

Porter Hospital

Presented to the Green Mountain Care Board
FY 2025 Hospital Budget Hearing
August 30, 2024

Agenda

- **About Porter Hospital and Porter Medical Center**
- **FY 2025 Roadmap**
- **FY 2025 Strategic Priorities**
- **FY 2025 Budget Key Themes**
- **Closing**

Porter Hospital is part of Porter Medical Center, which also includes Helen Porter Rehabilitation and Nursing



WE PROVIDE A  **25** BED **CRITICAL ACCESS HOSPITAL**
and a 98-bed Long Term Care facility

PORTER MEDICAL CENTER HAS **192,517**

 **PATIENT CARE ENCOUNTERS**
at our hospital and clinics, including 13,750 emergency room visits

WE EMPLOY  **708** PEOPLE IN TOTAL.

130 PROVIDERS SERVE OUR PATIENTS: 
100 physicians and 30 advanced practice providers.

Quality Care, Close to Home

With our growing list of local specialty services, you don't have to travel far—or wait long—to receive individualized, compassionate care from our experts using the latest medical advances and technology.

Primary & Specialty Care Services

Cardiology and Cardio Rehab	Emergency Department
Express Care Clinic	Diagnostic Imaging
Nutrition and Dieticians	Birthing Center
Audiology	Ear, Nose & Throat
Gastroenterology	Behavioral Health
Adult Primary Care	General Surgery
Pediatrics	Infusion Center
Rehabilitation Services	Podiatry
Long-term Care	Orthopedics & Sports Medicine
Memory Care	Palliative Care
Laboratory	OB-GYN

24-Hour Emergency Care

Because medical emergencies can happen at any time, our emergency rooms in Middlebury is ready for whatever comes through our doors. From broken bones and trouble breathing to chest pain and pediatric emergencies, our skilled physicians and staff will provide the care you need, 24/7.

Helen Porter Rehabilitation and Nursing: Skilled Nursing, Post-Acute Care

When you're well enough to leave the hospital setting but not ready to go home, our team of providers, nurses, physical therapists, occupational therapists, speech language pathologists and others can provide the support you need with short-term nursing and rehabilitation care.

Helen Porter provides private, skilled custodial and intermediate care services in a home-like setting. We focus on individualized care that supports dignity, respect and privacy for some of our most vulnerable community members. Helen Porter was renovated in 2024 and is truly a unique environment with comprehensive memory care, long-term care and rehabilitation, short-term, post-acute care.

Helen Porter Services

- Long-term care
- Memory care
- Post-acute rehabilitation:
 - Stroke
 - Neurological conditions
 - Orthopedic care
 - Respiratory conditions
 - Post-trauma conditions
 - Post-surgery
 - Cardiac situations



UVM Health Network's Health Assistance Program helped over 6,000 patients access free prescription medications in 2023, covering over \$7.5 million in out-of-pocket costs.

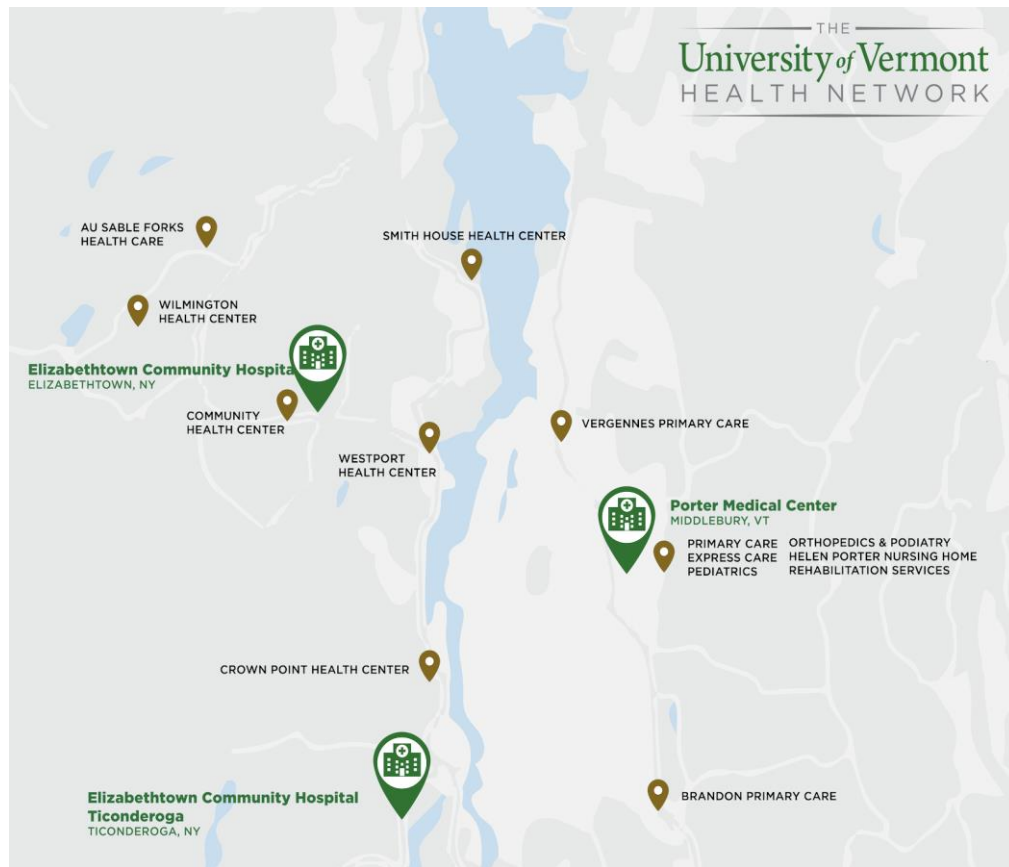


FY 2025 Roadmap



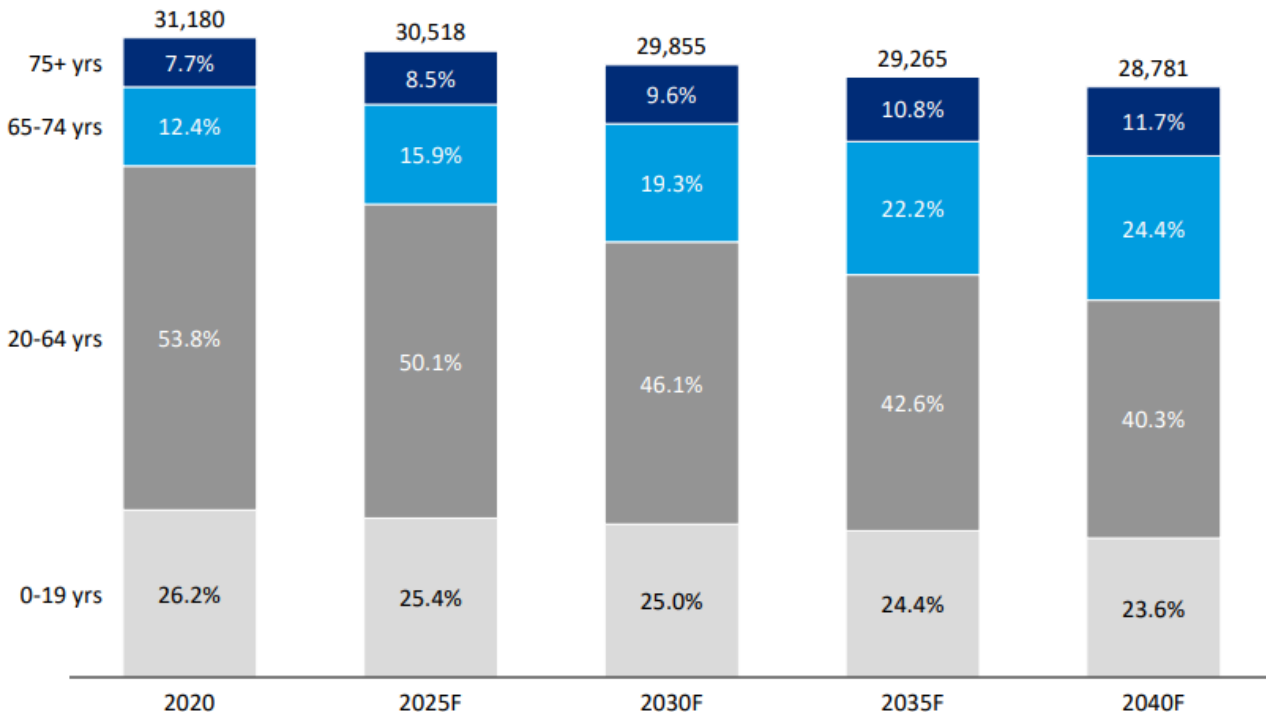
Building On Strong Progress

- **Leadership and Administrative Efficiencies**
 - \$1.5M in direct savings, plus soft costs
- **Successful Recruitment of Providers**
 - Primary care – Vergennes Family Medicine
 - Mental health – Psychiatry
 - Cardiology, non-invasive and EP
 - Orthopedic Surgery and Sports Medicine
 - Advanced Practitioners, Express Care, Hospitalists
- **Financial Stabilization**
 - Helen Porter loss reduced
 - Porter met targets, except for surgical volumes
- **Throughput Redesign**
 - Case management – LOS impact, Acute Admission
 - Addison County Home Health & Hospice
- **Workforce**
 - Culture
 - Reduce reliance on travelers
 - Workforce pipeline initiatives
- **Health System Integration**
 - Shared Services
 - Ancillary and Clinical Integration



As the Middlebury Community Ages, Health Needs Become Complex and Different Services Will Be Needed

Projected Middlebury population break-down¹
2020-2040F



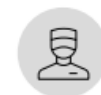
Population is aging and shrinking by **~8%**, reducing working force and increasing Medicare eligible patients



Working age population will decline by **~31%**, making it impossible to sustain healthcare payments with commercial premiums



Cancer, heart disease, and stroke-related hospitalizations will increase as population ages



There will be increased demand for long term care, memory care, and assisted living facilities as well as physician visits

Sources: MPR VT Population by HSA, Trends in Supply of Nursing Home Beds, 2011-2019 (Miller et al., link), AHS Consumer Guide to VT Long-term Care Facilities (Jan 2020, link) NIH State Cancer Profiles Incidence Rate Report for Vermont by County in 2016-2020 (link), Oliver Wyman analysis, CDC [Interactive Atlas of Heart Disease and Stroke](#)

Improvement and Impact

UVM Health Network Experience - Access to Care

- Scheduling simplification, Fast Pass, Ticket Scheduling, Direct Scheduling, Risk-Adjusted Panel Sizes and eConsult expansion
- Enhanced referral pathways to support available capacity in the operating room
- Collaborate with community providers on Community Health Needs Assessment priorities: Health Access, Mental Health and Housing
- Workforce – continued work around recruitment, retention and support of the collective bargaining units

Operational Excellence

- Continue to streamline administrative processes between Porter Medical Center and Elizabethtown Community Hospital while leveraging health system integration opportunities
- Enhance staff support in security; focus on safety and security measures
- Further optimize Epic, the electronic health record for patient care coordination
- Facility investments to support capacity, Pond Lane Orthopedics/Rehab and Emergency Department CON preparedness
- Optimize post-acute initiatives for operational effectiveness across UVM Health Network facilities

Stewardship

- Increase outreach and partnerships within the communities we serve
- Focus on service integration to enhance patient care coordination
- Financial support to Helen Porter Rehabilitation and Nursing facility, a valued community resource

FY 2025 Budget Key Themes



Strategic Budget Areas of Focus

- Rightsizing Volume Expectations

Key Statistics

	<u>FY24 Budget</u>	<u>FY25 Budget</u>	<u>%Change</u>
Admissions	1,433	1,745	22%
OR and Scope Procedures	3,994	3,895	-2%
Emergency Visits	13,526	13,499	0%
Radiology Tests	39,771	40,061	1%
Lab Tests	248,665	243,684	-2%
Physician Office Visits	94,299	106,889	13%

Strategic Budget Areas Of Focus

- Year over Year Budgeted Payer Rate Increase

- Medicare **4.0%**
- Medicaid **0%**
- Commercial **2.9%** (Aligns with Cost Inflation Assumption)

- Net Patient Revenue Increase FY24 budget to FY25 budget = 4.2%

	FY24 Budget	Rate Experience Adj	Payer Mix Shift Impacts	Utilization Changes	FY25 Base	FY25 Assumptions	FY25 Budget	FY24 - FY25 NPR Change
	125,035,102	(6,932,443)	959,692	7,609,969	126,672,319	3,657,006	130,329,326	4.2%
Medicaid	14,651,044	(4,055,578)	231,481	1,031,412	11,858,359	1,472	11,859,831	
Medicare	50,967,347	(419,319)	33,461	3,229,957	53,811,446	2,455,917	56,267,362	
Commercial	48,322,919	2,975,810	695,617	2,840,301	54,834,646	1,216,662	56,051,308	
All Other	13,548,505	(2,359,018)	(293,290)	700,236	11,596,434	157,972	11,754,405	
Bad Debt	(1,627,883)	(2,862,760)	119,037	(116,381)	(4,487,986)	(134,425)	(4,622,411)	
Free Care	(1,274,095)	(178,408)	173,386	(75,557)	(1,354,674)	(40,591)	(1,395,265)	
DSH	447,265	(33,170)	-	-	414,095	-	414,095	

FY 2025 Strategic Priorities



FY23 NPR Budget Enforcement

- Actual Net Patient Revenue 10.5% over budget
- Patient Volume Driven

	<u>FY23 Actual</u>	<u>FY23 Budget</u>	<u>% Variance</u>
Patient Days	9,361	7,440	26%
Emergency Visits	13,349	12,237	9%
Radiology Tests	39,603	33,893	17%
Lab Tests	244,888	188,906	30%
Physician Office Visits	102,908	89,964	14%
Pharmaceutical Net Rev	8,145,546	5,572,058	46%

- FY23 Year-End Operating Margin 7.6% against budgeted 7.4%
- Days Cash on Hand ended FY23 at 103, down from 119 in FY22

FY25 Budget Key Themes

- Budgeted expense increase FY24 to FY25 = 8% (3% cost inflation driven, 5% volume driven)

Cost Inflation Assumptions:

	FY25 Cost Inflation	
	\$	%
Salaries		
Salaries: Physicians	612,768	3.8%
Salaries: Staff, Residents, Fellows, & APPs	<u>1,630,903</u>	<u>3.5%</u>
Total Salaries	2,243,671	3.6%
Payroll Tax & Fringe	<u>465,985</u>	<u>3.6%</u>
Salaries, Payroll Taxes, and Fringe Benefits	2,709,656	3.6%
Non-Salary Expense		
Medical & Surgical Supplies	210,424	3.0%
Pharmaceuticals	219,098	4.0%
Nutrition Supplies	16,413	3.0%
Other Supplies	7,390	3.0%
Purchased Services	292,610	2.9%
Facility and Equip Maintenance and Repairs	20,218	3.0%
Software and IT Maintenance Fees	10,650	3.0%
Lease and Rental	23,022	3.0%
Utilities	45,317	3.0%
Insurance	24,996	3.0%
Provider Tax Expense	218,567	2.9%
Total Non-Salary Expense	<u>1,088,703</u>	<u>2.2%</u>
TOTAL EXPENSES	3,798,359	3.0%

Resource FTE Additions:

- 4.3 Physician
- 1.2 APP
- 4.8 Security
- 6.5 Environmental Services
- 2.0 Ed/EE Wellness
- 7.2 RN

Rightsizing Operating Income Expectations

- **Balancing What Is Possible vs. Financial Health Needs**
 - Volume realities and rate limits

 - Routine and infrastructure capital investments
 - FY25 operating budget supports approximately \$3M of routine capital investment
 - Planning stages for two CON submissions – updated clinical facilities and new ED

Porter Hospital Operating Margin	<u>FY24 Budget</u>	<u>FY24 Projected</u>	<u>FY25 Budget</u>
	7.4%	4.0%	4.7%

Porter Hospital Margin	4.7%
Helen Porter Margin	(32%)
PMC Combined FY25 Margin	
	1.9%

Closing



Closing

2.99% Commercial Rate Increase

4.2% NPR Increase

This budget will allow us to:

- Continue to expand access for patients in our region
- Keep operations running efficiently, with support for our workforce
- Prepare for future investments at Porter, including renovated orthopedics, rehab spaces as well as rightsizing the Emergency Department

