



FY'18 Budget Overview

Our Journey of Advancing Population Health – A Collective Impact

Jill Berry Bowen, RN
Chief Executive Officer

Chris Hickey
Chief Financial Officer



NMC's vision is to be nationally recognized for excellence and value as we partner to improve the wellness of our community and become a destination of choice for patients, staff, & providers.

Addressing Our Community's Needs Through Collaboration & Integration

Our Accountable Community for Health in Northwestern Vermont - A Collaborative, Integrated Approach to Population Health Management

Franklin Grand Isle's Accountable Communities for Health work group identified that our region has formal groups and many positive initiatives all working for a healthier community.

Our survey of these groups showed an opportunity for even greater awareness, alignment, and collaboration between groups. Specific actions can include:

- increased awareness of each's efforts;
- intentional 'cross pollination' of groups;
- agreement on shared indicators & goals;
- shared projects — small and large.

The ACH workgroup looks forward to working with the groups to advance that integration as we all work for a healthier future.

Unified Community Collaborative (UCC) -

Providing resources, nurturing, and guidance - Represented by the Sun

Regional Clinical Performance Council (RCPC) -

Improving Health with Clinical Best Practice - Represented by the Leaves

Blueprint Community Health Teams, Primary Care, Lifestyle Medicine, etc.: Blending Treatment and Prevention - Represented by the Branches

RiseVT, VDH 3-4-50, etc.: Embracing Healthy Lifestyles and Advancing Primary Prevention - Represented by the Trunk

The Community Partnership Members & Others: Addressing Social Determinants such as Poverty, Housing, Food, Transportation, &...

Examples not meant to be exclusive.

The Community Partnership Members & Others: Fostering Assets for Health such as Resiliency - Represented by the Nutrients in the Soil

We have helped our community establish unified approach to addressing our top community needs, which include:

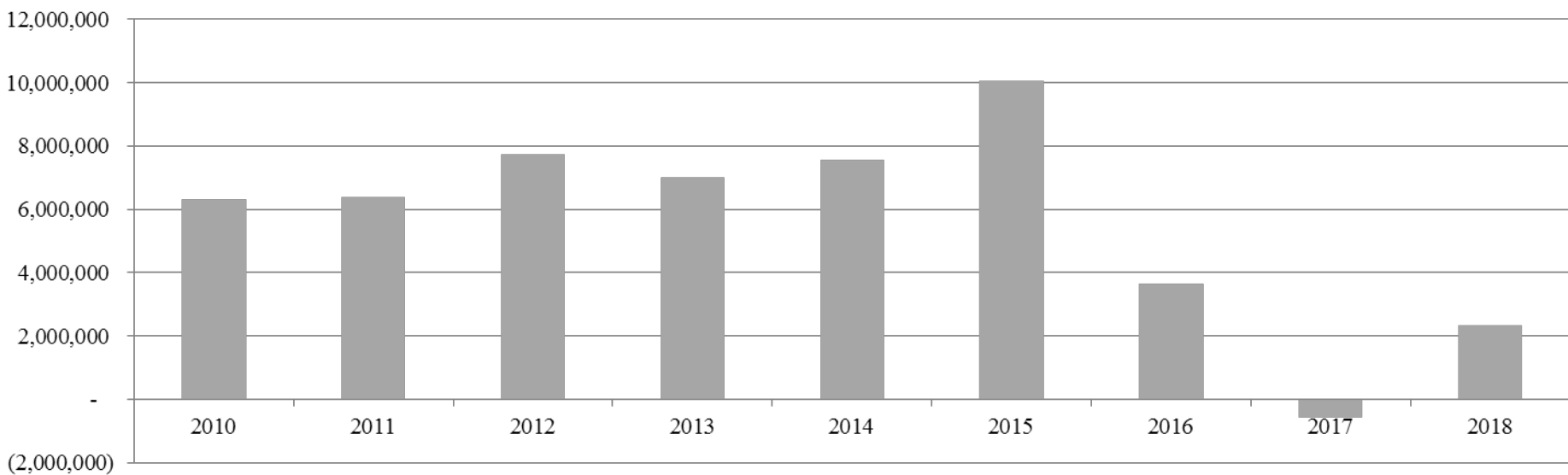
- Mental Health & Substance Abuse
- Obesity
- Smoking
- Cancer
- Suicide
- Domestic & Sexual Abuse

Challenging Social Determinants

An Aging Population

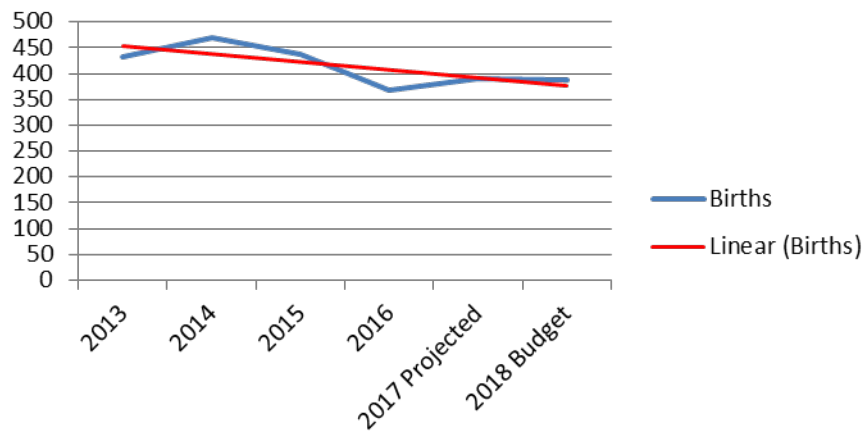
Our Journey to a Transformed Healthcare System:

Setting the Course → **Stabilizing Access** → **Innovation**

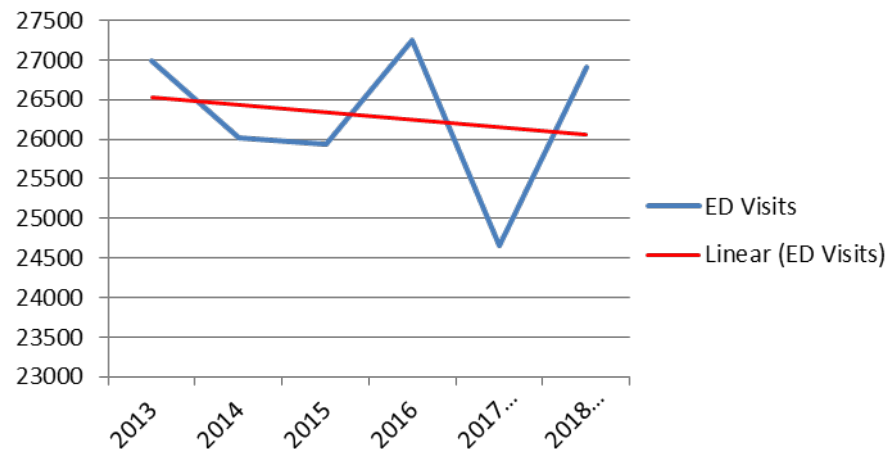


Our Journey: Our Volumes are Changing

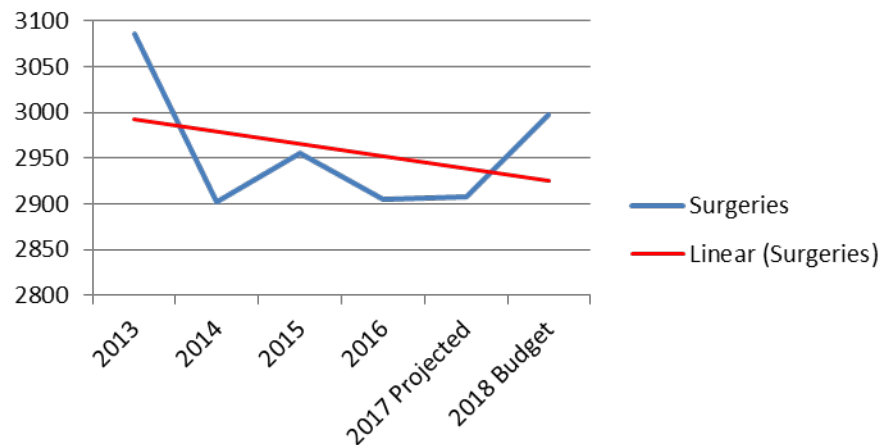
Births



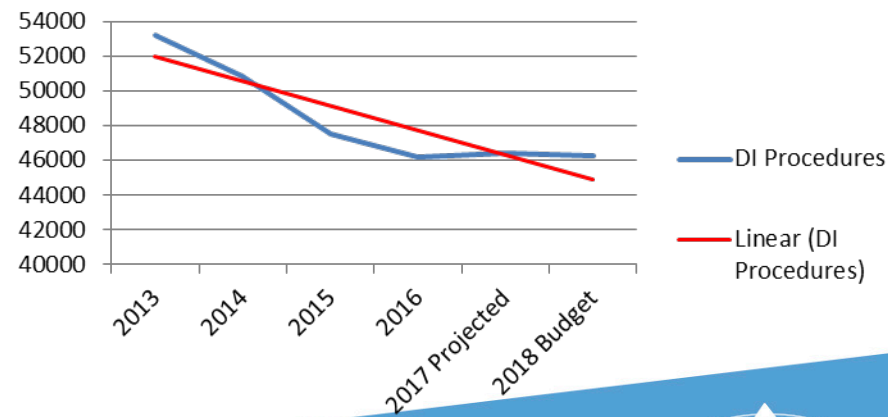
ED Visits



Surgeries

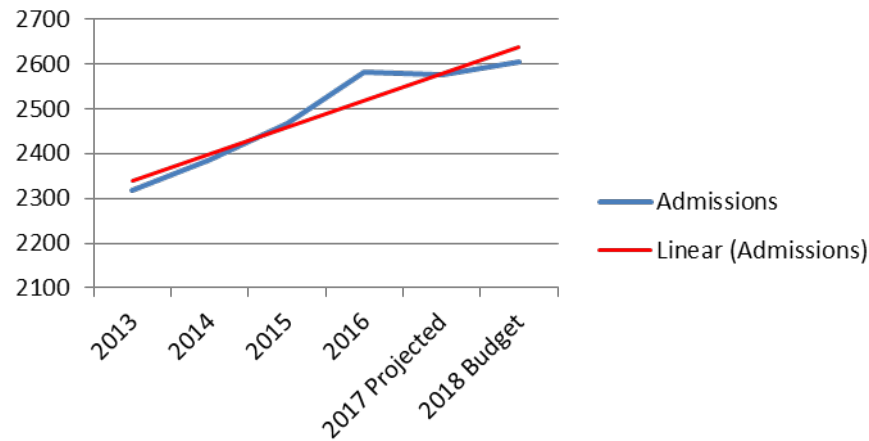


DI Procedures

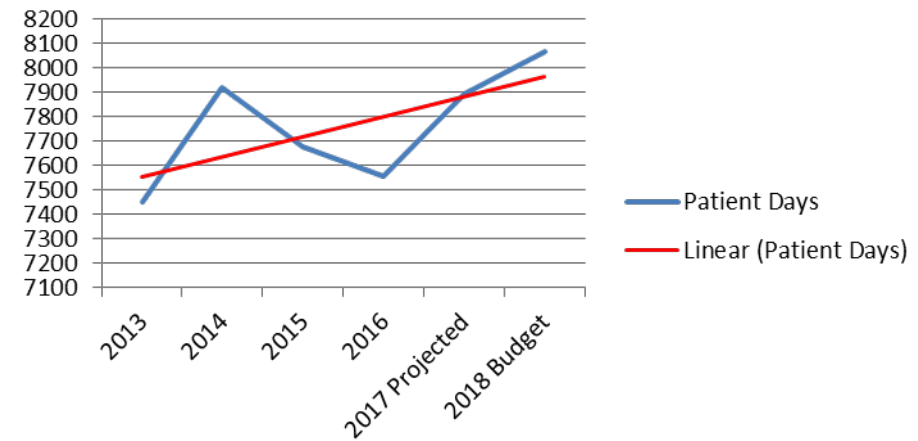


Our Journey: Impacted by Our Aging Population

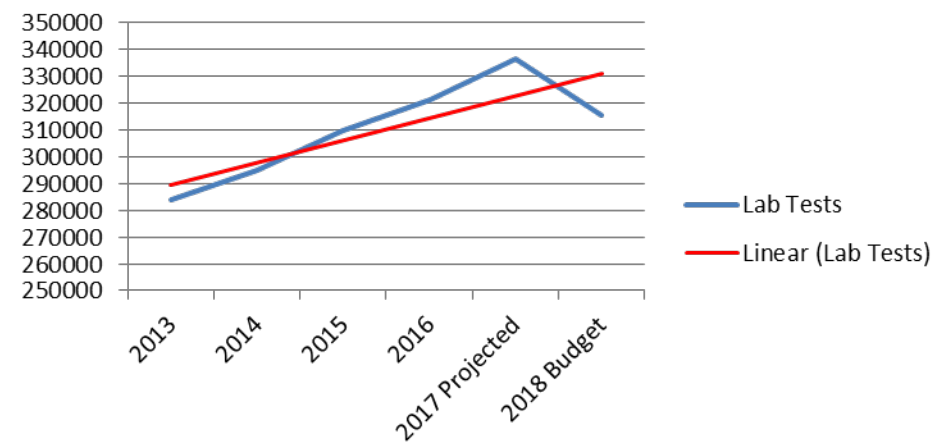
Admissions



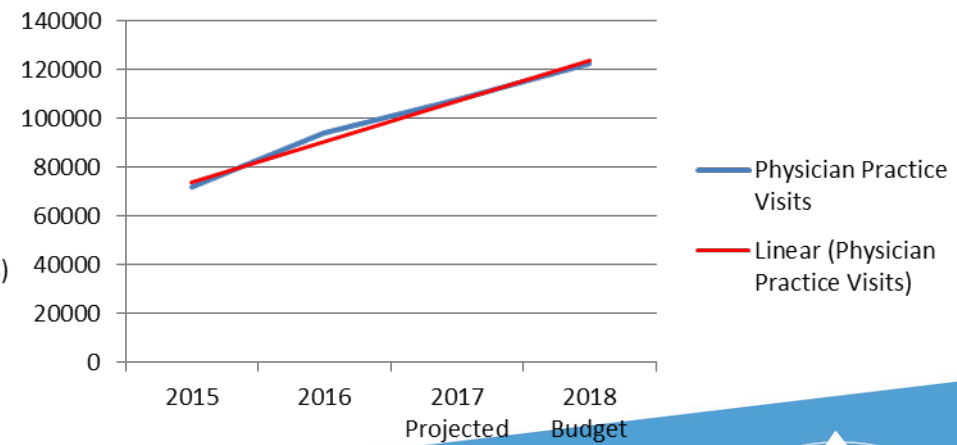
Patient Days



Lab Tests



Physician Practice Visits

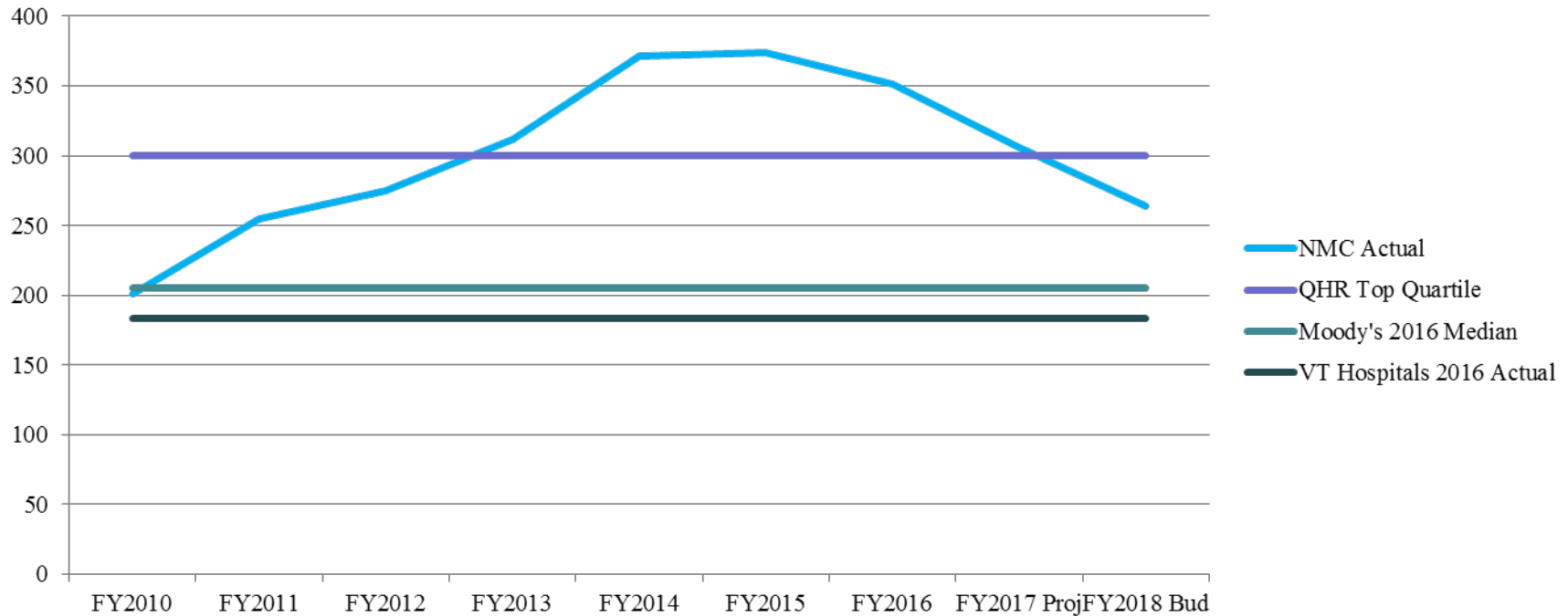


Our Journey: Ensuring Access to Preventive Services

	FY2012	FY2013	FY2014	FY2015	FY 2016 Actual	FY2017 Annualized
Northwestern Orthopedics	3,323	4,049	4,036	4,421	4,765	5,216
Northwestern OB/GYN	1,367	1,946	2,287	2,403	2,196	1,896
Northwestern Georgia Health Center	990	1,165	1,314	1,527	1,494	1,236
Northwestern Primary Care	793	831	1,839	1,915	1,871	1,625
Northwestern Associates in Surgery	593	622	472	623	559	458
Northwestern Ophthalmology	150	621	805	1,021	1,061	1,001
Northwestern Urology	-	-	22	690	645	789
Northwestern Cardiology Services	-	-	373	498	540	452
Northwestern Pulmonology Services	-	-	132	207	224	138
Northwestern Comprehensive Pain	-	-	1,097	1,335	1,240	831
Northwestern Dermatology	-	-	-	-	1,066	1,044
Northwestern Pediatrics	-	-	-	-	2,301	3,248
Northwestern ENT	-	-	-	-	-	-
Physician Practice Net Patient Revenue	7,216	9,234	12,377	14,640	17,962	17,931
		28.0%	34.0%	18.3%	22.7%	-0.2%
						19.97%
Hospital Net Patient Revenue	77,740	78,040	78,921	81,949	80,243	80,996
		0.4%	1.1%	3.8%	-2.1%	0.9%
						0.84%
Total Net Patient Revenue	84,956	87,274	91,298	96,589	98,205	98,927
Net Patient Revenue Growth		2.73%	4.61%	5.80%	1.67%	0.73%
Average Net Patient Revenue Growth						3.09%

- NPR increase since FY2012 is related almost entirely to growth in physician services
- Growth is to address items in our Community Health Needs Assessment and ensure that critical preventive services remain available locally
- **Hospital NPR is growing at less than three quarters of one percent on an annual basis**

Our Journey: Days Cash on Hand to Steady the Transitions



- Days cash on hand increased through FY2014 as we planned and saved for a major construction project
- **As the project nears completion and revenue lags behind budget in FY2017, we are returning to levels seen prior to FY2012**

Our Journey: Act 53 Insights into Pricing & Quality

NMC compares well within the Act 53 pricing data:

- NMC prices are lower than VT system average on 3 of the 4 inpatient diagnoses highlighted by the State;
- NMC prices are lower than VT system average on 4 of the 4 outpatient surgical procedures highlighted by the State;
- NMC prices are lower than VT system average on 2 of the 4 physician/outpatient services visits highlighted by the State.

NMC compares well within the Act 53 quality data:

- NMC is higher than the Vermont and National average on both care measures highlighted by the State (patients understanding their care; patients prepared for discharge).

Our Journey: Act 53 Insights into Pricing & Quality

Outpatient Procedures		Hospital System		Vermont Community Hospitals - Charges Displayed Include Each Hospital's Top Outpatient								
CCS High-level Group ¹ and Single-level Category	Procedure Description	System Number of Cases ²	System Average Gross Charges ³	*Brattleboro Memorial Hospital	Central Vermont Medical Center	Copley Hospital	*Gifford Medical Center	Grace Cottage Hospital	*Mount Ascutney Hospital	North Country Hospital	*Northeastern Vermont Regional Hospital	*Northwestern Medical Center
CCS 1: Operations on the nervous system												
5	Insert cath, spinal stimulator, inject into spinal canal	4,078	\$2,036	\$4,296	\$1,883	\$1,144	\$2,466		\$2,198	\$2,576	\$1,387	\$1,038
6	Decompression peripheral nerve	1,584	\$4,934	\$4,320	\$5,193	\$5,496	\$10,116			\$6,429	\$6,346	\$3,682
7	Other diagnostic nervous system procedures	2,409	\$1,849									
8	Other non-OR or closed therapeutic nerv syst procs	2,358	\$4,445	\$5,872	\$2,889	\$1,535				\$3,105	\$2,575	\$1,473
9	Other OR therapeutic nervous system procedures	1,728	\$7,540								\$2,979	
CCS 9: Operations on the digestive system												
69	Esophageal dilatation	508	\$4,178	\$3,204	\$4,770							
70	Upper gastrointestinal endoscopy, biopsy	5,103	\$3,296	\$3,047	\$3,308	\$3,016	\$4,673		\$2,771	\$4,610	\$3,879	\$2,798
76	Colonoscopy & biopsy	23,280	\$3,523	\$3,913	\$3,983	\$2,660	\$5,426		\$2,091	\$4,583	\$4,800	\$2,064
77	Proctoscopy & anorectal biopsy	570	\$1,811	\$1,693	\$1,885	\$1,111				\$3,552		\$846
81	Hemorrhoid procedures	218	\$5,203									\$3,573
84	Cholecystectomy & common duct exploration	1,063	\$12,804	\$10,888	\$13,042	\$17,254	\$36,193		\$19,491	\$14,373	\$21,738	\$9,677
85	Inguinal & femoral hernia repair	1,114	\$11,221	\$8,144	\$9,882	\$14,070	\$21,932		\$18,160	\$11,826	\$17,007	\$8,807
86	Other hernia repair	865	\$11,400	\$6,841	\$9,075	\$13,753	\$17,537		\$20,920	\$12,009	\$20,128	\$7,897

Our Journey: Assuring Quality Through HCAHPS

FY2019 VBP Performance Period is 1/1/17 thru 12/31/17.

Person and Community Engagement- HCAHPS (25% of VBP reimbursement)	(10/16)	(11/16)	(12/16)	(1/17)	(2/17)	(3/17)	(4/17)	(5/17)	(6/17)	(7/17)	(8/17)	(9/17)	NMC FY2017 Cumulative Score n=390	VBP FY2019 Achievement Threshold	VBP FY2019 Benchmark
	n=50	n=53	n=55	n=57	n=35	n=41	n=36	n=44	n=19						
1 Care Transition	52.00%	56.60%	59.60%	54.10%	61.20%	42.80%	46.90%	46.60%	74.60%				54.00%	51.42%	62.77%
2 Communications With Nurses	84.70%	88.10%	79.60%	91.10%	85.30%	84.60%	83.10%	82.00%	89.30%				85.20%	78.69%	86.97%
3 Communications With Doctors	79.90%	84.70%	87.00%	88.60%	94.10%	90.20%	72.00%	76.50%	92.90%				84.70%	80.32%	88.62%
4 Responsiveness of Hospital Staff	67.70%	80.00%	73.30%	86.80%	81.30%	80.50%	62.30%	77.90%	70.70%				75.90%	65.16%	80.15%
5 Pain Management	74.40%	76.20%	74.40%	78.90%	81.00%	63.30%	52.50%	83.80%	77.50%				74.50%	70.20%	78.46%
6 Communication About Medications	60.70%	67.20%	73.00%	64.20%	73.90%	71.40%	53.10%	69.00%	75.00%				66.80%	63.26%	73.53%
7 Clean & Quiet Environment	69.80%	71.40%	63.90%	68.60%	71.50%	63.10%	64.90%	75.00%	71.10%				68.70%	65.58%	79.06%
8 Discharge Information	92.50%	92.10%	92.90%	94.50%	96.70%	87.80%	85.90%	94.80%	88.20%				92.60%	87.05%	91.87%
9 Overall Rating of Hospital	74.50%	79.20%	82.70%	78.90%	82.40%	55.00%	61.10%	76.70%	88.90%				75.30%	70.85%	84.83%
Clean	72.90%	75.50%	79.60%	78.90%	81.20%	75.00%	88.60%	81.00%	68.40%				78.20%	74.10%	84.00%
Quiet	66.70%	67.30%	48.10%	58.20%	61.80%	51.20%	41.20%	69.00%	73.70%				59.20%	60.02%	73.50%

Act 53 addresses HCAHPS – inpatient satisfaction results – and NMC tracks these closely in relation to benchmarks and continuous improvement, with a portion of staff compensation linked to our success in these quality measures.

Our Journey: Assuring Quality through Internal Focus

NMC's Board, Medical Staff, Leadership/Management, and staff are focused on measurably improving quality – here is a sample of one dashboard.

Quality View: Quality and Safety Committee						
Status	Indicator	Current Value	Goal	SPC Alert	Updated	Value
Quality > Process of Care Measures - Chart Abstracted						
—	Hospital Acquired Potentially-Preventable VTE	0.0%	n/a		Jun 2017	0.0%
✗ ▼	Influenza Immunization	60.00%	99.77%	✗	Jun 2017	60.0%
▲	Severe Sepsis/Septic Shock - Early Management Bundle	83.33%	n/a		Jun 2017	83.3%
Safety View: Quality and Safety Committee						
Status	Indicator	Current Value	Goal	SPC Alert	Updated	Value
Safety > AHRQ PSI Composite						
—	AHRQ - PSI 90 Safety Indicators Composite	0.00	n/a		Jun 2017	0.01
Safety > Healthcare-Associated Infections						
—	Catheter Associated UTI	0.00	n/a		Jun 2017	0.00
—	Infection from Central Venous Catheter	0.00	n/a		Jun 2017	0.00

Clinical Care View: Quality and Safety Committee							
Status	Indicator	Current Value	Goal	SPC Alert	Updated	Last 12 Months	
						Value	Start
Clinical Care > Complications							
—	Hip/Knee Arthroplasty - Complication Rate, All Payer	0.0%	n/a		Jun 2017	0.0%	Aug 2016
Clinical Care > Mortality							
—	AMI - Mortality Rate, All Payer	0.0%	n/a		Jun 2017	5.0%	Aug 2016
—	Congestive Heart Failure - Mortality Rate, All Payer	0.0%	n/a		Jun 2017	3.6%	Aug 2016
▼	COPD - Mortality Rate, All Payer	4.8%	n/a		Jun 2017	2.1%	Aug 2016
▼	Pneumonia, Adult - Mortality Rate, All Payer	11.1%	n/a		Jun 2017	3.9%	Aug 2016
Clinical Care > Readmissions							
★ ▼	All Cause - % Readmit within 30 Days, All Payer	5.8%	8.2%		Jun 2017	10.0%	Aug 2016
—	AMI - % Readmit within 30 Days, All Payer	0.0%	n/a		Apr 2017	0.0%	Aug 2016
▲	COPD - % Readmit within 30 Days, All Payer	10.0%	n/a		Jun 2017	14.9%	Aug 2016
▲	Heart Failure - % Readmit within 30 Days, All Payer	40.0%	n/a		Jun 2017	17.8%	Aug 2016
—	Pneumonia - % Readmit within 30 Days, All Payer	0.0%	n/a		Jun 2017	12.3%	Aug 2016
—	Stroke - % Readmit within 30 Days, All Payer	0.0%	n/a		Jun 2017	3.7%	Aug 2016

Our Journey: Assuring Quality Through Accountable Care



St. Albans 2016 Quality Measure Scores: Medicare Reporting and Performance Measures

	Measure	PY 2016	Scoring Based on Benchmarks from Reporting Year								Raw Scores				OCV QI	n 2016	Quality Points 2016
			30th (1.10)	40th (1.25)	50th (1.40)	60th (1.55)	70th (1.70)	80th (1.85)	90th (2.00)	2013	2014	2015	2016				
Care Coord	39	Documentation of Current Medications in the Medical Record	R	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	73.08	95.50	▲	111	2.00
	13	Falls: Screening for Fall Risk	P	25.26	32.36	40.02	47.62	57.70	67.64	82.30	14.29	33.33	65.00	81.48	▲	27	1.85
Preventive Health	14	Preventative Care and Screening: Influenza Immunization	P	30.00	40.00	50.00	60.00	70.00	80.00	90.00	72.73	70.83	78.95	100.00	▲	20	2.00
	15	Pneumococcal Vaccination Status for Older Adults	P	30.00	40.00	50.00	60.00	70.00	80.00	90.00	78.26	86.27	75.00	88.89	▲	18	1.85
	16	Preventive Care and Screening: Adult Weight Screening and Follow-up	P	30.00	40.00	50.00	60.00	70.00	80.00	90.00	73.68	61.29	64.71	84.21	▲	19	1.85
	17	Tobacco Use Screening and Cessation Intervention	P	30.00	40.00	50.00	60.00	70.00	80.00	90.00	88.89	100.00	75.00	95.83	▲	48	2.00
	18	Depression Screening	P	30.00	40.00	50.00	60.00	70.00	80.00	90.00	12.50	51.16	69.23	61.76	▲	34	1.55
	19	Colorectal Cancer Screening	P	30.00	40.00	50.00	60.00	70.00	80.00	90.00	80.00	74.55	82.61	100.00	▲	15	2.00
	20	Mammography Screening	P	30.00	40.00	50.00	60.00	70.00	80.00	90.00	52.94	78.26	82.61	67.65	▲	34	1.55
	21	Screening for High Blood Pressure and Follow-up Documented	P	30.00	40.00	50.00	60.00	70.00	80.00	90.00	84.62	54.17	100.00	91.30	▲	23	2.00
	42	Statin Therapy for the Prevention and Treatment of Cardiovascular Disease	R	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	94.12	▲	17	2.00
At-Risk Populations	40	Depression Remission at Twelve Months	R	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.00	0.00	▲	10	2.00
	Diabetes Composite	ACO #27:Percent of beneficiaries with diabetes whose HbA1c in poor control (>9 percent)ACO #41: Diabetes - Eye Exam	R	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	80.00	54.55	▼	22	2.00
	28	Hypertension (HTN): Controlling High Blood Pressure	P	30.00	40.00	50.00	60.00	70.00	80.00	90.00	48.00	84.62	66.67	71.93	▲	57	1.70
	30	Percent of beneficiaries with IVD who use Aspirin or other antithrombotic	P	30.00	40.00	50.00	60.00	70.00	80.00	90.00	75.86	85.00	100.00	92.11	▲	38	2.00
	31	Beta-Blocker Therapy for LVSD	P	30.00	40.00	50.00	60.00	70.00	80.00	90.00	100.00	62.50	90.00	90.91	▲	11	2.00
	33	ACE Inhibitor or ARB Therapy for Patients with CAD and Diabetes and/or LVSD	P	30.00	40.00	50.00	60.00	70.00	80.00	90.00	N/A	N/A	76.92	73.33	▲	15	1.70
Total:																32.05	

ACO 13, 18, 28 and 33 had different benchmarks in 2015.

Domain	Number of Individual Measures	Total Measures for Scoring Purposes	Total Possible Points	St. Albans			Domain Weight
				OCV Possible Points (using info currently available)	Preliminary Points Scored	Preliminary Domain Scores	
Patient/Caregiver Experience	8	8 individual survey module measures	16	-	-	-	25%
Care Coordination/ Patient Safety	10	10 measures, plus the EHR measure double-weighted (4 points)	22	4	3.85	96.3%	25%
Preventive Health	9	9 measures	18	18	16.80	93.3%	25%
At-Risk Population	7	6 measures, including a 2-component diabetes composite measure	12	12	11.40	95.0%	25%
Total in all Domains	34	33	68	34	32.05		100%

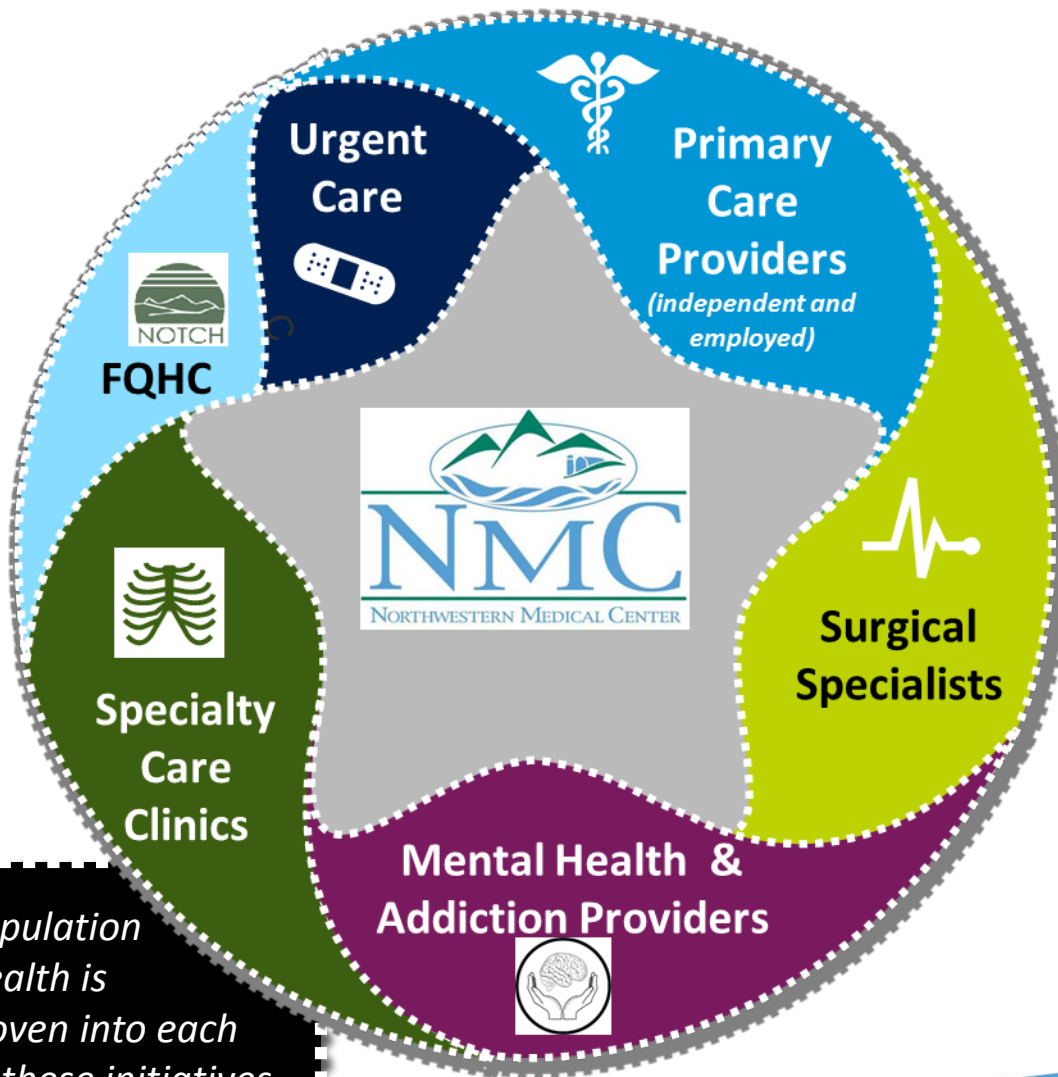
2016 Percentile
2015 Percentile
2016 & 2015 Percentile (No Change)
Based on benchmarks from the scoring year.

▲ = statistically significant improvement in raw score from 2015 to 2016 based on p-value < 0.05
▼ = statistically significant decline in raw score from 2015 to 2016 based on p-value < 0.05

2016 Score	2015 Score	% Change
94.9%	92.0%	▲ 2.9%

Through our leading and aggressive participation in Accountable Care, NMC tracks and addresses quality on a continuous basis.

Our Journey: Strategically Positioning NMC for the Future



Our Strategic Priorities:

Position NMC for the Future:

- Primary Care;
- Mental Health
- Surgical & Specialty Care;
- Population Health

Value & Develop Our Staff and Our Medical Staff;

Provide Exceptional Care;

Achieve Sustainable Operations.

Our Journey: Collaboration & Innovation

Collaboration & Innovation are a Vital Strategy for Success:

- With Community Partners in Mental Health & Substance Abuse:
 - With NCSS in inpatient, emergency, primary care, & prevention;
 - With BAART to operationalize HUB services;
 - With Howard Center on expansion on our campus to expand capacity;
 - With Vermont Technical College on a possible Mental Health Tech curriculum;
 - With a collaborative of partners to pursue a housing grant.
- With NOTCH and Community Providers on Primary Care;
- With UVM Health Network on Preventive Medical Clinics;
- With Surgeons on Ambulatory Surgery streamlining and with BC/BS on Ambulatory Surgery payment redesign;
- With the redesign of our approach to quality to more fully engage our Medical Staff.

Our Journey: Collaboration & Innovation In Prevention & Primary Care:

Prevention for a full continuum:

- Focusing on primary prevention through RiseVT (which has been adopted as a key statewide strategy by OneCare VT);
- Expanding Lifestyle Medicine as an extension of primary care & bringing our “HealthyU” program into worksites;
- Increasing secondary prevention and chronic disease management through the Vermont Blueprint for Health;

This represents an investment of approximately \$2 million.

Primary Care:

- Expanding access to Primary Care;
- Enhancing Care Coordination (inpatient, outpatient, & community);
- Evolving our physician compensation to move from fee-for-service to value and outcomes consistent with payment reform.

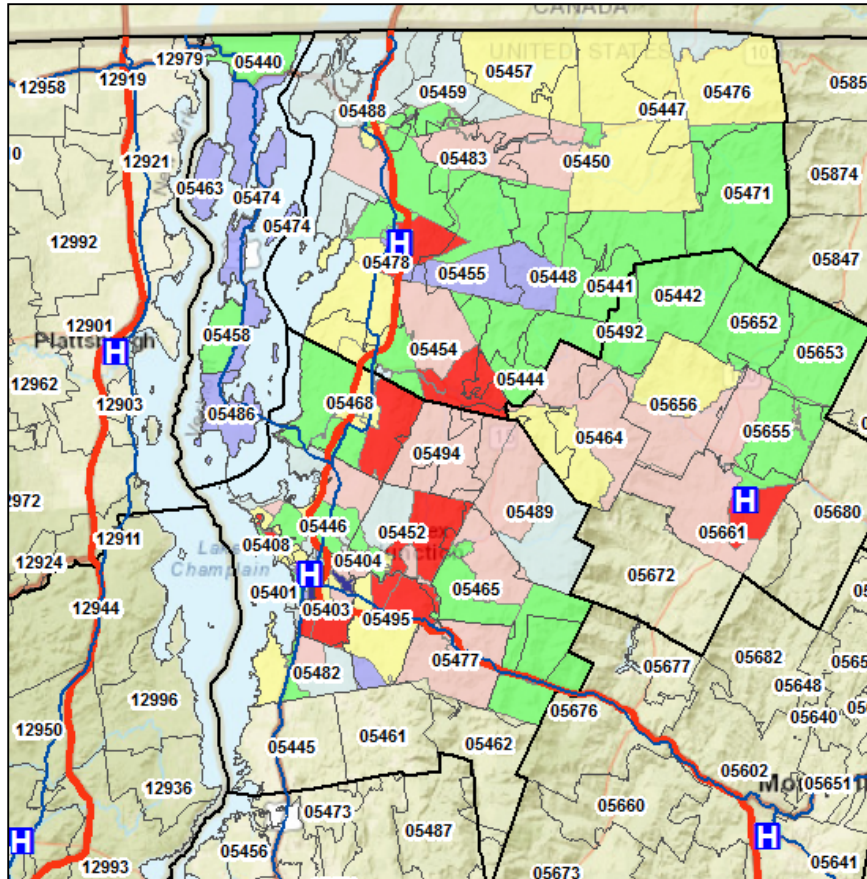
Our Journey: Collaboration & Innovation

Evidence-Based Decision Support:

- **Up To Date** is NMC's evidence based clinical decision support resource. All clinical staff have access; hospitalists, therapists, and clinic based providers use it regularly to guide their treatment choices and protocols.
- NMC is committed to its use as part of our NCQA certification.
- Example: Based on its use, one of our primary care providers recently changed her clinical decision in regard to a medically complex, recently-discharged patient. The provider's course of action would have been to readmit this patient but instead, based on her **Up To Date** query, prescribed an oral regimen that resolved the patients symptoms and prevented the need for readmission. Such medical admissions have a direct variable cost to NMC of approximately \$3,000/case.
- **Choosing Wisely** is under review and may supplement our existing clinical decision support approaches.

Our Journey: Innovation in Action in Population Health

Hypertension In Our Region:



Leveraging Powerful Data:

NMC is pursuing access to timely claims data to target our primary prevention, secondary prevention, community care management efforts in an innovative data-driven approach to improved population health!

Our Journey: Investing in Payment Reform

NMC is one of Vermont's Active Leaders in Payment Reform:

- VT Medicaid Next-Gen
 - NMC is a risk taking hospital
- All Payer Model with Medicare & Blue Cross
 - Hospitals are now funding this
 - RiseVT has been selected as the ACO's primary prevention strategy/vehicle for "the collective 7" plus
- Working with Blue Cross on new approaches to reimbursement (surgical services for example)

Our Journey: The Impact of Risk Taking

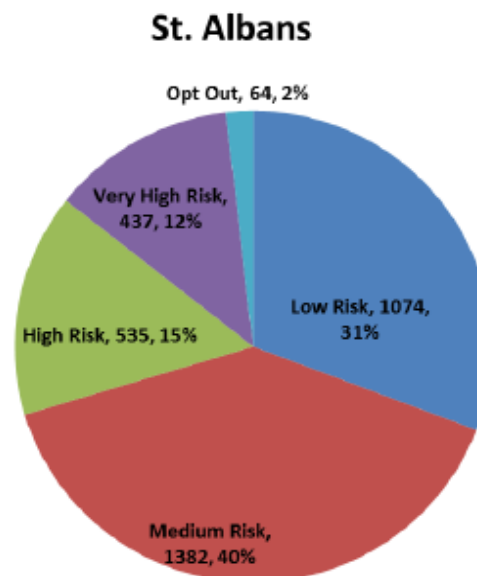
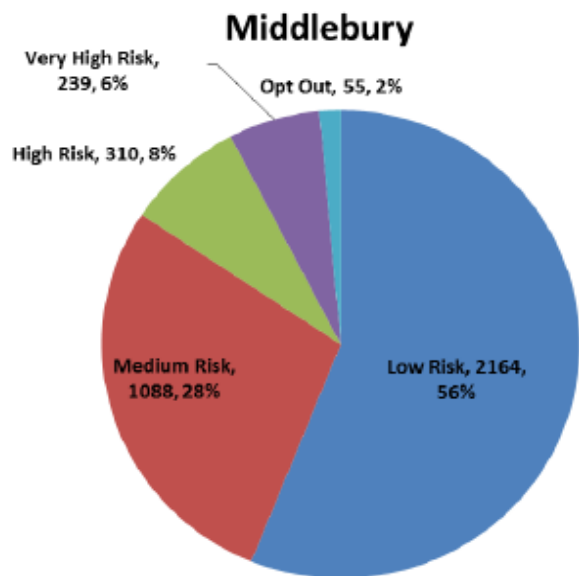
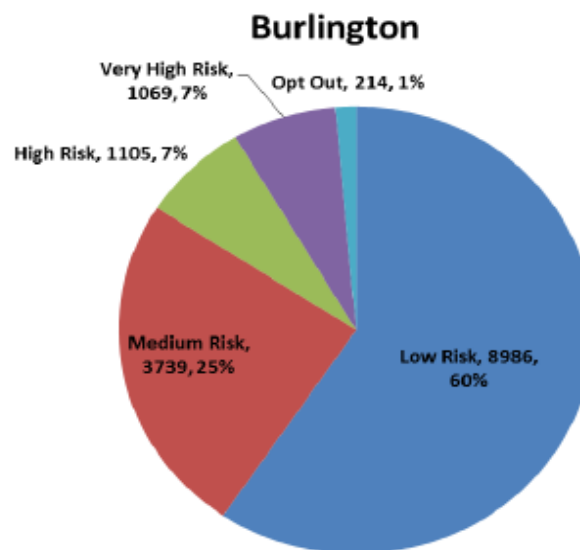
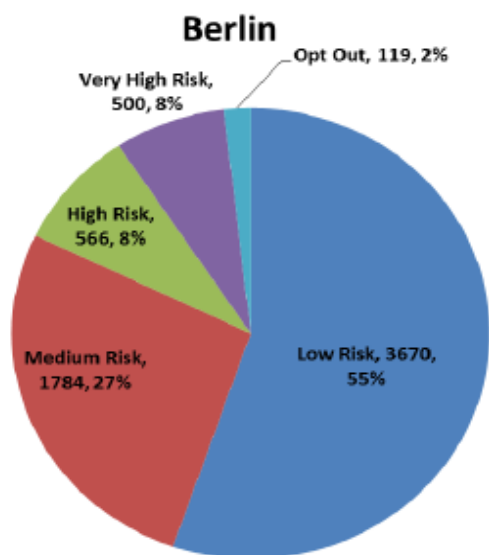
2017 Vermont Medicaid Next Gen (VMNG):

- Nearly 30,000 Lives
- 3,600 Lives in NMC's Health Service Area (HSA)
- NMC's Portion of Shared Risk \$182,000

2018 VMNG, Medicare, and Blue Cross/Blue Shield:

- Nearly 150,000 Lives
- 12,400 Lives in NMC's HSA
- NMC's Portion of Risk \$2.9 Million (Not Shared)

Our Journey: VMNG Risk Stratification – by HSA



Our Journey: Risk Taking in 2018

Covered Lives:

– Medicare	4,574
– Medicaid	4,824
– Commercial	<u>3,043</u>
– Total	12,441

Lives Distribution:

– FQHC	3,240
– Hospital Physicians	3,434
– Independent Physicians	<u>5,767</u>
– Total	12,441

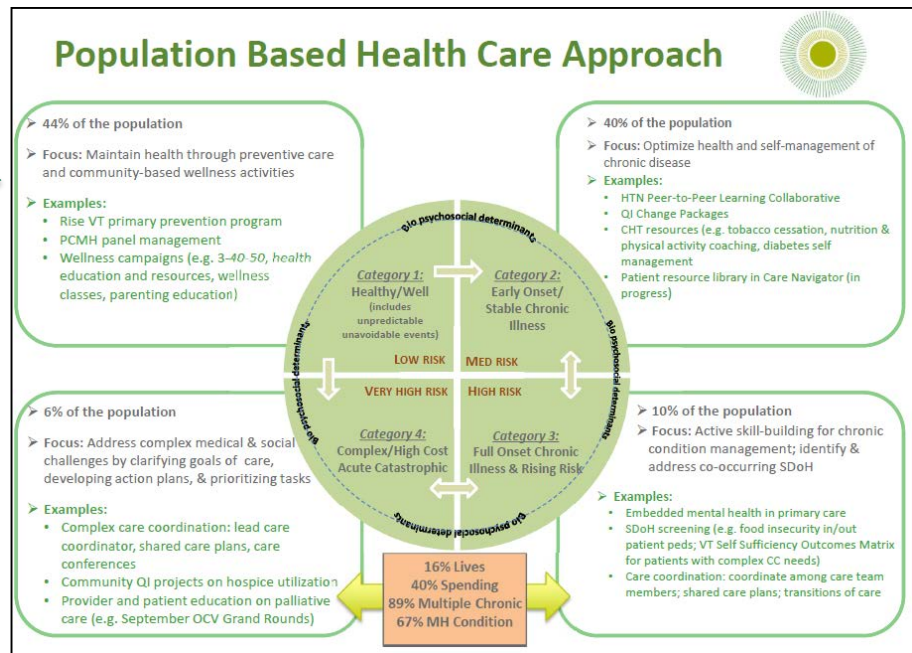
Our Journey: NMC Providing Care to Other HSA Lives

Bennington	\$ 7,575
Berlin	146,053
Brattleboro	1,991
Burlington	6,851,352
Middlebury	88,301
Springfield	6,906
Lebanon	<u>4,844</u>
Total	<u><u>\$7,107,022</u></u>

Our Journey: Population Health in the 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 7 hospitals (today) 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
- Our hospital is partnering with our community in RiseVT!

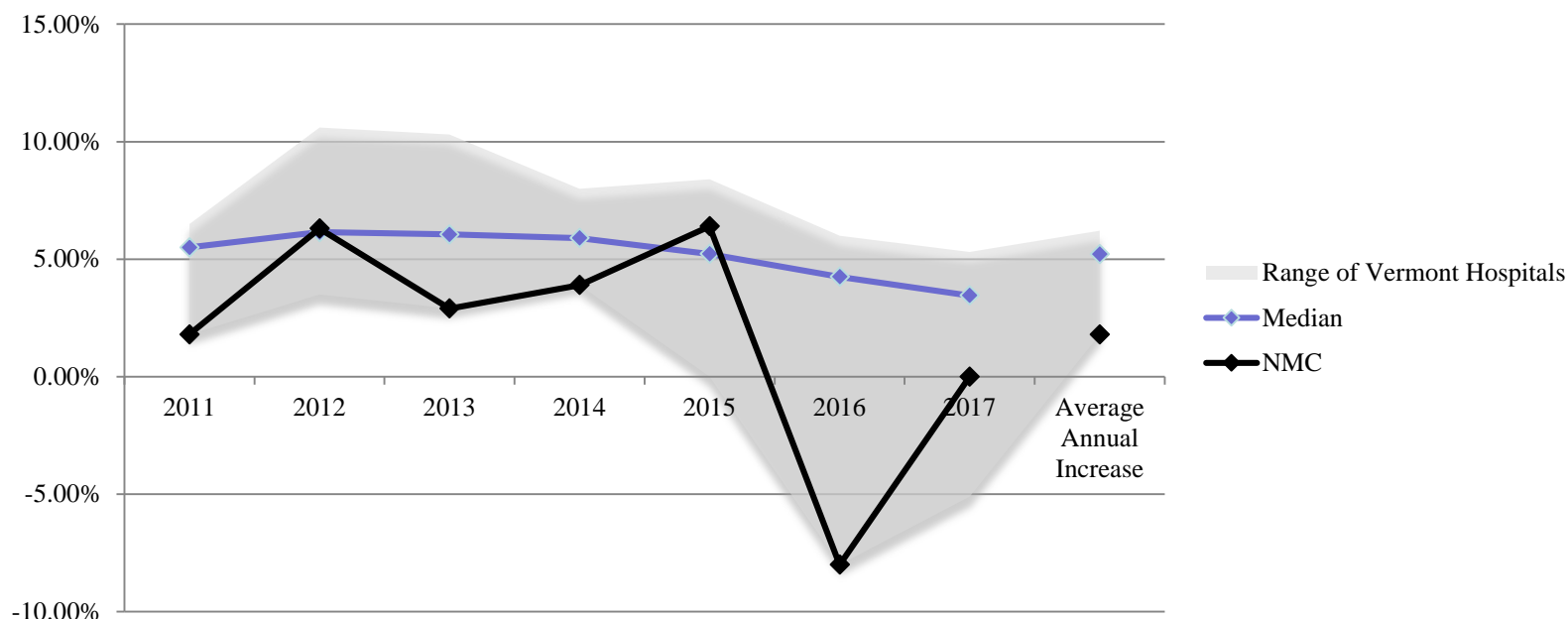


Our Journey: Revisiting the April Budget Order for FY2017

- Based on 2016 results, we were ordered to recoup (\$685,000), equal to a (1.1%) rate change to offset 2018 rate increases.
- Our FY2017 approved rate increase was 0%.
- The order required that the 2017 approved rate be the starting point of the reduction indicating a (1.1%) decrease in rates.
- We project our 2017 Net Patient Revenue to be (\$1.1) million less than budget.

Our Journey: History of Rate Increases Since FY2011

NMC Increase% (NMC compared to Median)



- **NMC has had the lowest rate increase in four of the last seven years and has been below the median in five of seven years**
- NMC's average annual increase over this time is 1.79% which is 3.42% below the median and .50% below the second lowest hospital

Our Journey: Net Patient Revenue Cap

- The 2018 budget includes a 3.8% NPR increase that consists of the following:

Changes in utilization and reimbursement	\$3,058,077	3.0%
Physician transfer of medical clinics	\$407,744	0.4%
Investment in healthcare reform (ACO participation fees)	\$375,000	0.4%
Total		3.8%

Our Journey: Factors Affecting Rate Increase

Rate Increase Demands	Amount	Rate Increase
Bad Debt and Charity Care	2,179,451	4.31%
General Inflation (includes wages)	950,000	1.88%
Population Health Investment	759,007	1.50%
Medicare Low Volume Adjustment	547,000	1.08%
Disproportionate Share Payments	475,733	0.94%
Unfunded ACO Participation Cost	52,000*	.10%
Total	4,963,191	9.81%

*Represents the amount over and above what is covered by the 0.4% net patient revenue increase for healthcare reform investments

Our Journey: Hospital Bad Debt and Charity Care

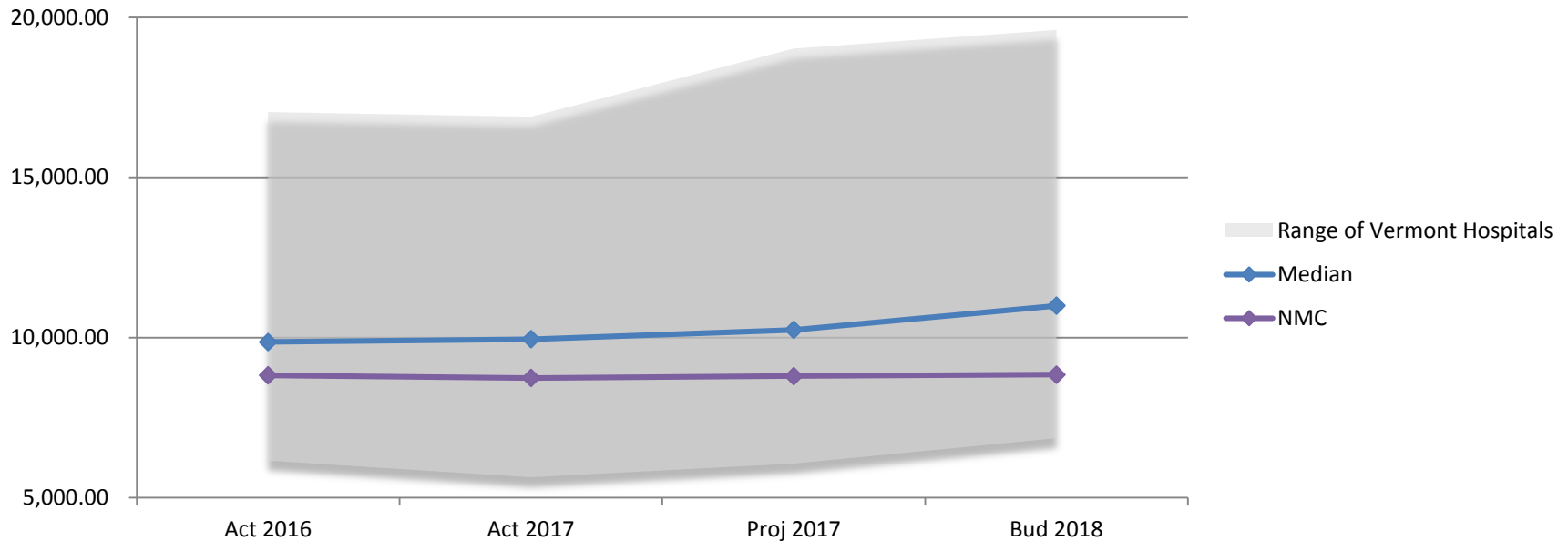
Fiscal Year	Bad Debt %	Free Care %	Total %
FY2012	2.42%	1.30%	3.72%
FY2013	2.64%	1.07%	3.71%
FY2014	3.15%	0.66%	3.81%
FY2015	2.27%	0.67%	2.94%
FY2016	1.48%	0.77%	2.25%
FY2017 April YTD	3.28%	0.55%	3.83%
FY2018 Requested	3.00%	0.75%	3.75%

- Bad debt and Charity Care write-offs have returned to normal historical levels
- Lower rates in FY2015 and FY2016 due to decrease in uninsured population
- Increase in FY2017 and outlook for FY2018 due to increase in high deductible plans

Our Journey: Expense Management & Efficiency Discipline

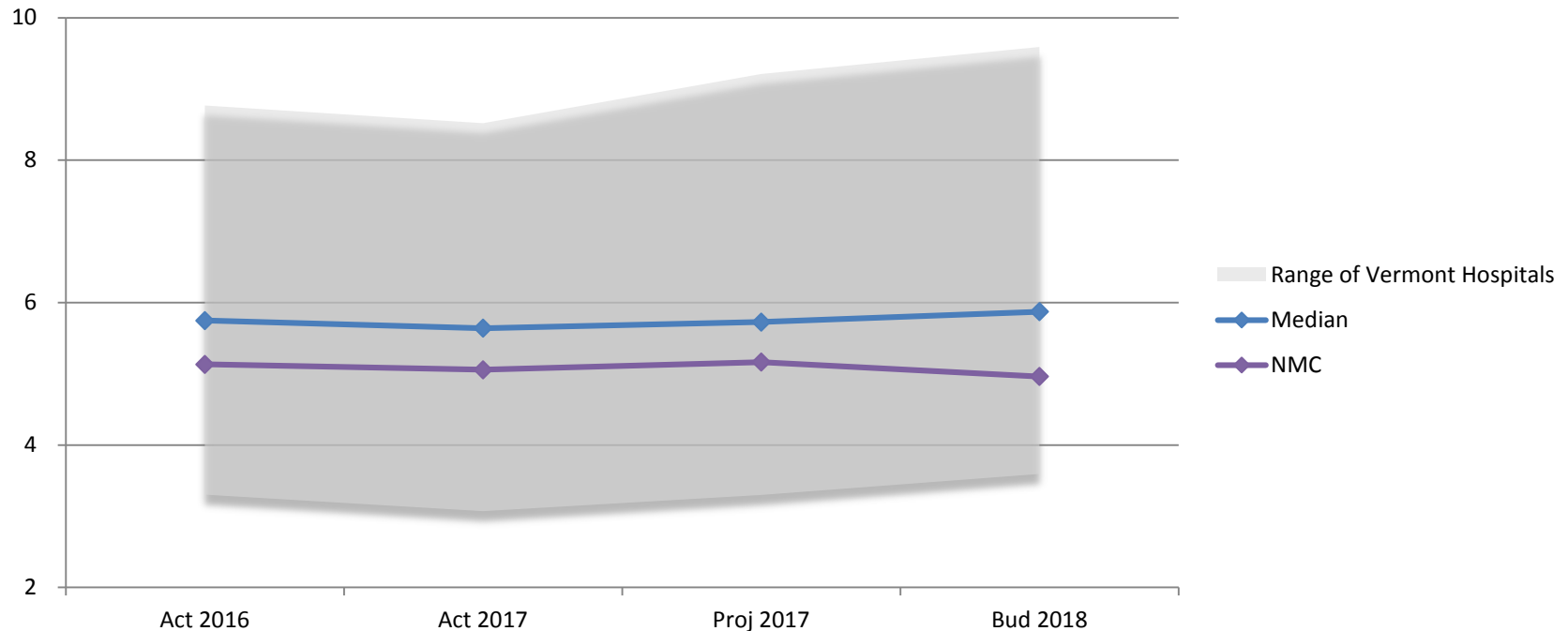
Targets:	Savings to Date	Target Identified	Left to Find
Staffing and Benefits Initiatives	1,442,163	2,170,287	(728,125)
Non-Staffing	226,300	500,000	(273,700)
Revenue Enhancement Target	14,000	500,000	(486,000)
Total Target	1,682,463	3,170,287	(1,487,825)

Our Journey: Cost per Adjusted Admission



- Since FY2016, NMC has an average annual increase in cost per adjusted admission of less than 1 tenth of 1 percent. Only 1 hospital in Vermont has a lower growth rate over this period.
- NMC is budgeting to have the 4th lowest cost per adjusted admission among Vermont hospitals in FY2018.

Our Journey: FTEs per 100 Adjusted Discharges



- **NMC is budgeting to have the 4th lowest FTEs per 100 Adjusted Discharges among Vermont hospitals in FY2018.**
- NMC utilizes a third party benchmarking tool that compares us to similarly sized hospitals across the country. Set target of 90% of the 90th percentile

Our Journey: Prudent Capital Investment

- Committed to investing in the future through capital investments
- 2018 capital budget is over \$14 million and includes the following strategic investments:
 - Completion of current CON projects - \$4,164,000
 - Improving Safety & Efficiency of Emergency Dept - \$2,660,000
 - Meditech Ambulatory Module - \$1,071,500
 - Addiction Services Renovation - \$515,000
- Future long-range capital plans include investment in a comprehensive addiction management center and a innovative community wellness pavilion

Our Journey: A New Approach to Oversight & Regulation - From *Revenue Cap* to *Strategic Dashboard*

- In a transforming environment, Vermont needs a broader mechanism than hospital Net Patient Revenue to drive regulation;
- GMCB and VAHHS (with NMC involved) have worked on a more effective approach;
- **This work must be revived and must result in meaningful improvement in the system used to regulate healthcare.**

All Vermont Community Hospitals			Vt System median or average	Northeast Critical Access Hospitals	Double AA rated hospitals	Triple BBB rated hospitals
KEY INDICATORS	2016 B	2016 A	2016 A			
Growth KPIs						
Annual Net Patient Revenue Change						
Annual Expense Change						
Three year NPR Change CAGR						
Three year expense Change CAGR						
Overall Rate Increase (price increase)						
Utilization KPIs						
Acute Admissions						
Adjusted Admissions						
All Outpatient Visits						
Physician Office Visits						
Capital KPIs						
Age of Plant						
Long Term Debt to Capitalization						
Debt Service Coverage Ratio						
Profitability KPIs		Draft from Mike Davis of GMCB				
Operating Margin %						
Total Margin %						
Productivity KPIs						
FTEs per 100 Adj Discharges						
Overhead Expense w/ fringe, as a % of Total Operating Exp						
Cost KPIs						
Cost per Adjusted Admission						
Liquidity KPIs						
Current Ratio						
Days Cash on Hand						
Payer mix KPIs						
Medicaid % of Total NRP (less DSH)						
Medicare % of Total NRP (less DSH)						
Commercial % of Total NRP (less DSH)						

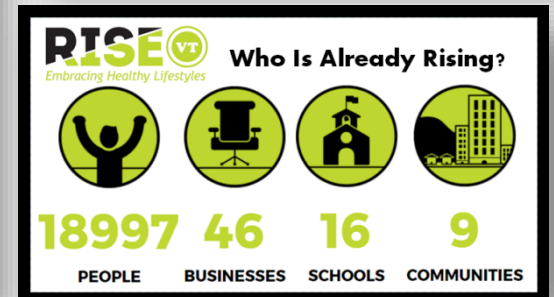
Our Journey: A Collective Impact - Leading In the Transformation of Vermont's Healthcare System

- Only through partnership can Vermont transform its healthcare system;
- NMC is a leader in that transformation – both in primary prevention and in system reform;
- NMC is committed to efficiency and cost reductions (including our current target of \$3 million in savings);
- Vermont's other hospitals are engaged as well: your materials highlight that **“the system weighted price increase of 2.4% in the last two years is the lowest in 17 years;”**
- Hospitals have stepped up and are collectively funding the future the administration has envisioned.

Our Journey: Leading In the Transformation of Vermont's Healthcare System

- NMC has been prudently successful over the past ten years so we are able to invest in:
 - healthcare reform (i.e. RiseVT);
 - payment reform (i.e. taking on risk, Medicaid Next Gen);
 - ensuring local access to outpatient and preventive care.
- **To continue to be a leader in this transformation, we need the latitude to continue to invest in improvement while continuing to provide exceptional care for our community.**
- **We worry without budget support, hospitals will be forced to avoid the risk necessary to pioneer the future.**

Thank You for this Opportunity to Share Our Journey.



What questions do you have?

NMC's mission is to provide exceptional care for our community.

