

Emergency Department
Entrance



FY 2025 BUDGET PRESENTATION to GREEN MOUNTAIN CARE BOARD
AUGUST 26, 2024



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**Northeastern Vermont
Regional Hospital**

Presentation Agenda

1. Introductions/Overview of NVRH/Hospital Mission, Vision and Values
2. Introductory remarks from our CEO
3. Budget summary
 - i. NPR growth
 - ii. Rate request
 - iii. Operating margin
4. FY2025 Priorities
 - i. Improving access to high-quality, affordable care
 - ii. Strengthening partnerships
 - iii. Financial stability
 - iv. Control cost growth
 - v. Workforce recruitment, retention and development
5. NVRH performance against GMCB benchmarks
6. FY2025 budget risks and opportunities
7. Capital investment plans
8. Closing remarks, questions and answers



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Introduction/Overview/Mission, Vision and Values

Board Chair

- John Kascenska, Board Chair

Senior Leadership Team (Presenters)

- Shawn Tester, CEO
- Andre Bissonnette, CFO
- Ryan Sexton, MD, CMO

Senior Leadership Team (Attending)

- Shawn Burroughs, CIO
- Diana Gibbs, VP Community Health Improvement & Marketing
- Betty Ann Gwatkin, CHRO
- Laura Newell, VP Operations & Medical Practices
- Joe Pimentel, CNO



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Introduction/Overview/Mission, Vision and Values

Hospital Overview



Independent, not-for-profit, 25-Bed Critical Access Hospital



Emergency Room Visits = 13,800 Annually



734 Employees



95 Adult Volunteers; 4 junior Volunteers; 18 HS Student Intern & 1 Adult Intern; 8 job shadows



60 Trainees (med students/nursing/allied health)

Introduction/Overview/Mission, Vision and Values

Hospital Overview



Population: 30,000

Lown Institute Hospitals Index: Northeastern Vermont Regional Hospital

Net Community Benefit FY 2023: \$19,954,978 or 16.1% of total operating expenses (Form 990 - Draft)



COMMUNITY BENEFIT

Measures the extent of hospital investment in free care and community health

NATIONAL 84 of 877

STATE 1 of 8

SOCIAL RESPONSIBILITY



Reflects performance across health equity, value, and outcomes.

NATIONAL 218 of 806

STATE 1 of 8

Introductory Remarks from our CEO



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Introduction/Overview/Mission, Vision and Values

Mission

Committed to improving the health and wellbeing of all.

Vision

Providing exceptional care in an environment where our patients, community, and employees thrive.

Values

Safety: A priority for patients and staff alike

Empathy: Compassionate and understanding care

Respect: Emphasizing dignity, equity, and privacy

Vision: Commitment to innovation, collaboration, learning, and growth

Integrity: Ethical behavior, accountability, and open communication

Community: Dedication to inclusivity, deep connections, and addressing community needs

Excellence: Striving for the highest quality in all areas



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Northeastern Vermont Regional Hospital 2023 – 2026 Strategic Priorities



MISSION

Committed to improving the health and wellbeing of all.

VISION

Providing exceptional care in an environment where our patients, community, and employees thrive.



Patient Experience



Community Health



Strategic Goals



Leadership & Workforce



Stability & Innovation

VALUES

Safety: A priority for patients and staff alike

Empathy: Compassionate and understanding care

Respect: Emphasizing dignity, equity, and privacy

Vision: Commitment to innovation, collaboration, learning and growth.

Integrity: Ethical behavior, accountability, and open communication

Community: Dedication to inclusivity, deep connections, and addressing community needs

Excellence: Striving for the highest quality in all areas

FY2025 Priorities

- i. Improve access to high-quality, affordable care.
- ii. Strengthen our partnerships
- iii. Ensure financial sustainability
- iv. Control expense growth
- v. Workforce recruitment, retention & development



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Budget Summary

Metric	FY25 Budget	FY 24 Projected	FY24 Budget	FY23 Actual
Net Patient Revenue	125,024,468	120,203,900	120,323,189	112,163,926
Other Operating Revenue	7,201,219	7,149,630	5,747,496	9,378,436
Total Operating Revenue	132,225,687	127,353,531	126,070,685	121,542,362
Total Operating Expenses	131,313,371	128,298,006	124,847,637	120,953,743
Net Operating Margin	912,316	(944,475)	1,223,048	588,619

- NPR Growth: 3.9% unadjusted, 3.28% adjusted
- Rate Request: 4.5%
- Operating Margin: .7%



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Improving Access to High-Quality, Affordable Care

- Expansion of pain management service
 - Actions taken to improve access
 - Budget implications
- Wait times and referral lag
 - Examples of what is going well
 - Action plan to make improvements
- Improving access through increased provider productivity
 - Clinical documentation improvement program implemented
 - Adding tools to improve efficiency
 - Continue to create more efficient schedules to maximize provider availability



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Improving Access to High-Quality, Affordable Care

Quality indicators

H-CAHPS/PG Likelihood to Recommend		YTD 7/31		
Goal 90% top box score	SURG	88%		
Goal 70% top box score	IN	68%		
Goal 75% top box score	ER	76%		
		2022	2023	YTD 7/31
Readmissions Goal 14% (based on CMS All Cause rate)		204/8.7%	188/8.6%	122/7.5%
Avoidable ER Goal <=10%		1,291/9.6%	1,588/11.5%	987/11.8%
72 hr returns to ED		1,227/9.6%	1,250/8.8%	712/6.8%
Transfers		345	534	386
Mental Health Visits	2022* Aug	195	435	246
Avg Stay Hours for MH		31	21.6	32.2
No Show Rates Goal <=5% (National Average is 19%)	PCP	6.3%	6.4%	6.4%
	Speciality	5.3%	5.2%	4.9%
TeleService Usage		76	52	59
Psych, Neuro, Critical Care, Pharmacy MedRec				
TeleHealth Visits--Medical Practices		3,115	3,097	2,090
PCP, Speciality, Psych				

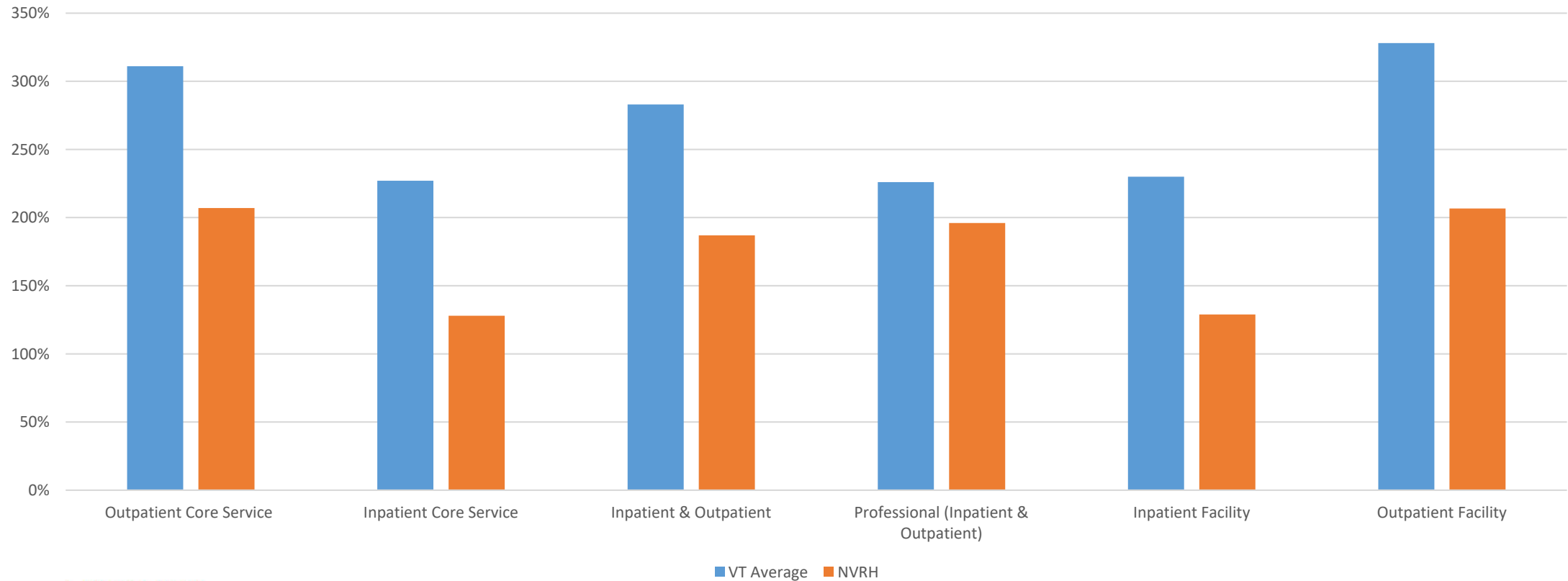


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Improving Access to High-Quality, Affordable Care: NVRH relative prices vs state averages

Rand 5.0 Relative Prices



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Improving Access to High-Quality, Affordable Care: Rate restructuring project

- Some NVRH charges higher than state-wide average and some are lower
 - Source: VT Dept. of Health Hospital Report Cards

Professional office rates							
Hospital	CPT Code	99202	99203	99204	99205	99211	99212
	Description	Office visit, new patient, 15 min.	Office visit, new patient, 30 min.	Office visit, new patient, 45 min.	Office visit, new patient, 60 min.	Office visit, established patient, 5 min.	Office visit, established patient, 10 min.
Northeastern Vermont Regional Hospital	Hospital Charge	\$0	\$0	\$0	\$0	\$0	\$0
	Physician Charge	\$113	\$170	\$240	\$310	\$59	\$59
	Total Charge	\$113	\$170	\$240	\$310	\$59	\$59
Hospital System Averages	Hospital Charge	\$16	\$17	\$18	\$20	\$51	\$67
	Physician Charge	\$177	\$248	\$369	\$488	\$82	\$131
	Total Charge	\$192	\$264	\$386	\$506	\$128	\$193
CT rates							
Hospital	Description	CTscan of head	CTscan of head	CTscan of head	CTscan of face	CTscan of face	CTscan of neck
Northeastern Vermont Regional Hospital	Hospital Charge	\$533	\$561	\$864	\$533	\$561	\$561
	Physician Charge	n/a	n/a	n/a	n/a	n/a	n/a
	Total Charge	\$533	\$561	\$864	\$533	\$561	\$561
Hospital System Averages	Hospital Charge	\$2,101	\$2,213	\$2,884	\$2,271	\$2,674	\$2,541
	Physician Charge	\$161	\$186	\$208	\$175	\$163	\$220
	Total Charge	\$2,191	\$2,367	\$3,039	\$2,482	\$2,659	\$2,719
MRI rates							
Hospital	Description	MRI scan of	MRI scan	MRI scan of	MRI scan of	MRI scan of	MRI scan of
Northeastern Vermont Regional Hospital	Hospital Charge	\$3,616	\$4,181	\$4,294	\$4,748	\$3,616	\$3,616
	Physician Charge	n/a	n/a	n/a	n/a	n/a	n/a
	Total Charge	\$3,616	\$4,181	\$4,294	\$4,748	\$3,616	\$3,616
Hospital System Averages	Hospital Charge	\$3,300	\$3,444	\$3,737	\$3,526	\$3,735	\$3,848
	Physician Charge	\$163	\$237	\$181	\$179	\$215	\$247
	Total Charge	\$3,592	\$3,382	\$4,020	\$3,840	\$4,003	\$4,104

Strengthening Partnerships

- Ongoing partnerships:
 - **LRH:** Allergy, ENT services
 - **NEK Prosper!:** Community collaboration focused on social determinants
 - **NCHC:** Express Care walk in services; collaborative call
 - **DHMC:** Cardiology, telehealth services
 - **UVMHC:** Pathology services
- New Opportunities:
 - **NCHC** and **DHMC** EMR interfaces.
 - **NVRH/DHMC** collaboration on cancer center lab expansion/clinical trial project
- Special focus with NCH:
 - New collaborative efforts, including partnering on specialty care
 - Sharing training & education resources
 - Board engagement
 - Our goal is to pilot 3 new collaborative initiatives in FY 25
- These initiatives will enable us to sustainably meet the community's needs while keeping costs down and increasing resiliency



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Financial Stability

INCOME STATEMENT		
REVENUES	FY25 Budget	FY24 Projected
Gross Patient Revenue	278,869,628	263,147,202
Revenue Deductions	(154,820,160)	(143,918,302)
DSH	975,000	975,000
Net Patient Revenue	125,024,468	120,203,900
OOD	7,201,219	7,149,630
TOTAL OPERATING REVENUE	132,225,687	127,353,530
EXPENSES		
Staff Salaries	61,479,224	59,379,000
Traveler Expense	1,674,000	2,523,880
Locum Expense	225,000	1,250,000
Fringe Benefits	19,910,944	19,250,000
Professional Fees	3,533,198	3,121,063
Purchased Services	8,555,625	8,911,088
Medical Supplies	4,892,345	4,700,000
Drug Expense	4,928,919	4,733,136
Implants	3,150,000	2,933,980
Non Medical Supplies	1,794,473	1,800,000
Interest Expense	246,500	255,000
Other Direct Expenses	16,906,304	14,440,860
Depreciation & Amortization	4,016,839	5,000,000
TOTAL OPERATING EXPENSES	131,313,371	128,298,006
OPERATING MARGIN	912,316	(944,476)
OPERATING MARGIN %	0.7%	-0.7%

BALANCE SHEET		
ASSETS	FY25 Budget	FY24 Projected
Cash	3,219,777	6,067,084
Accounts Receivable	11,272,698	11,197,076
Other Current Assets	3,873,763	4,974,218
Total Current Assets	18,366,238	22,238,378
Board Designated Funds	26,849,338	26,849,338
PPE	42,805,743	26,088,941
Other Long Term Assets	4,775,438	4,925,952
Total Assets	92,796,757	80,102,609
LIABILITIES		
Accounts and Salaries Payable	10,378,916	10,017,486
Due to 3rd Parties	4,130,484	4,647,764
Other Current Liabilities	1,167,025	1,617,193
Current Portion LTD	885,300	866,866
Total Current Liabilities	16,561,725	17,149,309
Bonds Payable	4,490,906	5,357,772
Capital Lease Obligations	348,354	587,951
Other Long Term Debt	17,486,611	3,945,732
Total Liabilities	38,887,596	27,040,764
FUND BALANCE		
Total Fund Balance	53,909,161	53,061,845
TOTAL LIABILITIES AND FUND BALANCE	92,796,757	80,102,609

Financial Stability

- Positive bottom line in FY2025 critical
 - Achieve GMCB benchmark
 - Strengthen balance sheet ahead of pending increase in debt service payments
 - Key financial indicators

Key Indicator	FY 25 Budget	FY24 Projected	FY24 Budget	FY23 Actual
Operating Margin	0.7%	-0.7%	1.0%	0.5%
Days in A/R	33	34	34	33
Days cash on hand	86	95	101	98
Debt service coverage ratio	4.82	2.57	6.48	5.07
Cash to long term debt	6.7	6.1	5.52	5.09



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Control Expense Growth

- Cost per adjusted patient day trend

METRIC	FY 2025 BUDGET	FY 2024 PROJECTED	FY 2024 BUDGET	FY 2023 Actual
Total Gross Revenue	278,869,628	263,147,201	269,633,599	249,482,961
Inpatient Gross Revenue	53,355,968	50,568,426	52,393,125	47,492,883
Adjustment factor	5.23	5.20	5.15	5.25
Total patient days	6,245	6,214	6,151	6,167
Adjusted patient days	32,642	32,338	31,655	32,396
% Change FY25 budget to:		100.94%	103.1%	
Case Mix Index (CMI)	1.237	1.237	1.178	1.178
Case mix adjusted patient d	40,369	39,993	37,303	38,175
Total Cost	131,313,371	128,298,006	124,847,637	121,080,036
Total cost per CMAPD	3,252.86	3,208.05	3,346.90	3,171.71
% Change FY25 budget to:		1.4%	-2.8%	2.6%

- Cost savings included in FY2025 budget: \$1.8 million

Source of savings	Amount
Contract renegotiations	(175,398)
Purchased services reductions	(29,490)
Service contract eliminations	(211,181)
Supply pricing, usage efficiencies	(1,050,908)
Zero-based budgeting	(358,969)
Total	(1,825,946)

Control Expense Growth

- Savings achieved by securing grant funding
 - Purchased services:
 - Strategic planning consultant: \$75,000
 - Revenue cycle and charge master evaluations: \$125,000
 - Information systems security management and risk analysis:
 - Fortified: \$189,600
 - WAN Firewalls: \$199,800
 - FEMA non profit security grant: \$150,000
 - Total reduction purchased services cost: \$744,400

Control Expense Growth

- Zero-based budgeting part of FY2025 budget
 - Staffing levels
 - Travelers and locum tenens coverage
 - Purchased services
 - Service contracts
- Administrative vs clinical cost growth trend – Source: Medicare cost reports

Fiscal Year	Clinical	Admin	General		Total
			Services	Mixed	
FY25 Budget	54.4%	18.7%	4.3%	22.6%	100.0%
FY24 Budget	55.4%	19.3%	4.5%	20.8%	100.0%
FY23 Actual	55.5%	20.0%	3.9%	20.6%	100.0%
FY22 Actual	56.3%	18.5%	4.1%	21.2%	100.0%



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Workforce Recruitment, Retention & Development

- Career Advancement Program (CAP)
 - Overall structure and goals
 - Current success and enrollment
 - Paid for through philanthropic contributions (\$350,000)
 - 4 LPNs to RN for next year, 6 medical assistants from program in FY2024
- Preceptor program for new RN grads (Simplifi) (8 new grads)
- Professional development and education a strategic plan priority
 - Educational loan repayment at all levels, tuition assistance
 - Internal learning and development opportunities



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Workforce Recruitment, Retention & Development

- Recruitment successes: hired 27 RNs in 2024
 - converted 2 travel RNs to permanent
 - decreased traveler RNs to 5 for October, 2024 (coverage for new grads)
 - 2 possible total traveler RN for January, 2025
- Continued focus on retention
 - 86% overall retention in 2024 due to professional development opportunities & growth, committed clinical leaders, work on culture, competitive compensation, meaningful benefits



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NVRH Performance vs. GMCB Benchmarks

- Operating margin
 - GMCB benchmark: Positive operating margin
 - NVRH performance: .7% positive operating margin budgeted
- NPR Growth
 - GMCB benchmark: 3.5%
 - NVRH performance: 3.9% unadjusted, 3.28% adjusted

Metric	Amount
FY25 Budget NPR	125,024,468
Less: FY24 to FY25 pain clinic NPR growth	(750,548)
Adjusted FY25 NPR	124,273,920
Approved FY24 NPR	120,323,189
Increase FY24 NPR to adjusted FY25 NPR	3,950,731
% Increase	3.28%

NVRH Performance vs. GMCB Benchmarks

- Commercial rate growth
 - GMCB Benchmark: 3.4%
 - NVRH performance: 4.5%
 - Justification for higher rate increase
 - To strengthen balance sheet
 - Goal: Achieve breakeven for FY24 and FY25 combined
 - After 340B improvements
 - After revenue cycle improvements
 - After expense reductions
 - A 4.5% rate increase is still necessary



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Capital Investment Plans

NVRH	
FY 2025 Capital Budget	
Routine Capital	
	FY25 Budget
Medical	1,240,170
IS	707,852
Plant Operations	145,431
Other Non Medical	13,815
Sub Total	2,107,268
Contingency	250,000
Total Routine Capital	2,357,268
CON Project Related Budget	
	FY25 Budget
ED Addition	7,224,505
ED Renovationns	578,529
Bond Issue and Cap. Interest	427,102
Total CON Project Related	8,230,136
Non-CON Projects Budget	
	FY25 Budget
Pharmacy	2,123,550
Chiller Building/Infrastructure	7,880,193
Total Non-CON Projects	10,003,744
Total CON and non-CON projects	18,233,880
Total FY 2025 Capital Budget	20,591,148

- Funding for routine capital expenses will come from hospital working capital. Funding for the CON and non-CON projects will be provided as follows:

- “Bridge” Loan \$ 8,402,698
- Philanthropy \$ 4,531,182
- Investments \$ 5,300,000
- Total \$18,233,880



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FY2025 Budget Risks and Opportunities

Risks

- Inflationary pressures
- Workforce challenges
- Fringe benefits: utilization of self-funded health insurance plan due to demographics
- Healthcare reform efforts
- Changes to 340B retail revenue program
- Industry-wide risks

Opportunities

- Paycom efficiencies and labor management
- Expense efficiencies
- Revenue cycle efficiencies
- 340B revenue enhancements
- Additional productivity improvements
- Growing our partnership with NCH

Closing Remarks, Questions and Answers



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