



**North Country Hospital**  
Where caring runs deep.

# **North Country Hospital**

## **Fiscal Year 2023**

### **Budget Presentation**

### **To Green Mountain Care Board**

### **August 24, 2022**



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## **Our Presenters:**

- **Brian Nall, President and CEO**
- **Tracey Paul, CFO**
- **Megan Sargent, VP of Patient Care Services**
- **Paul Giordano, VP of Human Resources**
- **Dr. Steven Perlin, CMO**



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# Mission

**Our Mission:** To provide exceptional care that makes a difference in the lives of our patients and community.





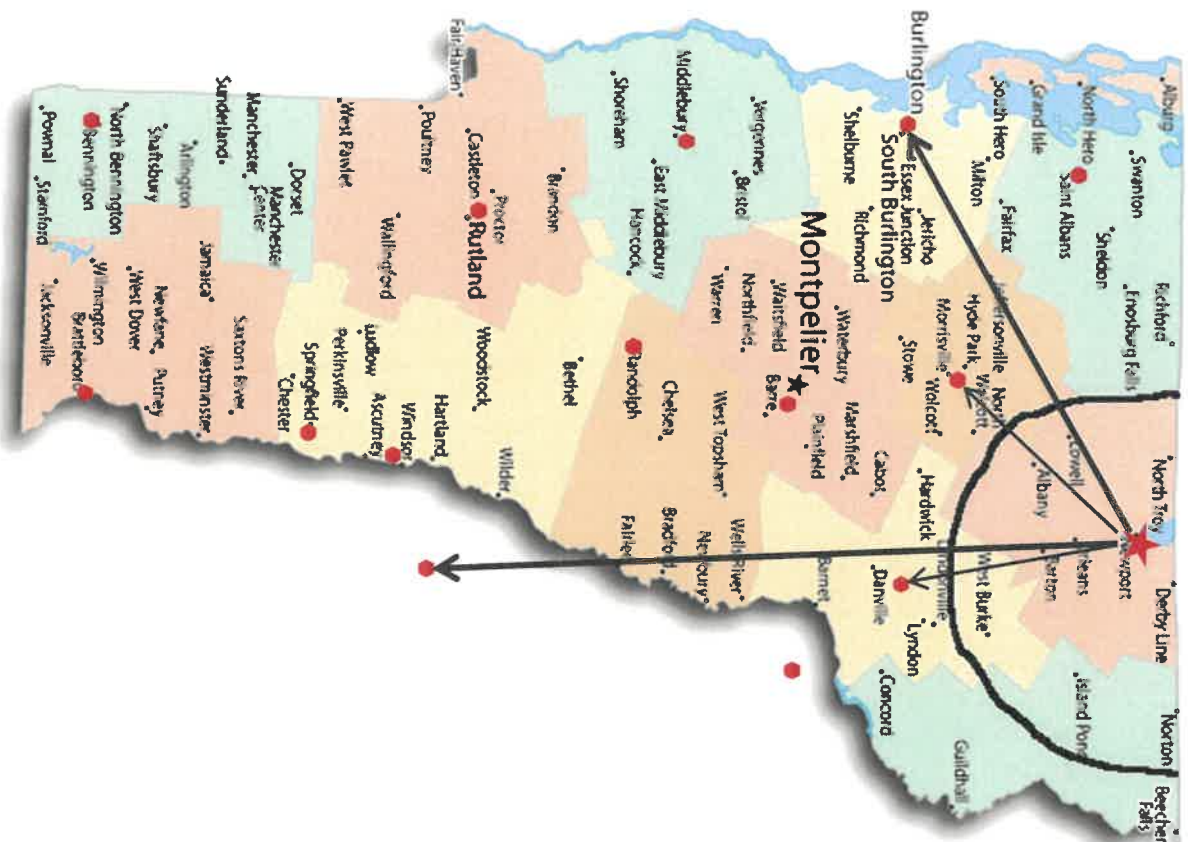
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## Service Area

Service Area ≈ 30,000

45 Minutes to Closest Critical  
Access Hospital

2 Hours to Tertiary Care





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# Year-Over-Year Reconciliation

NORTH COUNTRY HOSPITAL Profit and Loss Statement	2021 Actual		2022 Budget		2022 Proj.		2023 Budget		2021 - 2022 \$ Change		2021 - 2022 % Change	
	Gross Patient Care Revenue	\$215,095,726	\$212,753,057	\$220,036,827	\$247,620,343	\$7,283,770	5%					
Net Revenue Deductions	-\$137,507,969	-\$136,128,354	-\$141,402,705	-\$160,078,424	-\$5,274,351	-100%						
Net Patient Care Revenue	\$77,587,757	\$76,624,703	\$78,634,122	\$87,541,919	\$2,009,419	1%						
Fixed Prospective Payments (Incl Reserves&Other)	\$12,967,519	\$11,264,971	\$11,311,648	\$11,312,272	\$46,677	60%						
Total NPR & FPP (incl Reserves)	\$90,555,276	\$87,889,674	\$89,945,770	\$98,854,191	\$2,056,096	6%						
Other Operating Revenue	\$7,989,883	\$6,497,960	\$6,856,303	\$5,994,802	\$358,343	-15%						
Total Operating Revenue	\$98,545,159	\$94,387,634	\$96,802,073	\$104,848,993	\$2,414,439	4%						
Total Operating Expense	\$94,012,827	\$93,407,053	\$97,917,961	\$102,753,726	\$4,510,907	5%						
Net Operating Income (Loss)	\$4,532,332	\$980,581	-\$1,115,888	\$2,095,267	-\$2,096,469	-37%						
Non-Operating Revenue	\$4,035,970	\$840,528	-\$5,463,349	-\$8,106	-\$6,303,877	43%						
Excess (Deficit) Of Revenue Over Expense	\$8,568,302	\$1,821,109	-\$6,579,237	\$2,087,161	-\$8,400,345	-15%						
Operating Margin %	4.6%	1.0%	-1.2%	2%								
Total Margin %	8.7%	1.9%	-6.8%	2%								



**FY 2022 Approved Budget to FY 2023 Proposed Budget**



**Fee Increase on Gross Revenues**

**12.45% Overall Fee Increase**



**Net Revenue (NPR)**

**Increase of 12.5%**



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## Other Operating & Non-Operating Revenue

### FY 2022 Approved Budget to FY 2023 Proposed Budget



Other Operating Revenue 7.7% Decrease = \$503K

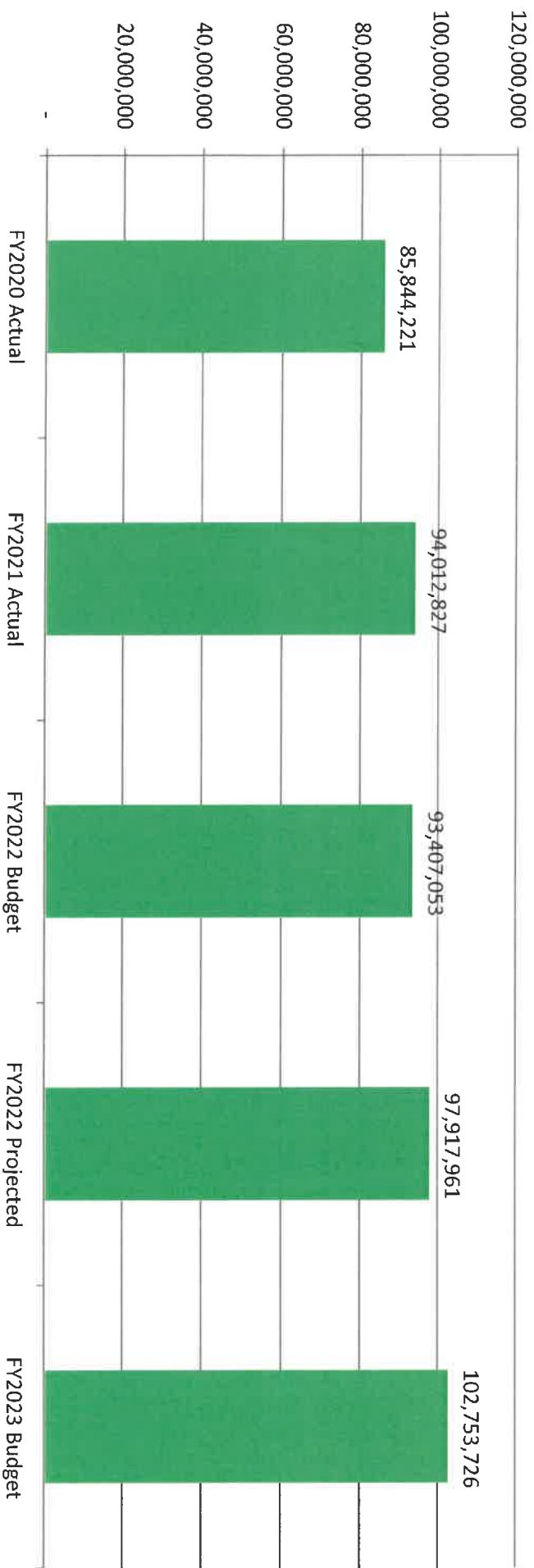


Non-Operating Revenue 101% Decrease = -\$849K





### NCH Total Expenses





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**Expense  
Drivers**

**Compensation and Benefits**

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**Locums/Travelers**

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**Supply Costs**

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**Workforce**

**Vacancy Rates**

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**Recruitment Efforts**

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**Retention Efforts**

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## FY 2022 Competitive Comp

- Increase Minimum Wage to \$15
- 5 Year Longevity Bonus (Retention)
- Increase Market Rates
- Regular Rate Increase
- Referral Incentives
- Cruise Tickets

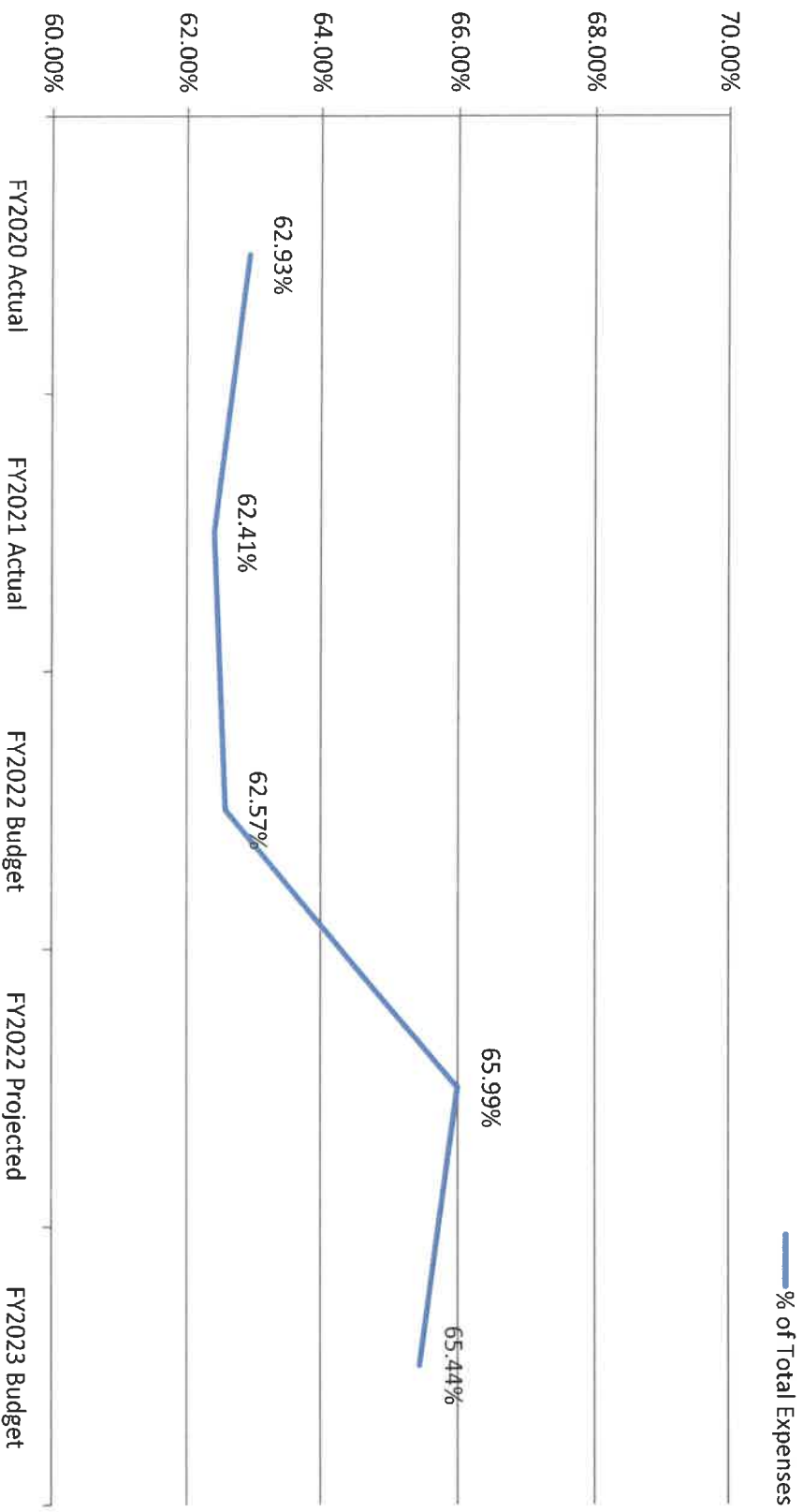


## FY 2023 Proposed Budget

- 5 Year Longevity Bonus (Retention)
- Additional Market Adjustments
- Additional Rate Increase
- Referral Incentives
- Cruise Tickets

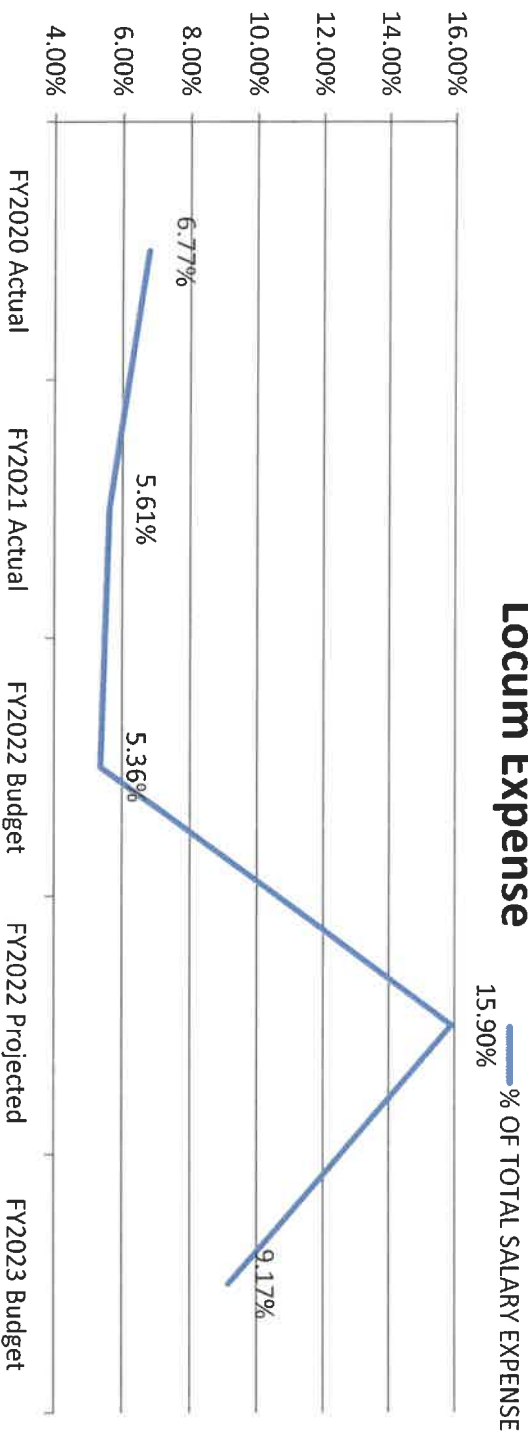


### Compensation/Benefits/Locums

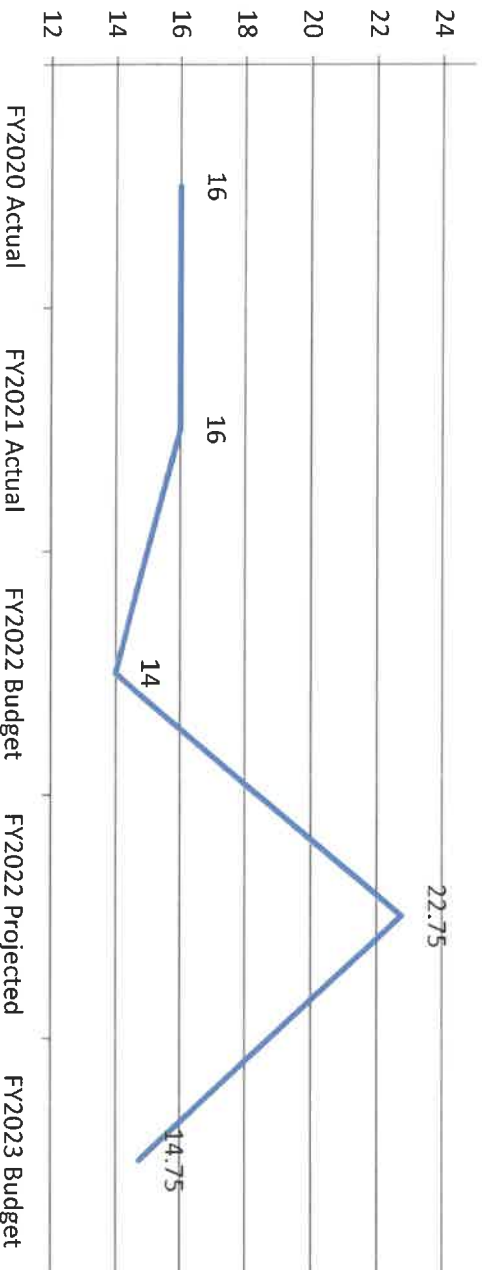




### Locum Expense



### # of Non Provider Locums

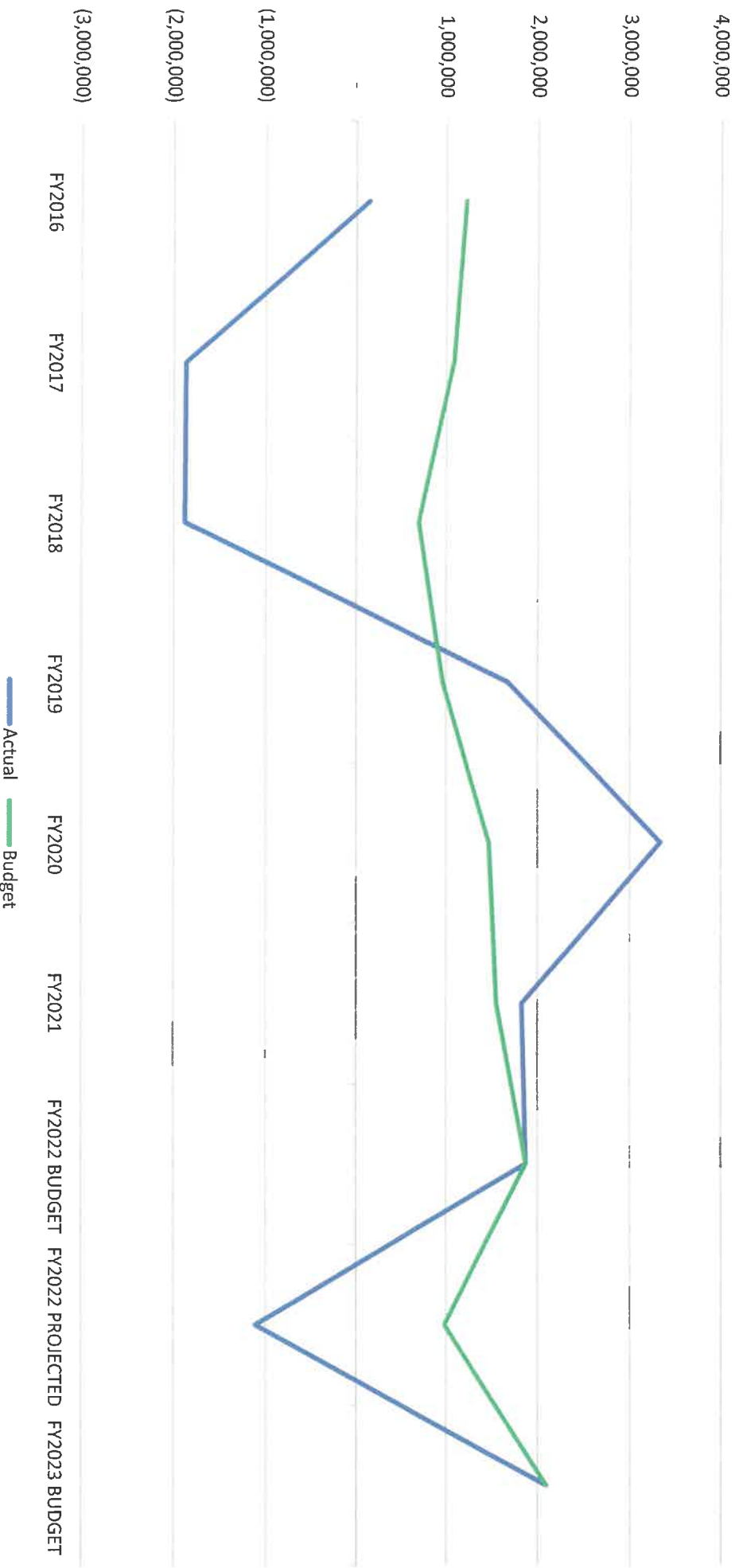




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# Operating Margin

NCH Operating Margin YTD Gain/(Loss) Actual and Budget







## Ensure Continued Financial & Operational Sustainability

### Operating Margins

- FY 2022 Projected =  $-\$1.1\text{m} = -1.2\%$
- FY 2022 Budget  $\$981\text{k} = 1\%$
- FY 2023 Budget  $\$2.1\text{m} = 2.0\%$

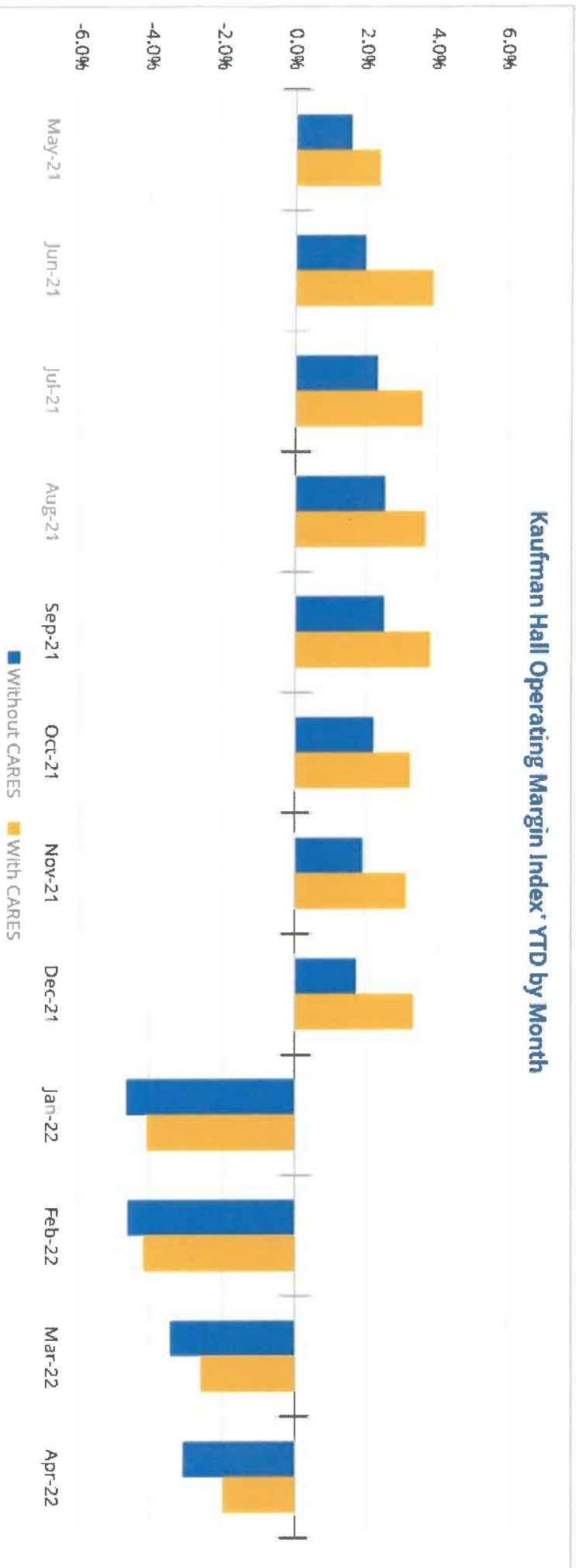


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Operating Margin

# National Margin Results

Kaufman Hall Operating Margin Index\* YTD by Month



Source: National Hospital Flash Report (May 2022)

\* Note: The Kaufman Hall Hospital Operating Margin and Operating EBITDA Margin Indices are comprised of the national median of our dataset adjusted for allocations to hospitals from corporate, physician, and other entities.

KaufmanHall

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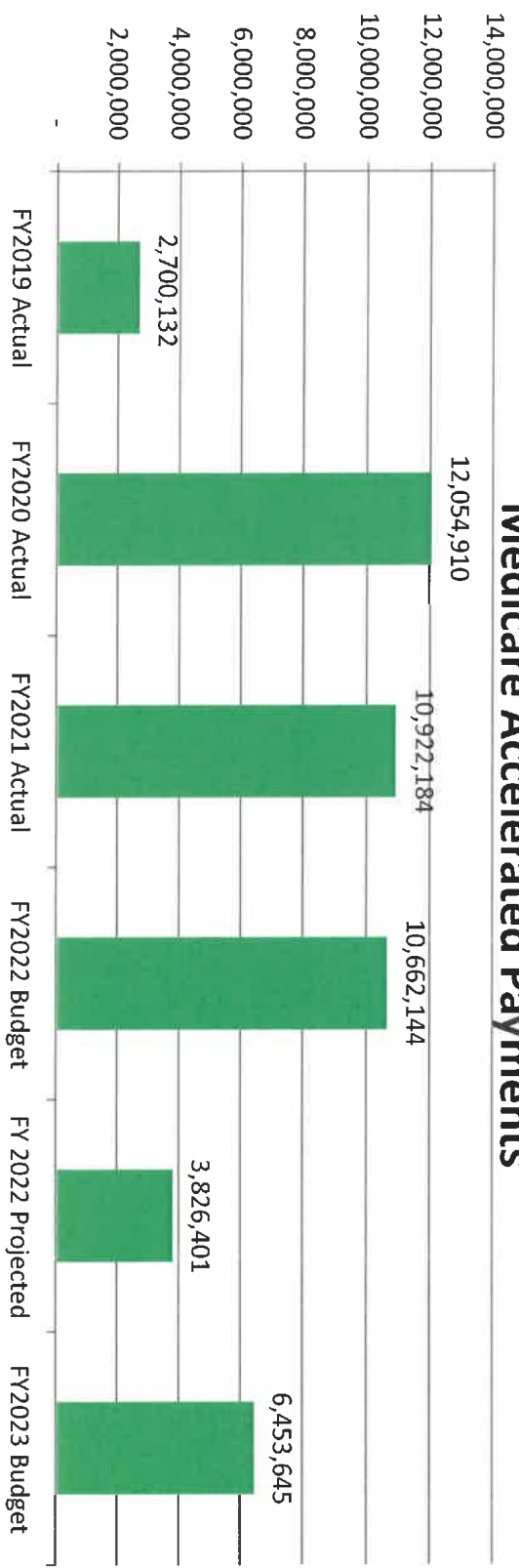
# Balance Sheet

NORTH COUNTRY HOSPITAL  
SCHEDULE 12  
BALANCE SHEET - UNRESTRICTED FUNDS

	2018A	2019A	2020A	2021A	2022B	2022P	2023B	PERCENT CHANGE		
								2021A - 2022P	2022B - 2023B	2020A - 2021B
<b>ASSETS</b>										
CASH & INVESTMENTS	\$865,798	\$2,700,132	\$21,667,612	\$18,444,348	\$14,793,641	\$4,236,401	\$6,453,645	-77.0%	-56.4%	52.3%
PATIENT ACCOUNTS RECEIVABLE, GROSS	\$28,202,809	\$26,111,824	\$25,779,840	\$23,514,714	\$17,599,204	\$29,345,113	\$31,473,093	24.8%	78.8%	7.3%
LESS: ALLOWANCE FOR UNCOLLECTIBLE ACCTS	-\$19,951,472	-\$19,471,898	-\$18,462,204	-\$13,840,657	-\$10,440,318	-\$17,586,880	-\$21,407,817	-27.1%	-105.0%	-21.7%
DUE FROM THIRD PARTIES	\$0	\$0	\$0	\$0	\$60,289	\$87,938	\$87,938	100.0%	45.9%	0.0%
ACO RISK RESERVE/SETTLEMENT RECEIVABLE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%	0.0%	0.0%
OTHER CURRENT ASSETS	\$3,890,618	\$4,095,408	\$4,491,755	\$4,489,140	\$6,903,026	\$7,353,276	\$7,353,276	63.8%	6.5%	0.0%
<b>TOTAL CURRENT ASSETS</b>	<b>\$13,007,753</b>	<b>\$13,435,465</b>	<b>\$33,477,004</b>	<b>\$32,607,544</b>	<b>\$28,915,841</b>	<b>\$23,435,846</b>	<b>\$23,960,134</b>	<b>-28.1%</b>	<b>-17.1%</b>	<b>2.2%</b>
<b>TOTAL BOARD DESIGNATED ASSETS</b>										
	\$45,378,788	\$46,742,453	\$49,810,417	\$59,722,151	\$51,706,772	\$53,543,802	\$53,543,802	-10.3%	3.6%	0.0%
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT, NET</b>										
	\$23,403,357	\$22,280,725	\$22,076,145	\$23,039,014	\$25,615,994	\$22,487,962	\$24,155,989	-2.4%	-5.7%	7.4%
<b>OTHER LT ASSETS/ OTHER LONG-TERM ASSETS</b>										
	\$4,574,075	\$4,060,388	\$4,472,222	\$5,642,484	\$4,675,406	\$5,697,537	\$5,675,799	1.0%	21.4%	-0.4%
<b>TOTAL ASSETS</b>	<b>\$86,363,953</b>	<b>\$86,519,032</b>	<b>\$109,836,788</b>	<b>\$121,011,184</b>	<b>\$110,914,014</b>	<b>\$105,165,147</b>	<b>\$107,395,724</b>	<b>-13.1%</b>	<b>-3.2%</b>	<b>2.1%</b>



## NCH Cash Flow - Cash Balance without Medicare Accelerated Payments





Charge Increase Request = 12.45%

Charge Increase Effect on Payers:

- Medicare
- Medicaid
- Commercial
- Bad Debt and Free Care



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## Equity

Express Care - Location

Wellness Center

Elsevier Online Training

Hospitals Against Violence



## Wait Times

Engaged 3D Health – Results Pending

Cerner EMR Conversion May 16

- ½ Patient Schedule 3-4 Weeks



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## Service Line Impacts

General  
Surgery  
Transitions

Cardiology  
Transitions

Pulmonology  
Loss

Orthopaedic  
Access?

Hospitalists  
Stabilization

Primary  
Transitions





## Competitive Labor

- **Staffing Shortages – All Positions**
- **Wage Wars – Multi Industry**
- **Work Life Balance Challenges**



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EMR – Cerner

One Medical Record

Go-Live May 2022

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Automatically Loading Some Clinic Information

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eSignature App

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Mobile Documentation for Providers

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Enhanced Patient Portal

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Opportunity for Increased Metric and Quality Reporting

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Accounts Receivable Management



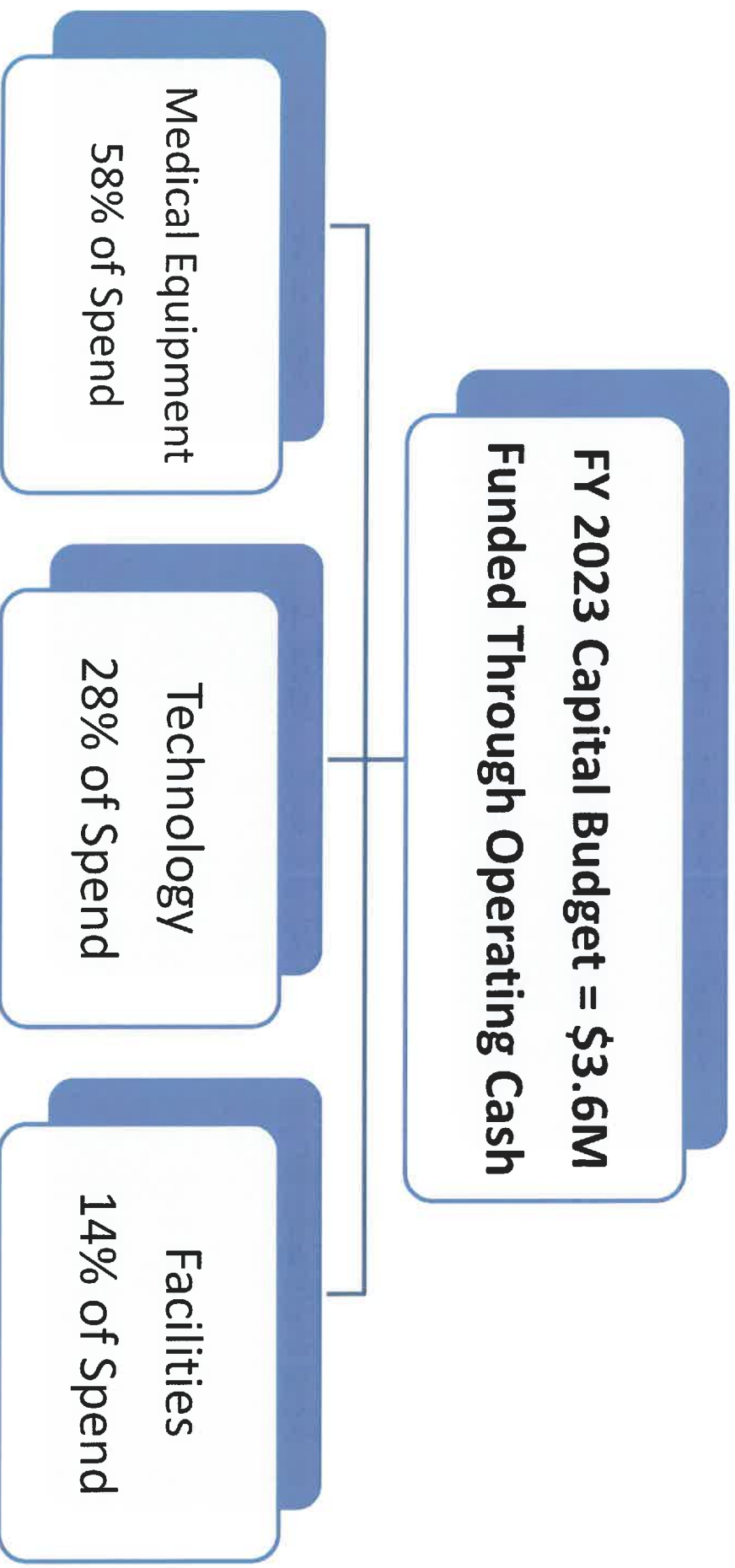
## Aging Plant

- Hospital – 1973
- Facility Master Plan – 2019
- Campus Development – 2020 (Covid Stalled)



## Certificate of Need – August 2022

- **New Addition** – 20,000 sq. ft.
- **Renovation** – 22,000 sq. ft.
- **Scope of Project:** Consolidate and improve the multi floor inpatient care departments, provide a larger lab, and expand Emergency Department.





## Fixed Payment & PMPM

- Medicaid

## Care Coordination

- Blue Cross
- Blue Cross QHP
- MVP

## Reduce Avoidable ED Encounters



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Value Based Care

## Northern Express Care Opened July 11<sup>th</sup>





## Emergency Departments

- Boarding Mental Health
- Transfer Volume and Delays

## Post-Acute Patients

- Post-Acute Patients in Hospital Beds





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## Supplemental Data Monitoring

Market Share

Reimbursement  
Analysis

Demographic  
Report



## FY 2022 Approved Budget to FY 2023 Proposed Budget



Fee Increase on Gross  
Revenues

12.45% Overall Fee Increase



Net Revenue (NPR)

Increase of 12.5%



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## Charge Request



**85% = Expense Increase of \$9.3M**

Direct Labor = 68%  
Supplies = 20%



**15% = Operating Margin of \$2.1 M**



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**Any Questions**

