

Green Mountain Care Board



April 4, 2017



Overview

SVHC: Overview

Southwestern Vermont Health Care is a comprehensive health care system serving Bennington and Northern Berkshire Counties, Deerfield Valley, upper New York State, and surrounding regions.

CENTERS FOR LIVING AND REHABILITATION

BENNINGTON, VT

Residential care and rehabilitation with one of the highest nurse-to-patient ratios in the state. Quality care for quality living.



SOUTHWESTERN VERMONT MEDICAL CENTER

BENNINGTON, VT

Recognized as a Magnet® Hospital for Nursing Excellence, SVMC meets or exceeds national benchmarks for quality and patient satisfaction.

SOUTHWESTERN VERMONT REGIONAL CANCER CENTER

BENNINGTON, VT

State-of-the-art radiation and chemotherapy and access to the same treatments available at larger cancer centers in New York and Boston.



SVMC ORTHOPEDICS

BENNINGTON, VT

SVMC Orthopedics offers care in subspecialties including sports medicine, fracture care, and orthopedic emergencies.

DEERFIELD VALLEY CAMPUS

WILMINGTON, VT

Since 1996, SVHC has supported the SVMC Deerfield Valley Campus and its goal of keeping access to primary medical care.

Southwestern
Vermont
HEALTH CARE



POWNAI CAMPUS

POWNAI, VT

SVMC Pownal Campus provides comprehensive medical care to the residents of the Pownal Valley region.



MOUNTAIN MEDICAL CAMPUS

WEST DOVER, VT

SVMC Mountain Medical sits at the base of Mount Snow and offers high-quality medical care for people visiting the resort and the surrounding area.



NORTHSHIRE CAMPUS

MANCHESTER, VT

SVMC Northshire Campus provides access to primary and urgent care to residents of the Northshire of Bennington County.



TWIN RIVERS MEDICAL, P.C.

HOOSICK FALLS, NY

Twin Rivers Medical, P.C., provides primary medical care to the residents of the greater Hoosick and Cambridge area.

CENTER FOR NURSING AND REHABILITATION OF HOOSICK FALLS

Residential care and rehabilitation for the residents of the greater Hoosick and Cambridge area.



Northern Berkshire
Orthopedics

Affiliated with
Dartmouth-Hitchcock

NORTHERN BERKSHIRE ORTHOPEDICS

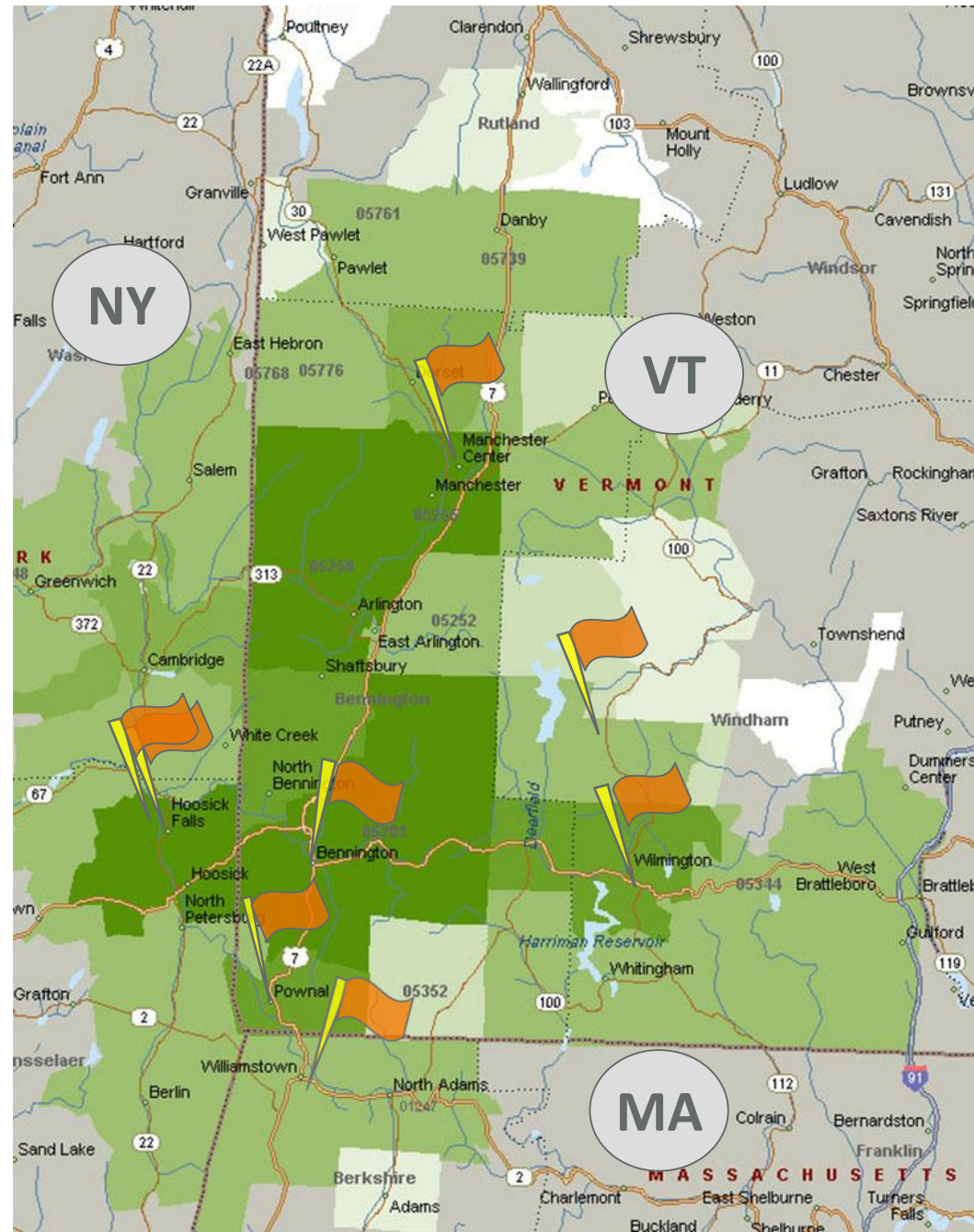
WILLIAMSTOWN, MA

Northern Berkshire Orthopedics treats all general orthopedic conditions and injuries and provides expert fracture care, arthritis treatment, joint replacements, and sports medicine, including arthroscopic surgery.

SVHC: Overview

SVHC Profile

- **Tri-state Service Area**
 - Southwestern Vermont 75%
 - Eastern New York 20%
 - Northwestern Massachusetts 5%
- **Service Area Population:** ± 75,000
- **Hospital Statistics**
 - Inpatient discharges: 3,400
 - Outpatient visits: 300,000
 - Emergency visits: 24,000
 - Surgical cases: 3,000
 - Employees: 1,262
(9th largest employer in Vermont)



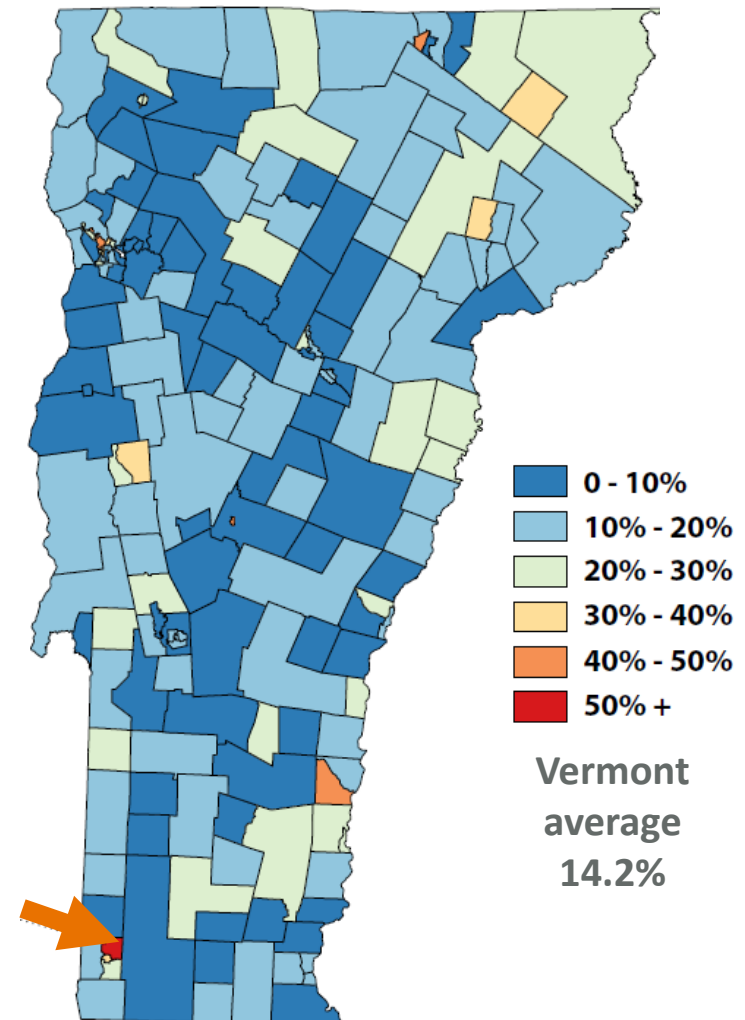


Bennington: Region in Crisis

Bennington: Region in Crisis

Poverty

- 1 in 3 children live in poverty
- 81% of children on free/reduced school lunch
- Average wages at 75% of Vermont average
- 900 net jobs lost since 2006
- 45 net business closures since 2006



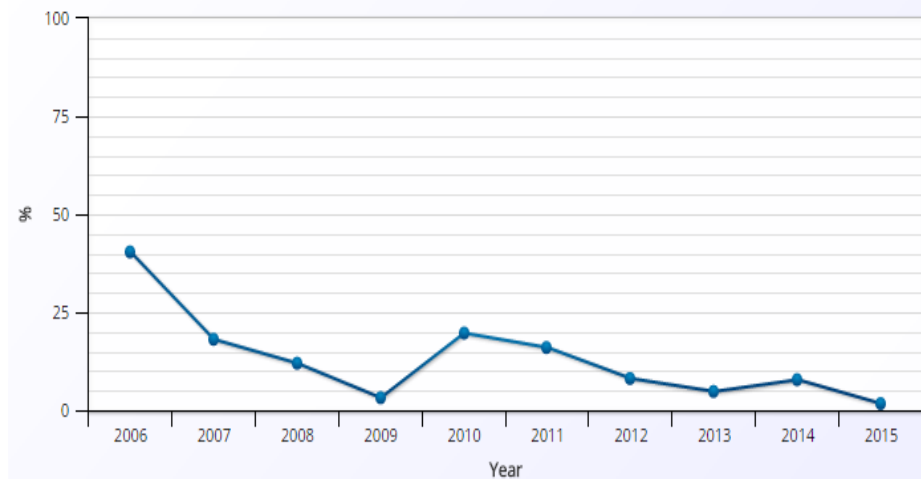
Percentage of families with children in poverty

Bennington: Region in Crisis

Broken Education System

- 2 out of 3 children attend a failing elementary school
- Only 30% of 5th graders are proficient in writing
- Less than 30% of 11th graders are proficient in math or science
- 38% higher teen pregnancy rate than across Vermont

Bennington elementary schools ranking compared to other schools in Vermont



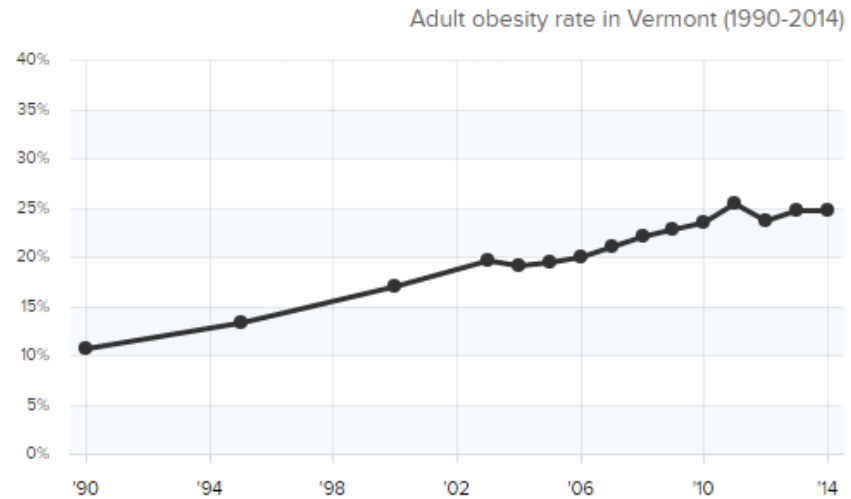
Bennington needs economic and educational intervention.

Bennington: Region in Crisis

Poor Health

- 60% of adults are overweight or obese
- 11% diagnosed with diabetes
- 25% are regular smokers
- 35% of moms smoked during pregnancy
- 18% had at least one tooth removed due to decay
- 20% of middle school students have dental decay
- 56% of motor vehicle deaths related to alcohol
- Drinking water contamination (PFOA) in three communities
- Opioid epidemic- 300% increase in treatment volumes

Adult Obesity Rate in Vermont



Bennington: Region in Crisis

SVMC supports safety net providers.

- 50% of region's residents visit SVMC Primary Care
- Addressing primary care shortage in VT, NY and MA
- New primary care sites:
 - Pownal and Hoosick Falls
 - *ExpressCare in Bennington and Manchester*
- Financial support to Bennington Free Clinic and Battenkill Valley FQHC



Bennington Free Clinic

Bennington Community Collaborative

Goal: *Build a high-performing system that supports measureable improvement in the health of the community*

Leadership Partners

- Community Member
- Housing
- Bennington Blueprint for Health
- Council on Aging
- Physician Health system Organization (United Health Alliance)
- Federally Qualified Health Center
- Bennington Free Clinic
- Designated Mental Health Agency
- Health and Human Services
- Local Department of Health
- Long Term Care
- Home Health
- OneCareVermont Physician Leadership
- OneCareVermont
- Dartmouth Putman Physician Group
- Hospital System Representation

2016 Priorities

- Improve the health of children (increase rates of immunization, well-child and adolescent primary care visits)
- Reduce the number of people who use the Emergency Department for non-acute medical needs
- Support persons with chronic disease to prevent disease exacerbation and hospitalization
- Increase the use of Hospice for end of life care
- Address substance abuse prevention and treatment

All Payer Model Priorities

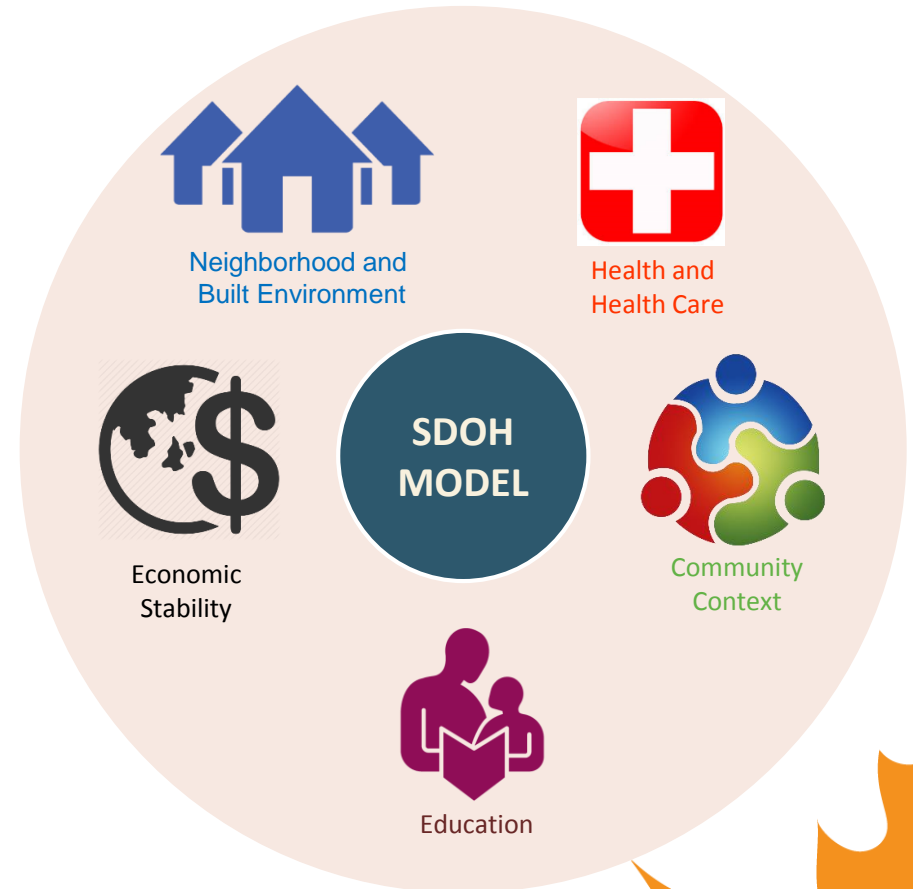
1. *Improve access to Primary Care*
2. *Reducing deaths from suicide and drug overdoses*
3. *Reducing prevalence and morbidity of chronic disease (COPD, Diabetes, Hypertension)*

SVHC: Healthcare System of the Future

Focus on Population Health

- Bennington redevelopment
- Healthy Home Ownership project
- Project catalyst
- Partnering with UCS, Safe Arms
- Partnership with Department of Health for PFOA testing
- Transitional care nurses
- Dental services
- Community coalitions

Address the Social Determinants of Health

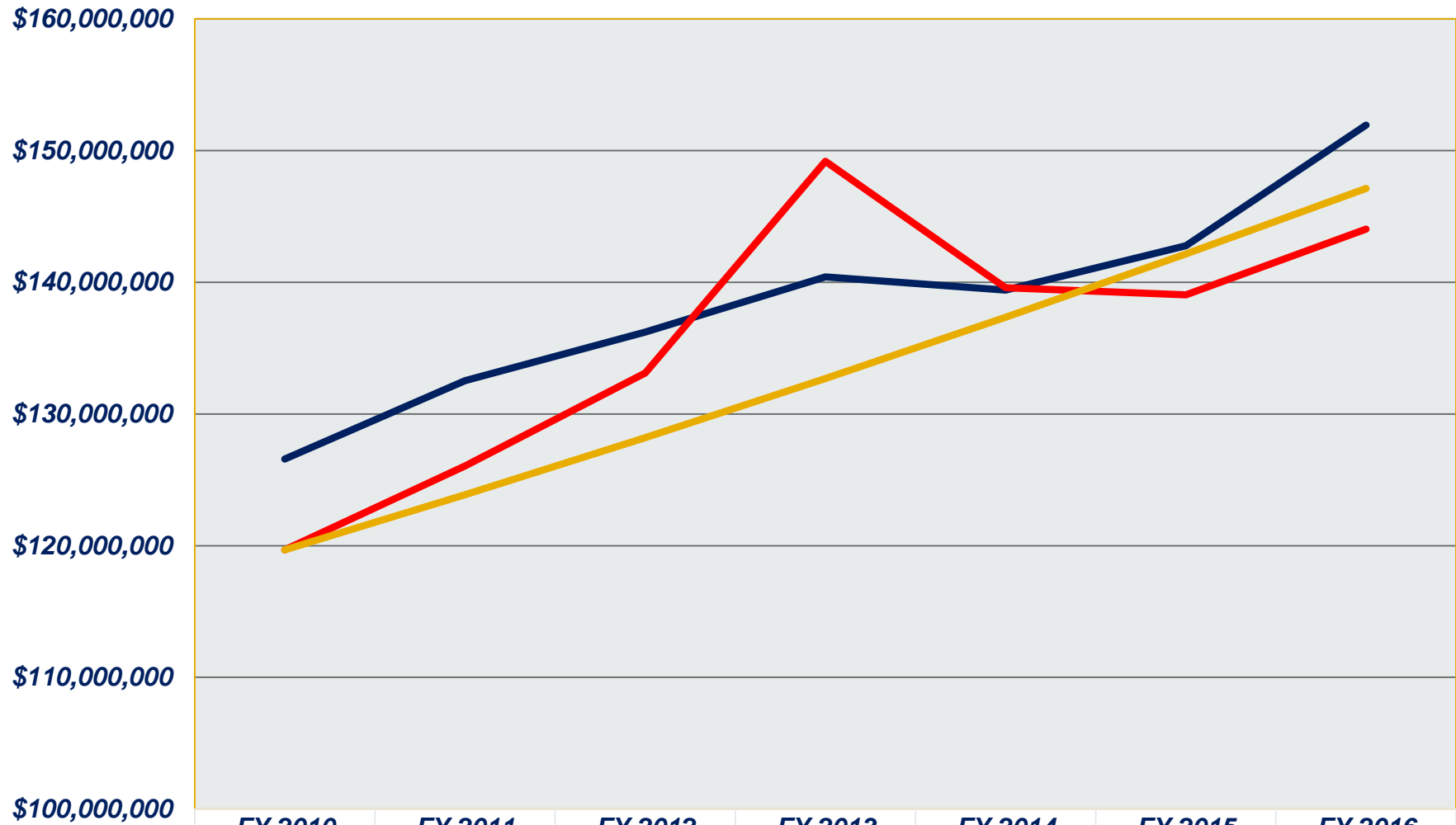


FY 2016 Revenue Variance Overview

Purpose of Presentation

- *Provide the GMCB and with an understanding of SVMC's excess FY 2016 revenues over the approved budget as well as the cost relationship to generate those revenues:*
 - *Provide an understanding of SVMC's actual revenues and related expenses:*
 - *SVMC Cancer Center and Pharmaceuticals*
 - *Primary Care and preventive services;*
 - *Reduction of inpatient revenues and volumes;*
 - *Other changes*
- *FY 2018 Budget*
 - *Challenges*

SVMC Net Patient Service Revenues 2010 – 2016 Actual to Budget with 3.5% Trend line with not unusual adjustments



Actual	\$126,579,490	\$132,518,420	\$136,213,390	\$140,399,530	\$139,410,220	\$142,769,160	\$151,922,754
Budget	\$119,680,330	\$126,049,390	\$133,111,870	\$149,178,380	\$139,576,160	\$139,041,540	\$144,025,568
Increase 3.5%	\$119,680,330	\$123,869,142	\$128,204,562	\$132,691,721	\$137,335,931	\$142,142,689	\$147,117,683

Significant Net Revenue Variances

Significant net revenue variances from budget

Drugs sold – Cancer Center	\$5,471,000
Inpatient and observation	(3,229,000)
Surgical volume (orthopedics)	(1,338,000)
Physician practice primary care and preventive services	2,312,000
Laboratory	887,000
MRI	691,000
All other outpatient services	<u>2,128,000</u>
	<i>Subtotal</i> 6,922,000
Bad debt expense and charity care improvements	<u>975,000</u>
<i>Net patient service revenue variance</i>	<u><u>\$7,897,000</u></u>

Revenues and Cost of Drugs Sold

- *Revenues over budget \$5.4 million in FY 2016*
- *Direct purchase costs of pharmaceuticals was \$4.7 million over budget;*
- *Indirect costs are estimated at \$477,000 to administer and generate the revenues;*

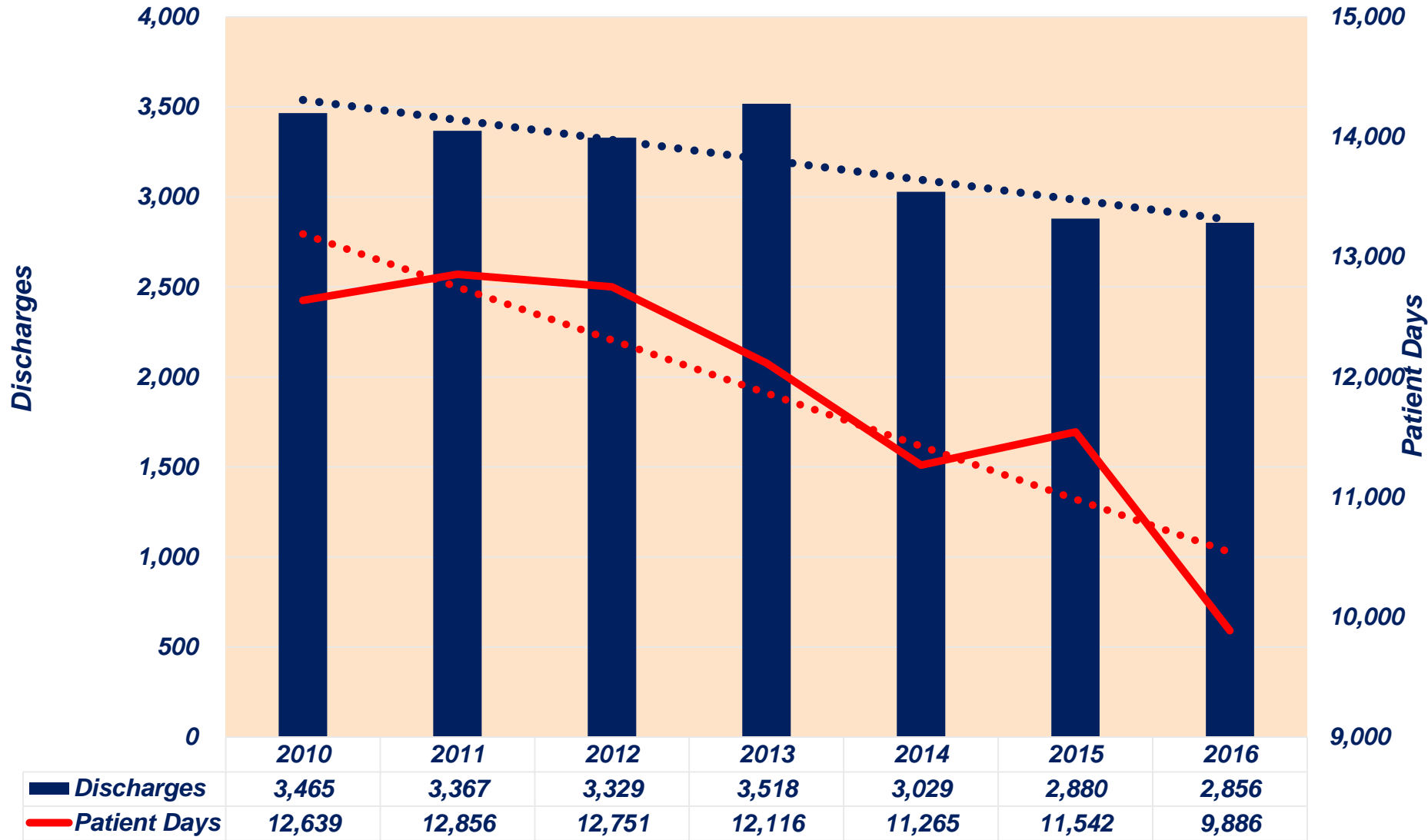
Outpatient Medical Oncology Services

	<i>Unique Patients</i>	<i>Patient Visits with Pharm</i>	<i>Gross Charges</i>	<i>NPSR</i>	<i>NPSR Per Visit</i>	<i>% Change</i>
<i>FY 2013</i>	<i>401</i>	<i>3,136</i>	<i>\$18,090,933</i>	<i>\$9,308,046</i>	<i>\$2,968</i>	<i>--</i>
<i>FY 2014</i>	<i>353</i>	<i>2,884</i>	<i>\$19,559,730</i>	<i>\$9,158,066</i>	<i>\$3,175</i>	<i>6.97%</i>
<i>FY 2015</i>	<i>371</i>	<i>3,371</i>	<i>\$24,029,948</i>	<i>\$10,977,778</i>	<i>\$3,256</i>	<i>2.55%</i>
<i>FY 2016</i>	<i>402</i>	<i>3,727</i>	<i>\$32,244,705</i>	<i>\$14,294,163</i>	<i>\$3,835</i>	<i>17.79%</i>

Increase of nearly \$3.3 million in NPSR comparing Actual to Actual

Medical Surgical Volumes 2010 – 2016

Discharges and Patient Days (excluding Maternity and Pediatric cases)



Physician Practices

(exc Hospital Based Physicians)

- ***Physician Practices revenues have grown from \$11.5 million to nearly \$25.5 million (FY 2010 to FY 2017):***

New Practices and Activities:

2012 – 2015 increased Primary Care;

2012 Orthopedics (added) -- \$4 million annually;

2013 Cardiology (added) -- \$2.5 million annually;

2014 Dermatology (replaced) -- \$1.1 million annually;

***2015 Express Care (added) -- \$650,000 in FY 2015
projected to be \$1 million + in FY 2016 and 2017***

2015 Pulmonology (added) -- \$600,000 annually;

2015 Medicaid Provider Based Billing (new) -- \$2 mil.;

2016 Pownal Primary Care Campus (new) -- \$1 million.

Physician Practices

(exc Hospital Based Physicians)

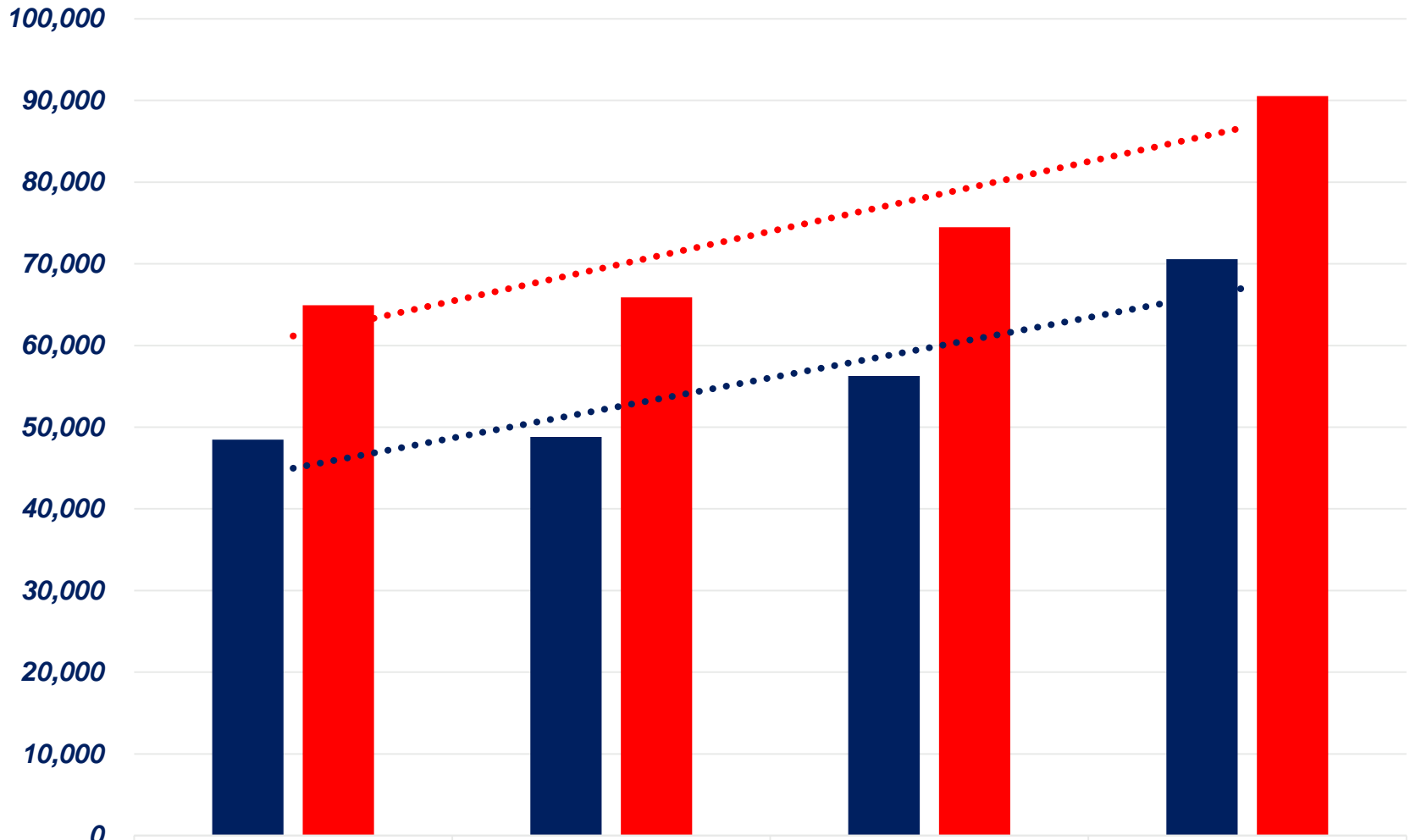
- ***Physician Practices revenues have grown from \$11.5 million to nearly \$25.5 million (FY 2010 to FY 2017):***

New Practices and Activities (continued):

2017 Rebuild the Orthopedic practice that was five physicians in FY 2011, and was reduced to one in FY 2016 back the four physicians;

2017 – Urology adding over \$1 million in revenues;

SVMC Primary Care Visits and wRVU's 2013 to 2016



■ **PCP Visits**
■ **wRVU's**

FY 2013

48,461

64,939

FY 2014

48,820

65,908

FY 2015

56,281

74,485

FY 2016

70,578

90,533

Lab Services

- *Revenues over budget \$887,000 million in FY 2016;*
- *Laboratory direct operating costs were \$777,000 over budget;*

Outpatient “Tick Test”

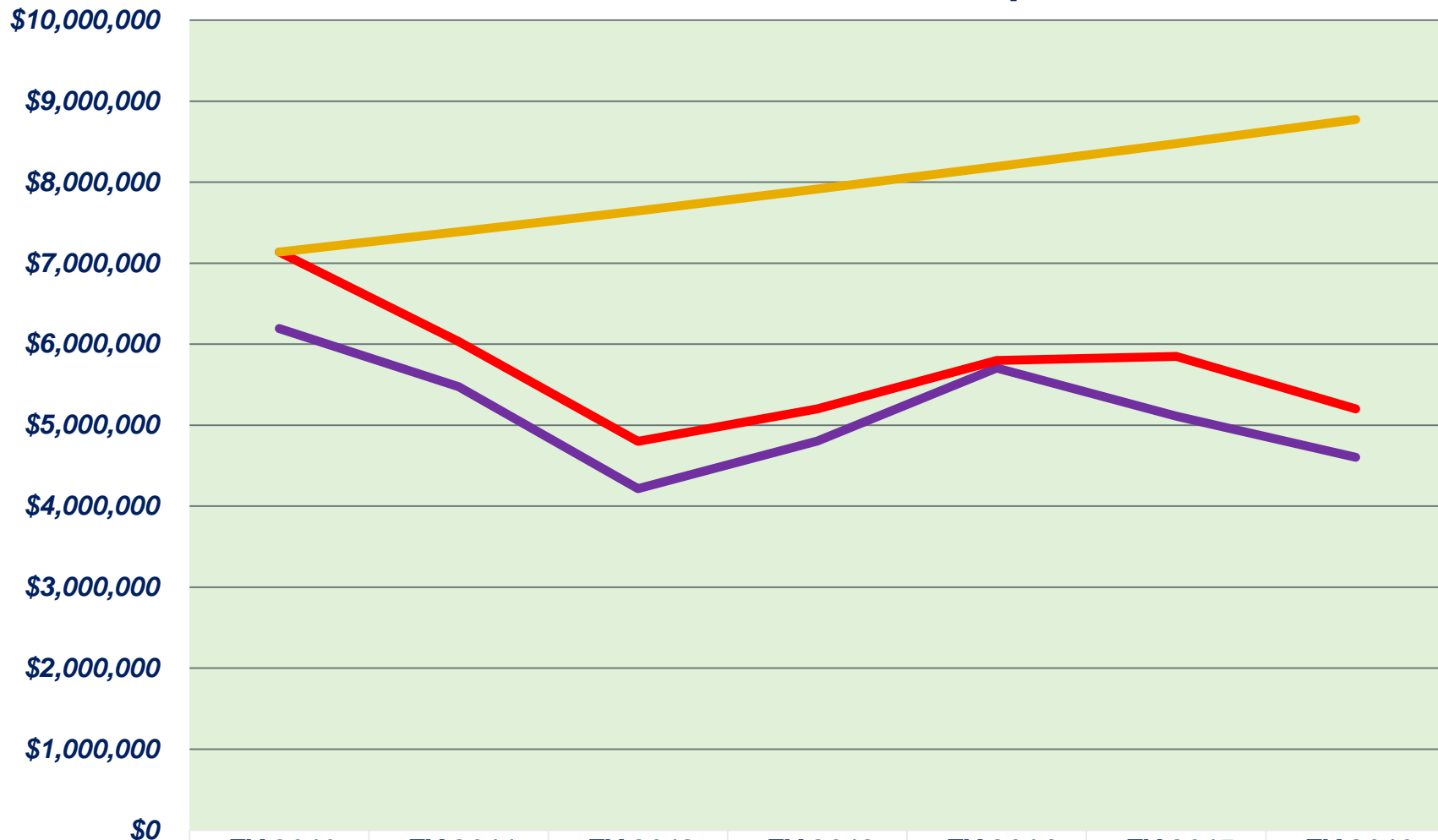
	<i>Tick Testing - - Non Lyme</i>	<i>Gross Charges</i>	<i>NPSR</i>	<i>NPSR Per Visit</i>	<i>% Change</i>
<i>FY 2013</i>	<i>175</i>	<i>\$48,141</i>	<i>\$14,259</i>	<i>\$81</i>	<i>--</i>
<i>FY 2014</i>	<i>622</i>	<i>\$94,808</i>	<i>\$52,596</i>	<i>\$85</i>	<i>4.94%</i>
<i>FY 2015</i>	<i>2,582</i>	<i>\$650,254</i>	<i>\$324,213</i>	<i>\$126</i>	<i>48.50%</i>
<i>FY 2016</i>	<i>5,730</i>	<i>\$912,486</i>	<i>\$445,128</i>	<i>\$78</i>	<i>-38.35%</i>

Bad Debt and Charity Care

- *In FY 2016 the Hospitals Bad Debt and Charity was approximately \$975,000 favorable to budget;*
- *New processes, software costs the Hospital incurred approximately \$250,000 of additional costs;*
- *Overall trend continues to be favorable;*

SVMC Bad Debt 2010-2016

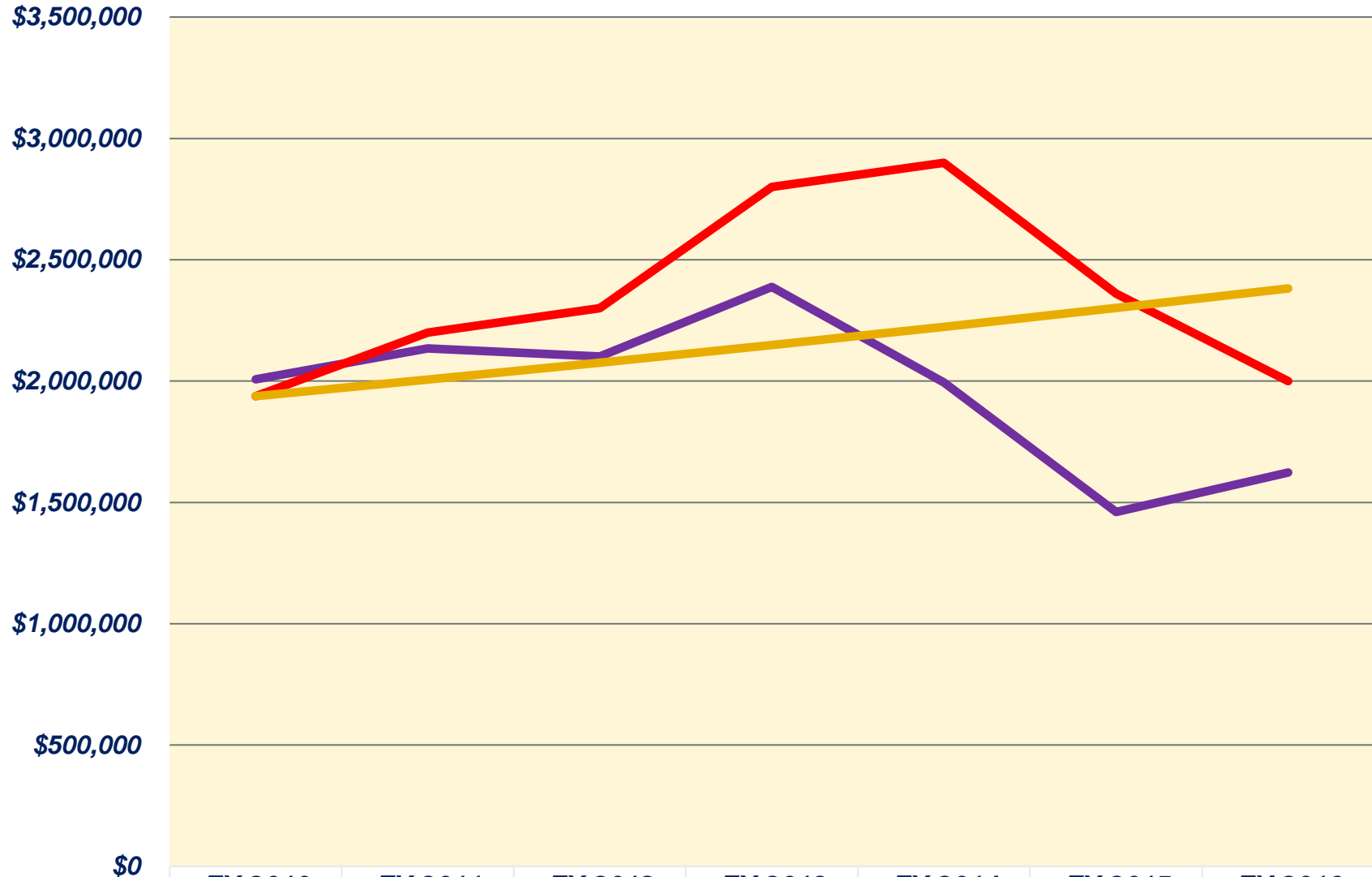
Actual to Budget with a 3.5% Trend line and a 3.5% Trend line from lowest actual point



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Actual	\$6,191,563	\$5,476,017	\$4,215,652	\$4,804,804	\$5,706,387	\$5,112,025	\$4,601,465
Budget	\$7,138,000	\$6,031,938	\$4,800,000	\$5,200,000	\$5,800,000	\$5,850,000	\$5,200,000
Budget plus 3.5%	\$7,138,000	\$7,387,830	\$7,646,404	\$7,914,028	\$8,191,019	\$8,477,705	\$8,774,425

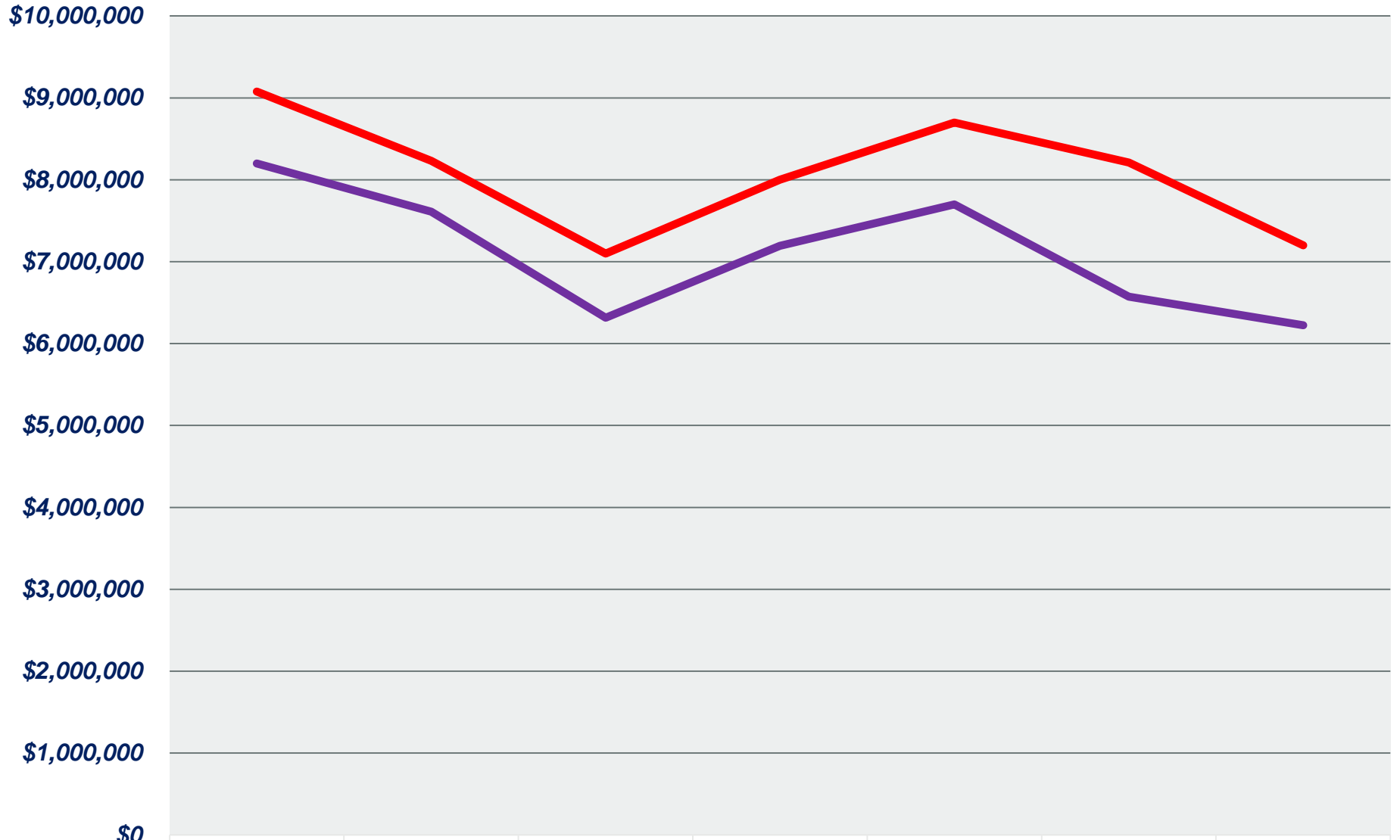
SVMC Charity Care 2010-2016

Actual to Budget with a 3.5% Trend line



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Actual	\$2,007,621	\$2,134,179	\$2,101,070	\$2,387,863	\$1,994,336	\$1,460,911	\$1,623,587
Budget	\$1,938,037	\$2,200,000	\$2,300,000	\$2,800,000	\$2,900,000	\$2,360,000	\$2,000,000
Budget plus 3.5%	\$1,938,037	\$2,005,868	\$2,076,074	\$2,148,736	\$2,223,942	\$2,301,780	\$2,382,342

SVMC Combined Bad Debt and Charity Care 2010-2016 Actual to Budget



	<i>FY 2010</i>	<i>FY 2011</i>	<i>FY 2012</i>	<i>FY 2013</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>
Actual	\$8,199,184	\$7,610,196	\$6,316,722	\$7,192,667	\$7,700,723	\$6,572,936	\$6,225,052
Budget	\$9,076,037	\$8,231,938	\$7,100,000	\$8,000,000	\$8,700,000	\$8,210,000	\$7,200,000

Bad Debt and Charity Care

	<i>Bad debt amounts</i>	<i>Charity care</i>	<i>Total dollars</i>	<i>% of NPSR</i>
FY 2013	\$4,804,804	\$2,387,863	\$7,192,667	5.1%
FY 2014	\$5,706,387	\$1,994,336	\$7,700,723	5.5%
FY 2015	\$5,112,025	\$1,460,911	\$6,348,302	4.4%
FY 2016 A	\$4,601,465	\$1,623,587	\$6,225,052	4.1%
FY 2016 B	\$5,200,000	\$2,000,000	\$7,200,000	5.0%

Gross Net Patient Service Revenues

<i>Payer</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>	<i>%Var</i>	<i>FY16 %Total</i>
Medicare	\$155,332,115	\$145,929,973	\$9,402,142	6.44%	49.2%
Medicaid	58,628,506	55,107,567	3,520,939	6.39%	18.6%
Commercial/Other	101,449,416	99,160,565	2,288,851	2.31%	32.2%
Total Gross Charges	\$315,410,037	\$300,198,105	\$15,211,932	5.07%	100.0%

Net Patient Service Revenues

<i>Payer</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>	<i>%Var</i>	<i>FY16 %Total</i>
Medicare	\$57,581,550	\$51,697,659	\$5,883,891	11.4%	37.9%
Medicaid	21,623,808	20,797,604	826,204	4.0%	14.2%
Commercial/Other	72,717,396	71,530,305	1,187,091	1.7%	47.9%
Total Gross Charges	\$151,922,754	\$144,025,568	\$7,897,186	5.5%	100.0%

Questions

FY 2017

- *Continued growth of the Medical Oncology patients;*
- *Continued growth of the “Tick Borne” testing;*
- *Rebuilding of the Ortho Practice in partnership with DH;*
- *Primary Care:*
 - *Need for continued growth;*
 - *NYS and Hoosick Falls;*
 - *Preventive care – Colonoscopy backlog;*

FY 2018 Challenges

- *Unknowns related to the future payment models;*
- *Cancer Center growth and the cost of Pharmaceuticals exceeding the 3% provided in the budget;*
- *Revenues related to the rebuilding of orthopedic service in the community;*
- *Increased out of state volumes from NY and MA;*

Questions