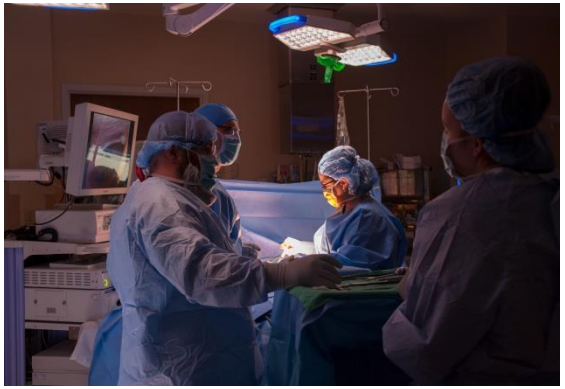
Gifford Medical Center

Healthier Together



Green Mountain Care Board Budget Presentation

August 21, 2019

Agenda

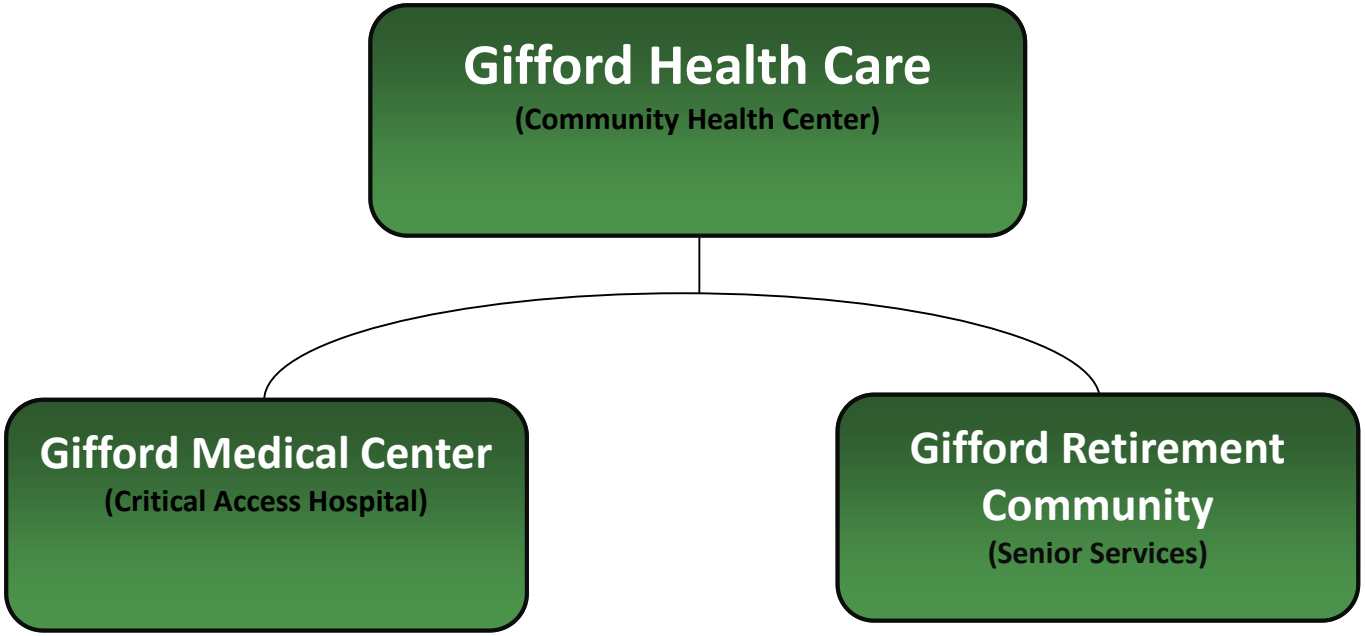
FY 2020 HOSPITAL BUDGET PRESENTATION

1. Introduction Overview
2. Summary of Requests Related to NPR/FPP & Charges
3. Hospital Issues
4. Areas of Risk/Opportunities
5. Financial Health of the Hospital
6. Financials
7. Hospital Financial Story
8. Capital Budget Plans
9. Long Range Financial Outlook
10. Review of Historical Compliance

Introduction

- Dan Bennett, President & CEO
- Jeff Hebert, CFO
- Rebecca O’Berry, Vice President of Operations
- Joshua White, MD, CMO
- Katrina Lumbra, Controller

Introduction – Organization Chart



Introduction - Organizational Structure

Gifford Health Care

A community-based organization that provides comprehensive primary care and preventive care, including health, dental, and mental health and substance use services. We provide necessary care to the medically underserved and vulnerable populations, including the uninsured and those living in poverty.

7 Practice Locations:

- Gifford Primary Care & OB/GYN-Midwifery
- Bethel Health Center
- Chelsea Health Center
- Gifford Heath Center at Berlin
- Kingwood Health Center
- Rochester Health Center

Gifford Medical Center

Our 25-bed Critical Access Hospital offers general and specialty in-patient and out-patient services, as well as a Birthing Center, 24-hour emergency services, and diagnostic technologies that include a 64-slice CT scanner, a mobile MRI unit, a filmless radiology system, digital mammography and stereotactic breast biopsies.

6 Practice Locations:

- Gifford Health Center at Berlin
- Gifford Medical Center
- Kingwood Health Center
- Twin River Health Center
- Sharon Health Center

Gifford Retirement Community

Provides services for our elder population offering a continuum of care that includes adult day programs, independent living apartments, a future assisted living facility, and our award-winning nursing home.

3 Locations:

- Morgan Orchards Senior Living Community
  - Strode Independent Living
  - Future assisted living
  - Menig Nursing Home
- Gifford Adult Day
- Project Independence

NPR/FPP & Charges

NPR/FPP & Charges

Projected Change in NPR Due to Change in Charge and Contractual Allowances, in %						
Category of Service	Requested Change In Charge from FY 19B to FY 20B, In %	Projected Change In Total NPR	Projected Change In Commercial Payer NPR	Projected Change In Self-Pay/Other NPR	Projected Change In Medicaid NPR	Projected Change In Medicare NPR
Hospital Inpatient	5.0%	3.9%	3.9%		0.0%	4.8%
Hospital Outpatient	5.0%	3.9%	3.9%		0.0%	4.8%
Professional Services						
Primary Care						
Specialty Care	5.0%	3.7%	3.8%		0.0%	4.7%
Skilled Nursing Facility						
Hospital Swing	5.0%	4.7%	3.9%		0.0%	4.8%
Overall Change In Charge Across All Categories	5.0%	3.9%	3.9%		0.0%	4.8%

NPR	Total	Medicare	Medicaid-VT	Medicaid-OOS	Commercial-Maj	Comm - Self/Sml	Workers Comp	DSH
FY 19 Approved Budget	$55,894,651	$19,685,269	$ 4,096,590	$ 11,236	$ 31,546,758	$ -	$ -	$554,798
Commercial Rate	2,288,802	942,541			1,346,261			
Rate - Non Commercial								
Utilization	(5,847,925)	(2,165,762)	(265,956)	(729)	(3,415,479)			
Reimbursement/Payer Mix	(1,036,788)	633,696	132,949	365	(1,803,798)			
Bad Debt/Free Care	370,016					370,016		
Physician Acq/Trans								
Changes in Accounting	(2,073,575)		(2,073,575)					
Changes in DSH	(14,677)							(14,677)
Fixed Prospective Payments	2,802,480		2,802,480					
Other (please label)								
FY 20 Budget	$52,382,984	$19,095,745	$ 4,692,489	$ 10,871	$ 27,673,742	$ 370,016	$ -	$540,121

NPR/FPP & Charges

Gross Revenue:

- Inpatient - both acute and swing bed, saw decreases in patient days from FY 2019 budget projections due to lower LOS. Expect current volumes to remain stable into FY 2020
- Outpatient - Expect overall 2020 budgeted volumes to be at 2019 projected volumes
- Clinic - Expect to increase slightly from projected 2019 as providers continue to get accustomed to the EMR established in 2018 and as our newer providers' practices mature

Net Revenue:

- Medicare - Due to cost based reimbursement, realizing rate increase
- Medicaid - Not budgeting increase revenue due to rate increase
- Commercial - Budgeting increase revenue due to rate increase
- Other - Gifford is decreasing net revenue due to a shift from commercial to Medicare
- DSH – Decreasing by $15k from 2019 budget

NPR/FPP & Charges

5 Year Results

Net Patient Revenue

	NPR/FPP							
	Actuals FY2014	Actuals FY2015	Actuals FY2016	Actuals FY2017	Actuals FY2018	Actuals FY2019	5-Year CAGR	Budget FY2020
	$ 58,282,092	$ 53,896,728	$ 54,787,886	$ 54,307,372	$ 48,884,171	$ 51,250,800	-2.5%	$ 52,382,984
(% Change)		-7.5%	1.7%	-0.9%	-10.0%	4.8%		

Corporate Restructure

	NPR/FPP							
	Actuals FY2014	Actuals FY2015	Actuals FY2016	Actuals FY2017	Actuals FY2018	Actuals FY2019	5-Year CAGR	Budget FY2020
FQHC	$ 2,553,117							
Nursing Home	$ 3,042,599	$ 1,052,558						
	$ 52,686,376	$ 52,844,170	$ 54,787,886	$ 54,307,372	$ 48,884,171	$ 51,250,800	-0.6%	$ 52,382,984
(% Change)		0.3%	3.7%	-0.9%	-10.0%	4.8%		

History:

FY 2014 - GHC created on 07/01/14

FY 2015 - GRC created on 05/26/15

FY 2017 - GHC Primary Care providers retire or depart, FTE's FY17 = 23.93 vs FY19 = 26.17

FY 2017 - GMC utilizes general surgery and orthopedic locums

FY 2018 - GMC 12/17 orthopedic provider departs

FY 2018 - GMC re-establishes orthopedics program

FY 2019 - GMC 10/18 re-establishes general surgery program

Hospital Issues

Hospital Issues

Workforce

- Provider turnover (Radiology)
- Utilization of locum physicians for call coverage
- Traveling RN and tech staff (OR, Radiology)
- Tight labor market
  - Difficult to find individuals to fill open positions
  - Wage pressures
  - Retention

Access to Capital

- Utilizing reserves to fund capital budget – FY18 & 19
- Age of plant/equipment rising

Health Care Reform – All Payer Model

- Participating w/Medicaid in 2019
- 2020 – Medicaid and Cigna (FQHC)
- Ongoing – difficulty in assuming additional risk

Areas of Risk/Opportunities

Areas of Risk/Opportunity

Risks

- Ability to expand risk-based reimbursement agreements
  - Maintaining cash reserves in down years
  - Our small size can result in greater year-to-year financial volatility
- Ability to retain staff, maintain competitiveness in compensation, benefits
- Ability to recruit to a rural area
- Access to capital to fund capital expenditures
- Limit to cost reduction work
- Lack of understanding of FQHC/CAH payment models by outside sources

Opportunities

- Connection between primary care and hospital-based services
- Community health/outreach, population health
- Process for identifying operational efficiencies
- Models of care leveraging community partnerships (i.e. CAH, FQHC, DA, dental, other community partners)
  - Post-Acute Care Clinic
  - Substance Use Disorder – Narcan distribution site, drug take-back Kiosk
  - Athletic Training program w/schools
  - Community Health/outreach
  - Food Shelf programs

Financial Health of Hospital

Financial Health of Hospital

Debt Service Coverage Ratio

Measures ability to pay obligations related to long-term debt
U.S. Flex: 3.35, Optum: 1.39
Increasing values are favorable

	Actual FY 2018			Projected FY 2019		
		Ranking			Ranking	
Critical Access Hospitals	**Result**	**CAH**	**State**	**Result**	**CAH**	**State**
Copley Hospital	1.6	4	8	2.5	5	10
Gifford Medical Center	-1.3	8	14	2.1	6	11
Grace Cottage Hospital	0.3	6	12	-0.8	8	14
Mt. Ascutney Hospital & Health Center	8	1	2	4.3	3	5
North Country Hospital	1.1	5	9	3.8	4	6
Northeastern Vt Regional Hospital	4.8	3	4	5.3	2	4
Porter Medical Center	5.2	2	3	7.4	1	2
Springfield Hospital	-0.4	7	13	-0.6	7	13

Long Term Debt to Capitalization

Measures the % of total capital to debt
U.S. Flex: 10.48, Optum: 23%
Decreasing values are favorable

	Actual FY 2018			Projected FY 2019		
		Ranking			Ranking	
Critical Access Hospitals	**Result**	**CAH**	**State**	**Result**	**CAH**	**State**
Copley Hospital	23%	4	9	23%	4	8
Gifford Medical Center	24%	5	10	24%	6	10
Grace Cottage Hospital	14%	1	3	13%	2	4
Mt. Ascutney Hospital & Health Center	28%	7	12	30%	8	13
North Country Hospital	25%	6	11	23%	5	9
Northeastern Vt Regional Hospital	21%	2	7	26%	7	12
Porter Medical Center	22%	3	8	19%	3	5
Springfield Hospital	56%	8	14	-154%	1	1

Age of Plant

Measures the average age in years of the fixed assets of an organization
U.S. Flex: 10.48, Optum: 14.43
Decreasing values are favorable

	Actual FY 2018			Projected FY 2019		
		Ranking			Ranking	
Critical Access Hospitals	**Result**	**CAH**	**State**	**Result**	**CAH**	**State**
Copley Hospital	9.8	1	1	11.6	1	2
Gifford Medical Center	17.4	6	11	19.3	7	13
Grace Cottage Hospital	23.3	8	14	21.1	8	14
Mt. Ascutney Hospital & Health Center	12.8	4	7	12.6	2	5
North Country Hospital	12.7	3	6	12.9	5	8
Northeastern Vt Regional Hospital	13.1	5	8	12.7	3	6
Porter Medical Center	12.5	2	5	12.8	4	7
Springfield Hospital	17.5	7	13	17.2	6	11

Days in Net Receivables

Measures the number of days that it takes an organization to collect its receivables
U.S. Flex: 51.34, Optum: 46.3
Decreasing values are favorable

	Actual FY 2018			Projected FY 2019		
		Ranking			Ranking	
Critical Access Hospitals	**Result**	**CAH**	**State**	**Result**	**CAH**	**State**
Copley Hospital	29.2	1	1	29	1	1
Gifford Medical Center	33.2	2	2	33.4	2	2
Grace Cottage Hospital	41.4	4	8	39	4	6
Mt. Ascutney Hospital & Health Center	41.7	5	9	46.5	5	9
North Country Hospital	41.8	6	10	37.8	3	5
Northeastern Vt Regional Hospital	38.1	3	7	50.8	6	12
Porter Medical Center	61.8	8	14	59.1	8	14
Springfield Hospital	57	7	13	56.4	7	13

Financial Health of Hospital

Days Cash on Hand

Measures the number of days an org could operate if no cash was collected or received
U.S. Flex: 77.72 , Optum: 93
Increasing values are favorable

	Actual FY 2018			Projected FY 2019		
		Ranking			Ranking	
Critical Access Hospitals	**Result**	**CAH**	**State**	**Result**	**CAH**	**State**
Copley Hospital	64	7	12	67.1	7	12
Gifford Medical Center	223.9	1	2	228.5	1	3
Grace Cottage Hospital	92	6	11	94.1	6	11
Mt. Ascutney Hospital & Health Center	132.2	3	7	126.7	3	7
North Country Hospital	213.4	2	3	190.9	2	5
Northeastern Vt Regional Hospital	120	5	9	108.1	5	9
Porter Medical Center	127.5	4	8	117.9	4	8
Springfield Hospital	46.5	8	13	3	8	14

Days Payable

Measures the average time that elapses before current liabilities are paid, in days
U.S. Flex: N/A, Optum: 66.0
Decreasing values are favorable

	Actual FY 2018			Projected FY 2019		
		Ranking			Ranking	
Critical Access Hospitals	**Result**	**CAH**	**State**	**Result**	**CAH**	**State**
Copley Hospital	36.1	1	1	42.2	1	2
Gifford Medical Center	54.9	2	5	44	2	3
Grace Cottage Hospital	90.6	7	13	98.1	7	13
Mt. Ascutney Hospital & Health Center	72.3	6	11	60.5	5	9
North Country Hospital	69.1	5	9	74.9	6	12
Northeastern Vt Regional Hospital	65.5	4	8	56	4	8
Porter Medical Center	64.1	3	7	55.7	3	7
Springfield Hospital	141.5	8	14	166.5	8	14

Operating Margin %

Measures operating expenses relative to operating revenue, in %
U.S. Flex: 0.93%, Optum: -2.07%
Increasing values are favorable

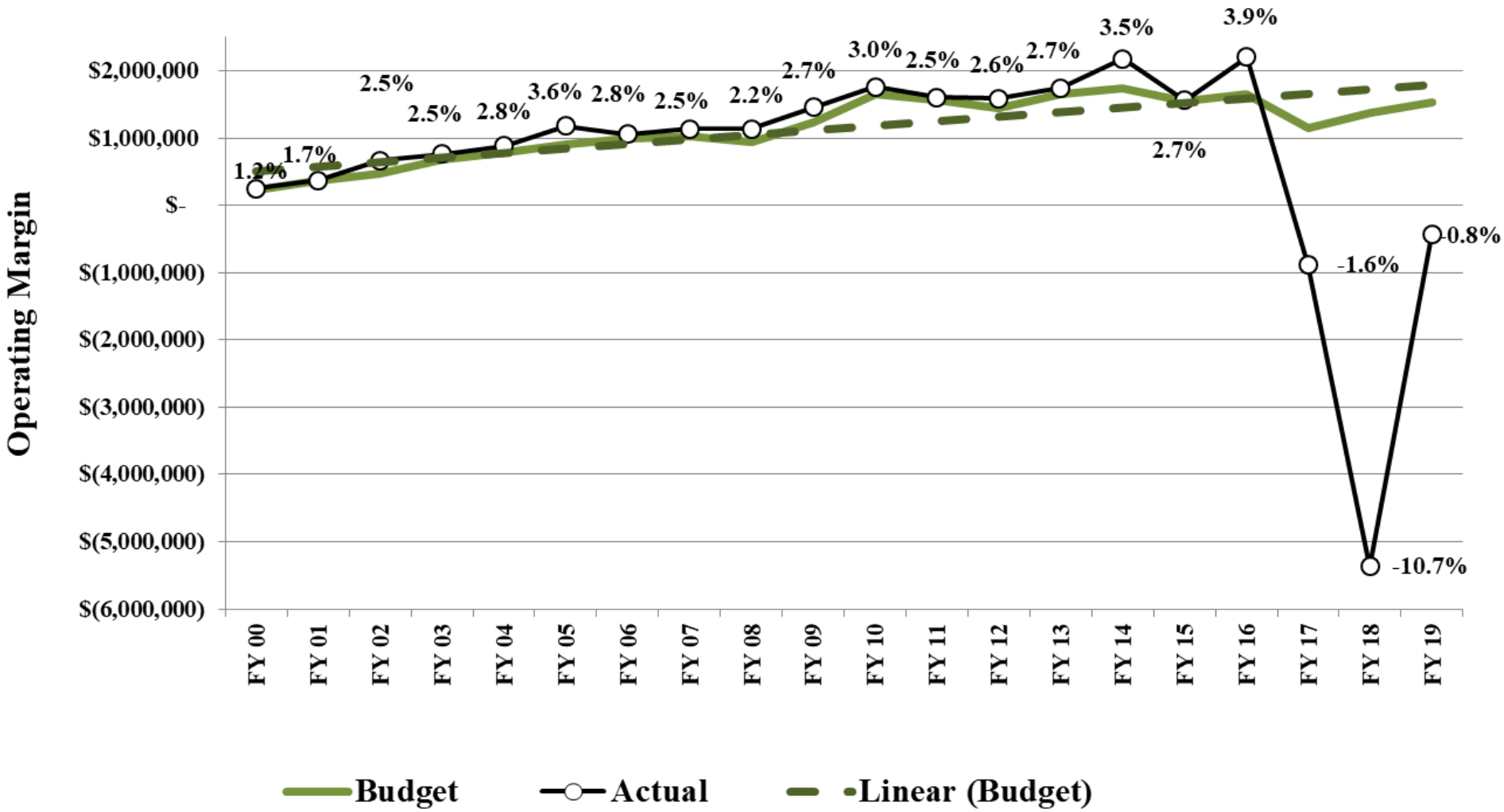
	Actual FY 2018			Projected FY 2019		
		Ranking			Ranking	
Critical Access Hospitals	**Result**	**CAH**	**State**	**Result**	**CAH**	**State**
Copley Hospital	-3.3%	6	10	-1.8%	6	11
Gifford Medical Center	-10.7%	7	13	-0.8%	5	10
Grace Cottage Hospital	-2.9%	5	9	-6.1%	7	13
Mt. Ascutney Hospital & Health Center	1.9%	1	3	-0.7%	4	9
North Country Hospital	-2.3%	4	7	1.6%	3	5
Northeastern Vt Regional Hospital	1.7%	3	5	1.8%	2	4
Porter Medical Center	1.8%	2	4	3.5%	1	1
Springfield Hospital	-12.8%	8	14	-12.8%	8	14

Total Margin %

Measures expenses relative to revenues, in %
U.S. Flex: 2.74%, Optum: -0%
Increasing values are favorable

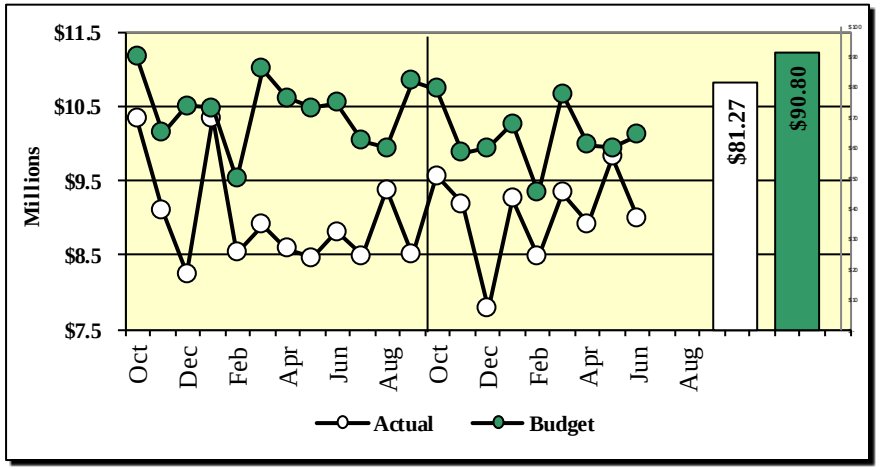
	Actual FY 2018			Projected FY 2019		
		Ranking			Ranking	
Critical Access Hospitals	**Result**	**CAH**	**State**	**Result**	**CAH**	**State**
Copley Hospital	-2.4%	6	12	-1.2%	7	12
Gifford Medical Center	-6.2%	7	13	3.7%	2	3
Grace Cottage Hospital	3.7%	3	6	-1.1%	6	11
Mt. Ascutney Hospital & Health Center	5.3%	2	3	1.1%	5	10
North Country Hospital	1.2%	5	8	2.8%	3	6
Northeastern Vt Regional Hospital	2.3%	4	7	1.8%	4	7
Porter Medical Center	6.1%	1	1	4.1%	1	1
Springfield Hospital	-12.0%	8	14	-36.2%	8	14

Financial Health of Hospital



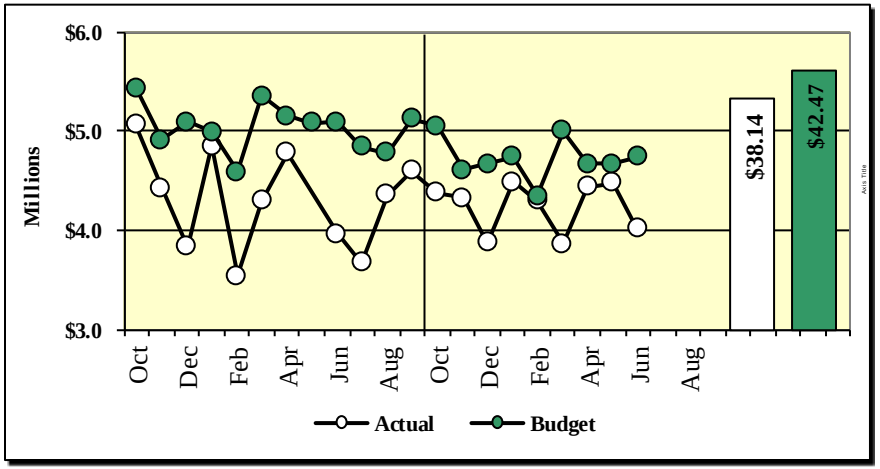
Financial Health of Hospital

Total Gross Revenue



Notes: Graph bars to the right of the chart represent the most current YTD information

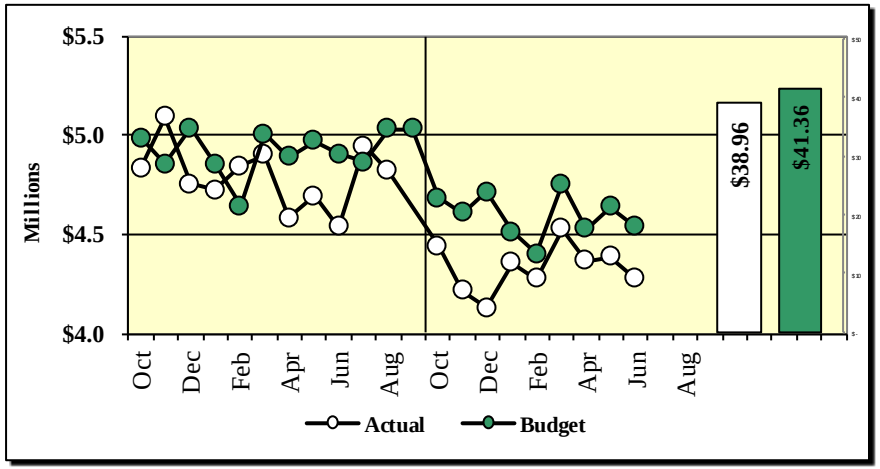
Total Net Revenue



Notes: Net rev includes total gross rev less contractuals, with other operating revenue added

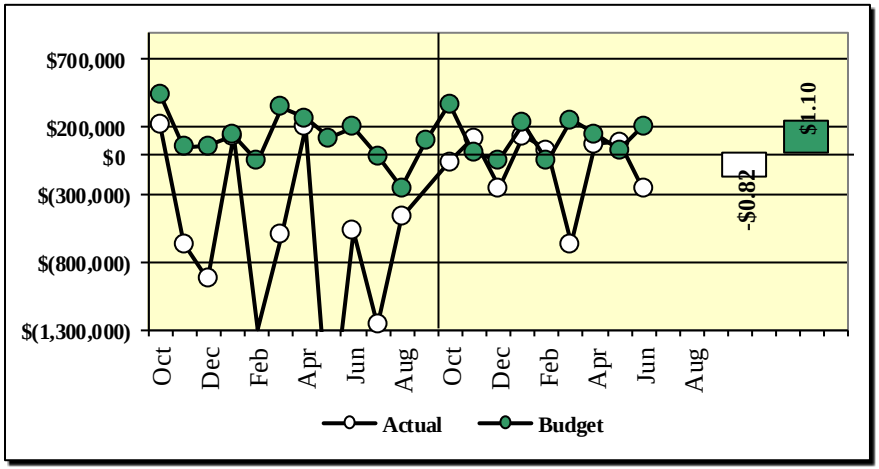
Notes: Graph bars to the right of the chart represent the most current YTD information

Total Expense



Notes: Graph bars to the right of the chart represent the most current YTD information

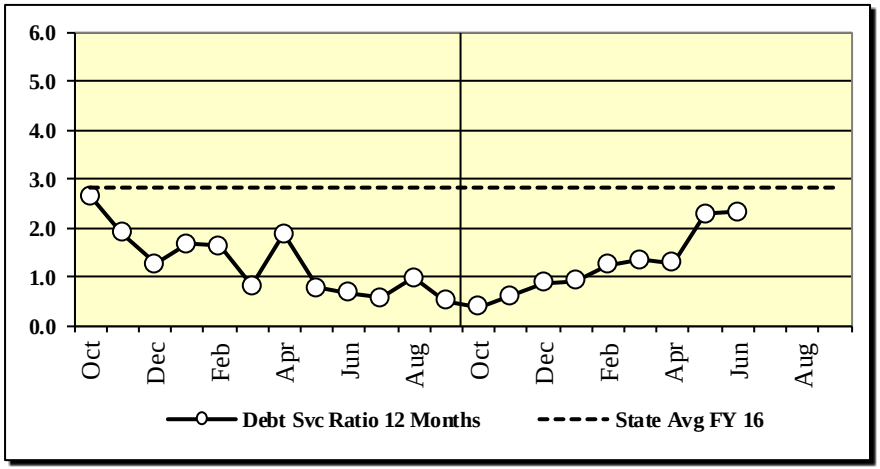
Operating Margin



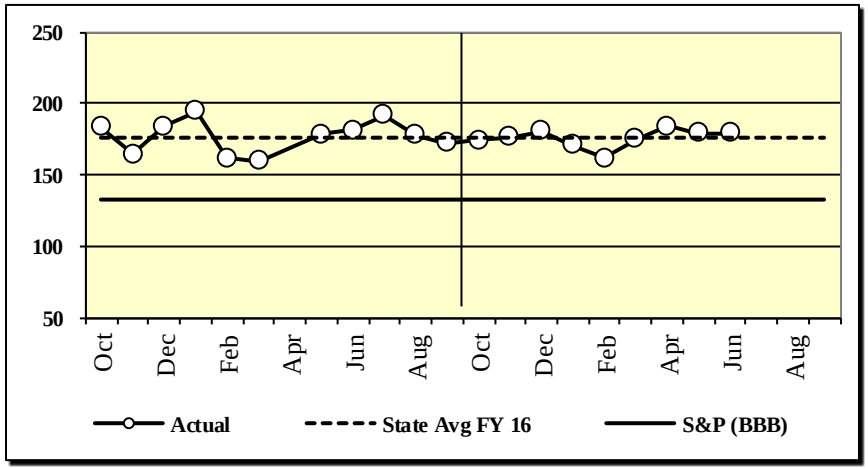
Notes: Graph bars to the right of the chart represent the most current YTD information

Financial Health of Hospital

Annual Debt Service Coverage (rolling 12)



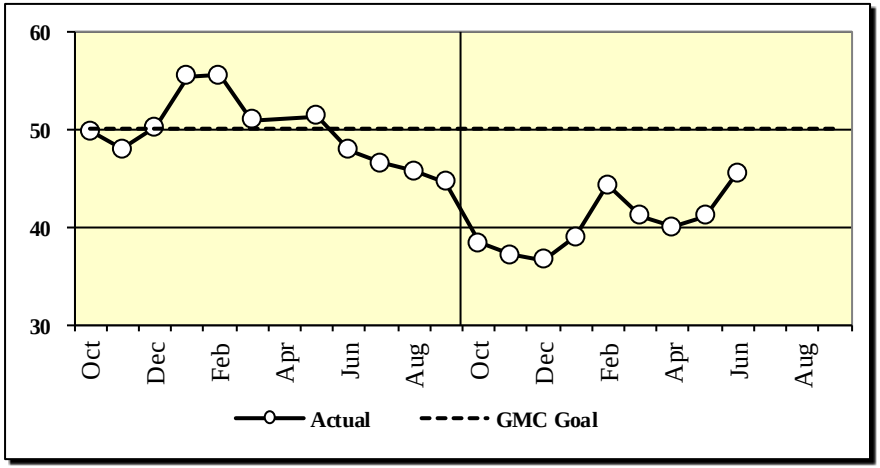
Days Cash on Hand



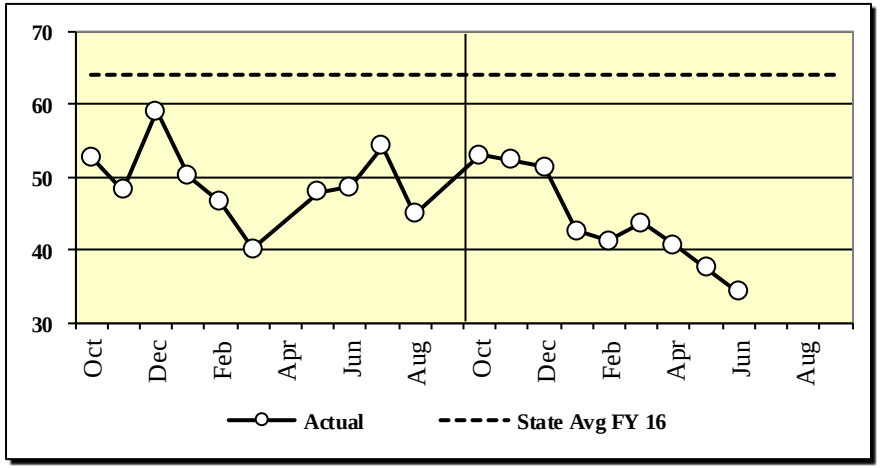
Note 1: GMC uses state formulary to calculate, includes all funded depreciation

Note 2: Slight variations may occur in how indicator is calculated from one agency to another

Gross Days in Accounts Receivable



Days Payable



Note 1: GMC uses state formulary to calculate

Note 2: Bond Swap Valuation removed from calculation

Financials

Profit and Loss Statement – Adaptive Planning

REVENUES	2019B	2019P	2020B
INPATIENT CARE REVENUE	$27,641,990	$24,967,298	$25,362,931
OUTPATIENT CARE REVENUE	$76,981,411	$71,850,165	$73,562,051
OUTPATIENT CARE REVENUE - PHYSICIAN	$14,615,644	$12,917,288	$13,186,240
SWING BEDS PT CARE REVENUE	$2,049,732	$1,747,909	$1,710,214
GROSS PATIENT CARE REVENUE	**$121,288,777**	**$111,482,660**	**$113,821,436**
DISPROPORTIONATE SHARE PAYMENTS	$554,798	$554,796	$540,121
BAD DEBT	-$2,915,932	-$2,278,607	-$2,577,315
FREE CARE	-$480,167	-$438,447	-$448,767
DEDUCTIONS FROM REVENUE	-$62,552,825	-$60,084,120	-$61,754,971
NET PATIENT CARE REVENUE	$55,894,651	$49,236,282	$49,580,504
FIXED PROSPECTIVE PAYMENTS	$0	$2,014,518	$2,802,480
TOTAL NPR & FPP & RESERVES & OTHER	**$55,894,651**	**$51,250,800**	**$52,382,984**
GRANT INCOME	$0	$46,948	$0
CAFETERIA & PARKING	$313,398	$295,845	$291,719
PHYSICIAN OFFICE AND OTHER RENTALS	$3,697	$4,237	$8,377
340B RETAIL PHARMACY PROGRAMS	$20,364	$36,112	$32,493
OTHER	$529,017	$600,459	$488,229
OTHER OPERATING REVENUE	**$866,476**	**$983,601**	**$820,818**
TOTAL OPERATING REVENUE	**$56,761,127**	**$52,234,401**	**$53,203,802**
OPERATING EXPENSE			
SALARIES NON MD	$17,824,017	$17,223,114	$17,124,440
FRINGE BENEFITS NON MD	$5,444,194	$5,232,071	$5,233,604
FRINGE BENEFITS MD	$1,601,433	$1,436,129	$1,442,488
PHY FEES/SALARIES/CONTRACTS/FRINGES	$7,737,667	$7,843,505	$8,261,384
HEALTH CARE PROVIDER TAX	$3,186,753	$2,972,062	$2,872,296
DEPRECIATION AMORTIZATION	$2,816,700	$2,669,319	$2,622,778
INTEREST - LONG TERM	$777,455	$800,768	$738,547
OTHER OPERATING EXPENSE	$15,957,897	$14,494,464	$13,367,499
TOTAL OPERATING EXPENSE	$55,346,116	$52,671,432	$51,663,036
NET OPERATING INCOME (LOSS)	$1,415,011	-$437,031	$1,540,766
NON-OPERATING REVENUE	$849,996	$2,472,696	$849,458
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	$2,265,007	$2,035,665	$2,390,224

Balance Sheet – Adaptive Planning

ASSETS	2018B	2018A	2019B	2019P	2020B
TOTAL CURRENT ASSETS	$16,124,692	$12,916,153	$12,572,666	$13,749,961	$12,571,998
TOTAL BOARD DESIGNATED ASSETS	$17,868,278	$29,274,324	$24,217,233	$25,953,328	$28,835,674
TOTAL PROPERTY, PLANT AND EQUIPMENT, NET	$43,539,875	$37,146,674	$39,066,281	$35,822,804	$36,042,222
OTHER LONG-TERM ASSETS	$9,058,000	$7,651,661	$7,786,926	$7,045,355	$7,044,634
TOTAL ASSETS	**$86,590,845**	**$86,988,812**	**$83,643,106**	**$82,571,448**	**$84,494,528**

LIABILITIES AND FUND BALANCE					
TOTAL CURRENT LIABILITIES	$13,707,269	$7,905,740	$7,610,450	$6,027,562	$8,601,708
TOTAL LONG-TERM DEBT	$17,407,619	$18,476,603	$17,677,568	$17,976,499	$16,815,255
TOTAL LIABILITIES	$31,114,888	$26,847,729	$25,396,790	$24,081,222	$25,585,659
FUND BALANCE	$55,475,957	$60,141,082	$58,246,316	$58,490,225	$58,908,869
TOTAL LIABILITIES AND FUND BALANCE	**$86,590,845**	**$86,988,812**	**$83,643,106**	**$82,571,448**	**$84,494,528**

Cash Flows – Adaptive Planning

Cash From Operations	2018A	2019B	2019P	2020B
Excess Revenue Over Expense	-3,213,655	2,265,010	2,035,665	2,390,224
Depreciation/Amortization	2,733,813	2,816,700	2,669,319	2,622,778
Patient A/R	2,508,460	220,495	-57,523	1,838,641
Other Changes	-2,030,031	-5,514,007	-293,492	40,260
Total	**-1,413**	**-211,802**	**4,353,969**	**6,891,902**
Cash From Investing Activity				
Capital Spending				
Change in Accum Depr Less Depreciation	779,049	5,020,477	1,449,488	1,654,051
Change in Capital Assets	-1,330,325	-3,363,583	-2,794,936	-1,252,770
Total	**-551,276**	**1,656,894**	**-1,345,448**	**401,281**
(Increase)/Decrease				
Funded Depreciation	273,813	-499,881	3,111,756	-4,326,993
Other LT Assets & Escrowed Bonds & Other	-888,931	-4,469,228	427,320	510,767
Total	**-615,118**	**-4,969,109**	**3,539,076**	**-3,816,225**
Total Cash From Investing Activity	**-1,166,394**	**-3,312,215**	**2,193,628**	**-3,414,945**
Financing Activity				
Debt				
Bonds & Mortgages	-640,922	211,381	-476,503	-838,285
Capital Lease & Other Long Term Debt	-23,184	58,568	-23,601	-24,028
Total	**-664,106**	**269,949**	**-500,104**	**-862,313**
Other Changes				
Change in Fund Balance Less Net Income	1,507,147	505,350	-3,686,522	-1,727,671
Total	**1,507,147**	**505,350**	**-3,686,522**	**-1,727,671**
Beginning Cash	**3,312,947**	**5,455,039**	**2,988,182**	**2,706,318**
Net Increase/(Decrease) in Cash	**-324,766**	**-2,748,718**	**2,360,971**	**886,974**
Ending Cash	**2,988,182**	**2,706,320**	**5,349,153**	**3,593,291**

Reconciliation of Actual to Budget 19

Category		Amount	Explanation
REVENUE			
Operating Revenue	**$**	**(4,500,000)**	**Inpatient:** Accute discharges are at budgeted expectation, but patient days are 10% off budgeted projection Overall Length of Stay was budgeted at 3.4, but has been running at 3.0 **Outpatient:** ER volumes are 3.5% below budgeted expectations Surgery: Gereral Surgeons up 10% from prior year Ophthalmology Surgeries down 38% from prior year Uro Gyn Surgeries down 31% from prior year Orthopedic Surgeries down 24% from prior year Podiatry Surgeries down 18% from prior year OB/GYN Surgeries down 17% from prior year **Clinic:** Our urology/surgery/podiatry & orthopedic clinics are all behind prior/budget year expecations
EXPENSES			
Salaries & Benefits	**$**	**(873,000)**	FTE's are down by 13 or 4.2% Benefits down 9% due primarily to health insurance
Provider Tax	**$**	**(215,000)**	Down due to FY 18 lower utilization
Depreciation & Amort	**$**	**(147,000)**	Down due to postponed capital projects
Interest - Long Term	**$**	**23,000**	Up due to re-financing bond
Other Operating	**$**	**(1,463,000)**	Supplies down 5 - 7% due to revenue shortfalls as well as cost savings initiatives Insurance down 31% due to reductions in tail insurance All other expenses down due to volume or to cost savings initiatives

	Prior Year	Budget 19
Podiatry	-20%	-15%
Orthopedics	-32%	-44%
Urology	-21%	-51%

Expense Drivers

Workforce

- Utilization of locum physicians, traveling RN staff (OR, Med/Surgical)
- Tight labor market
  - Difficult to find individuals to fill open positions
  - Wage pressures
  - Retention

Age of Plant

- Infrastructure aging – need to fulfill master facility plan
- Need to continue to replace/update equipment to avoid lost productivity

Rising Healthcare Costs

- Healthcare costs are exceeding inflation
- The Centers for Medicare and Medicaid Services estimates that aggregate health care spending in the US will grow at an avg. annual rate of 5.8% from 2015 through 2025, or 1.3% higher than the expected annual increase in the gross domestic product.

Cost Saving Initiatives

Lighting Project

- In FY 19 Gifford has replaced 1,500 light fixtures throughout the main hospital.
- Saving an estimated 178,500 kilowatts of energy and 155,500 pounds of carbon emissions per year.
- Cost savings are estimated to be $22,000/yr.
- Efficiency VT has provided a significant incentive, and other assistance

Rehab Relocation

- Relocated PT practice from leased space in Wilder to owned space in WRJ
- Upgraded WRJ facility
- Colocation of services will produce $90,000 in savings annually

Community Investment

- Collaboration partners to address food insecurity.
- VeggieVanGo is sponsored by the Vermont Foodbank and brings fresh fruit and vegetables to Gifford on a monthly basis for pick up-no questions asked.
- Randolph Area Food Shelf and Gifford supply emergency “staple” bags in our primary care and other locations

Capital Budget Plans

Capital Budget – Building & Building Svcs

2020 Budget = $2,626,374

OB/GYN Interior Renovation: $1,896,400
Scope: Renovate 6,500 SF to accommodate OB/GYN outpatient clinic, birthing education space, staff training and associated office space

Gamma Camera Installation: $335,000
Scope: Upgrade physical plant to accommodate Gamma camera installation.

Rooftop Unit Replacement: $257,659
Scope: Replace 2nd Floor HVAC rooftop unit in the medical office building.

Other Building & Building Svc: $137,315
Scope: Projects include site work, security upgrades a boiler upgrade and minor renovations.

Capital Budget – Major Movable

2020 Budget = $1,782,954

Gamma Camera: $670,553
Scope: Replace 12-year-old unit that has reached end of life.

Information Systems: $607,500
Scope: Upgrade/replace ageing desktop/laptops as well as Window's Office. Other projects include purchases of licenses, interfaces and server upgrades.

X-Ray System upgrade: $150,000
Scope: Replace current end of life equipment.

Other Major Movable by service area: $354,901

Support Services - $230,253
Medical Surgical - $30,208
Surgical Services - $28,000
Respiratory - $24,251
Emergency - $16,697
All Other - $25,492

Long Range Financial Outlook

Financial Outlook

- Gifford is committed to meeting the APM goals
- Focus on primary care, preventive care, and community health
- Integrated care with primary care, mental health, substance use, dental, specialty care, and hospital-based services
- Focus on cost reductions and efficiencies
- Collaborating with local and regional partners to avoid duplication
- Focus on activities to improve total cost of care
    - PACC, Antibiotic Stewardship, SUD programs, focus on advanced imaging

Long Range Financial Outlook

5 Year Planning

Average Age of Net Assets

		2020	2021	2022	2023	2024
Average Age of Plant	Max:12.0	18.03	16.86	17.09	16.47	16.47
Average Age of Equipment	Max: 7.0	17.41	14.43	13.41	12.78	12.33
Average Age of Net Fixed Assets	**See Benchmark**	**17.79**	**15.84**	**15.48**	**14.84**	**14.59**

Benchmarks (Based on Hospital Median Ratio's)	**AA**	**A**	**BBB**
Fitch	**9.5**	**9.7**	**9.5**
Moody's	**9.0**	**9.7**	**10.2**
Standard & Poor's	**8.8**	**9.3**	**10.0**

Long Range Financial Outlook

5 Year Planning

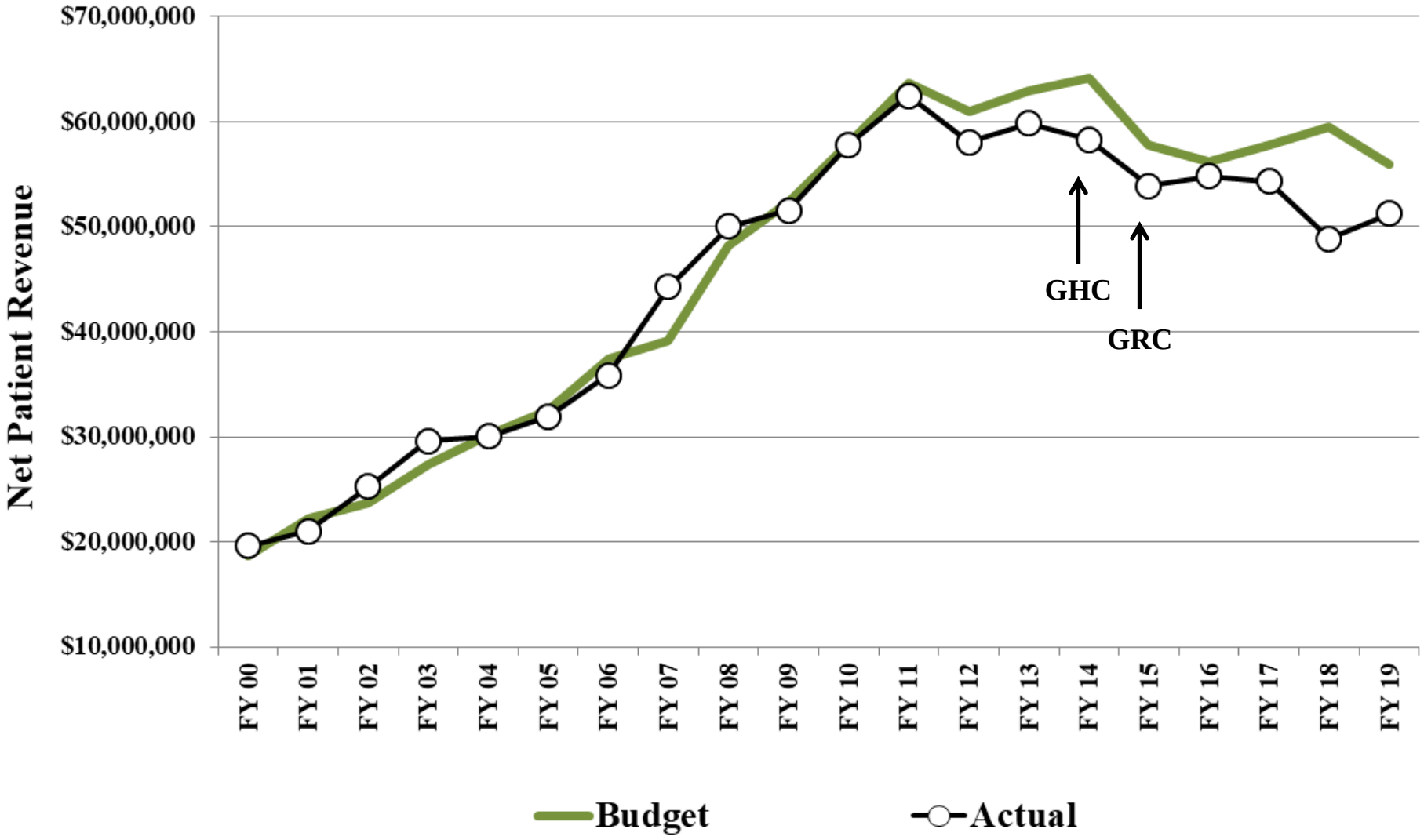
**Measures of Financial Health

	Actual FY17	Actual FY18	Projected FY19	Projected FY20	Projected FY21	Projected FY22	Projected FY23	Projected FY24
Liquidity								
Current Ratio	1.5	1.3	1.7	1.4	1.4	1.4	1.4	1.4
Days Cash on Hand	132	127	132	142	134	134	133	146
Days in A/R	45	33	32	33	33	33	33	33
Payment Period	53	57	49	57	57	57	57	56
Cash-to-Debt	94%	96%	99%	109%	114%	125%	140%	129%
Leverage								
Debt-to-Capitalization	34.9%	34.6%	34.7%	33.0%	30.9%	28.6%	26.1%	29.6%
Debt Service Coverage Ratio	(0.3)	0.5	2.0	2.7	2.8	3.0	3.3	3.4
Cash Flow / Total Liabilities	4.5%	-0.5%	8.7%	12.4%	13.6%	15.4%	17.5%	16.2%

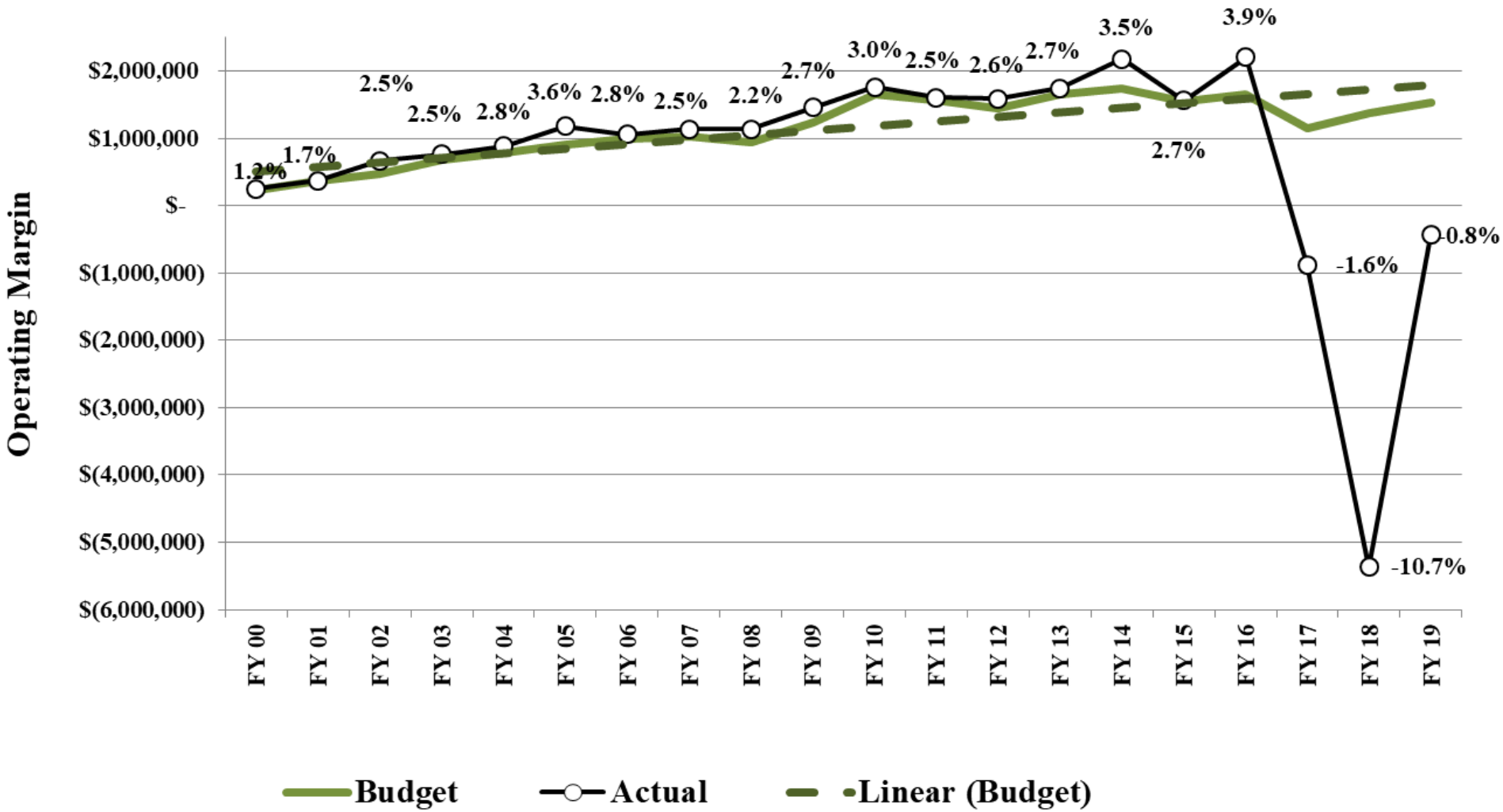
** - GMC/GHC/GRC

Review of Historical Compliance

Historical Compliance with Budget Orders



Historical Compliance with Budget Orders



Thank you.