Copley Hospital
2023 Operational Budget

August 26th, 2022

Participants:

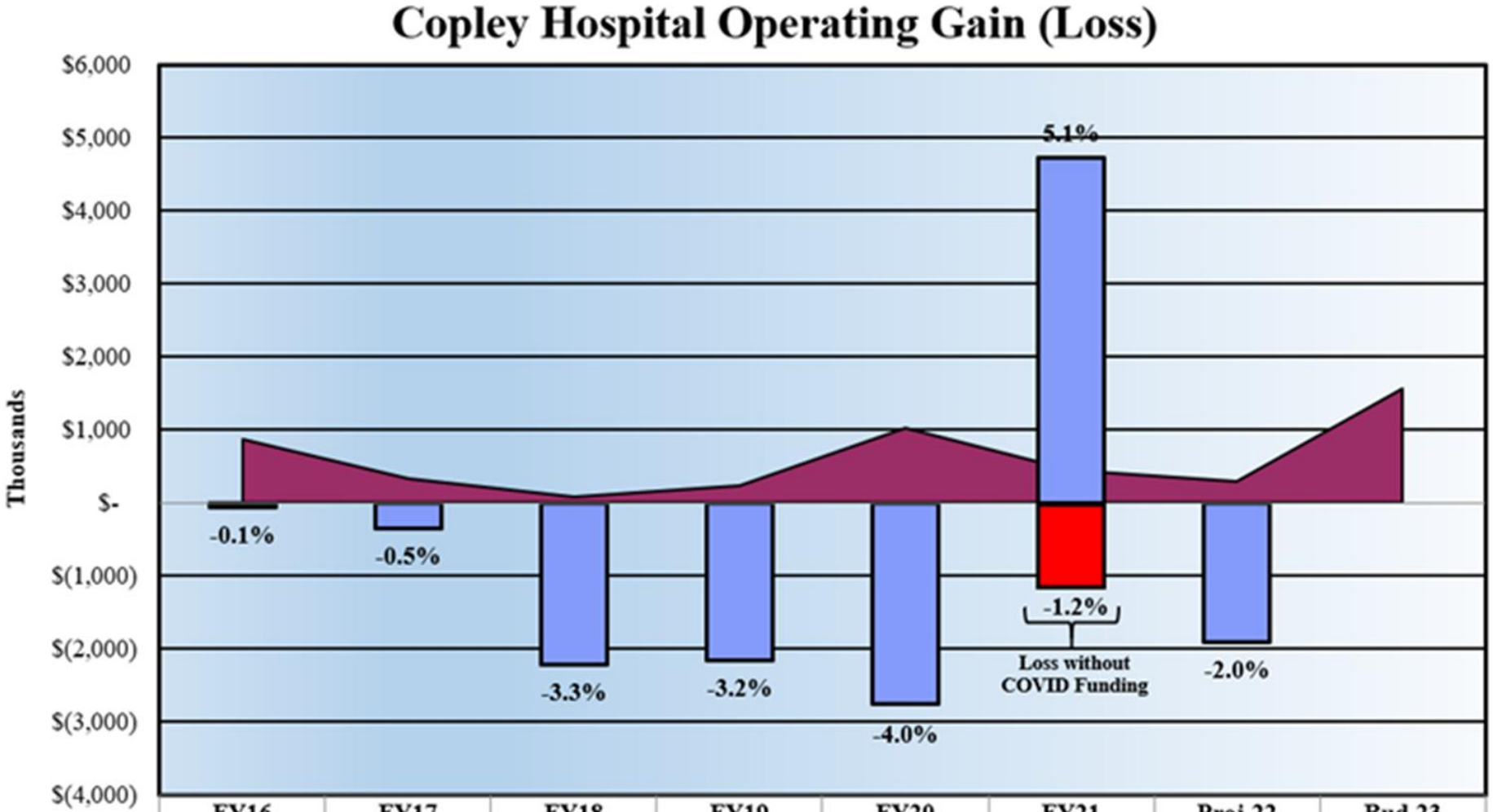
- Joseph Woodin, Administrator
- Jeff Hebert, Chief Financial Officer
- Donald Dupuis MD, Chief Medical Officer
- Nancy Banks, Vice Board Chair

Agenda:

1. Participants
2. Vision/Mission
3. Overview: Highlights, Size, Payment Methods
4. Net Patient Revenue Assumptions
5. Financials
   - Current: Income statement, balance sheet, and cash flow
   - Budget Assumptions – Revenues and Expenses
   - Rate Request – Past Performance
   - Rate Request - Price Comparisons: Laboratory, IP/ED/DI
   - Adjustments (provider transfers)
   - Key Indicators - Operating Margins
   - Key Indicators - Days Cash on Hand
   - Key Indicators - Long Term Debt to Capitalization
   - Key Indicators - Debt Service Coverage Ratio
6. Equity
7. Wait Times
8. Risks and Opportunities
9. Value-Based Care Participation
10. Supplemental Data Monitoring
11. Capital Budget Plans
12. COVID-19 Impacts

Introduction:

Fragile Financial Position:



	FY16	FY17	FY18	FY19	FY20	FY21	Proj 22	Bud 23
Budget	$872,266	$331,482	$76,493	$232,539	$1,019,064	$438,596	$291,615	$1,569,096
Actual	$(70,683)	$(353,625)	$(2,212,169)	$(2,161,243)	$(2,756,779)	$4,715,884	$(1,904,458)	

Introduction:

Workforce Challenges:

- Copley is facing an unprecedented workforce challenges for FY 2023.
  - Staff Vacancy Rates as high as 20% over the last 2 years
  - Traveler expenses have almost tripled
  - To be competitive in tight labor market:
    - ✓ Had to make additional wage adjustments for all staff
    - ✓ Seen an increase in sign-on incentives
    - ✓ Increase in housing expenses for new employees.

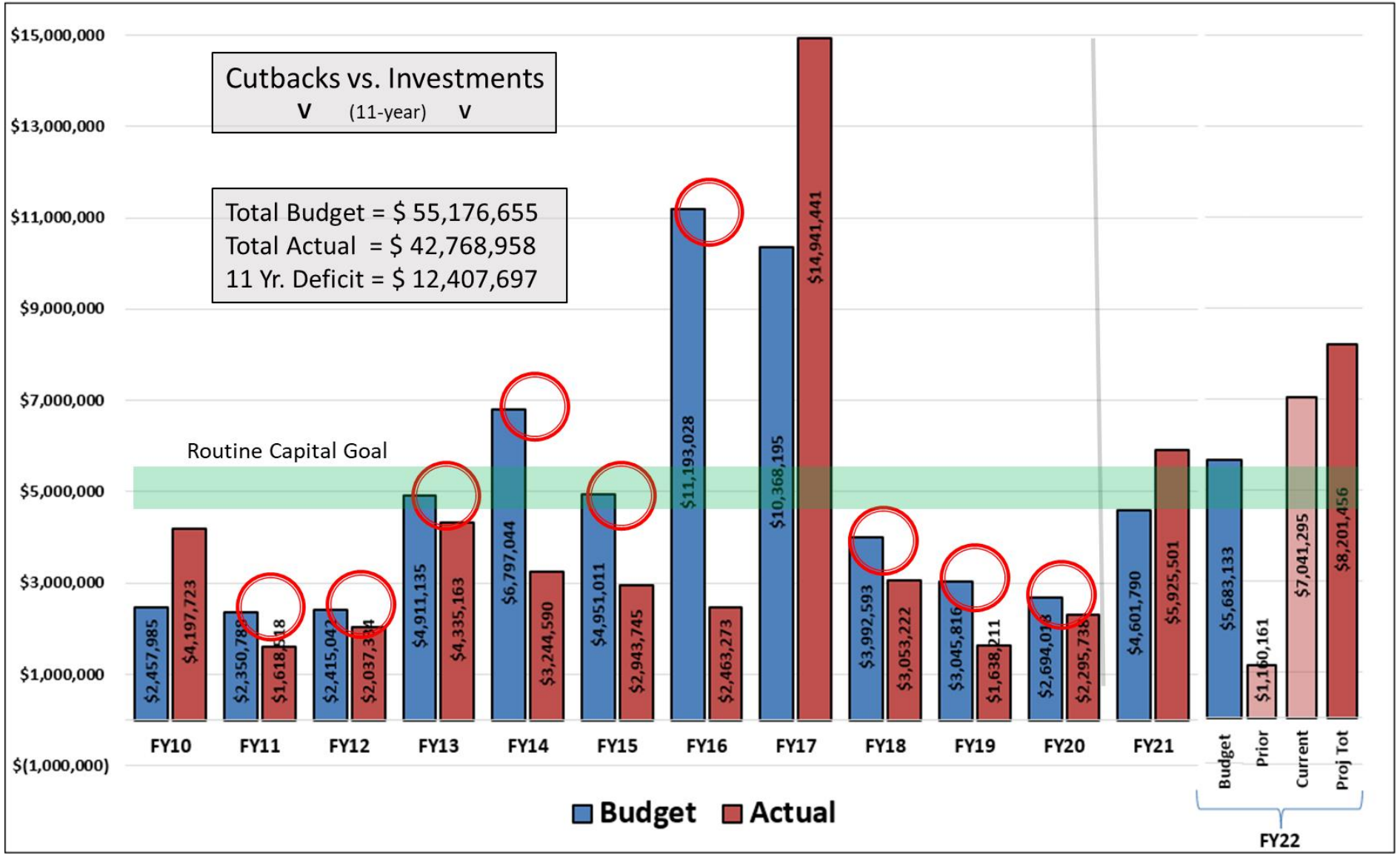
Introduction:

Aging Infrastructure:

- We also continue to face an aging infrastructure. Over the years we have made difficult decisions in prioritizing our needs with limited cash and need to generate an operating margin in order to fund these improvements. The decreased available capital has created a large backlog; increasing risk and creating challenges in prioritizing sudden departmental needs.

Introduction:

Actual versus Budgeted Capital FY 10 - FY 22



Introduction:

Stressed System: Emergency Department

- 7% of ED Visits are for Mental Health and/or Substance Misuse Disorders
- 72% of those patients have a Length of Stay greater that 12 hours
- Average LOS this FY for Mental Health patients going to Inpatient facility is 39.7 hours
- Greatest LOS this FY for single patient was 326 hours for a Voluntary Pediatric Patient with a Suicide Attempt

	# Patients Left Without Being Seen	LWBS Average Length of Stay (Minutes)	Emergency Department Visits (6 Mos)	Average Length of Stay – D/C Home (Minutes)	Average Daily ED Volume	Average Daily Admissions from ED	Average Daily Transfers from ED
Q2/Q3 FY20	21	52	5,543	135	30	3.3	1.2
Q2/Q3 FY21	17	20	5,154	141	28	3.3	1.1
Q2/Q3 FY22	98	86	6,691	221	37	3.6	1.5

Introduction:

Stressed System: Post-Acute Patients on Med/Surg

- 40% increase in Post-Acute patients compared to same period last fiscal year
- Copley has had as much as 40% of its' 20 staffed beds occupied with swing bed patients awaiting placement
- Causes patients to be boarded in ED, frequently for multiple days awaiting inpatient beds

	Swing Bed Admissions	Swing Bed Days of Care	Average Length of Stay	Average Daily Census
Q1,2,3 FY21	46	548	11.9	2.0
Q1,2,3 FY22	61	638	10.5	2.3

OUR MISSION: **To help people live healthier lives by providing exceptional care and superior service.**

COMMUNITY
Achieving our shared goal
Of a health community

SERVICE EXCELLENCE
Excellent care and
exceeding expectations

RESPECT & COMPASSION
We respect every individual

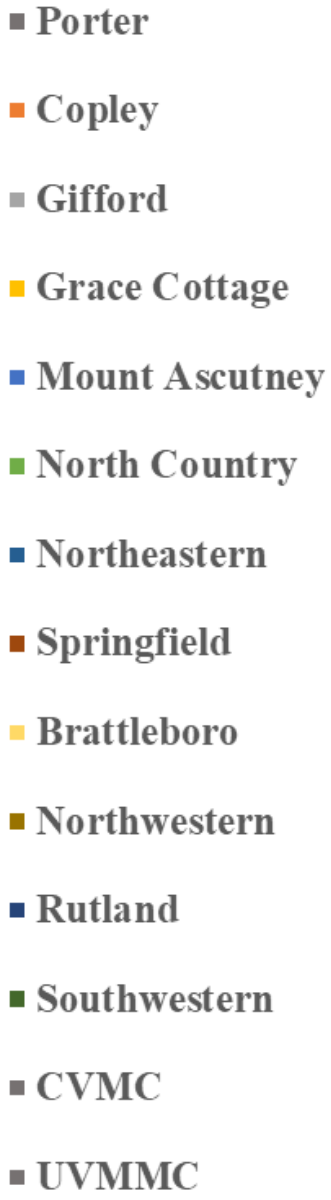
LIFE-LONG LEARNING
Continuous learning and collaboration

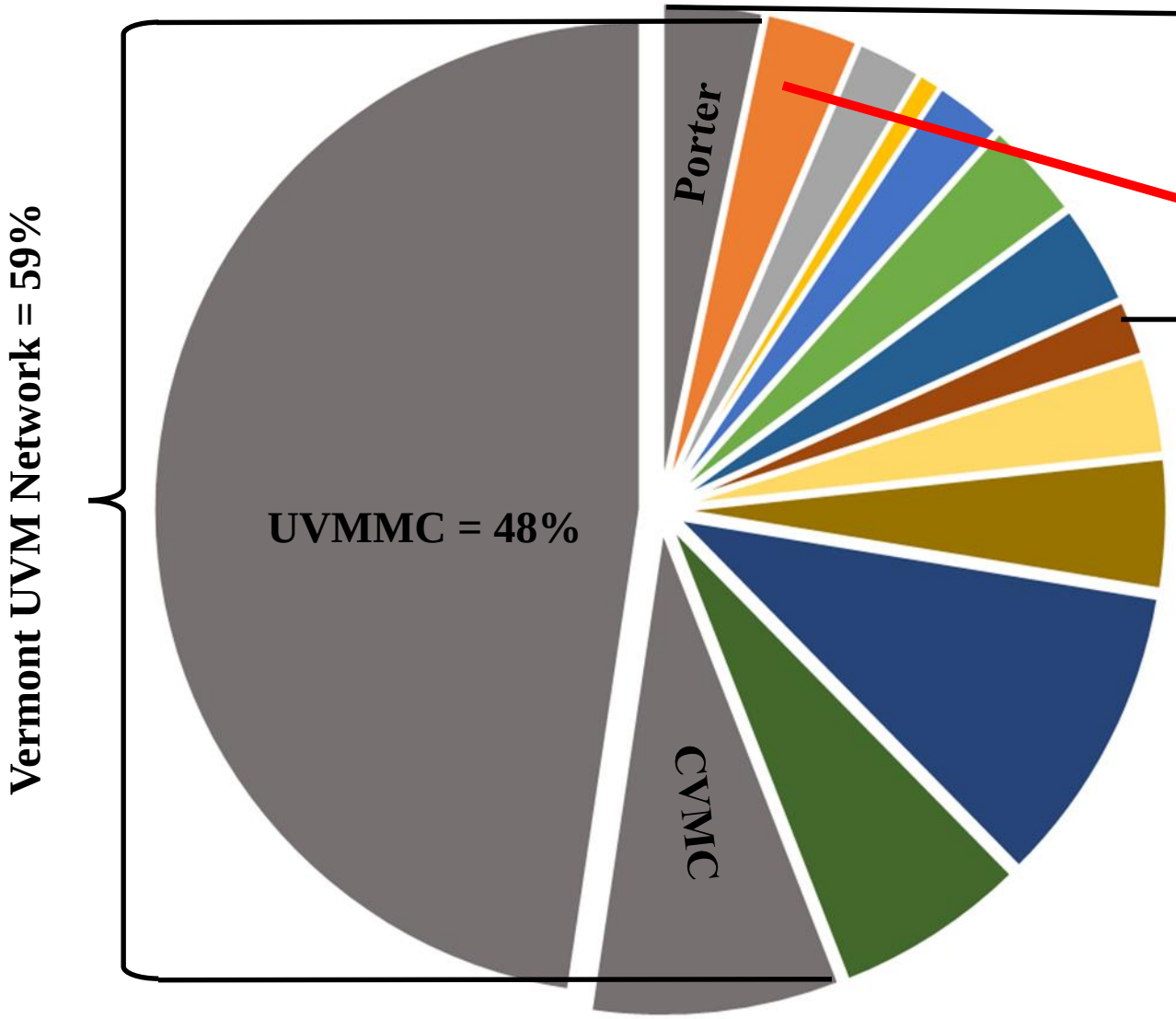
LIFE-LONG NOT-FOR-PROFIT
We offer care and services
regardless of ability to pay

Overview: Highlights

- Independent, Non-Profit Critical Access Hospital (1 of 8 in VT)
- Service Area Population ~ 30,000 – 50,000 Patients
- 25 Bed Critical Access Hospital with 1,900 Admissions
- 12,500 Emergency Department Visits
- 498 Employees/paychecks (386 FTE's, 550 Active Staff – not counting Travelers)
- 176 Members on Medical Staff representing 27 Specialties
- $87 million Net Revenue ($154 million gross charges)
- 120 Volunteers (pre-COVID)
- 715 Donors > 1,364 gifts

Overview: Size





8 CAH's = 20%

Copley

3%

of VT Total

$2,745,310,346

2021 VT Total's

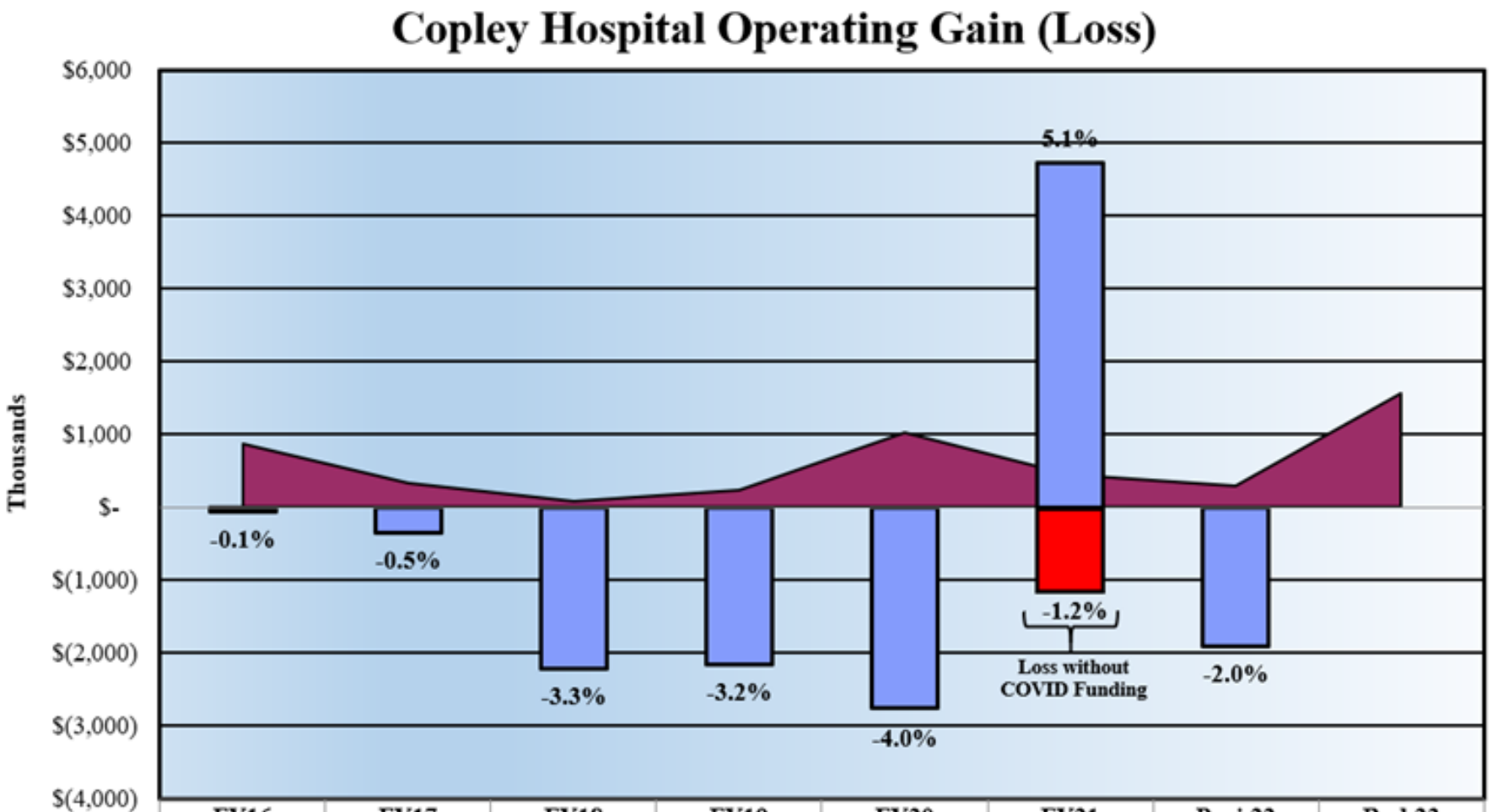
Overview: Payment Methods

48%	The University of Vermont Medical Center	Tertiary PPS
32%	Brattleboro Memorial Hospital	PPS
	Central Vermont Medical Center	PPS
	Northwestern Medical Center	PPS
	Rutland Regional Medical Center	PPS
	Southwestern VT Medical Center	PPS
20%	Copley Hospital	CAH
	Gifford Medical Center	CAH
	Grace Cottage Hospital	CAH
	Mt. Ascutney Hospital & Health Ctr	CAH
	North Country Hospital	CAH
	Northeastern VT Regional Hospital	CAH
	Porter Medical Center	CAH
	Springfield Hospital	CAH

PPS: A healthcare payment system used by the federal government since 1983 for reimbursing healthcare providers/agencies for medical care provided to Medicare and Medicaid participants. The payment is fixed and based on the operating costs of the patient's diagnosis.

CAH: Medicare pays CAHs 101% of allowable costs for most services. However, due to Medicare sequestration CAHs have been receiving 99% allowable costs since 04/01/13.

Financials: Past Overall Performance



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Actual	$(70,683)	$(353,625)	$(2,212,169)	$(2,161,243)	$(2,756,779)	$4,715,884	$(1,904,458)	

- **Copley has budgeted an <u>overall operating margin of 1.62% or $1,569,096</u>.**

Financials: Current

Income Statement

	2022P	2022B	2023B
REVENUES			
Gross Patient Care Revenue	**$157,693,473**	**$153,073,468**	**$169,893,373**
Disproportionate Share Payments	$ 482,404	$ 455,000	$ 482,000
Graduate Medical Education Payments	$ -	$ -	$ -
Bad Debt	$ (4,217,484)	$ (4,398,874)	$ (4,882,228)
Free Care	$ (1,486,130)	$ (1,550,047)	$ (1,720,368)
Deductions From Revenue	$ (65,529,356)	$ (66,900,055)	$ (72,716,323)
Net Patient Care Revenue (NPR)	**$ 86,942,907**	**$ 80,679,492**	**$ 91,056,454**
Fixed Prospective Payments (FPP)	$ 5,253,078	$ 4,976,779	$ 4,976,779
TOTAL NPR & FPP	**$ 92,195,985**	**$ 85,656,271**	**$ 96,033,233**
Other Operating Revenue	$ 1,916,276	$ 1,014,326	$ 1,014,326
TOTAL OPERATING REVENUE	**$ 94,112,261**	**$ 86,670,597**	**$ 97,047,559**
EXPENSE			
Salaries/Contracts/Benefits	$ 49,193,611	$ 49,045,925	$ 56,636,726
Health Care Provider Tax	$ 5,015,539	$ 5,016,920	$ 5,516,574
Depreciation/Amortization	$ 2,898,075	$ 3,331,448	$ 3,100,813
Interest - Short and Long Term	$ 152,961	$ 114,000	$ 194,000
Other Operating Expenses	$ 38,756,533	$ 28,870,689	$ 30,030,350
TOTAL OPERATING EXPENSE	**$ 96,016,719**	**$ 86,378,982**	**$ 95,478,463**
NET OPERATING INCOME (LOSS)	**$ (1,904,458)**	**$ 291,615**	**$ 1,569,096**
Non-Operating Revenue	$ 2,290,991	$ 302,184	$ 302,184
EXCESS (DEFICIT) OF REV OVER EXP	**$ 386,533**	**$ 593,799**	**$ 1,871,280**

Balance Sheet

	2022 P	2022 B	2023 B
Cash & Investments	$ 22,602,539	$ 7,801,772	$ 22,298,742
Net Patient Accounts Receivable	9,912,000	6,410,000	10,524,000
Other Current Assets	5,000,000	5,000,000	5,000,000
Current Assets	**$ 37,514,539**	**$ 19,211,772**	**$ 37,822,742**
Board Designated Assets	$ -	$ 1,439,601	$ -
Net, Property, Plant And Equipment	30,526,384	29,322,337	32,937,466
Other Long-Term Assets	3,800,000	2,600,000	3,800,000
Assets	**$ 71,840,923**	**$ 52,573,710**	**$ 74,560,208**
Accounts Payable	$ 6,130,000	$ 2,740,000	$ 6,590,000
Salaries, Wages And Payroll Taxes Payable	6,395,000	5,309,000	7,363,000
COVID-19 Funding Short-Term Liabilities	-	1,100,000	-
ACO Risk Reserve/Settlement Receivable	1,047,288	1,047,288	1,047,288
Other Current Liabilities	2,543,542	1,418,657	2,553,075
Current Liabilities	**$ 16,115,830**	**$ 11,614,945**	**$ 17,553,363**
Long Term Liabilities	$ 14,616,813	$ 8,815,119	$ 14,027,284
COVID-19 Funding Long-Term Liabilities	-	-	-
Fund Balance	41,108,280	32,143,646	42,979,561
Liabilities and Equities	**$ 71,840,922**	**$ 52,573,710**	**$ 74,560,208**

Cash Flow

	2022 P	2023 B
Cash flows from operation:		
Net income (loss)	**$ 386,533**	**$ 1,871,280**
Adjustments to net income (loss):		
Depreciation and amortization	2,898,075	3,100,813
Change in operating assets and liabilities:		
Accounts receivable	675,435	(612,000)
Other current assets	1,062,574	-
Accounts payable	(511,744)	460,000
Third party payers	(52,461)	-
Accrued payroll and other	(10,286,536)	977,534
Net cash provided by (used in) operation	**$ (5,828,124)**	**$ 5,797,627**
Cash flows from investing:		
Capital expenditures	$ (4,428,369)	$ (5,511,895)
Net cash provided by (used in) investing	**$ (4,428,369)**	**$ (5,511,895)**
Cash flows from financing:		
Due to (from) related entities		
Payment on long term loans	$ 4,112,053	$ (589,529)
Net cash provided by (used in) financing	**$ 4,112,053**	**$ (589,529)**
Net increase (decrease) in cash	**$ (6,144,440)**	**$ (303,797)**
Total cash & investments, beginning balance	**$ 28,746,979**	**$ 22,602,539**
Total cash & investments, ending balance	**$ 22,602,539**	**$ 22,298,742**

Assumptions: Net Patient Revenue

Volume:

- Added Podiatrist in Fiscal Year 2022
- Reduced Lab volumes due to for profit laboratory (Quest) taking over local FQHC referrals
- Reduction in ED (used post COVID expectations)

	Budget 2023 Increase/Decrease Comparison	
	Annualized 2022	**Budget 2022**
Inpatient	-3.0%	-39.7%
Outpatient	-5.2%	18.1%
Clinic	2.2%	2.2%
Overall	**-3.8%**	**-0.9%**

Payer Mix:

- Medicare volumes continue to increase due to the aging demographics of our community.
  - Vermont is the 3rd oldest state and is aging at a faster rate
  - % of Vermonters age 65+ is growing while the % under age 20 is declining

(source: State Health Assessment Plan: Healthy Vermonters 2020; Vermont Department of Health State Health Assessment)

Assumptions: Net Patient Revenue (cont.)

Medicare:
Critical Access Hospital (CAH) payments are based on costs and the share of those costs allocated to Medicare patients. Copley receives cost-based reimbursement for inpatient and outpatient services provided to Medicare patients. The cost of treating Medicare patients is estimated using cost accounting data from Medicare cost reports.

Copley has realized the rate increase in its NPR for Medicare due to the relationship in the increase of cost per services unit as compared to the increase in charges.

Medicaid:
Copley is not budgeting any additional reimbursement from Medicaid.

Commercial:
Increases in gross charges will increase net patient service revenue but not on a dollar for dollar basis. Commercial insurance impact varies depending on the individual payer contracts.

Assumptions: Operating Expenses

FY23 Operating Expenses Budget 22 to Budget 23:

- Salaries & Wages
  - FTE – Up 21 FTE's
    - ✓ Ambulatory/Providers – 14.4
    - ✓ Ancillaries – 0.8
    - ✓ Emergency Department – 1.6
    - ✓ Nursing Departments – 2.3
    - ✓ Information Systems – 0.9
    - ✓ Other Overhead Departments – 0.7

Assumptions: Operating Expenses (cont.)

FY23 Operating Expenses Budget 22 to Budget 23 (continued):

- Benefits – Up 7.8%
  - Health – 6.2% (self-insured)
  - Dental – 0.0%
  - Life & LTD/Other – 6.2%
- Utilities – 37.0%
  - Oil & Gas – 115.0% (going from $358k to $770k)
  - Electricity – 3.8%
  - Water & Sewer – 9.8%
- Pharmaceuticals – 14.1%
- Provider Tax – 10.0% (up due to increase in net revenue)
- Insurance – 31.3% (Cyber insurance almost doubled from $45k to $85k)

Assumptions: Non Operating

FY23 Non Operating:

- Annual Fund ~$245k
- Income/Gains on Investments ~$57k

Rate Request: Future

Rate Increase:

- Copley has requested a rate increase of 12.0%, and each 1% is worth $805,029 which results in a total request of $9,585,490 related to rate.

Financial Pressures:

- Copley has budgeted an overall operating margin of 1.62% or $1,569,096.

- Copley is facing an unprecedented workforce challenges for FY 2023. Over the past 2 years our overall staff vacancy rate reached as high as 20%. We have seen our traveler expense almost triple. To be competitive in this tight labor market we have had to make additional wage adjustments for all staff in addition to our regularly scheduled merit and market increases. In addition to all this we've also seen an increase in sign-on incentives, and additional housing expenses for new employees.

- We also continue to face an aging infrastructure. Over the years we have made difficult decisions in prioritizing our needs with limited cash and need to generate an operating margin in order to fund these improvements. The decreased available capital has created a large backlog; increasing risk and creating challenges in prioritizing sudden departmental needs.

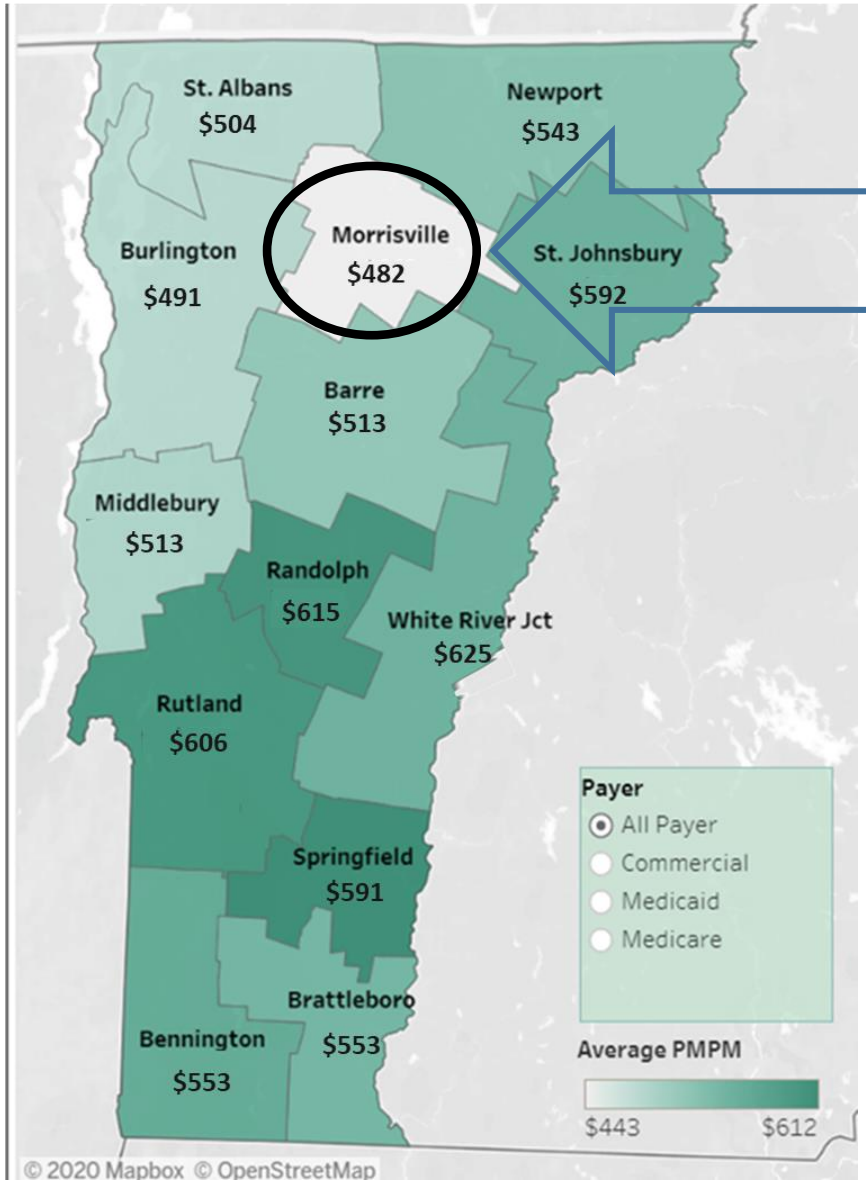
Rate Request: Future

Rate Increase:

- Copley has requested a rate increase of 12.0%, and each 1% is worth $805,029 which results in a total request of $9,585,490 related to rate.

Table 4: Please indicate the NPR/FPP FY2023 dollar value of 1% overall change in charge.	
NPR/FPP value of 1% Overall Change in Charge	
Payer	**Per 1%**
Commercial	$ 512,634
Medicare	$ 292,394
Medicaid	$ -
Overall	$ 805,029

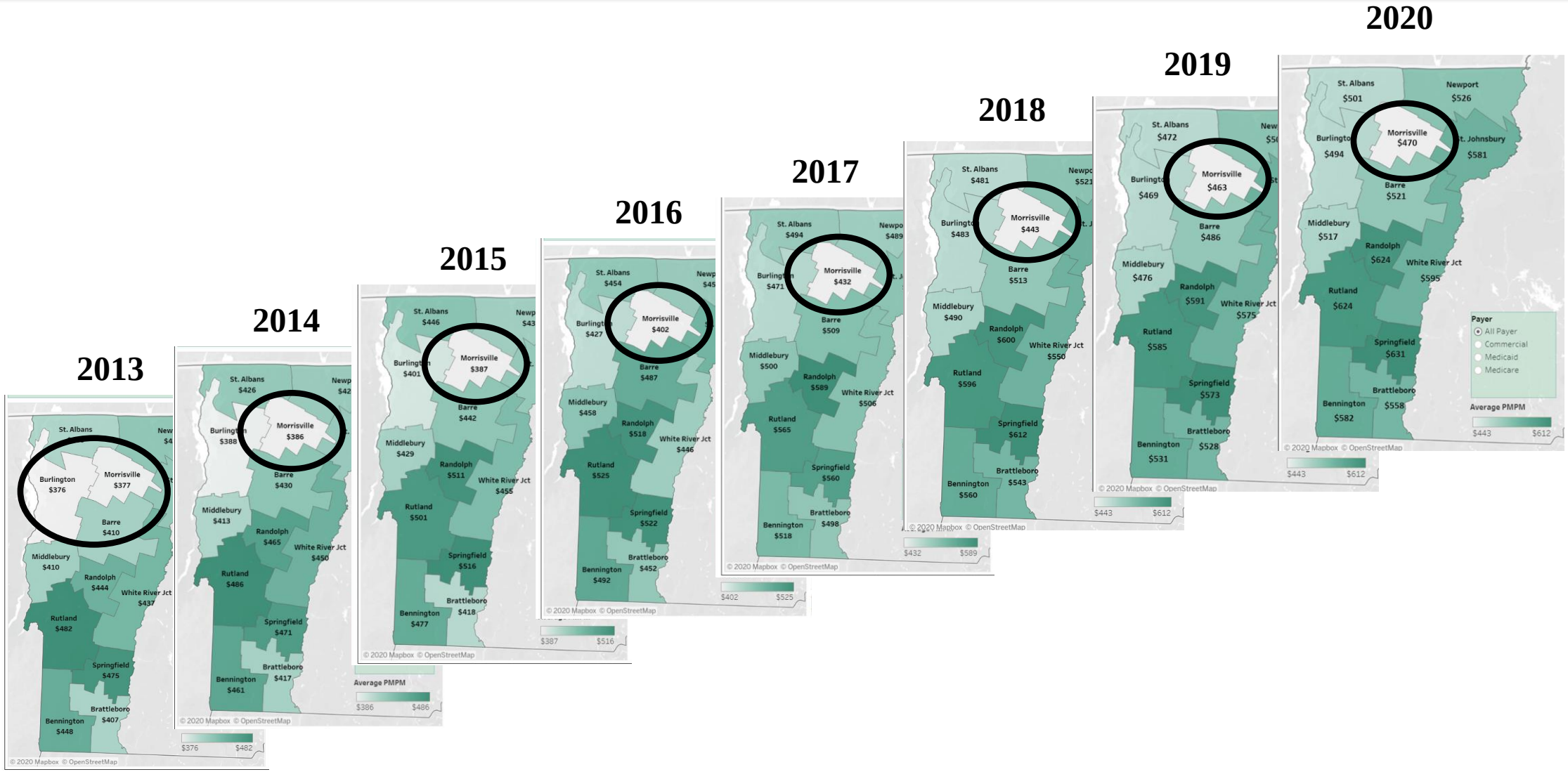
Rate Request: Past Comparison & Outcome (cont.)



Lowest Cost of Care for 2021

*** Source: GMCB Estimates from Expenditure Analysis**

Rate Request: Past Comparison & Outcome (cont.)



*** Source: GMCB Estimates from Expenditure Analysis**

Rate Request: Past Comparison & Outcome (cont.)

	5 Yr (2018-2022)		10 Yr (2013-2022)		15 Yr (2008-2022)		2023	
	Ave submit	Thru 2020 Average Approved	Ave submit	Thru 2020 Average Approved	Ave submit	Thru 2020 Average Approved	Submitted	Approved
Brattleboro	5.44%	**4.50%**	4.59%	**4.06%**	5.54%	**4.99%**	14.90%	
Central Vermont	6.78%	**4.34%**	6.04%	**4.67%**	6.53%	**5.48%**	14.50%	
Copley	6.14%	**4.18%**	3.67%	**2.22%**	4.31%	**3.35%**	12.00%	
Fletcher Allen	6.46%	**4.16%**	5.52%	**5.10%**	6.01%	**5.60%**	**19.90%**	
Gifford	4.10%	**4.10%**	4.95%	**4.95%**	5.59%	**5.49%**	**3.65%**	
Grace Cottage	3.92%	**3.92%**	4.71%	**4.71%**	5.55%	**5.46%**	5.00%	
Mount Ascutney	3.56%	**3.56%**	4.36%	**4.36%**	5.06%	**5.03%**	4.70%	
North Country	4.27%	**3.95%**	5.06%	**4.90%**	5.22%	**5.06%**	12.50%	
Northeastern	3.74%	**3.22%**	4.60%	**4.32%**	5.42%	**5.15%**	10.80%	
Northwestern	7.60%	**5.48%**	4.39%	**2.97%**	5.72%	**4.03%**	9.40%	
Porter	4.01%	**2.76%**	4.51%	**4.04%**	5.95%	**5.33%**	11.50%	
Rutland	5.83%	**3.95%**	5.12%	**4.18%**	6.29%	**5.38%**	17.80%	
Southwestern	3.44%	**3.40%**	4.83%	**4.57%**	5.79%	**5.33%**	9.50%	
Springfield	5.76%	**5.76%**	4.91%	**4.77%**	4.90%	**4.76%**	10.00%	
System Average	5.08%	**4.09%**	4.80%	**4.27%**	5.56%	**5.03%**	11.15%	
System Wtg Avg							16.19%	
Median	4.86%	**4.03%**	4.77%	**4.47%**	5.57%	**5.24%**	11.15%	

Lowest Increase **Highest Increase**

Rate Request: Past Comparison & Outcome (cont.)

	5 Yr (2018-2022)		10 Yr (2013-2022)		15 Yr (2008-2022)	
	Ave submit	Thru 2020 Average Approved	Ave submit	Thru 2020 Average Approved	Ave submit	Thru 2020 Average Approved
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Central Vermont	6.78%	**4.34%**	6.04%	**4.67%**	6.53%	**5.48%**
Copley	6.14%	**4.18%**	3.67%	**2.22%**	4.31%	**3.35%**
Fletcher Allen	6.46%	**4.16%**	5.52%	**5.10%**	6.01%	**5.60%**
Gifford	4.10%	**4.10%**	4.95%	**4.95%**	5.59%	**5.49%**
Grace Cottage	3.92%	**3.92%**	4.71%	**4.71%**	5.55%	**5.46%**
Mount Ascutney	3.56%	**3.56%**	4.36%	**4.36%**	5.06%	**5.03%**
North Country	4.27%	**3.95%**	5.06%	**4.90%**	5.22%	**5.06%**
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Southwestern	3.44%	**3.40%**	4.83%	**4.57%**	5.79%	**5.33%**
Springfield	5.76%	**5.76%**	4.91%	**4.77%**	4.90%	**4.76%**
System Average	5.08%	**4.09%**	4.80%	**4.27%**	5.56%	**5.03%**
Median	4.86%	**4.03%**	4.77%	**4.47%**	5.57%	**5.24%**

Lowest Increase **Highest Increase**

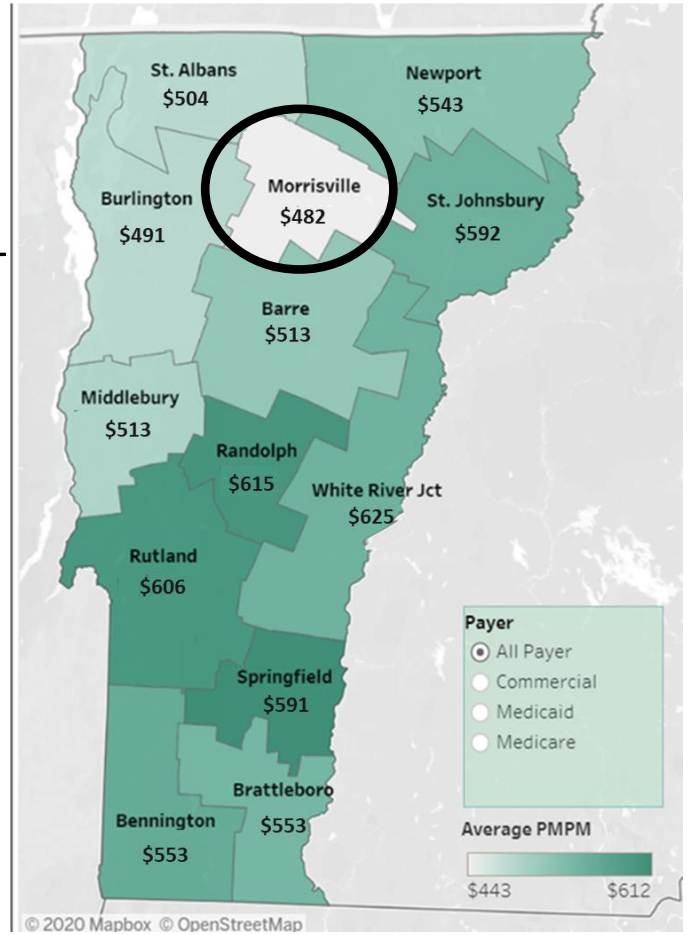
15 Year Average:

- Lowest
- 1.68% lower than system average

10 Year Average:

- Lowest
- 2.05% lower than system average

***2021All Payer Cost of Care**



*** Source: GMCB Estimates from 2018 Expenditure Analysis**

Rate Request: Price Comparisons

FY 2022 Pricing Comparison for Laboratory Services:

CPT	CPT Description	Copley Price	Quest* Price	Other VT Hospital Comparisons				
				VT Avg	A	B	C	D
80053	COMPREHEN METABOLIC PANEL	$ 88	$ 88	$ 130	$ 119	$ 180	$ 198	$ 102
80061	LIPID PANEL	$ 81	$ 155	$ 121	$ 108	$ 185	$ 110	$ 85
84443	ASSAY THYROID STIM HORMONE	$ 97	$ 130	$ 175	$ 187	$ 273	$ 237	$ 110
85025	COMPLETE CBC W/AUTO DIFF WBC	$ 45	$ 46	$ 87	$ 55	$ 137	$ 117	$ 42
80178	ASSAY OF LITHIUM	$ 44	$ 63		$ 94	$ 133	$ 297	$ 49
80048	BASIC METABOLIC PANEL	$ 66	$ 70	$ 100	$ 78	$ 121	$ 120	$ 86
87088	CULTURE URINE	$ 25	$ 36	$ 75		$ 71	$ 195	$ 64
85652	SEDIMENTATION RATE	$ 11	$ 37		$ 52	$ 50		$ 35
85027	HEMOGRAM & PLATELET W/O DIFF	$ 43	$ 34	$ 70	$ 51	$ 113	$ 83	$ 40
87070	CULTURE BACTERIAL	$ 41	$ 75	$ 131	$ 186	$ 150	$ 123	$ 62

Notes:

1. *Quest Pricing updated as of 08/01/22, pricing verified through Quest automated phone system, as well as Quest customer support.

3. Copley Pricing updated as of 10/01/21

4. Other VT Hospital Comparison as of 10/01/21

Rate Request: Price Comparisons (cont.)

FY 2021 Inpatient Room and Bed:

CPT	Description		Copley	VT Avg	A	B	C	D	E	F	G	H	I	J	K	L	M
				Vermont Hospitals													
	Semi Private Medical Surgical Room & Bed Rate	★	$ 1,300	$2,163	$1,964	$1,770	$2,158			$2,738	$2,866		$1,526	$2,629	$1,453		$2,360

FY 2022 Emergency Room Levels of Care:

99281	EMERGENCY VISIT LEVEL 1	$ 253	$ 321	$ 223	$ 264	$ 322	$ 626	$ 400	$ 212	$ 184	$ 339	$ 223	$ 351	$ 386
99282	EMERGENCY VISIT LEVEL 2	$ 366	$ 447	$ 393	$ 408	$ 359	$ 868	$ 400	$ 364	$ 235	$ 502	$ 278	$ 393	$ 719
99283	EMERGENCY VISIT LEVEL 3	$ 606	$ 737	$ 584	$ 754	$ 532	$1,613	$ 716	$ 550	$ 393	$ 592	$ 594	$ 733	$1,041
99284	EMERGENCY VISIT LEVEL 4	$ 921	$1,122	$1,011	$1,158	$ 850	$1,973	$1,076	$ 979	$ 813	$1,025	$ 931	$ 885	$1,638
99285	EMERGENCY VISIT LEVEL 5	$ 1,331	$1,566	$1,307	$1,620	$1,364	$2,629	$1,076	$1,575	$1,228	$1,536	$1,020	$ 915	$2,951

FY 2022 Diagnostic Imaging:

73030	X-RAY EXAM OF SHOULDER	★	$ 279	$ 544	$ 504	$ 360	$ 538	$ 816	$ 698	$ 567	$ 400	$ 346	$ 654	$ 450	$ 655
73630	X-RAY EXAM OF FOOT	★	$ 279	$ 494	$ 466	$ 360	$ 602	$ 609	$ 494	$ 561	$ 400	$ 325	$ 489	$ 519	$ 606
77067	SCR MAMMO BI INCL CAD		$ 466	$ 587	$ 659		$ 671	$ 510	$1,022	$ 218	$ 629	$ 485	$ 600	$ 458	$ 621
74177	CT ABD & PELV W/CONTRAST		$ 1,486	$3,899	$4,364	$4,381	$4,367	$4,636	$1,100	$3,445	$3,102	$3,673	$3,674	$3,964	$6,188
73610	X-RAY EXAM OF ANKLE	★	$ 263	$ 511	$ 470	$ 360	$ 620	$ 888	$ 494	$ 593	$ 400	$ 346	$ 489	$ 344	$ 615
70450	CT HEAD/BRAIN W/O DYE		$ 977	$1,753	$1,741	$2,002	$2,237	$1,846	$ 533	$1,755	$1,642	$1,601	$1,937	$ 930	$3,059
73110	X-RAY EXAM OF WRIST	★	$ 264	$ 554	$ 504	$ 336	$ 716	$1,003	$ 561	$ 471	$ 400	$ 413	$ 570	$ 501	$ 622
73562	X-RAY EXAM OF KNEE 3		$ 367	$ 575	$ 504	$ 465	$ 787	$1,013	$ 773	$ 573	$ 446	$ 281	$ 467	$ 364	$ 652
73560	X-RAY EXAM OF KNEE 1 OR 2	★	$ 190	$ 466	$ 471	$ 320	$ 618	$ 835	$ 658	$ 328	$ 400	$ 249	$ 416	$ 296	$ 539
73130	X-RAY EXAM OF HAND	★	$ 210	$ 520	$ 504	$ 360	$ 679	$ 860	$ 580	$ 429	$ 350	$ 454	$ 467	$ 442	$ 596
74176	CT ABD & PELVIS W/O CONTRAST	★	$ 1,224	$3,334	$3,381	$3,598	$3,453	$2,928	$1,490	$3,445	$2,746	$3,525	$3,053	$3,897	$5,153
73721	MRI JNT OF LWR EXTRE W/O DYE	★	$ 1,732	$3,585	$2,995		$5,156	$3,035	$3,319	$4,476	$2,981	$2,962	$3,165		$4,173

In this 80/20 study – Copley is below the <u>average</u> in 18 out of 18 charges.

Adjustments: (provider transfers)

Podiatry:

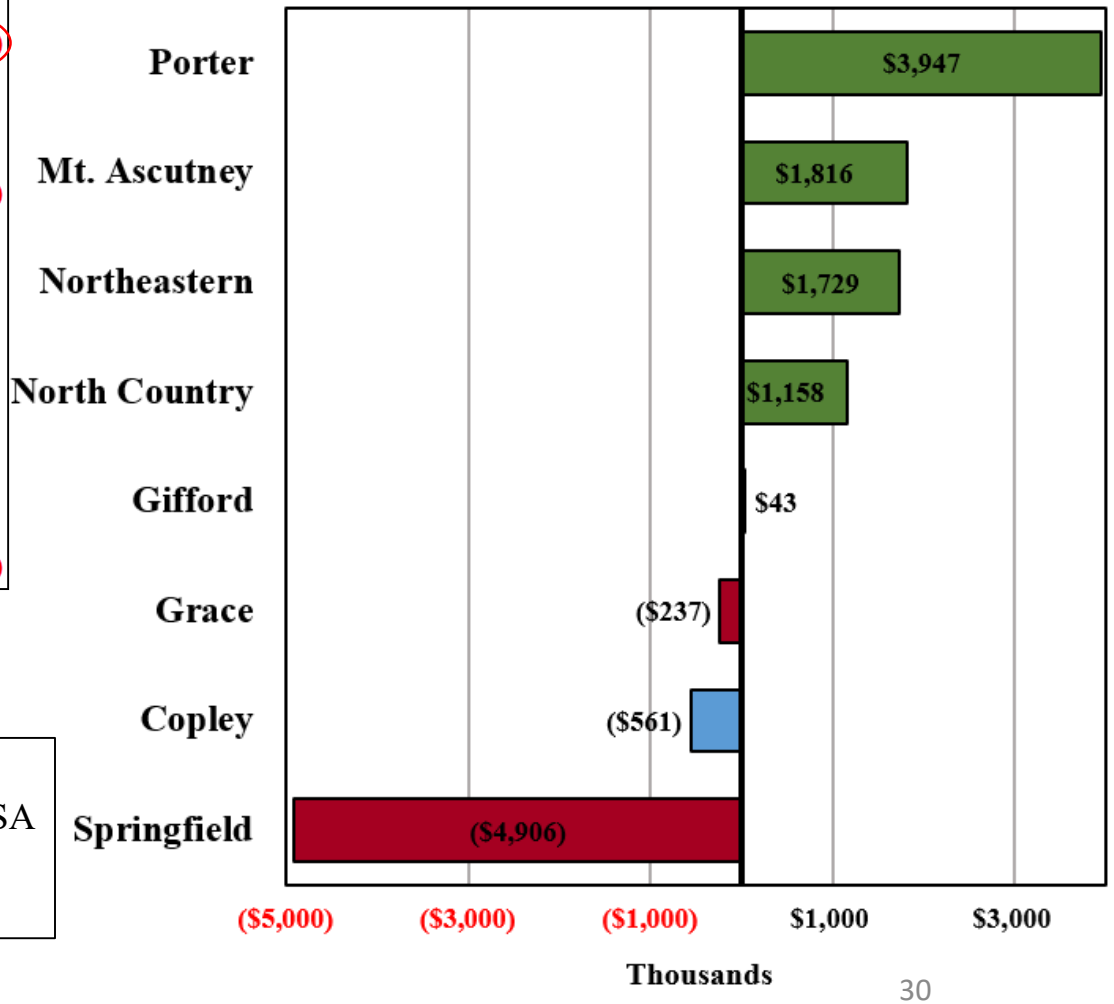
- Dr. McNamara joins Podiatrist Dr. Ciara Hollister and the orthopedic team at Mansfield Orthopaedics. With the addition of Dr. McNamara to our experienced foot and ankle and podiatric team we are able to further expand our foot care services to our community," said Stephanie Lussier, VP Ambulatory and Provider Services. "We look forward to providing our patients with the best in quality podiatric care and pleased that Dr. McNamara is joining our orthopedic team," continued Stephanie.

Key Indicators: Operating Margins

CAH 5 Year Operating Margins

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	5 Year Avg
★ Copley	($377,946)	($2,222,433)	($2,161,242)	($2,756,792)	$4,715,884	($560,506)
★ Gifford	($874,293)	($5,369,446)	($413,707)	$1,417,726	$5,456,163	$43,289
Grace	($1,270,782)	($556,530)	($1,301,798)	$237,545	$1,707,912	($236,731)
Mt. Ascutney	$1,390,379	$1,052,255	($42,885)	$538,310	$6,142,843	$1,816,180
★ North Country	($1,871,960)	($1,883,575)	$1,676,946	$3,336,242	$4,532,332	$1,157,997
Northeastern	$1,477,373	$1,430,264	$1,627,193	$1,181,218	$2,927,072	$1,728,624
Porter	$2,196,330	$1,492,207	$4,705,271	$3,673,600	$7,669,728	$3,947,427
Springfield	($3,835,857)	($6,996,078)	($9,021,952)	($5,314,274)	$639,922	($4,905,648)

CAH 5 Year Average Operating Margins (2017 – 2021):



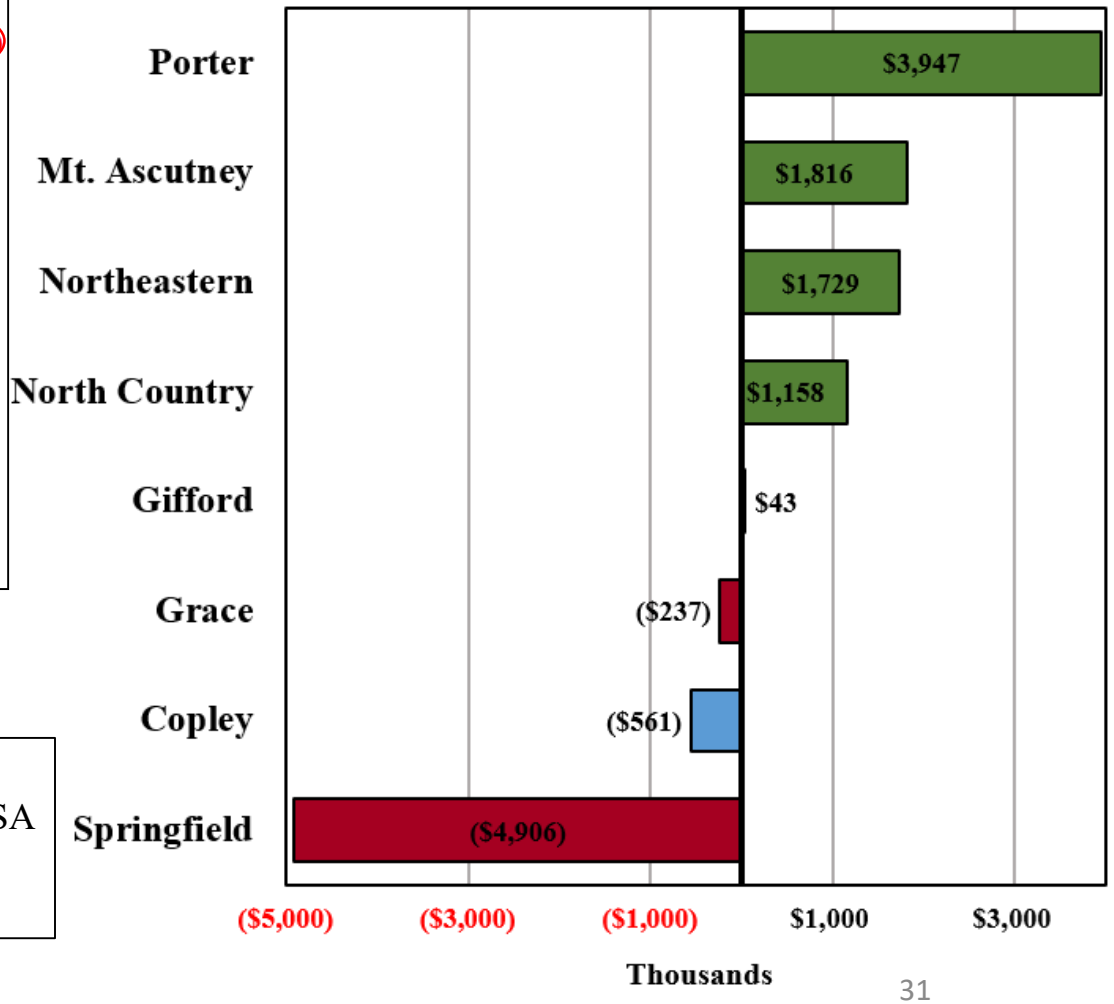
The GMCB has a statutory obligation to ensure that hospital budgets "promote efficient and economic operation of the hospital" and "reflect budget performances for prior years". 18 VSA 9456 (3) & (4). In its 2020 hospital budget review, the Board ordered 6 of the 14 hospitals to complete sustainability plans to address concerns about consistent operating losses.

Key Indicators: Operating Margin

CAH 5 Year Operating Margins

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	5 Year Avg
★ Copley	($377,946)	($2,222,433)	($2,161,242)	($2,756,792)	$4,715,884	($560,506)
Requested Rate Increases	0.0%	0.0%	7.9%	9.8%	8.0%	5.1%
Approved Rate Increases	-3.7%	-3.4%	4.5%	9.8%	6.0%	2.6%

CAH 5 Year Average Operating Margins (2017 – 2021):



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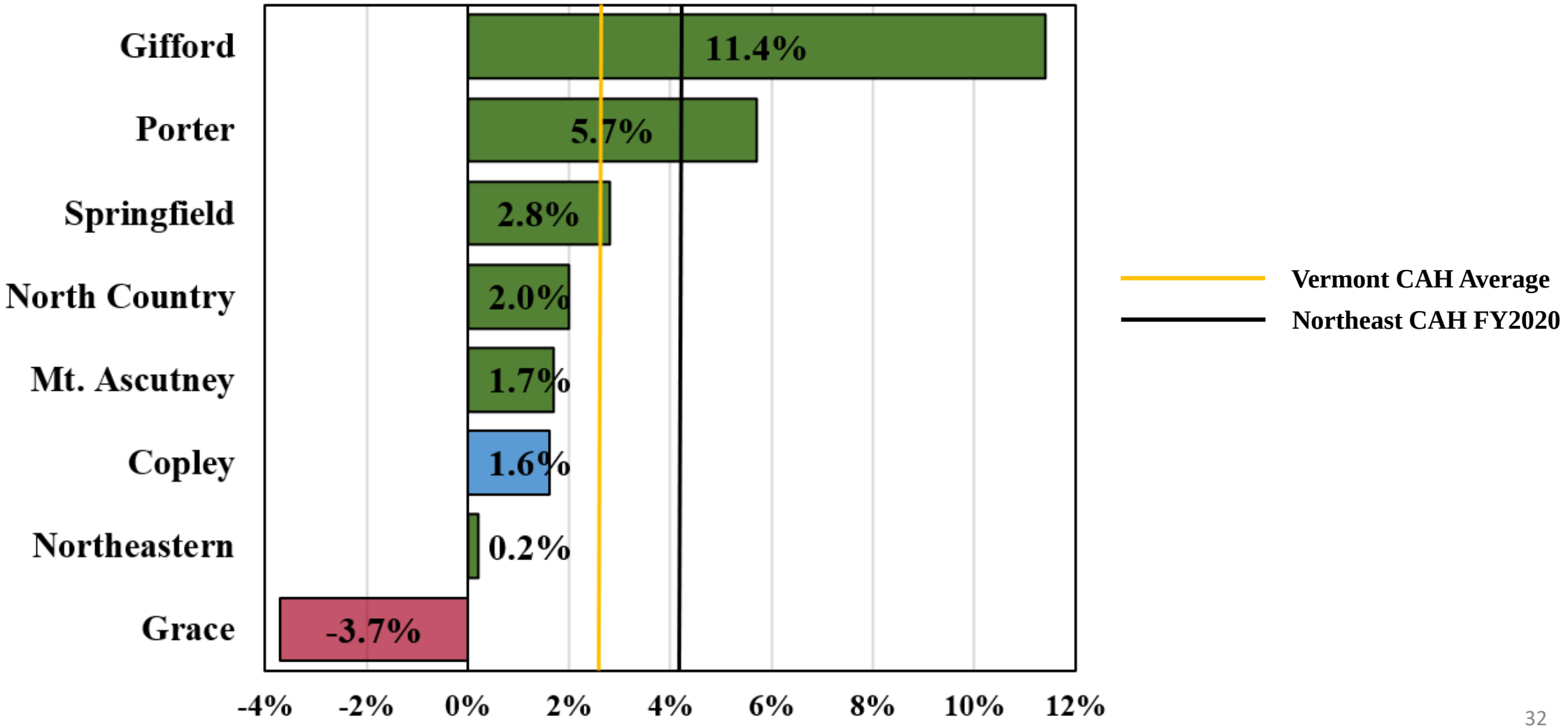
Key Indicators: Operating Margin

CAH Budget 2023 Operating Margins (%) Request



Key Indicators: LTD to Cap

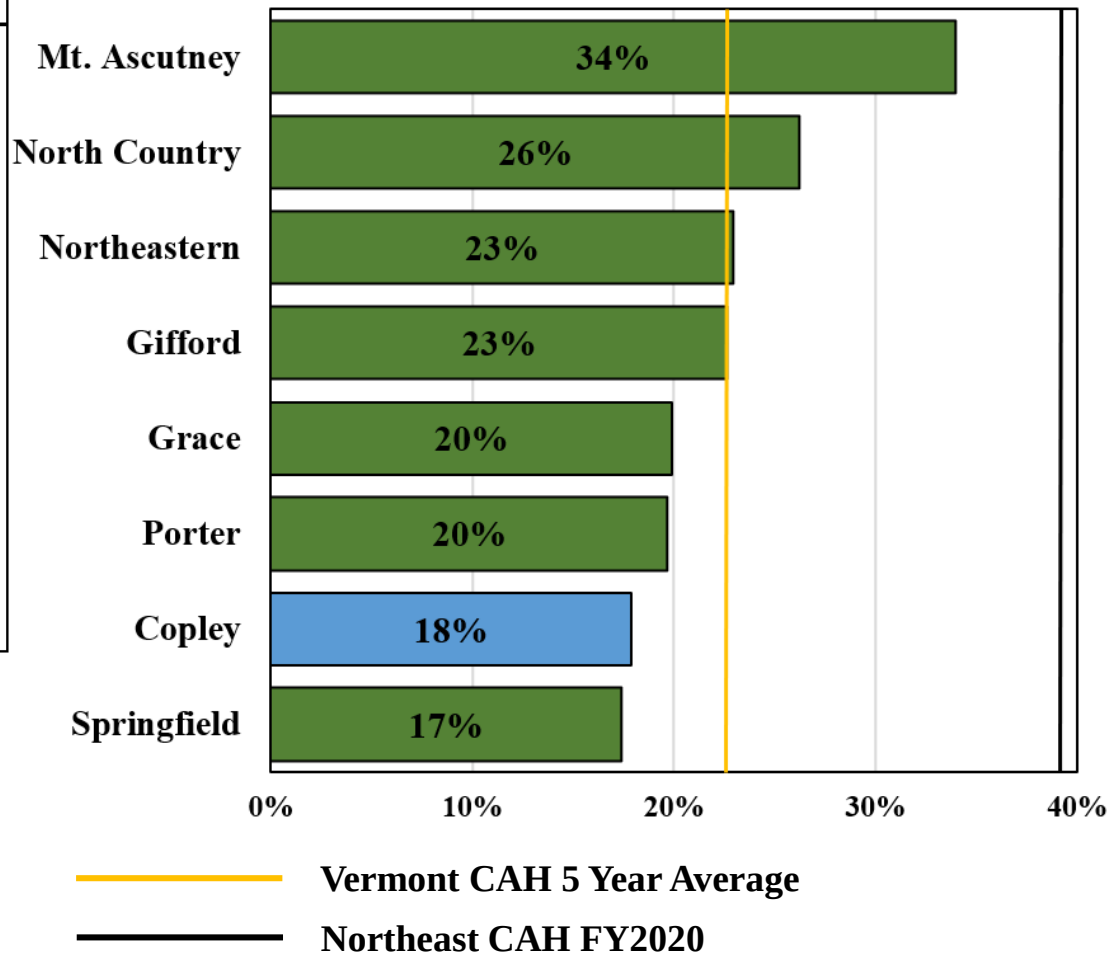
CAH 5 Year Long Term Debt to Capitalization

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	5 Year Average
Copley	19.2%	18.7%	18.5%	18.0%	14.8%	17.8%
Gifford	23.6%	23.5%	22.9%	25.4%	17.8%	22.6%
Grace	20.8%	14.4%	13.0%	N/A	31.3%	19.9%
Mt. Ascutney	31.1%	28.4%	30.0%	39.8%	40.4%	34.0%
North Country	27.8%	25.0%	24.4%	30.4%	23.6%	26.2%
Northeastern	22.9%	21.0%	19.7%	31.2%	19.8%	22.9%
Porter	25.0%	21.5%	20.3%	17.5%	14.0%	19.7%
Springfield	36.2%	7.4%	-13.9%	-4.1%	61.2%	17.4%

Notes:

- 2020 Copley PPP loan removed from calculation
- 2020 Grace NA due to inability to remove PPP loan
- 2017–21 Re-calculated Springfield ratio's based on audited financials

CAH 5 Year Average Long Term Debt to Cap (2017 – 2021):



Key Indicators: DCOH (w/o COVID Advance Payments)

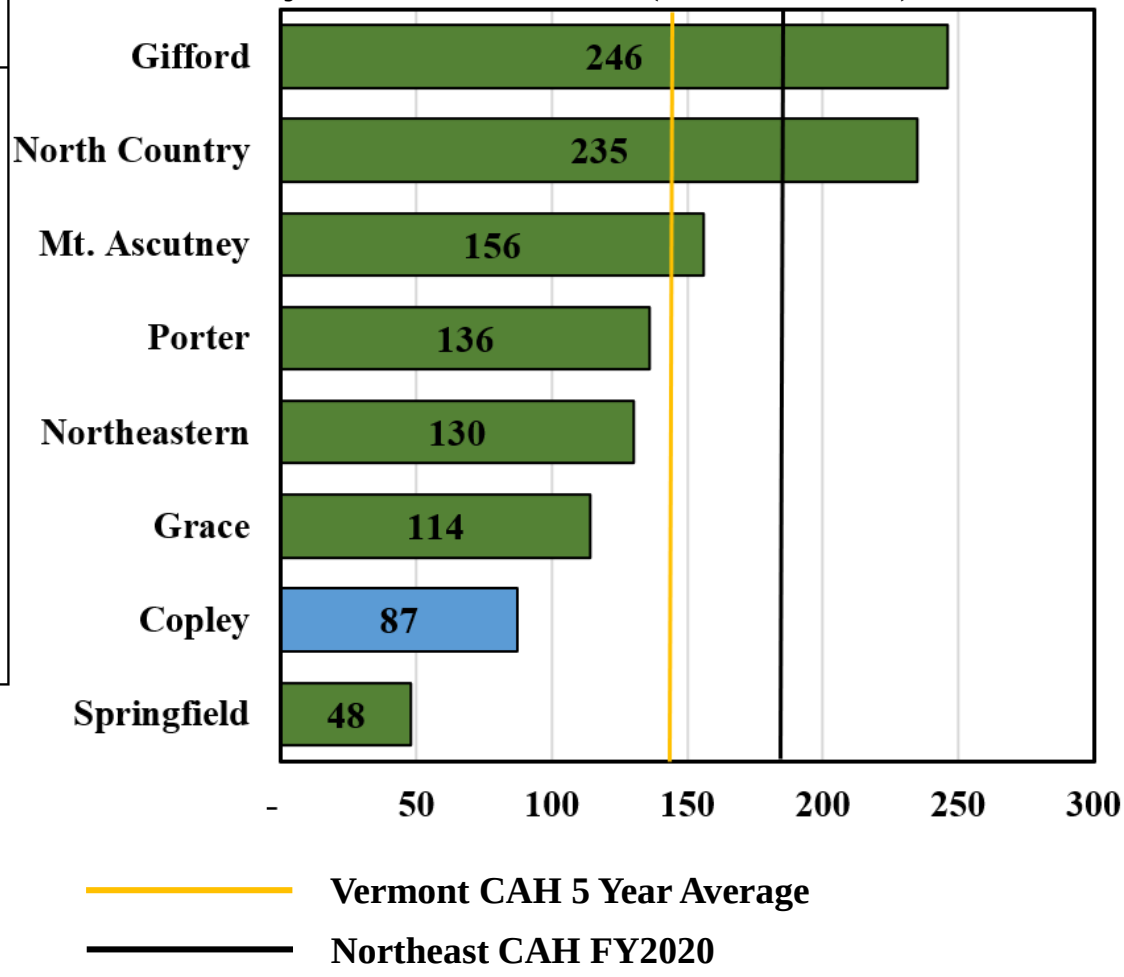
CAH 5 Year Days Cash on Hand (without COVID-19 Advance Payments)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	5 Year Average
Copley	84	64	62	130	93	87
Gifford	209	224	237	270	289	246
Grace	86	92	93	142	157	114
Mt. Ascutney	119	132	144	168	215	156
North Country	185	213	221	270	285	235
Northeastern	124	120	107	147	154	130
Porter	119	128	129	141	165	136
Springfield	101	47	17	38	38	48

Notes:

- Removed COVID-19 Advance Payments
- Included COVID-19 Grants

CAH 5 Year Average Days Cash on Hand (2017 – 2021):

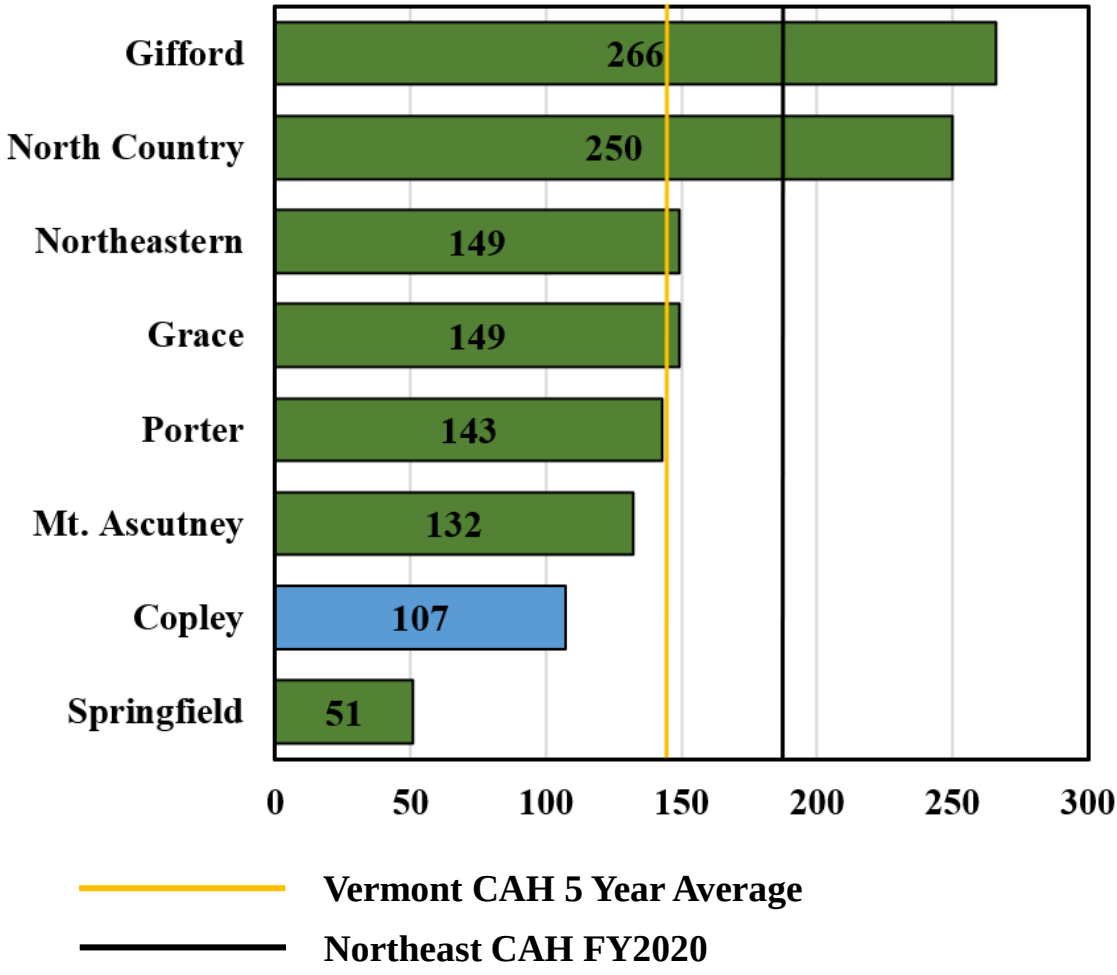


Key Indicators: DCOH (with COVID Advance Payments)

CAH 5 Year Days Cash on Hand (with COVID-19 Advance Payments)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	5 Year Average
Copley	84	64	62	200	126	107
Gifford	209	224	237	333	326	266
Grace	86	92	93	241	234	149
Mt. Ascutney	119	132	144	20	246	132
North Country	185	213	221	318	315	250
Northeastern	124	120	107	207	189	149
Porter	119	128	129	167	174	143
Springfield	101	47	17	48	42	51

CAH 5 Year Average Days Cash on Hand (2017 – 2021):

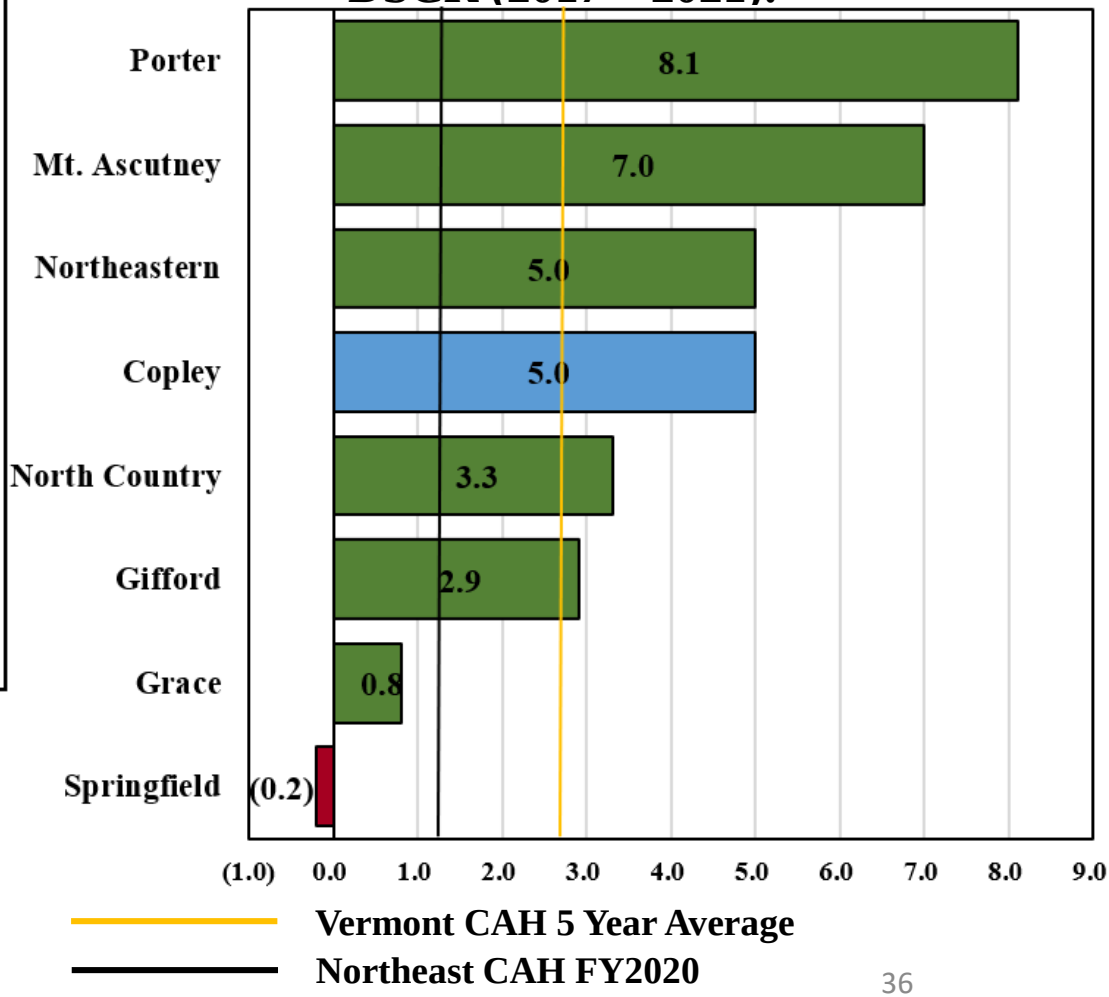


Key Indicators: DSCR (Debt Service Coverage Ratio)

CAH 5 Year Debt Service Coverage Ratio

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	5 Year Average
Copley	4.6	1.6	1.3	0.3	17.2	5.0
Gifford	2.2	(1.3)	2.1	3.7	7.9	2.9
Grace	(1.1)	0.3	(1.1)	1.9	4.0	0.8
Mt. Ascutney	9.1	8.0	5.6	3.6	8.7	7.0
North Country	2.0	1.1	3.6	4.6	5.2	3.3
Northeastern	4.6	4.8	5.1	4.5	6.2	5.0
Porter	4.8	5.2	9.0	8.3	13.2	8.1
Springfield	(1.4)	(0.4)	(0.7)	(0.4)	1.9	(0.2)

CAH 5 Year Average DSCR (2017 – 2021):



DSCR: is a popular benchmark used in the measurement of an entity's ability to produce enough cash to cover its debt (including lease) payments. The higher this ratio is, the easier it is to obtain a loan.

Health Equity:

- Copley Hospital is an active member of the Lamoille Health Collaborative, a committee where leaders from Lamoille County work together to improve coordination to meet our community's needs.
  - 10 members from local organizations committed to increasing efficiencies and effectiveness
  - Promote safe access and remove barriers to services by integrating care where target populations receive services
  - Standardize screening tools to address social determinants of health

- Continue to take advantage of the health equity grants made available through the Vermont Department of Health
  - Copley hosted Pride Center of Vermont to educate our staff, practitioners and leaders on diversity, equity and inclusion

- We are part of an ever-evolving, high-quality, high-functioning healthcare ecosystem unique to Lamoille County
  - Through open collaboration this system achieves better results for every individual served

Wait Times:

Visit Lag:

	2 Weeks	1 Month	3 Months	6 Months
General Surgery	44%	53%	0%	3%
Mansfield Orthopedics	33%	12%	45%	10%
Neurology	38%	24%	38%	0%
Cardiology	13%	17%	22%	48%
Infusion	50%	19%	19%	13%
The Women's Center	67%	33%	0%	0%

Third Available Appointment:

Diagnostic Imaging:

X-Ray	Next Day
Ultrasound	2 days
Nuclear Medicine	15 days
MRI	8 days
Mammography	2 days
Fluoroscopy	6 days
CT	8 days
Bone Density	27 days

Wait Times:

Recommendations:

- **Metrics -** Adequate review of wait times should also include:
  - FTE Mix of Practice (Providers and support staff)
  - Provider panel size
  - Appointment types (new, acute, etc.)
  - Recruiting and retention of healthcare workers
  - Patient experience and expectations of wait times

- **Must Haves**
  - Recruiting – Having the right mix of providers crucial
  - Need to streamline process to obtain licenses/malpractice and enrollment
  - Need consistent way to measure results

Risk and Opportunities:

RISKS:

- **COVID 19:** Concerns over a second (or third) wave or lingering operational expenses that continue. We do not know the future changes in volumes that might occur given this ongoing health crisis or the potential for permanent 'demand destruction' for legacy services.

- **Staffing:** A loss of one or more 'key providers' could bring about a devastating impact on financial performance. The same can be true of our nurses, support staff, technologists, billers, and even leadership. "Staffing – Staffing – Staffing". Smaller organizations need to rely on good people and not just good systems; we need both. We also need travelers (nursing, lab techs, radiology techs, etc.).

- **Sustainability:** Our financial performance has been a concern over these past five years given our Operating Margin losses. We are assertively managing these issues, many of which are rooted in a need for improved operations, standardization, and increased accuracy in data collection, indicators, and management feedback.

Risk and Opportunities:

OPPORTUNITIES:

- ‘Opportunity’ in our organization is ongoing.
- Continue to build upon our outstanding reputation for clinical quality, patient experience, and coordination of care within our service areas
- Master Facility Plan in 2022/2023, involving input from our staff and community, so that we can be cost-effective, more integrated, and efficient in capital outlays.
- Continue the coordinated efforts initiated to address the COVID-19 emergency:
  - Copley Hospital (CAH)
  - Lamoille Health Partners (FQHC)
  - Tamarack Health Care (PCP Practice)
  - Lamoille County Mental Health Services (designated mental health agency)
  - Lamoille County Home Health and Hospice
  - The Manor (SNF)

Value-Based Care Participation:

CY 2023 Participation:

- Medicaid – Yes, joined in CY 2020
- Commercial – Yes, joined in CY 2022
- Medicare – No

Value-Based Care Program	Participating in Program in Calendar Year (CY) 2023? (Yes/No)	Budgeted Number of Attributed Lives (monthly average for CY 2023)
Medicaid	Yes	5,386
Medicare	No	
Commercial		
BlueCross BlueShield	Yes	2,246
MVP	Yes	-
Self-Insured	No	

Capital Budget Plans:

	FY 2019	FY 2020	FY 2021	Bud 2022	Bud 2023
Building	$ -	$ -	$ 3,214,441	$ 1,230,000	$ -
Building Improvements	$ 449,283	$ 235,440	$ 1,045,699	$ 341,330	$ 1,332,885
Equipment	$ 969,161	$ 1,878,150	$ 1,184,362	$ 3,575,797	$ 3,929,010
Land	$ 44,048	$ -	$ -	$ 250,000	$ 250,000
Land Improvements	$ -	$ -	$ 205,179		$ -
Lease Improvements	$ 6,262	$ 37,524	$ 10,894		$ -
Total	**$ 1,468,754**	**$ 2,151,114**	**$ 5,660,576**	**$ 5,397,127**	**$ 5,511,895**

Capital Budget Plans: (cont.)

1. Facilities: $3,194,231

Notes: Central Sterile Renovation - $1,264,231

Infusion Renovation - $500,000

Air Handling Consolidation - $400,000

Infrastructure Improvements - $350,000

Respiratory & Sleep Renovations - $200,000

Carpet 1st Floor Hallways - $130,000

Bulk Oxygen Replacement - $100,000

2. DI Replace X-ray Room R/F: $507,000

Notes: 10 years old retrofitted digital radiology room, has problems sending images, machine at end of life

Capital Budget Plans (cont.)

3. Information Technology: $334,880

Notes: Network Core Switch Upgrade - $230,000

Network Closet Switch Cable Cleanup - $104,880

4. Breast Biopsy Machine: $190,000

Notes: New equipment to promote women's health to allow us to diagnosis and treat patients whose mammograms indicate one or more cancer red flags. A campaigner has been initiated to raise $300,000 to purchase the necessary equipment

5. MRI Breast Coil: $100,000

Notes: New equipment to promote women's health to allow us to diagnosis and treat patients whose mammograms indicate one or more cancer red flags. A campaigner has been initiated to raise $300,000 to purchase the necessary equipment

COVID-19 Impacts:

Providing Leadership & Being a Community Resource:

1. COVID Testing continues as the state and other community partners have stood-down their testing sites.
2. Monoclonal anti-body clinics
3. COVID Vaccine Booster clinics continued as primary Vaccination clinics were stood down summer of 2021
4. Continued community collaboration with 3 different local partners & their leadership team with regular meetings:
   a. Coronavirus Response Team - Copley Hospital (**CRT-CH**): Hospital with internal providers and staff (clinical and non-clinical). Met daily > now monthly.
   b. Coronavirus Response Team - Morrisville (**CRT-MV)**: Consists of Copley Hospital, Community Services of Lamoille Valley, Lamoille County Mental Health Services, Lamoille Home Health and Hospice, Tamarack Family Medicine, and The Manor. Met weekly > now monthly
   c. Coronavirus Response Team Lamoille Valley (**CRT-LV)**: Consists of representatives of different healthcare organizations throughout the Lamoille Valley; CRT-MV and 39 other organizations.
   d. Above groups shared resources and policies to support each other, albeit less so during 2022.
5. Provided updates to our community partners about:
   a. What the state was up to
   b. What Copley was up to
   c. What COVID was up to
6. Assisted our community partners with policy, procedure, & protocol development
7. Shared the expertise, time, and energy of our Infection Prevention nurse
8. Shared PPE and PPE resourcing knowledge

COVID-19 Impacts: (cont.)

Resource Management:

1. Changes to Hospital Operations
   a. Universal masking with patient care >>> Testing: patients, staff, the community
   b. Thoughtful and adaptive visitor policy
   c. Adaptive screening strategies for staff, patients, & visitors
      - Preserving safety while being responsive to patient needs, staffing shortages, and advancements in our understanding of COVID.
   d. Changes to Hospital cleaning practices
      - Implemented the new EraDocate cleaning process.
2. Changes to the Hospital physically
   a. Engineered new COVID Isolation Rooms
      - Transformed our ICU capable beds into our now COVID Isolation Unit 6 New Isolation Rooms
        - ✓ Each room can be used as an Isolation Room individually, or all 6 can be used as a unit
      - Transformed an 4 ED rooms into a new COVID Isolation Room
   b. Altogether our 25 bed hospital has 12 COVID Isolation Rooms
   c. Engineered how to selectively turn one of our ORs into a negative pressure OR
   d. Transformed many high-touch surfaces into no-touch surfaces
      - Most internal doors now held open selectively magnetically

COVID-19 Impacts: (cont.)

Resource Management (cont.):

3. Secured future federal monies to keep the hospital afloat and the doors open:
    - PPP Loan (Payroll Protection Program) & PRF Grant (Provider Relief Fund)
4. Added new telehealth technologies in an effort to adapt and accommodate the new patient care landscape.
    a. Force Therapeutics to assist with Total Joint Replacement Surgeries, 'pre-hab' and surgical preparation, as well as post-operative care.
        - Gave patients resources to review for all physical therapy exercises.
        - Allowed direct contact to nurses/providers in the event that patients run into complications after discharge.
    b. EASE is a mobile app in the OR for physicians/nurses to communicate and update loved ones while in surgery, and immediately after. Patients and families have found this a significant improvement in communications under COVID restrictions.

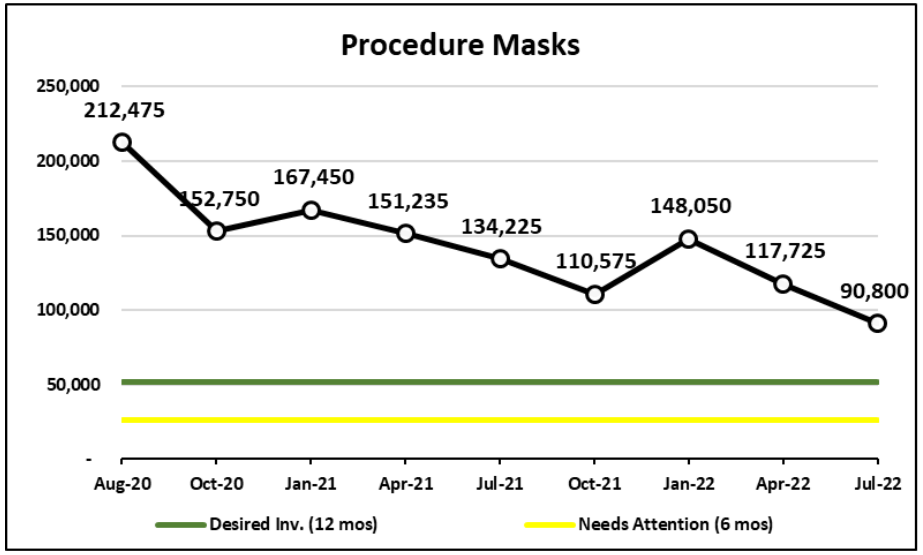
COVID PCR Testing:

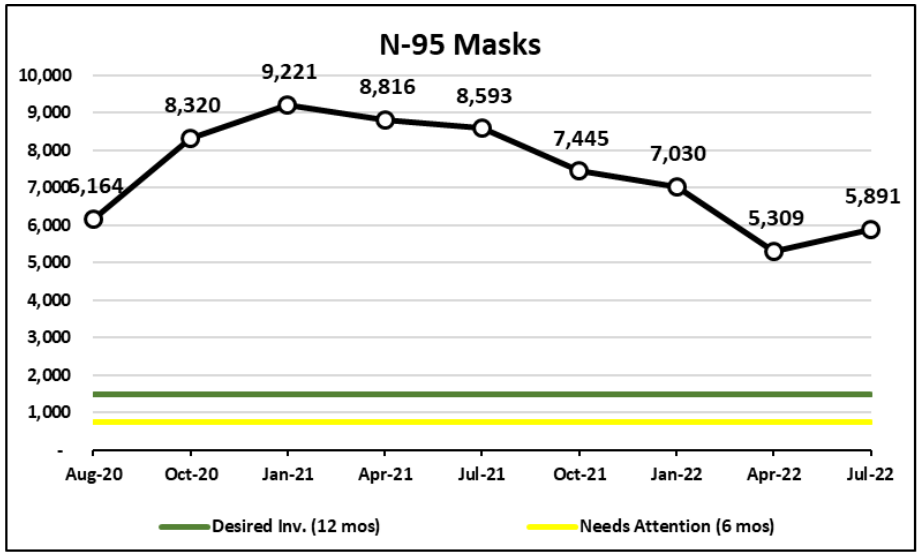
1. Throughout the majority of the pandemic Copley has been self-sufficient with NAAT COVID testing.
    - 2 Cepheid Genexpert 1-hr COVID PCR Analyzers
    - 2 Rheonix hi-throughput batch 5 hr COVID PCR Analyzers
2. Primarily using these systems, we have performed well over 40,000 tests to date.
3. Incorporated LAMP testing for staff and patients; preserving NAAT level safety with more rapid turn-around times to be more responsive to patients' needs and manage staffing shortages more efficiently.

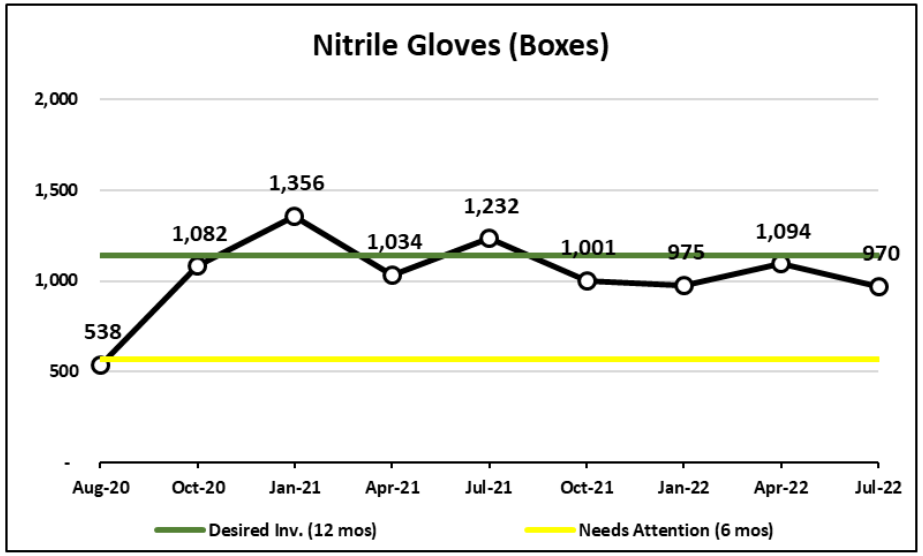
COVID Vaccinations:

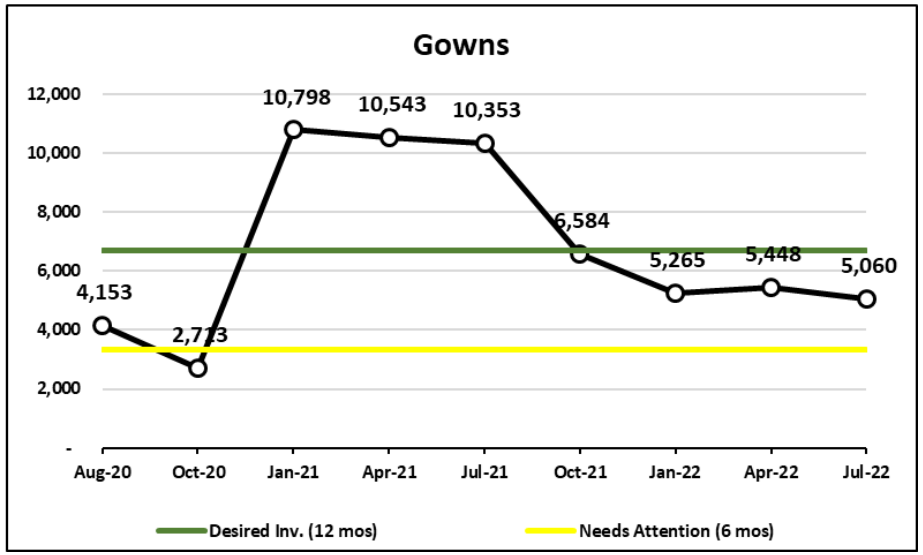
1. Stood up COVID Vaccination Booster clinics for Copley and community partners.

COVID-19 Impacts: (cont.)









Copley Hospital
2023 Operational Budget

August 26th, 2022