



# High Reliability Journey at Northwestern Medical Center



*FY23 Budget Presentation  
Green Mountain Care Board  
August 17, 2022*



# Introductions

- **Thank you for this opportunity to speak with you.**
- **Presenting today:**
  - **Jonathan Billings, Interim Chief Executive Officer**
  - **Stephanie Breault, Chief Financial Officer**
  - **Dr. John Minadeo, Chief Medical Quality Officer**
  - **Jake Holzscheiter, NMC Board Chair**
  - **Pam Parsons, Executive Director NOTCH**

# Overview

**Today we are asking for approval of NMC's FY23 budget as submitted. Our budget complies with the GMCB's guidance and results in a very modest 1% operating margin.**

**We are also going to speak to the high reliability journey that we are currently on. It is our journey back to being a truly excellent community hospital.**

**We believe the future of our hospital is bright, the pandemic and the ongoing demand on Vermont hospitals proves the need for a strong community hospital in St. Albans.**

# Overview – Negative Operating Margins



**NMC's average operating margin for the 10-year period of FY14 through Budget FY23 is 0.67%**

# Overview – Hospital Capacity Issues

30 out of 30 days in June NMC boarded patients in the ED

Sub-acute patient days are up 47% when comparing current year to prior year

All non-emergent surgeries were cancelled for several weeks in October and over 20 surgeries cancelled in June due to no beds available

Highest number of inpatients boarding in 14 bed ED at one time was 11 (79%)

Highest number of sub-acute patients in 34 bed PCU at one time was 12 (35%)

# Overview – Unprecedented Workforce Challenges

Focus and investment in retention and recruitment, efforts include:

- Unbudgeted wage increases in the current fiscal year (\$761,000)
- Sign on bonuses
- Referral bonuses
- Retention bonuses
- Vermont Technical College partnership and ASPIRE program
- In-person career fair and prominent advertising
- Job share friendly for those wanting to work seasonally, take a traveler assignment and return, etc.

Still, traveler expense is a significant issue

Budget 2022	Projection 2022	Budget 2023
\$ 2,591,108	\$ 10,265,626	\$ 8,669,355

# Vision – NMC’s Strategic Plan

## Quality & Safety

Achieve zero preventable harm and sustain zero preventable harm

## Financial Sustainability

Keep care local by enhancing core services, achieving operational effectiveness, and supporting effective community partnerships

## Engagement

Foster a culture which inspires and engages our people and our community



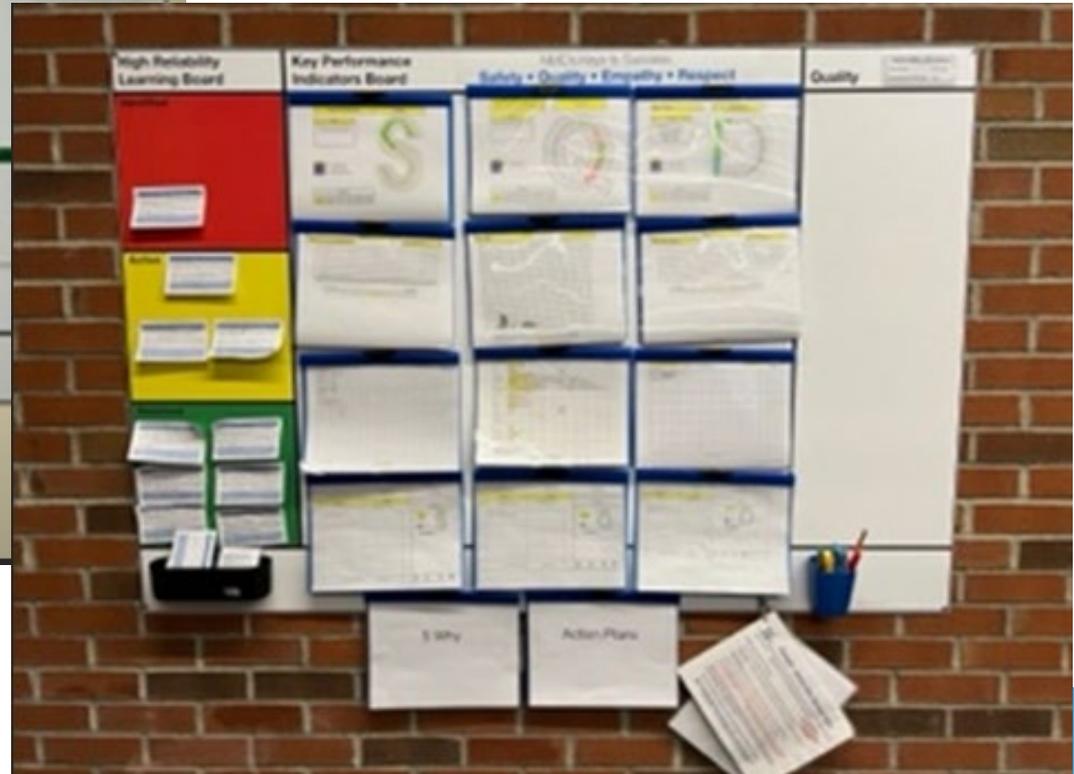
# Vision – NMC’s High Reliability Journey

- **NMC has embarked on a journey of improving quality and safety using the principles of high reliability and lean daily management.**
- **Currently, 270 employees have been trained on the principles of high reliability, all employees will complete training by September 30th.**
- **Currently, 19 departments are using lean daily management to track key performance indicators and to implement staff driven quality improvement.**

**Goal to achieve CMS 5 Star Quality Rating and Leapfrog Safety Grade “A”**

# Vision – NMC’s High Reliability Journey

**Daily Gemba Walk – NMC  
leaders round on every KPI  
board every day**



# Vision – NMC’s High Reliability Journey

## Organizational Safety Brief Occurs every day at 9:15

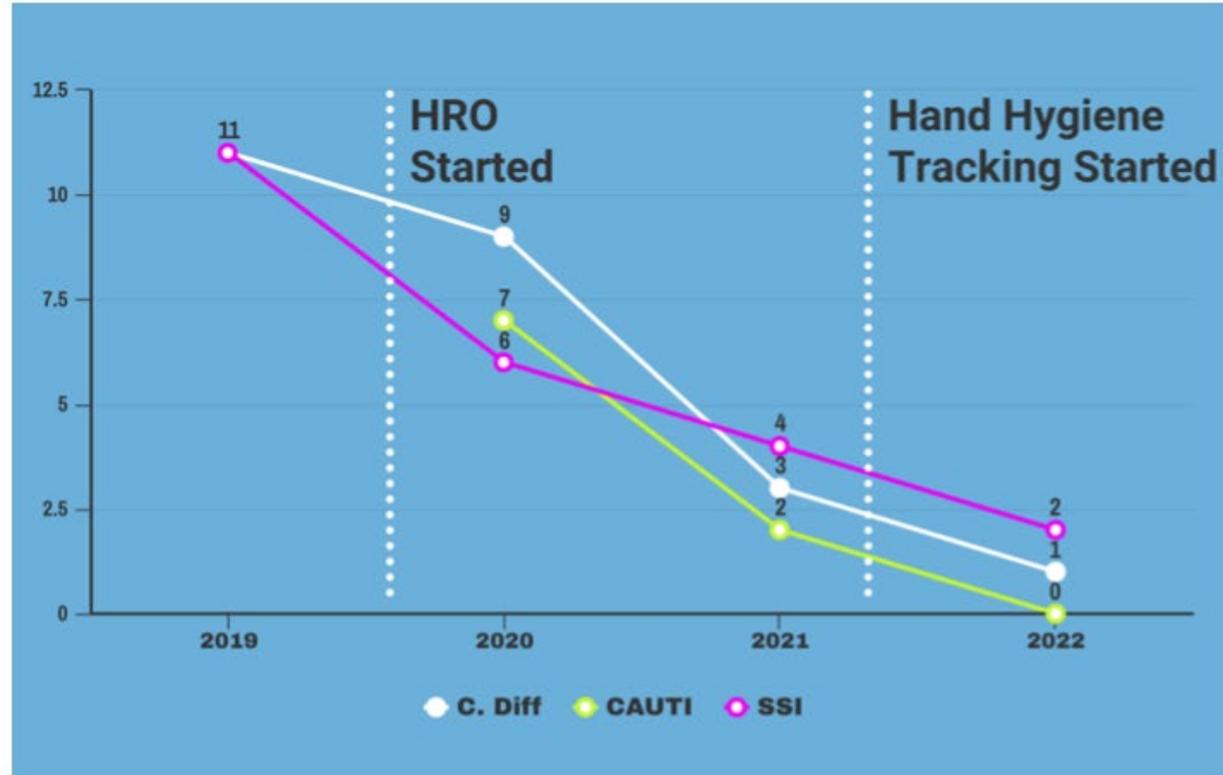
The screenshot shows a Microsoft Teams meeting interface. The top bar displays the time as 04:56 and includes controls for 'Request control', 'People', 'Chat', 'Reactions', 'Apps', 'More', 'Camera', 'Mic', 'Share', and a 'Leave' button. The main content area shows a shared Excel spreadsheet titled 'Organizational Safety Brief'. The spreadsheet has a header row with the title and four main categories: '1. Department Brief Concerns', '2. Patient Flow Concerns', '3. Safety Concerns', and '4. Needs'. Below this, there are several columns and rows. The first column is 'High Reliability Recognition', the second is 'FBC', the third is 'Education', the fourth is 'IT', the fifth is 'Follow Up Items', and the sixth is 'Shift Admin Report'. The 'Follow Up Items' column contains the text 'Massive Transfusion protocol needed (7.26.22)'. The 'Shift Admin Report' column has sub-columns for 'PCU', 'FBC', and 'E'. The 'FBC' column has 'RT' in row 5. The 'IT' column has 'IT' in row 5. The 'Significant Safety Issues' column is empty. The 'Shift Admin Report' column has '23' in row 4, 'ICU: 2' in row 5, and 'L/I: Admiss' in row 6. On the right side of the Teams window, there is a grid of video thumbnails for participants, with a larger thumbnail for 'Megan Har...' at the bottom.

Organizational Safety Brief					
Daily Safety Brief					
1. Department Brief Concerns 2. Patient Flow Concerns 3. Safety Concerns 4. Needs					
High Reliability Recognition	FBC	Education		Follow Up Items	Shift Admin Report
				Massive Transfusion protocol needed (7.26.22)	PCU FBC E
	RT				23
Significant Safety Issues		IT			ICU: 2 L/I: Admiss

# Vision – NMC’s High Reliability Journey

## Early Results

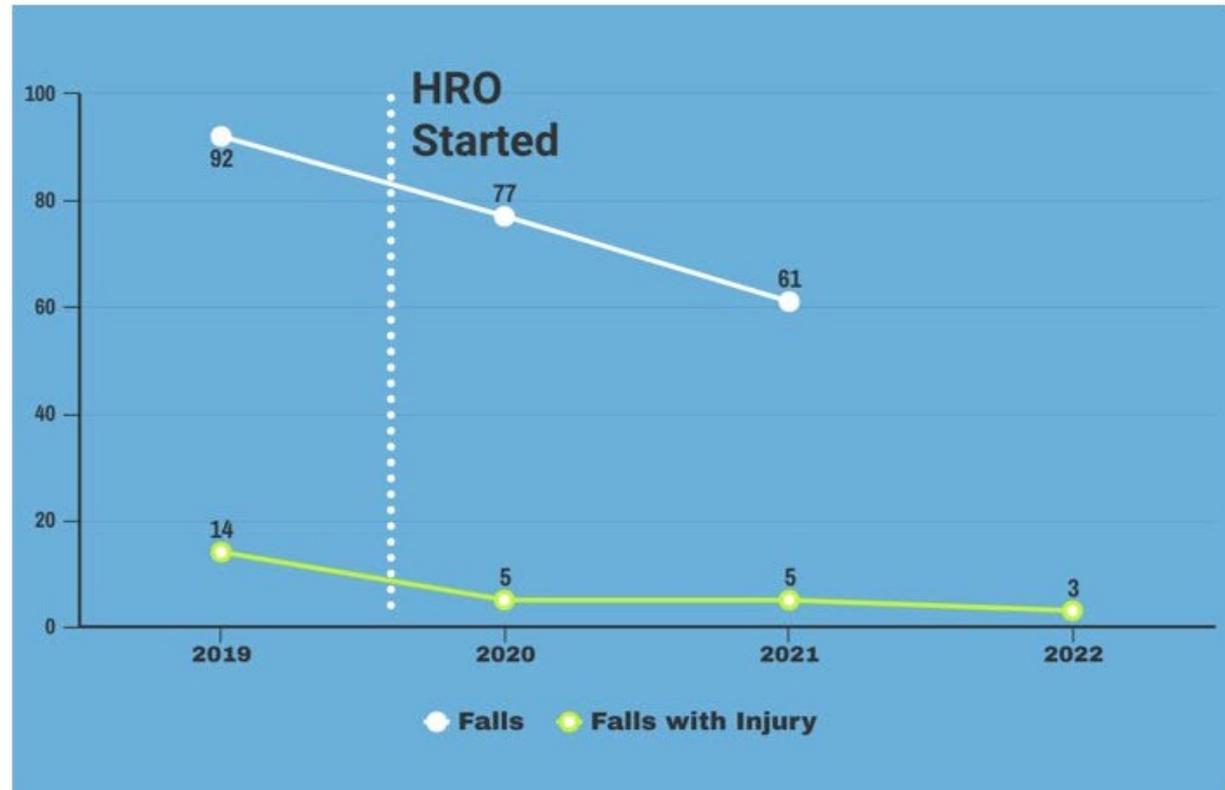
Hospital  
Acquired  
Infections



# Vision – NMC’s High Reliability Journey

## Early Results

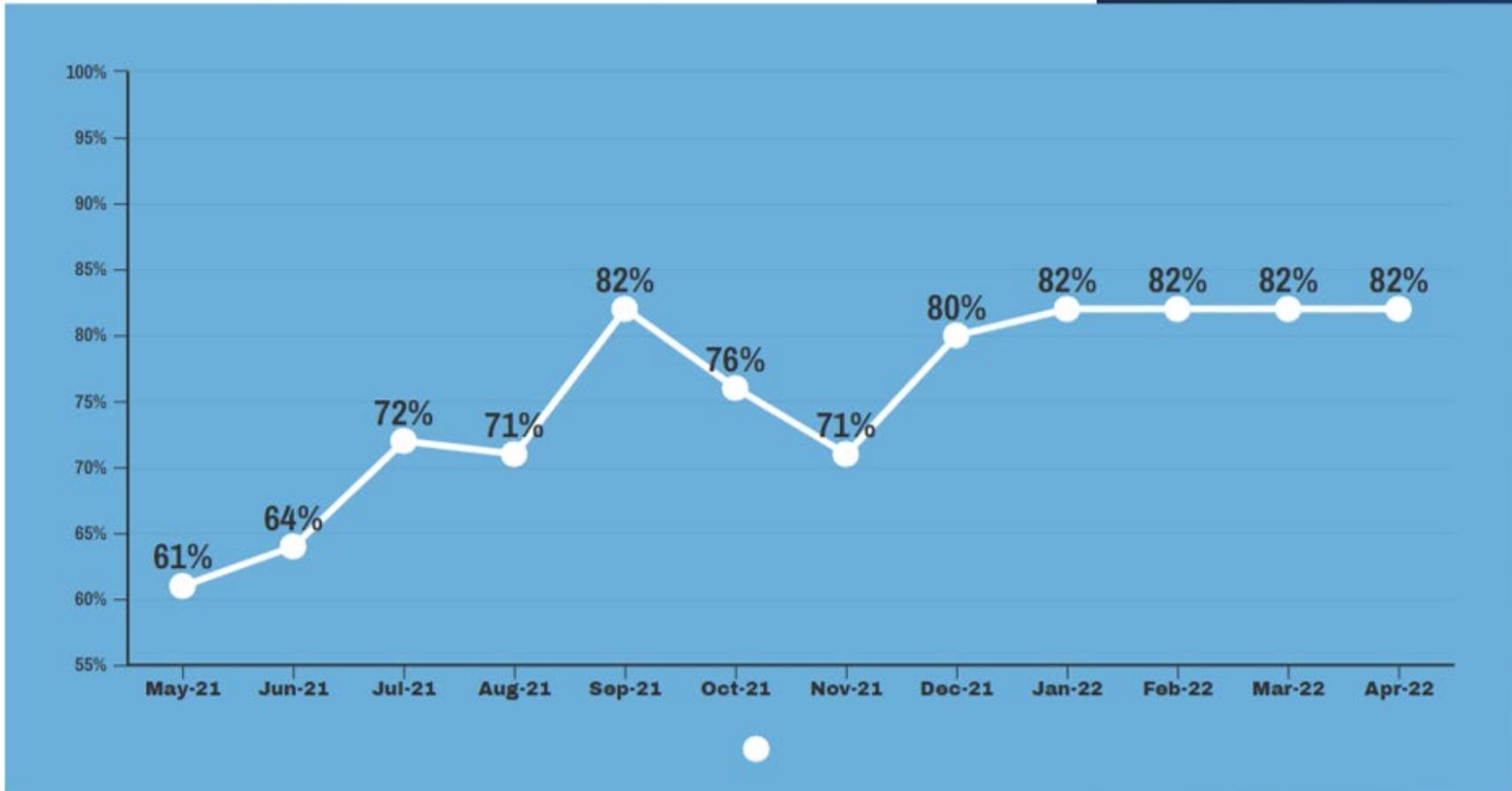
Hospital  
Acquired  
Conditions



# Vision – NMC’s High Reliability Journey

## Early Results

### Hand Hygiene – Hospital Overall



# Net Patient Revenue & Summary of Budget Request

## Net Patient Revenue:

Approved FY2022	\$115,925,533
Less: Phys Transfers	(4,409,601)
FY2022 Adj Budget	111,515,932
Allowable Growth (8.6%)	9,590,370
FY2023 NPR Cap	\$121,106,302

**NMC is asking for a 9.4% rate increase which will be applied as 11.01% to hospital services and 0% to outpatient professional fees.**

# Net Patient Revenue & Summary of Budget Request

**On January 1, 2022, Northwestern Pediatrics in St. Albans and Enosburg transitioned to private practice under the name Monarch Maples Pediatrics.**

**NMC implemented a physician lead pediatric nurse practitioner team to provide newborn and inpatient pediatric care.**

**The transition has improved access for our community, allowing us to keep care local – early data shows an increase in inpatient pediatric volumes (see data on later slide).**

# Net Patient Revenue & Summary of Budget Request



NORTHERN TIER  
CENTER FOR HEALTH



**On May 2, 2022, Northwestern Primary Care in St. Albans and Georgia transition to Northern Tier Center for Health (NOTCH).**

**NOTCH is the federally qualified health center (FQHC) in our service area. that specializes in providing high quality primary care services to all. NOTCH also provides behavioral health, dental, and other healthcare services.**

# Net Patient Revenue & Summary of Budget Request



NORTHERN TIER  
CENTER FOR HEALTH



**NMC and NOTCH have created a Joint Steering Committee that includes Board members and leaders from both organizations.**

**The Charter is currently being finalized and speaks to the vision and the purpose of the Joint Steering Committee**

*Northwestern Medical Center (NMC) and Northern Tier Center for Health (NOTCH) serve communities in Franklin and Grand Isle counties and are committed to working together to provide high-quality, cost-effective care to families in this service area. Each organization acknowledges the strength of the other and will work in good faith to achieve an integrated model of care that leverages those strengths. (DRAFT 6/30/22)*

# Profit and Loss

	<u>2023 Budget</u>	<u>2022 Projection</u>
Net Patient Revenue	121,093,673	119,365,274
Other Operating Revenue	5,835,673	6,276,438
Total Operating Revenue	126,929,346	125,641,712
Total Operating Expenses	125,670,423	126,863,621
Net Income From Operations	1,258,923	(1,221,909)
Non-Operating Income	1,546,335	(2,273,857)
Net Income	2,805,258	(3,495,766)

**NMC is budgeting for a 1% operating margin in FY23. NMC needs to average a 3% operating margin to be financially sustainable.**

# Balance Sheet

	<u>2023 Budget</u>	<u>2022 Projection</u>
Current Assets	88,767,621	90,584,017
Board Designated Assets	8,250,000	8,250,000
Other Assets	79,734,504	74,509,710
Total Assets	<u>176,752,125</u>	<u>173,343,727</u>
Current Liabilities	16,423,867	14,173,867
Long Term Debt	23,861,898	25,508,758
Other Noncurrent Liabilities	4,500,000	4,500,000
Total Liabilities	<u>44,785,765</u>	<u>44,182,625</u>
Fund Balance	131,966,360	129,161,102
Total Liabilities and Fund Balance	<u>176,752,125</u>	<u>173,343,727</u>

# Cash Flow Statement

## **CASH FLOW FROM OPERATING ACTIVITIES:**

Excess of Revenues and Gains Over Expenses	\$2,805,258
Add items not requiring cash:	
Depreciation & Amortization	6,074,479
Other Changes	<u>2,250,000</u>
Net cash provided by operating activities	<u>11,129,737</u>

## **CASH FLOW PROVIDED BY (USED IN) INVESTING ACTIVITIES:**

Cash used to purchase property, plant and equipment	<u>(11,299,273)</u>
Net cash used in investing activities	<u>(11,299,273)</u>

## **CASH FLOW PROVIDED BY (USED IN) FINANCING ACTIVITIES:**

Repayment of debt	<u>(1,646,860)</u>
Net cash used in financing activities	<u>(1,646,860)</u>

BEGINNING CASH & INVESTMENTS OCTOBER 1, 2021	<u>77,109,015</u>
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ENDING CASH & INVESTMENTS SEPTEMBER 30, 2022	<u><u>\$75,292,619</u></u>
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# Equity – In our hospital

**NMC's strategic plan includes the following objective –**

*Advance Diversity, Equity, and Inclusion both as an employer and a care provider.*

**NMC is in the final stages of selecting a diversity, equity, and inclusion partner for this important work.**

**Prior efforts include contracting with UVM Professor Maria Mercedes Avila, Ph.D. to conduct training for staff, providers, and leaders on systemic racism.**

# Equity – In our Community

## Franklin-Grand Isle Accountable Community for Health (ACH): FOCUS ON HEALTH EQUITY



Poor health outcomes in our region are a direct result of social and institutional inequities. We are using health inequity data and social determinants of health to build more inclusive systems to address the care we deliver.

NMC and the community are forming an ACH that will be foundationally focused on addressing health inequities in our community. The ACH is more inclusive of historically marginalized communities.

# Equity – In our Community Con't

- **Recent Community Health Needs Assessment** sought diversified voices and people with lived experiences to give insight into the most pressing health concerns in our community. We are seeking broad community engagement to help us prioritize our findings.
- **In 2021-2022, worked with DHVA** on accessing the ACT 48 immigrant funding to support immigrant populations who are not eligible for Medicaid. We are working with the State and UVM Extension Migrant Farm Program to provide information to providers and the community about the new Immigrant Health Insurance Plan.
- **Working with NOTCH** on a quality improvement project that will support patients with hypertension in blood pressure monitoring regardless of their ability to provide data via telemonitoring through support of community health workers and systems improvement.
- **Collaborated with Abenaki** on self-management program, including diabetes prevention and management and health coaches for hypertension, providing culturally appropriate education in the community.

# Wait Times

## Common Imaging Procedures

Appointment Lag	Within Category	Cumulative
Within 2 Weeks	24.0%	24.0%
Within 1 Month	25.1%	49.1%
Within 3 Months	33.7%	82.8%
Within 6 Months	11.7%	94.5%
Greater Than 6 Months	5.5%	100.0%

## Specialty Practices

Appointment Lag	Within Category	Cumulative
Within 2 Weeks	11.7%	11.7%
Within 1 Month	28.7%	40.4%
Within 3 Months	34.3%	74.7%
Within 6 Months	10.2%	84.9%
Greater Than 6 Months	15.1%	100.0%

# Risks & Opportunities

## Risks:

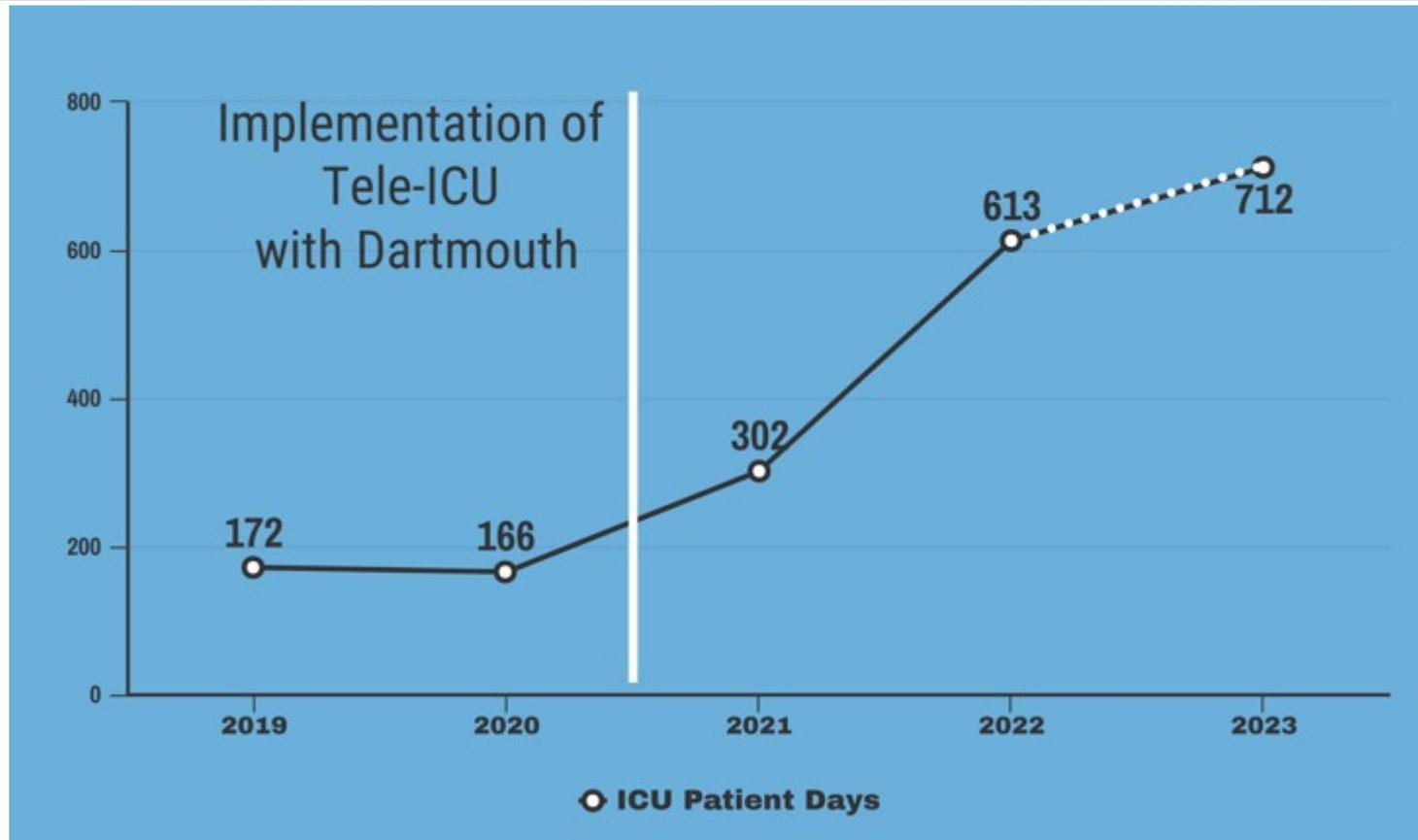
- **FY23 budget does not include any negative financial impacts of COVID-19.**
- **FY23 budget does not include any negative financial impacts of continued hospital capacity issues (i.e., cancelling surgeries).**
- **Inability to achieve reduction in traveler expense. NMC is budgeting for a reduction in traveler expenses of \$1.6 million from Projected FY22 to Budget FY23.**
- **Higher inflation than what was included in the FY23 budget.**

## Opportunities:

- **Tele-ICU**
- **Inpatient Pediatric Care**
- **Tele-Stroke (Go Live 9/1/22)**

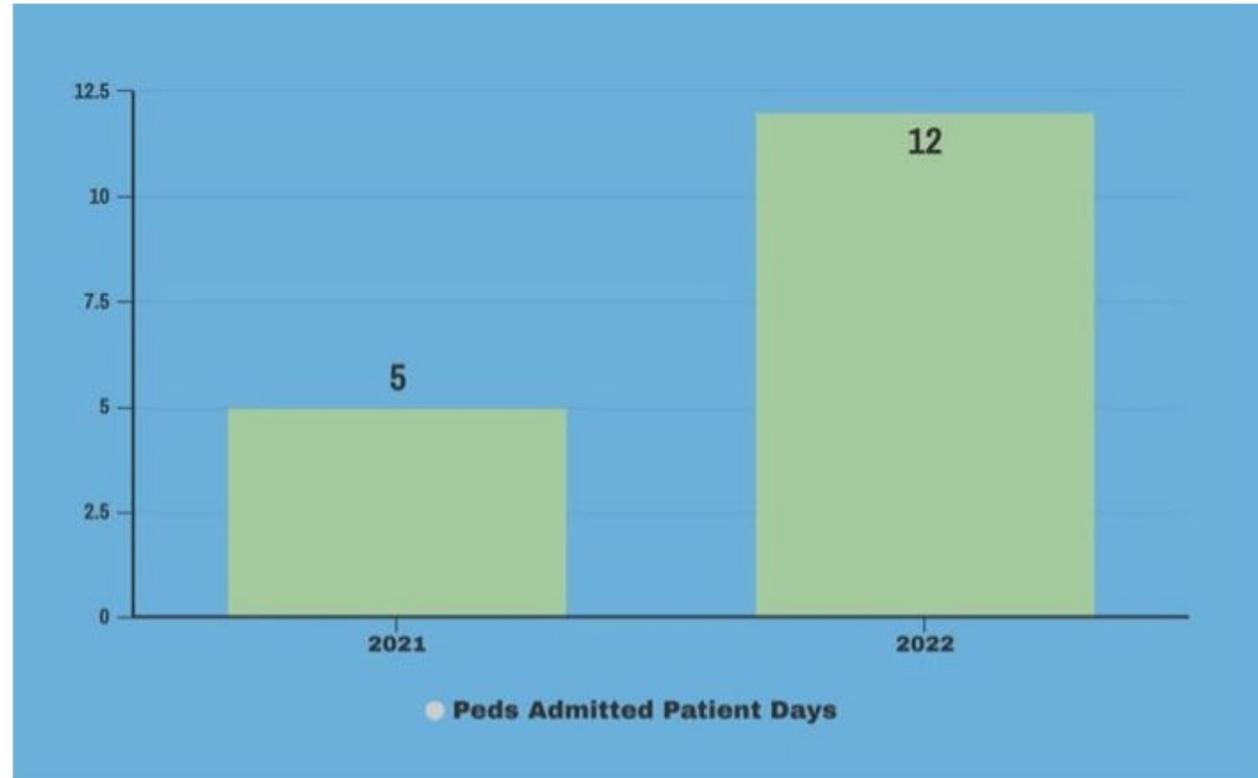
# Risks & Opportunities – ICU Days

## Caring for our Community: ICU Patient Days



# Risks & Opportunities – Inpatient Pediatrics

Caring for  
our  
Community:  
Inpatient  
Pediatrics



# Value-Based Care Participation

**Budget includes continued full participation in OneCare for program year 2023**

- **OneCare participation is both a risk and an opportunity**
- **Attribution continues to be a challenge**
- **NMC participated in the APM Taskforce to help identify priorities for a future agreement with CMMI**

# Capital Investment Plans

## Summary:

Total Items Identified	4,560,811
Contingency Pool	1,250,000
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Total FY2022 Capital Budget	5,810,811
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## Top 5:

Item Description	FY2023 Budget
Emergency Generator	1,100,000
CT Scanner	943,560
Pharmacy Renovation	568,816
Nuclear Medicine Camera	330,264
Anesthesia Machines (x6)	210,000

# Updating Aging Infrastructure

Updating aging infrastructure is a critical part of providing safe and high-quality patient care.

NMC received CON approval to renovate and modernize the ED, will complete that project in FY23 – thank you!



Built nearly 40 years ago – there is currently no safe place to care for behavioral health patients, significant privacy and infection control issues.

# Thank you

**We ask that you vote to approve NMC's FY23 budget as submitted. What questions do you have?**



**Congratulations to NMC's newest group of ASPIRE nurses!  
Class of 2022**