeking long-term alignment at PMC 	1.2 M [ann.]	<ul style="list-style-type: none"> Aligning equipment Privileging providers
UVMC → CVMC	Increase cataract throughput and efficiency Increase utilization of ENT and Vasc time	<ul style="list-style-type: none"> Faster patient access @ CVMC vs UVMC Keep Central VT patients local, clinic and OR 	TBD	<ul style="list-style-type: none"> UVMC → CVMC Hand successful
AHMC Volume	CVPH Surgeons to operate at AHMC	<ul style="list-style-type: none"> Keep Malone NY cases local Faster patient access @ AHMC vs CVPH Support AHMC financials 	TBD	<ul style="list-style-type: none"> Christensen 3 knees/day in Oct. Exploring GYN and Gen Surg

Sprint KPIs

Programs	Definition	Target	Rationale
Utilization of Incremental Capacity	In Room + Turnover / Available Minutes	80%	<ul style="list-style-type: none"> If we invest to create capacity, we must utilize the capacity
Current Block Utilization	In Room + Turnover / Available Minutes	80%	<ul style="list-style-type: none"> Utilization of incremental capacity should not come at expense of existing block utilization
SRQ Reduction	SRQ = Depot Ready to Schedule + Scheduled Cases Beyond Target Date (service specific)	0	<ul style="list-style-type: none"> Accelerate patient access Clear SQR before moving to other procedures
Contribution Margin of Incremental Volume	Contribution of Incremental Cases – Sprint-Specific Costs	> 0	<ul style="list-style-type: none"> ROI on capacity created
OR Volume vs Budget	Count of Actual OR Cases (all services)	Budget	<ul style="list-style-type: none"> Fundamental assumption of Path Forward and FY23 Budget
Net Revenue of OR Volume vs Budget	Net Revenue of Actual OR Cases (all services)	Budget	<ul style="list-style-type: none"> Fundamental assumption of Path Forward and FY23 Budget

		FY22			FY23			Exhibit M	
Inpatient Service Lines		Payments	Cost	Margin	Payments	Cost	Margin	Payment Growth from FY22 to FY23	FY23 Cost % of Payments
Medical	Cardiology	\$39,662,448	\$40,715,846	(\$1,053,398)	\$46,509,210	\$43,520,272	\$2,988,938	\$6,846,762	
	Endocrinology	\$5,137,427	\$7,963,714	(\$2,826,287)	\$7,875,174	\$10,355,173	(\$2,479,999)	\$2,737,748	
	Gastroenterology	\$15,438,917	\$18,147,967	(\$2,709,050)	\$16,418,071	\$17,287,503	(\$869,432)	\$979,154	
	General Medicine	\$10,731,884	\$13,603,517	(\$2,871,633)	\$13,374,037	\$16,813,949	(\$3,439,911)	\$2,642,153	
	Infectious Disease	\$28,052,047	\$33,545,250	(\$5,493,203)	\$33,255,239	\$37,913,036	(\$4,657,797)	\$5,203,192	
	Nephrology	\$5,395,827	\$7,376,529	(\$1,980,703)	\$5,863,248	\$7,577,882	(\$1,714,633)	\$467,422	
	Neurology	\$21,835,380	\$27,863,051	(\$6,027,671)	\$25,815,354	\$32,831,542	(\$7,016,188)	\$3,979,973	
	Oncology	\$22,740,754	\$20,936,376	\$1,804,377	\$22,627,878	\$21,293,507	\$1,334,371	(\$112,876)	
	Pulmonology	\$26,699,670	\$30,784,185	(\$4,084,515)	\$24,452,037	\$29,197,108	(\$4,745,070)	(\$2,247,632)	
	Trauma (Medical)	\$4,927,678	\$5,639,990	(\$712,312)	\$8,035,473	\$7,599,762	\$435,711	\$3,107,795	
Surgical	Bariatric/Obesity	\$1,854,389	\$879,759	\$974,629	\$1,763,859	\$856,015	\$907,843	(\$90,530)	
	Cardiac Surgery	\$68,344,142	\$60,189,244	\$8,154,898	\$69,256,585	\$59,930,153	\$9,326,432	\$912,443	
	ENT	\$3,050,874	\$3,457,638	(\$406,763)	\$3,655,448	\$3,753,304	(\$97,856)	\$604,574	
	General Surgery	\$26,585,316	\$31,673,918	(\$5,088,601)	\$32,918,285	\$37,738,572	(\$4,820,287)	\$6,332,969	
	Neurosurgery	\$24,374,815	\$19,315,444	\$5,059,371	\$30,254,626	\$23,030,824	\$7,223,802	\$5,879,811	
	Ophthalmology	\$575,831	\$457,903	\$117,928	\$220,279	\$241,703	(\$21,424)	(\$355,551)	
	Orthopedics	\$24,046,898	\$29,707,407	(\$5,660,508)	\$26,747,251	\$30,398,785	(\$3,651,534)	\$2,700,353	
	Spine	\$19,717,685	\$16,480,661	\$3,237,023	\$24,319,693	\$17,724,613	\$6,595,080	\$4,602,008	
	Surgery GI	\$22,259,407	\$19,231,755	\$3,027,652	\$25,493,084	\$21,723,296	\$3,769,788	\$3,233,678	
	Thoracic Surgery	\$5,503,710	\$5,202,234	\$301,477	\$7,939,907	\$6,202,572	\$1,737,334	\$2,436,196	
Urology	\$4,441,273	\$4,725,244	(\$283,971)	\$4,725,778	\$4,959,022	(\$233,244)	\$284,504		
Vascular Services	\$9,410,957	\$10,744,501	(\$1,333,544)	\$9,715,356	\$10,742,738	(\$1,027,382)	\$304,399		
Womens	Gynecology	\$2,716,463	\$2,823,007	(\$106,545)	\$6,187,902	\$4,654,719	\$1,533,183	\$3,471,440	
	Obstetrics	\$28,386,504	\$26,519,287	\$1,867,217	\$31,113,870	\$28,773,614	\$2,340,257	\$2,727,367	
Neonatology	Neonatology	\$33,464,215	\$25,507,541	\$7,956,674	\$41,866,959	\$25,695,329	\$16,171,630	\$8,402,744	
Normal Newborns	Normal Newborn	\$3,259,617	\$3,032,910	\$226,706	\$3,756,987	\$2,876,071	\$880,917	\$497,370	
Mental Health	Mental Health	\$9,781,440	\$21,022,997	(\$11,241,557)	\$11,096,839	\$22,011,805	(\$10,914,966)	\$1,315,398	
Rehabilitation	Rehabilitation	\$1,668,534	\$1,750,068	(\$81,534)	\$1,975,260	\$2,841,685	(\$866,425)	\$306,726	
UnGroupable	Invalid	\$1,275	\$19,793	(\$18,518)	\$7,862	\$5,049	\$2,813	\$6,587	
Inpatient		\$470,065,376	\$489,317,737	(\$19,252,361)	\$537,241,552	\$528,549,601	\$8,691,951	\$67,176,176	98.4%
Outpatient		\$654,486,242	\$436,024,313	\$218,461,929	\$759,794,447	\$502,057,052	\$257,737,395	\$105,308,205	66.1%
Professional		\$239,962,222	\$453,083,790	(\$213,121,568)	\$272,731,819	\$475,049,288	(\$202,317,469)	\$32,769,597	174.2%
Total		\$1,364,513,840	\$1,378,425,840	(\$13,912,000)	\$1,569,767,818	\$1,505,655,941	\$64,111,877	\$205,253,978	