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The University of Vermont Health Network FY 2018 Budget

Green Mountain Care Board
August 22, 2017

THE
University of Vermont
HEALTH NETWORK

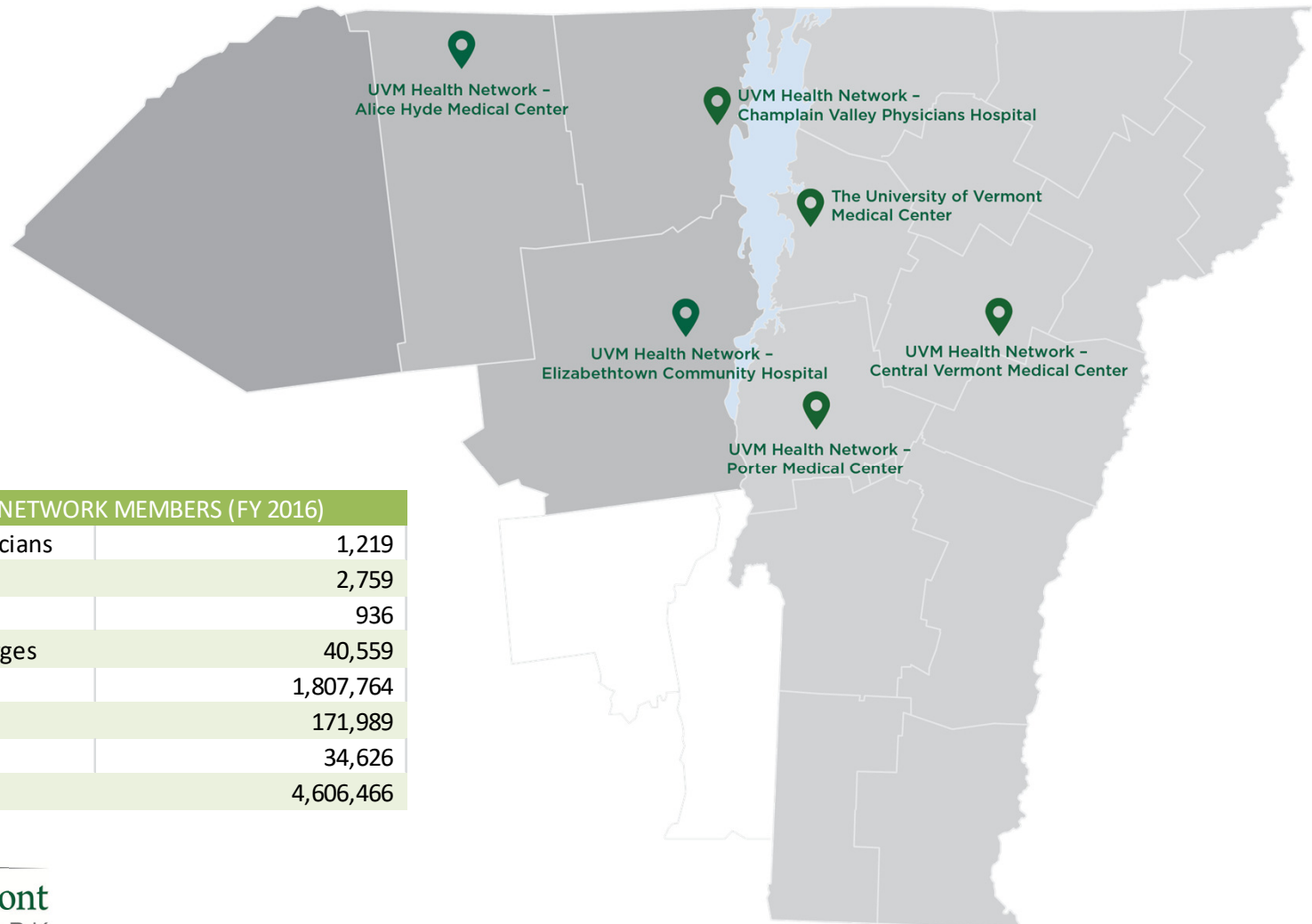
Overview

- Introductions
- Major budget initiatives
- Capital budget
- Community Health Needs Assessment update
- GMCB questions
- HCA questions
- Questions

Introductions

- John R. Brumsted, MD, President & CEO, UVM Health Network and CEO, UVM Medical Center
- Philip Brown, DO, Vice President, Medical Affairs, CVMC
- Cheyenne Holland, CFO, Central Vermont Medical Center
- Todd Keating, CFO, UVM Health Network
- Stephen M. Leffler, MD, Chief Population Health & Quality Officer, UVM Health Network
- Anna Noonan, RN, President and COO, Central Vermont Medical Center
- Marc Stanislas, VP of Finance, UVM Health Network
- Rick Vincent, CFO, UVM Medical Center and UVM Medical Group
- Eileen Whalen, RN, President and COO, UVM Medical Center

Our Network



STATISTICS - ALL NETWORK MEMBERS (FY 2016)

Number of physicians	1,219
Number of RNs	2,759
Staffed beds	936
Inpatient discharges	40,559
Patient visits	1,807,764
ED visits	171,989
OR cases	34,626
Lab visits	4,606,466

Mission and Vision



Mission

To improve the health of the people in the communities we serve by integrating patient care, education and research in a caring environment

Vision

Working together, we improve people's lives

Major Budget Initiative: The Transformation to Population Health Management



Population Health



- Focus is the Triple Aim
 - Improving the health of the populations we serve
 - Enhancing experiences and outcomes of care
 - Addressing the challenge of affordability

Our Move to Population Health

- Since the FY 2017 budget presentation, the State of Vermont has received two federal waivers that are driving transformation of payment and delivery systems
 - All-Payer ACO Model Agreement (APM)
 - Medicaid § 1115 waiver
- Keys to success
 - Collaboration among providers across the continuum of care
 - Payers as partners
 - Leveraging technology
 - A predictable payment stream
 - Effective regulation

Our Move to Population Health

- UVM Health Network has been committed to this transformation for years
- Population health management requires us to move away from a “sick care” system to one that promotes or restores health, as efficiently and effectively as possible, through:
 - Partnering with patients and families, who want an active role in their care
 - Collaborating with other providers in our community who share in caring for our patients
 - Working with social service agencies on issues like housing, transportation and food security that affect health
 - Leveraging the education and research expertise and the innovations of our academic partners at UVM

Population Health: OneCare Vermont

- Established by UVM Medical Center and Dartmouth-Hitchcock Health in 2012
- Started with multi-payer “shared savings programs”
 - Medicare SSP for 5 years
 - Commercial SSP for 4 years
 - Medicaid SSP for 3 years
- Current total attribution of approximately 100,000 lives
- Statewide network of providers voluntarily participating in these programs
 - Hospitals of all types
 - FQHCs
 - Independent physician practices
 - Skilled nursing facilities
 - Home health
 - Designated agencies for mental health and substance use disorders

Population Health: All-Payer ACO Model

- The next iteration of payment reform
- Medicaid “Next Generation” program began in 2017
 - Almost 30,000 lives attributed through participating providers in four HSAs
 - First risk-based payment model in Vermont
- Expansion into true all-payer model in 2018
 - Medicare “Next Generation” program
 - Commercial risk program in active negotiations
 - Renewing Medicaid NextGen program
 - Network includes four currently-participating HSAs, potentially three more
 - Could cover almost 140,000 Vermonters

Other Population Health Opportunities

- Self-insured employers
 - OneCare Vermont in discussions to contract with UVM Health Network employee plans as pilot
 - Pilot program would apply OneCare approaches to population health management and payment reform to align with its All-Payer Model ACO programs
 - Designed to work in collaboration with self-insured plan carrier
 - Will use pilot program to build capabilities to proactively explore value-based opportunities with other self-insured plans
 - Could include government employers, other health care organizations, and private sector industrial or service companies.
 - Vision is to construct models that bring predictable and affordable costs, plus measured high quality and patient satisfaction, to self-funded employers under the APM
 - Will be constructed to qualify toward APM scale targets

Population Health = Positive Disruption

- Redirects resources from high-acuity settings (hospitals) into primary care and community services
 - OneCare Vermont's 2018 budget anticipates channeling \$29.3 million into primary care and community providers
 - Includes enhanced monthly payments to care for sicker patients, plus a pre-funded value-based incentive fund (\$5.6 million)
 - Of that amount, \$3.8 million is coming from UVMHN hospitals (CVMC, Porter and UVM Medical Center)
 - Participating hospitals bear ***all*** financial risk

Population Health: Benefits

- Benefits to patients and families in Medicare program
 - Access to skilled nursing facilities without a 3-day inpatient stay requirement
 - Access to two home health visits following hospital discharge
 - Access to telehealth services not currently allowed by CMS
- Future topics under consideration through Vermont APM
 - “Virtual PACE program” – funding of adult day care for patients in complex care coordination
 - Home IV antibiotics
- Expansion to other payers

Population Health: Benefits

- Flexible care models
 - “Virtual visits”: store-and-forward enhancements to EHR patient portals
 - Telemedicine visits
 - Direct patient care
 - Support of continuum of care community providers
 - Home health agencies
 - SASH
 - Designated Agencies
 - Area Agencies on Aging
 - Pharmacist patient support and consultative services
 - PCMH-embedded mental health services
 - More Medication-Assisted Treatment (MAT) in PCMHs
 - RN-performed Medicare annual wellness visits

Population Health: UVM Health Network's Contributions

- From clinical integration to care delivery optimization
 - Primary care transformation
 - Registries
 - Diabetes
 - Asthma
 - Opiates
 - Care pathways
 - Neurology
 - Chronic pain
 - Diabetes



Population Health: UVM Health Network's Contributions

- From clinical integration to care delivery optimization
 - Cardiovascular services

NEW YORK	VERMONT	SERVICES
CANTON-POTSDAM Canton-Potsdam Hospital (315) 261-5920 ★ ELIZABETHTOWN Elizabethtown Community Hospital (518) 873-6377 ★ MALONE Alice Hyde Medical Center (518) 481-2545 MASSENA Massena Hospital (315) 769-1111 TICONDEROGA Moses Ludington Hospital (518) 585-3727	MIDDLEBURY ★ Porter Medical Center (802) 382-3443 MORRISVILLE Copley Hospital (802) 888-8372 ST ALBANS Northwestern Medical Center (802) 524-8909 ST JOHNSBURY Northeastern Vermont Regional Hospital (802) 748-8141	<ul style="list-style-type: none"> • Cardiovascular Consultations • Non-Invasive Testing (Stress Test, Echocardiography, Non-Invasive Peripheral Vascular testing) • Cardiac Rehab
	BERLIN ★ Central Vermont Medical Center (802) 225-5660 RUTLAND Rutland Regional Medical Center (855) 742-2328	All services above PLUS <ul style="list-style-type: none"> • Invasive EP procedures (Pacemakers/ICDs)
★ PLATTSBURGH Champlain Valley Physicians Hospital <ul style="list-style-type: none"> • Cardiology (518) 563-2404 • Electrophysiology (518) 562-7993 • Interventional Cardiology (518) 562-7990 		All services above PLUS <ul style="list-style-type: none"> • Invasive Cardiology (Coronary Intervention) • Vascular Intervention & Surgery • EP Ablations
	★ BURLINGTON UVM Medical Center (888) 362-3242	All services above PLUS <ul style="list-style-type: none"> • Cardiac Surgery • Structural Heart Procedures

★ Indicates a University of Vermont Health Network hospital

Population Health: UVM Health Network's Contributions

- From clinical integration to care delivery optimization
 - Emergency Medicine Council
 - CT scans for headache
 - Evaluation of kidney stones
 - Chest pain evaluation
 - CT ordering for pulmonary blood clots

Population Health: UVM Health Network's Contributions

- From clinical integration to care delivery optimization
 - Joint orthopedic program
 - Telemedicine program
 - Stroke program
 - Expansion of palliative care program

Population Health: UVM Health Network's Contributions

- Network-wide finance tools
 - Financial reporting
 - Budgeting
 - Cost accounting/decision support
 - Forecasting (multi-year financial framework)
 - Capital planning
- Network-wide supply chain
 - Savings and cost avoidance to Network hospitals: over \$50M since inception of the Network in 2011
- Consolidation and refinancing of debt
 - Reduced the Network's debt portfolio to an overall interest rate of 3.8%, which will generate savings of more than \$63 million over the life of the debt

Our Move to Population Health

- By 2018, the UVM Health Network will have 40% of its revenues under capitated payments
 - A tipping point
 - Real changes happening in places like our primary care practices to better manage our patients' care

Population Health = Positive Disruption

FROM	TO
FFS, volume-driven focus	Focus on population health/value
Focus on acute care	Investing in health, wellness, prevention, primary care
“Internal” focus	External focus - partnering with other community organizations
Fragmented clinical system	Care delivery optimization across the continuum

Central Vermont Medical Center's CHNA

- CHNA priorities
 - Substance abuse: SBIRT, WCSARP collaborative
 - Mental health support: ED transitional care area, mental health staff embedded in Granite City primary care practice
 - Tobacco use: SBIRT
 - Healthy diets: partnership with Vermont Youth Conservation Corps
 - Access to transportation: partnership with GMTA
 - Oral health: partnership with People's Health and Wellness Clinic

UVM Medical Center's CHNA

- Community Health Investment Committee
- “Collective impact” approach
- CHNA priorities
 - Affordable housing
 - Chronic conditions
 - Early childhood and family supports
 - Healthy aging
 - Mental health
 - Oral health
 - Removing barriers to care
 - Substance abuse
 - Access to healthy food

Access to Healthy Food

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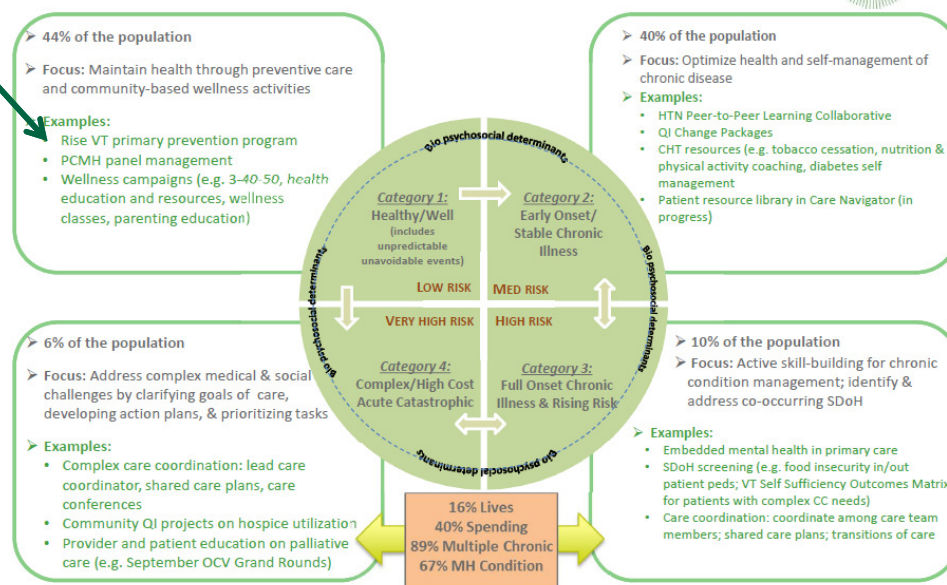
Food is Health Care

Population Health: All-Payer ACO Model

OneCare's "four quadrants" approach includes **RiseVT** as a key statewide strategy to improve the health of our population

- Leverages the collective impact of the hospitals assuming risk to pioneer the future
- Brings primary prevention into an integrated approach to caring for covered lives
- Also funds community care management and Blueprint for Health through the ACO
- Includes funds available under the APM to supplement individual hospitals' investments

Population Based Health Care Approach



Population Health: Effective Regulation

- Shift in payment models requires shift in regulatory approach

FROM	TO
NPR	Total Cost of Care
HCR investments	Population health investments
Reports on specific issues	Regular and actionable data reports
CON reviews	?

- Should incentivize all health care providers to participate in the APM

Population Health = Positive Disruption

- What will the hospital budget of the future look like?
 - More like an ACO's budget?

2018 Budget Revenues and Expenses



Revenues	ACO Payer Targets	\$764,430,113
	Payer-Provided Program Support	\$9,658,176
	RiseVT Transformation Support	\$1,200,000
	State HIT Support	\$3,500,000
	Grants and MSO Revenues	\$371,851
	TOTAL REVENUES	\$779,160,140
Expenses	Health Services Spending (Payer Paid FFS)	\$289,626,898
	Health Services Spending (OneCare Paid Fixed/Capitated Payments)	\$447,789,945
	Operational Expenses	\$12,492,734
	Population Health Management/Payment Reform Programs	\$29,250,563
	TOTAL EXPENSES	\$779,160,140
NET INCOME		\$0

FY2018 Capital Budget



Capital Investments in a Population Health Environment

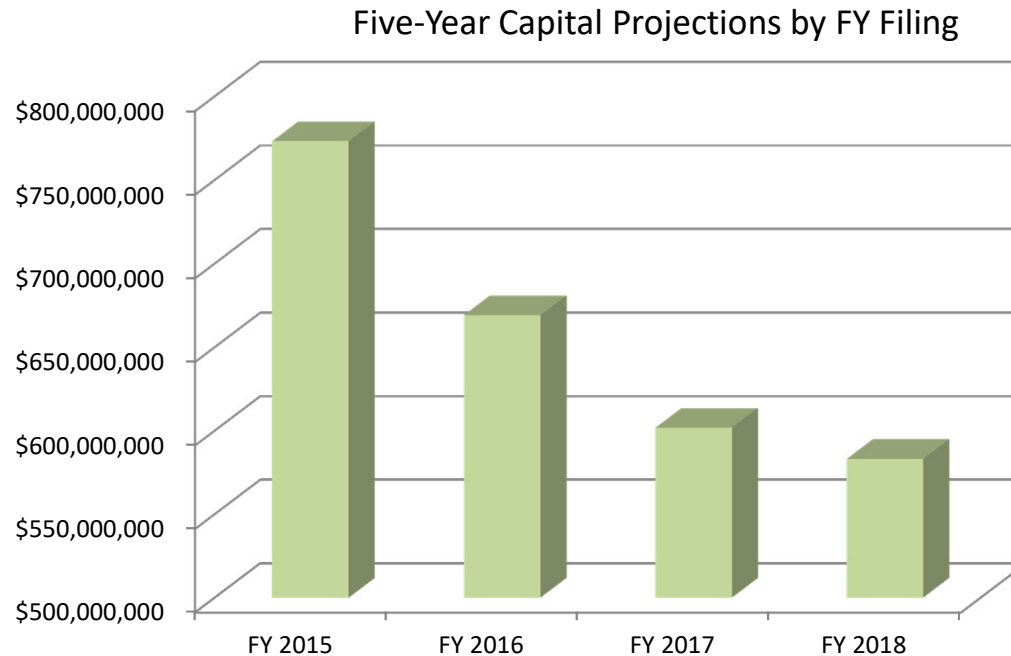
- Three lenses for capital planning
 - Population health
 - This is now the main driver
 - The Health Network
 - Financial metrics

Multi-Year Financial Framework

- Health Network planning approach to model operating margin, debt, and capital investments over a five-year horizon
 - Focus is on maintaining “A” rating metrics
- The plan is reviewed and tested for affordability and reasonableness
 - Extensive internal review through leadership and Boards
 - External validation through rating agencies, banking partners, and external industry consultants
- The plan incorporates moderate, sensible, and reasonably achievable assumptions
- Plan is continually evaluated and refreshed every 12 months
- If plan is not being achieved:
 - Capital investments are re-prioritized or delayed
 - Operational improvement plans are put into place to achieve the operating margin results necessary to support capital needs

Capital Budget

- UVM Health Network capital spending has been shrinking
 - We are prioritizing the investments we make



Long-Term Capital Budget Plans

- FY 2018
 - Network electronic health record replacement (Epic across four hospitals)
 - Our top priority
 - Completion of Miller Building
 - Investments in primary care (Essex), Vermont Cancer Center
 - South Burlington buildings (convert lease to ownership)
- FY 2019 – FY 2021
 - Investments in upgrading two dialysis units (Rutland and Berlin)
 - Continued investments in primary care (Colchester and Burlington)
 - Facilities upgrades (NICU replacement)

GMCB Questions

Act 53 Price and Quality Data

- Questions?

Uncertainty at the Federal Level

- Potential implications of
 - Medicare's proposed changes to 340B payments
 - Potential risks to our hospitals' financial viability
 - Effects on bad debt/free care

HCA Questions



Questions?

