THE University of Vermont HEALTH NETWORK

To: Al Gobeille, Chair, Green Mountain Care Board
From: Rick Vincent, Interim Vice President, Finance, The University of Vermont Medical Center
Cheyenne Holland, Chief Financial Officer, Central Vermont Medical Center
Date: July 1, 2015
Subject: Fiscal Year 2016 Budget

A. Executive Summary

The University of Vermont Health Network is a non-profit corporation formed in late 2011 with the objective of establishing a highly-integrated regional network of health care providers that improves quality, increases efficiencies and contains cost growth of health care delivery in the communities served by the network's members. The network currently includes four hospitals, two in Vermont (the University of Vermont Medical Center and Central Vermont Medical Center) and two in New York (Champlain Valley Physicians Hospital and Elizabethtown Community Hospital), and their employed providers, and serves a broad geographic scope that stretches across Vermont and northern New York.

As a network, the four UVM Health Network member hospitals have developed a consolidated budget for FY 2016. Because only the two Vermont hospital members of the network are subject to budget review by the Green Mountain Care Board (GMCB), we are presenting only that portion of the consolidated budget for FY 2016.

Overall, as shown in Attachment A, our budget proposes a collective increase in net patient revenues of 2.93%, within the 3% cap imposed by the GMCB. Our budget also includes an additional increase of 0.64% reflecting our collective investments in health care reform activities. With those investments, our proposed budget represents an increase in net patient revenues of 3.57%. In addition to supporting our day-to-day operations, our proposed budget includes a margin target of 3.87% (4% for UVM Medical Center, 3% for CVMC). Those targets were developed to support the ongoing investments our institutions will be making, both in health care reform efforts and in our people, our programs and our physical plants, as will be discussed in detail in the section on planned capital spending.

B. Progress on Health Reform

For the past several years, as part of our budget presentations the UVM Health Network has been presenting its strategies for changing how we deliver and pay for health care. Those strategies are often framed in technical language about re-engineering care, gaining efficiencies across an already high-performing health care system, and doing so while constraining cost growth to make health care more affordable for the individuals, families and businesses who struggle to pay for it. We have focused on things like developing an integrated delivery system

that fosters coordination of care – care at the right time, in the right place, for the right cost. And we talk a lot about moving away from fee-for-service medicine to "population health."

But what does it all really mean?

Imagine you're homeless, and have been for years. You're also a serious diabetic, dependent on daily insulin injections to maintain your health. You manage to live outside but because your diabetes is often out of control, you come to the Emergency Department multiple times a year, sometimes multiple times a month. Every time you come, our ED physicians and nurses stabilize you and get you admitted onto an inpatient unit, where an endocrinologist works to get your diabetes back under control. Once that happens – and it's not that hard to do in a hospital setting, with the right medications and clinical services – you're discharged with a new supply of insulin and needles.

Without a home to be discharged to, though, you have no way of storing your insulin safely – it's either too hot or too cold, depending on the season. And it almost doesn't matter, because your needles are stolen almost as soon as you're back on the street. So the cycle starts again.

Now imagine that the hospital you have been cycling in and out of for years partners with nonprofits involved in housing issues. Working together, they find a small, simple apartment where you can live. It's not fancy, but it has what you need to safely store your insulin, and having an actual residence makes it possible for other community providers to reach out to you on a regular basis to support you in managing your diabetes.

That's an illustration of the promise of population health,[1] and the shifts in thinking and strategy it requires. Our ED physicians have seen this patient, and many others like him.[2] Instead of coming to the ED ten or twenty times a year, at enormous cost to the system – and huge detriments to his health status – this patient is now staying out of the hospital and managing his own care, at much less expense.

The move to population health is driving the UVM Health Network's continued commitment to health reform. Like most health care providers, our mission statement has for decades used the words "improve the health of the people in the communities we serve" – but in reality we have not lived that mission to its fullest extent. Twenty years ago, we certainly understood the importance of working with like-minded community partners, creating a department of Community Health Improvement that has worked hard and well with community partners to help patients like this for years, but its work was not central to our core strategies. As we transition into a population-based health system, that is changing.

The shift away from fee-for-service medicine to true population health is requiring a complete rethinking of how care is delivered. Instead of inpatient care being a revenue-producer, it

[1] By "population health," we mean managing the entire spectrum of patients served to keep them as healthy as possible, managing their care needs in the lowest-intensity setting possible, and taking financial accountability for total health care costs and measured outcomes.

[2] This scenario is a composite of actual patient stories. We are in the process of tracking patients who have been successfully housed in the past year so that we can measure the cost savings from avoiding unnecessary inpatient admissions.

becomes an expense that must be managed. Investments that ten, or even five, years ago did not make financial sense – like support for housing, or community-based services and infrastructure – are key to keeping people out of the hospital. The opportunities we have identified to date – through our work on refreshing our Community Health Needs Assessment and analyzing available data in our region – include improving primary care access, targeting chronic disease and avoidable admissions, addressing poverty and housing issues, increasing prevention and screening initiatives, and better addressing mental health and dental health needs.

Our goal is nothing short of achieving the Triple Aim of improving the health of our population, providing an excellent patient care experience and making health care affordable. We envision a system of care that aims to maintain health or restore health to those who are ill and to do so as efficiently as is possible. There can be no barrier to access in our system of care – social, economic or geographic – and the quality of services must be superb and equal throughout.

Update on health reform initiatives

In previous years' budget presentations, we have detailed the work that the UVM Health Network has been doing to leverage the resources of our health system, focused on strategic initiatives that include the academic model, clinical integration, physician alignment, value-based care, and governance. We continue to make progress in all these areas. Accomplishments to date include:

- The establishment of common quality and safety dashboards across the network.
- OneCare Vermont (and in New York, the Adirondacks ACO and the ACO of the North Country) continue to participate in shared savings programs. In June, OneCare Vermont submitted a "Next Generation ACO" application to CMMI that contemplates continued restructuring of our financial incentives and our delivery system. This competitive program represents the most progressive ACO model available.
- A shared service platform across the network for planning, quality, legal services, payer contracting and credentialing.
- Information technology planning focused on developing a common data center and inter-facility connections through VITL (in Vermont) and HIXNY (in New York).
- Continued clinical and physician integration activities. This includes developing, over time, a single physician/provider organization for the UVM Health Network, emphasizing a single standard for quality and clinical excellence and the patient experience, and leveraging the academic mission throughout the system. A current focus is on standardizing the treatment of congestive heart failure (CHF) across the network, with the case management teams across all members sharing ideas and processes for identifying patients with CHF and developing common patient education materials and discharge plans. We have already seen a material decrease in 30-day readmission rates for CHF patients resulting from these efforts.
- Provider workforce planning, including the development of a family residency program in Champlain Valley Physicians Hospital and a medical student rotation in psychiatry at CVMC, and the expansion of our Burlington-based dental residency program.

- Expansion of non-patient service revenues (including a new specialty pharmacy program and 340B contract pharmacy activities) to reduce the need for growth in net patient revenues.
- The restructuring of both the UVM Health Network's board and its administrative leadership.
- The establishment of network "integration councils" (for finance and supply chain, clinical quality, human resources, information technology, planning, and marketing), each of which has defined annual objectives.

Our investments in building better systems of care, including through the work of the OneCare Vermont accountable care organization (ACO), are beginning to bear fruit. Some of that is financial (like the cumulative $7 million in supply chain savings to network members over the past several years), while others are clinical. For example, preliminary evidence shows that OneCare Vermont participants increased their quality scores for Medicare by 5 percentage points between 2013 and 2014, with 11 of the state's 14 HSAs increasing their scores. Other achievements include:

- Increasing quality scores for OneCare Vermont's Medicaid disabled population by 35.6%, bringing them on a par with other Medicare dual-eligible groups.
- Increasing medication reconciliation scores from the 70th to the 90th percentile (the higher the percentile, the better).
- Increasing the diabetes composite score from the 40th to the 70th percentile (the higher the percentile, the better).
- Increasing the coronary artery disease composite score from the 30th to the 60th percentile (the higher the percentile, the better).
- Saving $8 per beneficiary per year against CMS spending targets, for over $300,000 in savings.
- Scoring in the 80th and 90th percentiles in satisfaction and patient experience rankings. (The higher the percentile, the better .)
- Preliminary estimates for the Medicaid and Commercial shared savings programs indicate that quality scores are consistent with what is happening in the Medicare program.

The growing success of clinical initiatives through continued investments in OneCare Vermont reflects much work by OneCare's participating members. Examples include:

- The Clinical Advisory Board for OneCare Vermont (comprising clinical leadership from across the state) has selected clinical priorities that align with and complement other statewide reform initiatives.
- In collaboration with the medical community, continuum of care providers, the Blueprint for Health, and other ACOs, OneCare Vermont's financial, data and human resources infrastructure is supporting the continued development of Regional Clinical Practice

Committees/Unified Community Collaboratives in every Health Service Area (HSA) in Vermont.

- The first Statewide Learning Collaborative Forum was held in May 2015 and was attended by over 120 individuals from virtually every HSA. This forum provided an opportunity for the dissemination of "readmission change" packets, best practice risk assessment tools, and similar materials for use throughout the state.

Proposed health reform investments in FY 2016

UVM Health Network's incremental investments in health reform, totaling $8.1 million, are detailed in Attachment B. Those investments fall primarily into the "system of care" or "shifting expenditures away from acute care" investment categories, and include:

- Continued IT investments that support systemness, population health improvement, and the appropriate use of resources;
- Enhanced systems support by the Jeffords Institute for Quality & Operational Effectiveness and administrative leadership;
- Investments in enhanced access to primary care, mental health care and intensive care; and
- Continued investments in our OneCare Vermont infrastructure.

We remain confident that these investments will continue to support our goal of achieving the Triple Aim through bringing together providers and community partners with shared purpose, motivations and aligned incentives. Our collaboration and integration activities must create value for the patients and communities we serve.

C. Budget-to-Budget Changes

a. Significant changes to FY 2015 budget and effects on FY 2016 proposed budget

There were several significant changes to our FY 2015 budget that affect our FY 2016 proposed budget:

- The budget includes a $7.9 million expense increase in outpatient pharmacy supplies related in part to our Specialty Pharmacy program. That expense is more than offset by an $11 million increase in revenue from that program, which we use to embed pharmacists in outpatient clinics. The pharmacists work together with providers to better manage medications in order to minimize unnecessary Emergency Department visits and hospital admissions. This program has the added benefit of keeping dollars within the state, supporting our patients instead of going out of state to a for-profit mail order vendor.

- We are budgeting a decrease in Medical/Surgical Supplies of $860,000, even with an increase in volume (the ratio is in line with our current-year run rate) due to the strong performance of our supply chain operation. We have successfully decreased the cost of certain items, which is being partially offset by an expected significant increase in other expense areas for IV solution costs due to national supply issues. (As noted earlier, our supply chain function has reduced network expenses by a cumulative $7 million over the past several years, and has been ranked #1 or #2 in the University HealthSystem Consortium survey the past three years.)
- UVM Medical Center's Purchased Service and Software Maintenance budget is increasing by $11.4 million primarily due to the implementation of three systems (payroll/HR, a new more-secure version of Microsoft desktop, and decision support/cost accounting) that traditionally would have been a capital cost. With more of these systems moving from internal server-based technology to a vendor-supplied service, the accounting treatment of a significant portion of these costs changes them from capital to operating expenses.
- $300,000 in revenues at CVMC have been reclassified from net patient revenues to "other revenue" based on a change in accounting practice for its institutional reference lab revenue. In FY 2015 revenues, the reference lab services were listed in net patient revenue, while in FY 2016 they are reflected as "other revenue" because they are not direct patient-billable services (*see* Attachment A).
- We are budgeting $2.1 million less in reference lab revenues from last year's budget due to hospitals that are members of the NorthEast Community Laboratory Alliance (NECLA) bringing some of their lab testing back in-house.
- We have budgeted less for bad debt and charity care in FY 2016 than we did in FY 2015 because we are experiencing reductions in those items due to the impact of the Affordable Care Act. This presents some risk, however, as bad debt and charity care remain quite volatile – for example, we are expecting a higher run-rate towards the end of this year for these items than we have experienced to date, largely due to the continued challenges Vermont Health Connect is having in processing insurance coverage status in a timely way.

b. Cost-saving initiatives

In addition to our work on achieving operating efficiencies through our network strategy, UVM Health Network remains committed to reducing costs through specific initiatives as they are identified. Those include:

- In January 2015, UVM Medical Center refinanced its $28,375,000 2004A debt, generating over $9.7 million of gross savings on debt service over the remaining 10-year term of the debt.
- We have entered into a new maintenance contract with Philips for our radiology equipment that will save us $700,000 per year.

- UVM Medical Center has implemented a new "virtual" back-up system for information technology that is saving us $700,000 per year.
- CVMC has budgeted $1.5 million in savings related to continued cost-management efforts, including staffing management (better scheduling in order to reduce overtime costs), the growth and development of staff to reduce turnover and training costs, a reduction in traveler expenses, improving patient throughput to reduce length of stay, and improving inventory management to reduce excess carrying costs and waste.

c. Reasons for increase in net patient revenue: utilization, inflation and revenue assumptions by payer

Inflation assumptions: UVMMC's and CVMC's combined budgets include approximately $29.96 million of directly-calculated price inflation, an inflation rate of 2.4%. The following table breaks out the inflation expense by major category.

Inflation (in 000s)		
Physician salaries	916	
Staff salaries	13,249	
Payroll tax and benefits	6,744	
Supplies (med/surg, pharmacy, nutrition, etc.)	7,234	
Utilities/other	1,282	
Insurance	538	
	29,963	2.4%

Utilization assumptions: Overall, UVMMC's and CVMC's combined FY 2016 volumes are expected to increase slightly, with individual areas showing both increases and decreases. Inpatient discharges and patient days are expected to see an increase of 1.9% and 1.7% respectively. Emergency room visits are also expected to increase by 1.4%. Areas where we expect to see a decline in budgeted volumes include the operating rooms (-4.4%) and lab services (-1.1%). These decreases are partially offset by increases in cath lab/EP procedures (3.4%), radiation oncology (1.5%), and radiology procedures (4.0%). The professional work Relative Value Units (RVUs) are expected to increase by 1.5%.

TOTAL UVM HEALTH NETWORK (UVMMC and CVMC)	**FY14 Actual**	**FY15 Budget**	**FY16 Budget**
Inpatient			
Discharges	24,299	24,363	24,822
Patient days	134,451	133,878	136,173
Average length of stay (patient days/discharges)	5.53	5.50	5.49
Inpatient & Outpatient			
OR cases	20,029	21,037	20,110
Cath lab & EP procedures	6,008	5,522	5,710
ED visits	86,263	81,890	83,072
Radiology procedures	324,243	316,005	328,789

Radiation oncology	43,486	42,918	43,567
Lab tests	3,154,278	3,124,837	3,089,083
Professional			
Physician work RVUs	2,770,005	2,839,345	2,883,320

Operational changes: UVMMC's and CVMC's combined budgets for FY 2016 include an overall budget-to-budget expense increase of $54.7 million (4.5%), including $30.0 million (2.4%) in the inflationary expenses discussed above. The remaining increase of $24.7 million includes changes to our base for health care reform initiatives, program changes, and other operational changes (*see* table below). Approximately 60% of the $24.7 million is offset by additional revenue directly related to the new expenses (for example, the revenue associated with the Specialty Pharmacy program expansion).

Operational Expense Changes ($ in millions)	**UVMMC**	**CVMC**	**UVMHN**
Base changes from FY15 Budget			
Health reform investments	$6.4	$1.7	$8.1
Off-cycle practice acquisitions	$0.0	$0.7	$0.7
Specialty/outpatient pharmacy	$7.2	$0.7	$7.9
Reimbursed expenses (primarily ACO-related)	$1.2	$0.0	$1.2
IT replacements/upgrades	$2.1	$0.6	$2.7
Insurance	$0.0	- $0.5	- $0.5
Volume-based / other expenses	$3.8	$0.8	$4.6
Total base changes	**$20.7**	**$4.0**	**$24.7**
Inflation changes from base to FY15 Budget			
Inflationary expense increases	**$26.3**	**$3.7**	**$30.0**
Total expense change	**$47.0**	**$7.7**	**$54.7**

For the FY 2016 budget, UVMMC and CVMC are projecting a total of 7,035 FTEs (including residents and staff), which is an increase of 98 FTEs (or 1.4%) over our prior year submission. The majority of these positions are related to program expansions, including additional investments in primary care and Hub & Spoke/SBIRT (Screening, Brief Intervention and Referral to Treatment) services, as well as programs where volumes have increased (for example, UVM Medical Center's Hematology & Oncology services).

Revenue assumptions: UVM Medical Center's and CVMC's combined budgets assume increases in Medicare revenues of 1.0%, 0.1% for Medicaid, and 6.0% for commercial payers. A detailed breakdown of those assumptions is included in the rate request schedule (*see* Section D).

D. Rate Request

As shown in the schedule below, UVM Medical Center's and CVMC's list prices will go up an average of 0.6%. This price increase and changes to our negotiated contracts will yield a total net patient revenue increase of 2.4%.[3]

As we have noted in prior years' budget submissions, because revenues from our public payers (Medicare and Medicaid) are affected not by price changes but by policy decisions made in Washington and Montpelier, different payers will see different impacts of this price change, with commercial payers continuing to bear a disproportionate share of the actual revenue increase. (We note, with appreciation, the efforts made by the Administration – supported by the GMCB – to significantly increase Medicaid funding in State FY 2016. Regrettably, those efforts did not bear fruit.)

UVM Medical Center's FY 2016 budget includes no real changes to our list prices (no change to the physician contractual fee schedule, and changes to our institutional fee schedules that effectively offset each other (a decrease of -0.3% in inpatient prices and an increase of 0.2% in outpatient prices). These price changes have no aggregate impact on gross revenue. As the schedule details, the biggest impact in terms of actual revenues will be on UVM Medical Center's commercial payers, which will see a net 6.0% increase, broken down as follows:

- Inflation: 3.2% (2.43% on an annualized basis)
- Cost-shift impact: 2.4%
- Provider tax increase: 0.4%

CVMC's budget includes a 4.7% overall price increase, made up of increases of 4.9% in both inpatient and outpatient prices, 4.0% in professional fees, and 4.0% in skilled nursing facility prices. As with UVM Medical Center's budget, the biggest impact is on CVMC's commercial payers, with revenue increases from them budgeted at 5.8%, broken down as follows:

- Inflation: 2.9% (2.2% on an annualized basis)
- Cost-shift impact: 2.6%
- Provider tax increase: 0.3%

UVM Medical Center's commercial rate increase of 6% is the lowest it has been since 2012, coming down from a high of 9.4% in 2013. Similarly, CVMC's price increase of 4.7% is its lowest since FY 2012; rate increases by CVMC averaged 6.0% between FY 2012 and FY 2015.
This reflects our continued commitment to managing expenses while ensuring we meet our mission and at the same time making significant investments in reform efforts.

[3] The revenue percentages in this schedule do not take into account increased revenues that we anticipate coming from volume increases during FY 2016, which is why these figures are not identical to the overall net patient revenue increases shown on Attachment A.

	Gross Revenue	Net Revenue Increase Assumption				
Category	Overall Rate/ Price Increase	Total net patient revenue Increase	Commercial Payer Increase	Self Pay / Other Increase	Medicaid Increase	Medicare Increase
UVMHN (UVMMC & CVMC)						
Hospital Inpatient	0.2%	2.3%	8.2%	0.2%	0.0%	0.5%
Hospital Outpatient	0.9%	3.7%	7.9%	0.9%	0.0%	2.0%
Professional Services	0.3%	0.2%	0.4%	0.5%	0.0%	0.0%
Nursing Home	4.0%	2.3%	0.0%	4.5%	1.9%	2.2%
Overall All Request	**0.6%**	**2.4%**	**6.0%**	**0.7%**	**0.1%**	**1.1%**
UVMMC						
Hospital Inpatient	-0.3%	2.4%	8.4%	0.2%	0.0%	0.5%
Hospital Outpatient	0.2%	3.7%	8.4%	0.6%	0.0%	2.0%
Professional Services	0.0%	0.1%	0.0%	0.4%	0.0%	0.0%
SNF	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Overall All Request	**0.0%**	**2.4%**	**6.0%**	**0.4%**	**0.0%**	**1.1%**
CVMC						
Hospital Inpatient	4.9%	1.5%	6.0%	3.4%	0.0%	0.5%
Hospital Outpatient	4.9%	3.4%	6.0%	4.6%	0.0%	2.0%
Professional Services	4.0%	1.4%	5.0%	2.5%	0.0%	0.0%
SNF	4.0%	2.3%	0.0%	4.5%	1.9%	2.2%
Overall All Request	**4.7%**	**2.4%**	**5.8%**	**4.2%**	**0.5%**	**1.0%**
NOTES:						
Inpatient Rate increase based on date of renewal (Com - Jan, MCR-Oct, MCD -Jan)						
Outpatient Rate increase based on date of renewal (Com - Jan, MCR-Jan, MCD -Jan)						
Professional Rate increase based on date of renewal (Com - Jan, MCR-Jan, MCD -Jan)						

E. FY 2014 Budget-to-Actual Results

The UVM Health Network did not receive a letter relating to budget-to-actual results.

F. Capital Budget Investments

The UVM Health Network has implemented a network-wide business planning process to ensure that major capital investments are planned on a system-wide basis that takes into account regional needs, not simply the needs of individual hospitals or service areas. The process includes representatives from the network members' operations, planning and finance teams.

For FY 2016, the capital spending plan in Attachment C shows $52.3 million in combined routine capital spending for both CVMC and UVM Medical Center.
CVMC's capital plan includes no projects for FY 2016 that will be subject to CON review. UVM Medical Center's plan for FY 2016 includes $60.5 million for projects that have been or may be subject to CON review, as described below:[4]

[4] We note that our FY 2015 capital spending plan still includes $52.2 million for the proposed South Burlington outpatient campus, which is the subject of a CON that is pending before the GMCB. It also includes $2.5 million for replacing outdated primary care facilities in Colchester and Milton.

Facilities-Related Projects

- **Inpatient bed replacement project ($12.9 million budgeted to be spent in FY 2015, $43.4 million in FY 2016; total projected spending is $175 million through FY 2019):** The CON hearing for this project was held in mid-May, but no decision had been issued as of June 30, 2015.

- **Regional PACS ($3.0 million in FY 2016):** Acquisition of equipment to develop a coordinated regional PACS (picture archiving and communication system) system within the UVM Health Network.

- **Genomic medicine program ($7.2 million in FY 2016):** This project, which we identified in last year's budget submission as a potential FY 2015 project, involves the construction of dedicated laboratory space and the purchase of laboratory equipment to develop a genomic medicine program at UVM Medical Center. The project, if approved, will facilitate the clinical use of genetic information to improve health care outcomes and improve the cost-effectiveness of patient care by treating patients with the most appropriate therapies for their genetic background and disease process.

Equipment-Related Projects

- **Surgical robotics ($2.4 million FY 2016**): Replacement of UVM Medical Center's existing DaVinci robotic surgical equipment, which is fully depreciated. (This project was originally included in our FY 2015 budget.)

- **PET/CT ($2.7 million in FY 2016):** Replacement of UVM Medical Center's existing PET/CT equipment, now fully depreciated. (This project was also originally included in our FY 2015 budget.)

- **CT scanner ($1.8 million in FY 2016):** Planned acquisition of new diagnostic radiology equipment.

The major change in our long-term capital planning since last year's budget submission is the potential move to an enterprise electronic health record (EHR) solution for the UVM Health Network using the same Epic product that was implemented by UVM Medical Center several years ago, reflected in the attached spending plan for FY 2017 – FY 2019. (Please note that the EHR project will extend beyond 2019.) Prioritizing this project required us to eliminate some items that were on our list last year, and move some beyond 2019 to stay within our overall capital framework. (In general, with the ever-changing health care landscape, there will be a need to reevaluate and reprioritize our planned capital spends each year.) Some of the items we eliminated or moved from the list this year to make room for the EHR project include:

- Reducing our planned annual routine equipment capital allocation;
- Reducing our planned annual IT capital allocation; and

- Eliminating the planned construction of a business center to consolidate accounting, billing, payroll, IT, etc. all in one location.[5]

G. Definition of "Outpatient Visits"

UVM Health Network defines "total outpatient visits" as the sum of physician visits (count of billed invoices) and hospital outpatient billed visits (count of billed invoices).

H. Community Health Needs Assessment Status

UVM Medical Center

Planning is underway for the UVM Medical Center's 2016 Community Health Needs Assessment (CHNA). The bulk of the planning work is being overseen by the CHNA Community Steering Group, which in addition to members of UVM Medical Center staff includes members from the Chittenden County Regional Planning Commission, the Community Health Centers of Burlington, the Howard Center, OneCare Vermont, the Visiting Nurse Association of Chittenden & Grand Isle Counties, the United Way of Chittenden County, and the Vermont Department of Health Burlington District Office. The Center for Rural Studies at the University of Vermont has been contracted to provide data analysis and synthesis as well as expertise on survey design and other qualitative data collection methods. Additionally, an internal committee at the UVM Medical Center provides input and oversight.

A community-wide survey was released in May 2015 for three weeks. Just over 1,400 people completed the survey. With assistance from the Vermont Refugee Resettlement Program, the survey was also translated into Arabic, Nepali, and French and administered orally to approximately 55 individuals.

Initial survey results pointed to nine subject areas of interest: affordable housing, substance abuse, mental health, public safety and crime, economic opportunities, services for seniors, supports for youth and families, affordable health services, and food insecurity. Further subjective data was collected at a community leader breakfast held in June 2015 that was attended by ninety-two community leaders. Attendees were broken out into small groups and asked a series of questions relating to the subject areas listed above, including where they saw gaps in existing services, how those gaps might be closed, and by whom. Individual interviews with twenty community leaders are also being planned. Members of the CHNA Community Steering Group will conduct the interviews in July and early August.

Quantitative data for approximately 75 public health indicators have been collected and trends have been identified.

[5] While we have eliminated this project from our capital planning, we will likely incur operating expenses associated with having to lease space for these functions.

In October 2015, the UVM Center for Rural Studies will host a meeting with the CHNA Community Steering Group to present their analysis of the quantitative and qualitative data. An objective process will enable the group to identify the significant health needs of the community based on the analysis.

A least one focus group with community members will follow to ensure the identified significant health needs resonate with the public.

In their quarterly meeting in October 2015, all UVM Medical Center leaders will be asked to review the community health needs to identify those most able to be positively influenced by Medical Center actions or investments. That will begin the process of developing our organizational implementation strategy.

The draft 2016 Community Health Needs Assessment will be posted for public comment by February 2016. The final version of the assessment will be presented to the UVM Medical Center's Board of Trustees in May 2016. Work will begin on the implementation strategy in the spring of 2016, which will be presented to the Board of Trustees in January 2017. We anticipate hosting several meetings between the CHNA Community Steering Group and members of the UVM Medical Center's Implementation Strategy Work Group (yet to be identified) in the fall of 2016. These meetings will be used to facilitate conversations as to which organization is best suited to address certain needs, as well as opportunities for collective engagement across all the organizations.

CVMC

CVMC released its most recent CHNA in September 2013. The report used both qualitative and quantitative data to identify healthy living, immunization rates, prenatal care, transportation, and youth obesity as the most critical health needs in its community. CVMC has been addressing these needs through its support of local partners like Green Mountain Transit Agency and the Vermont Youth Conservation Corps, and through free programs and community education. They also added school-based clinics in Barre City, and opened a new practice in downtown Barre City. CVMC also offers financial support to a free dental clinic that opened in Barre City during 2014. The clinic is helping to directly address a major need in our community.

In January of 2015 CVMC began laying the groundwork for the next CHNA. Data will be collected from the United Way, the Vermont Department of Health, the U.S. Census Bureau, and other sources. This will be combined with information obtained from local community leaders, healthcare providers, and internal resources. Production of the CHNA report will begin in the spring of 2016 with a targeted completion date of September 2016.

I. Technical Concerns

There are no technical concerns other than issues that have already been discussed in the "significant changes" section of the narrative (pages 5 – 6, above).

GMCB Net Patient Revenue Cap			
NET REVENUE CHANGE from 2015 Budget to 2016 Budget			
	UVMHN	**UVMMC**	**CVMC**
FY2015 Budget - Net Patient Revenue	**$ 1,183,441,845**	**$ 1,025,611,868**	**$ 157,829,977**
Provider Tax	$ 70,547,761	$ 62,155,894	$ 8,391,867
FY 2015 Budget - Net Patient Revenue w/Provider Tax add back	**$ 1,253,989,606**	**$ 1,087,767,762**	**$ 166,221,844**
Adjustment to FY 2015 Budget Net Patient Revenue Budget			
Institutional Client Net Revenue moving from Net Rev to Other Rev	$ (300,000)	$ -	$ (300,000)
Add Off-cycle Physician Acquisitions - Submitted to GMCB & Currently in operations	$ 1,177,835	$ -	$ 1,177,835
Add Off-cycle Rehab Acquisition - Not yet submitted to GMCB but Currently in operations	$ 354,010	$ -	$ 354,010
Add for Backfill of Retired Communitiy Physicians (Guerra/Woodruff) - Not yet submitted to GMCB	$ 678,124	$ -	$ 678,124
FY2015 Budget Adjusted Net Revenue for Revenue Cap Calculations	**$ 1,255,899,575**	**$ 1,087,767,762**	**$ 168,131,813**
FY2016 Budget - Net Patient Revenue	**$ 1,227,732,272**	**$ 1,062,554,079**	**$ 165,178,193**
Provider Tax	$ 73,038,938	$ 64,220,845	$ 8,818,093
FY 2016 Budget - Net Patient Revenue w/Provider Tax add back	**$ 1,300,771,210**	**$ 1,126,774,924**	**$ 173,996,286**
Difference in NPSR from FY2015 to FY2016 Budget	**$ 44,871,635**	**$ 39,007,162**	**$ 5,864,473**
Percent Increase	3.57%	3.59%	3.49%
Additional Health Reform Investments in FY 2016 Budget			
UVMHN Total	**$ 8,084,794**	**$ 6,417,830**	**$ 1,666,964**
	0.64%	0.59%	0.99%
Collaborations to create a "system of care"	$ 7,075,803	$ 6,417,830	$ 657,973
Investments in shifting expenditures away from acute care	$ 1,008,991	$ -	$ 1,008,991
Change in Net Patient Revenue Prior to Health Reform Investments	**$ 36,786,842**	**$ 32,589,333**	**$ 4,197,509**
	2.93%	3.00%	2.50%

UVM Health Network Health Care Reform Investments **ATTACHMENT B**

	Additional Investment			Investment Category
	UVMHN	UVMMC	CVMC	
FY 2016 Budget - Health Reform Investments				
Network Decision Support System	1.0	1.0	0.0	**A,** C, F
IT investments (network lab result integration, EPIC MyChart Bedside, Peratrend, network connection equip)	4.6	4.6	0.0	**A,** C, F
Institute of Quality & Operational Effectiveness and Leadership admin effort	0.9	0.9	0.0	**A,** B, C
Mental health increases (ED Boarders, IPP, OP Psych)	0.4	0.0	0.4	**A**
Express Care (Waterbury, and increase to existing program)	1.0	0.0	1.0	A, **B,** C, E
Intensivist program	0.1	0.0	0.1	**A**
Total New System Investments	**7.9**	**6.4**	**1.5**	
OneCare Vermont	0.1	0.0	0.1	**A,** C, D
Total Net New Funding Investments	***8.1***	***6.4***	***1.7***	

GMCB investment categories:

A) Collaborations to create a "system of care"
B) Investments in shifting expenditures away from acute care
C) Investments in population health improvement
D) Participation in approved payment reform pilots
E) Enhanced primary care and Blueprint initiatives
F) Shared decision making and "Choosing Wisely" Programs

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	**UVMMC & CVMC Combined**												
2	**Capital - Resource Allocation**				**FY 2015**		**FY 2016**						
3	**Fiscal Years 2015 - 2019**				**Budget**	**Projected Actual Spend**	**Carry Over/Forward**	**New Funding**	**Total Available**	**FY 2017 Budget**	**FY 2018 Budget**	**FY 2019 Budget**	**Total FY'15 Proj. - FY 2019**
4													
5	**Routine Capital Budget**												
6			Equipment		27.1	22.4	0.0	19.5	19.5	20.4	18.3	18.8	99.4
7			Facilities		25.1	36.8	0.0	23.3	23.3	13.5	14.2	12.5	100.3
8			Strategic		1.0	0.6	0.0	0.2	0.2	0.0	0.0	18.1	18.9
9			Information Services		10.0	17.6	0.0	9.3	9.3	9.8	10.7	9.8	57.2
10													
11			**Total - Routine Capital**		63.2	77.4	0.0	52.3	52.3	43.7	43.2	59.2	275.8
12	**Potential CON Projects**												
13	UVMHN		EPIC Network		0.0	0.0	0.0	0.0	0.0	49.7	33.3	28.0	111.0
14	UVMHN		Regional PACS		2.0	0.0	2.0	1.0	3.0	0.0	0.0	0.0	3.0
15	UVMMC		Inpatient Bed Replacement		11.3	12.9	0.0	43.4	43.4	51.2	58.9	8.6	175.0
16	UVMMC		Primary Care Project		2.5	2.5	0.0	0.0	0.0	5.0	2.5	0.0	10.0
17	UVMMC		Business Center		20.0	0.0	0.0	0.0	0.0	0.0	5.0	0.0	5.0
18	UVMMC		Neonatology Intensive Care Unit Replacement		0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.0	8.0
19	UVMMC		Cancer Center upgrade		0.0	0.0	0.0	0.0	0.0	0.0	7.0	0.0	7.0
20	UVMMC		Genomic Medicine Program		7.2	0.0	7.2	0.0	7.2	0.0	0.0	0.0	7.2
21	UVMMC		Mother Baby Unit		5.4	5.4	0.0	0.0	0.0	0.0	0.0	0.0	5.4
22	UVMMC		Pet CT		2.7	0.0	2.7	0.0	2.7	0.0	0.0	0.0	2.7
23	UVMMC		Cath Lab Replacements		2.6	2.6	0.0	0.0	0.0	0.0	0.0	0.0	2.6
24	UVMMC		Surgical Robotics		2.4	0.0	2.4	0.0	2.4	0.0	0.0	0.0	2.4
25	UVMMC		CT		1.8	0.0	1.8	0.0	1.8	0.0	0.0	0.0	1.8
26	UVMMC		South Burlington Outpatient Campus		52.2	52.2	0.0	0.0	0.0	0.0	0.0	0.0	52.2
28													
29			**Total - Potential CON Projects**		110.1	75.6	16.1	44.4	60.5	105.9	106.8	44.6	393.4
30													
31	**Total UVMMC & CVMC Capital - Routine/CON**				**173.3**	**153.0**	**16.1**	**96.7**	**112.8**	**149.6**	**150.0**	**103.8**	**669.2**