

# **SVMC FY2023 Budget Presentation**

***A Time of Challenges and Needed Stabilization***



# Major Forces Impacting SVMC



Financial Uncertainty



Workforce Shortages



Capital Projects



Population Health



Health System Gridlock



Workplace Violence

# Major Forces Impacting SVMC



Financial Uncertainty

**FY 2022 and 2023  
Facing potential  
operating deficits  
(*First since 2009*)**



Capital Projects



Population Health



Health System Gridlock



Workplace Violence



# Major Forces Impacting SVMC



Financial Uncertainty



Workforce Shortages

**Staffing challenges are impacting our ability to provide safe and adequate care**



Population Health



Health System Gridlock



Workplace Violence

# Major Forces Impacting SVMC



Financial Uncertainty

**Inflationary pressures  
causing major project  
cost increases (*Up to  
40% over budget*)**



Capital Projects



Population Health



Health System Gridlock



Workplace Violence

# Major Forces Impacting SVMC



Financial Uncertainty



Workforce Shortages



Capital Projects



Population Health

**The unknown future impacts of COVID-19 on overall SVMC operations and health of community**



Workplace Violence



# Major Forces Impacting SVMC



Financial Uncertainty



Workforce Shortages



Capital Projects



Population Health



Health System Gridlock

**Patient access being impacted by lack of mental health services, capacity, ambulance transportation, and insurance denials**

# Major Forces Impacting SVMC



Financial Uncertainty



Workforce Shortages



Capital Projects



Population Health

**Providers and staff  
being threatened  
and assaulted at an  
unprecedented rate**



Workplace Violence



*Presentation to*

# **Green Mountain Care Board**

## ***2023 SVMC Budget***

### ***Summary of SVMC's Financial Performance,***

August 15, 2022

Stephen D. Majetich, CFO



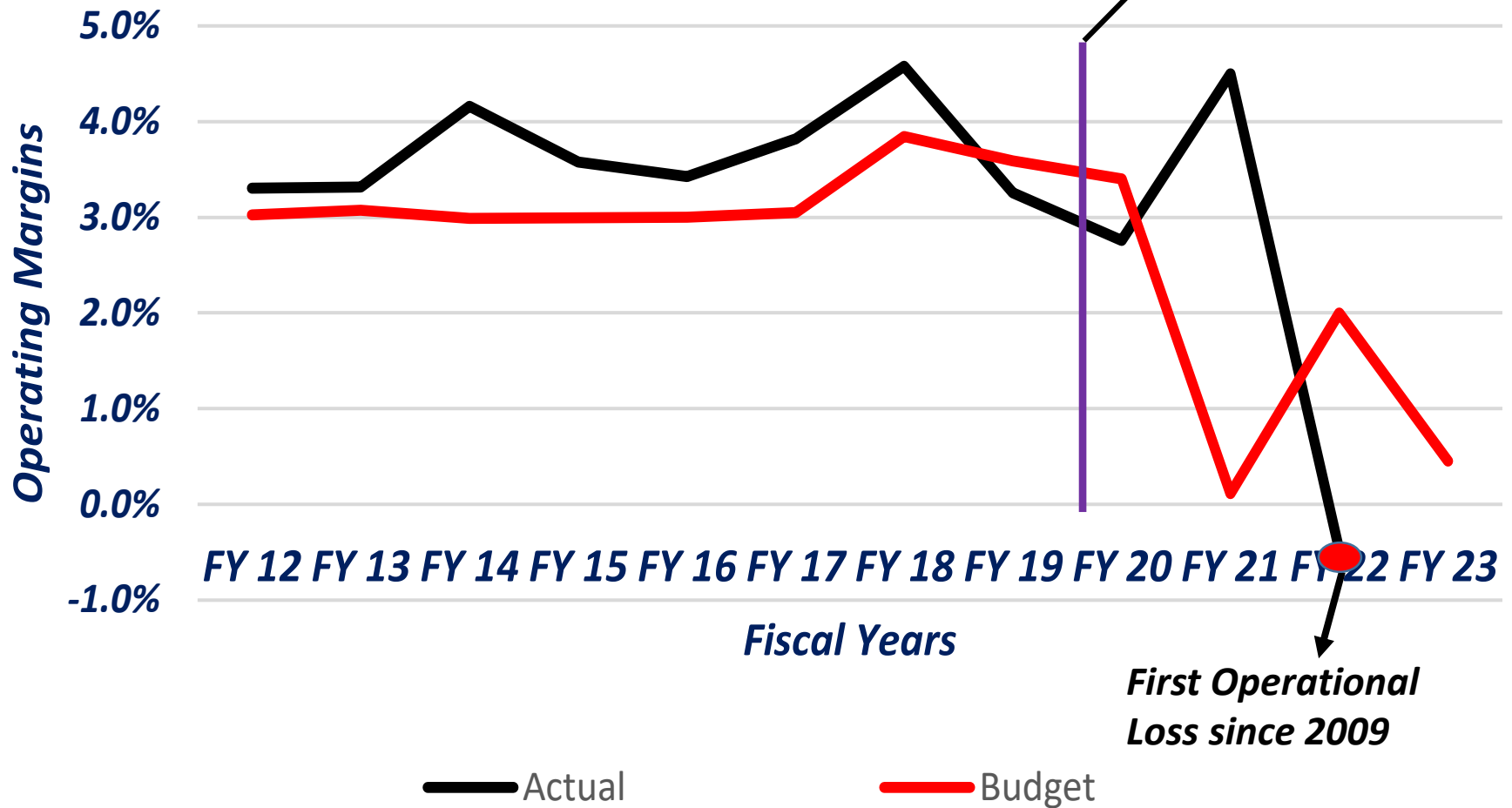
# Comparative Summary Statement of Operations

	<i><b>FY 2021 Actual</b></i>	<i><b>FY 2022 Projected</b></i>	<i><b>FY 2022 Budget****</b></i>
Net patient service revenues	\$176,337,632	\$184,557,483	\$177,594,439
Covid-19 Funding--PRF	4,507,693	-	
Other operating revenues	8,776,350	7,914,586	6,794,328
<i>Total operating revenues</i>	<i>189,621,675</i>	<i>192,472,069</i>	<i>184,388,767</i>
<i>Operating expenses</i>	<i>181,093,942</i>	<i>193,397,028</i>	<i>180,760,242</i>
<i>Operating gain</i>	<i>8,527,733</i>	<i>(924,959)</i>	<i>3,628,525</i>
<i>Non-operating activities</i>	<i>1,767,748</i>	<i>(377,809)</i>	<i>465,000</i>
<b><i>Excess revenues over expenses</i></b>	<b><i>\$10,295,481</i></b>	<b><i>(\$1,302,768)</i></b>	<b><i>\$4,093,525</i></b>

\*\*\*\* *Excluded loss related to termination of pension plan*

# SVMC Operating Margins

(12 years)





# ***SVMC FY 2022 Results--Summary***

- ***Operating revenues approximately \$8 million over plan***
  - *Over \$5 million is directly related to COVID-19, testing, vaccination, therapy services and inpatient services;*
  - *\$2 million of the positive revenue variance is related mainly to Emergency room, Express Care and Imaging services volumes;*
  - *\$1 million positive variance in other operating revenues that include; 340B revenues, funding from the Foundation, Grants, COVID-19 related revenues via a State contract*

# ***SVMC FY 2022 Results-- Summary***

- **Operating expenses were over plan \$12.6 million:**
  - *Salaries and wages are projected to be over \$6.3 million or nearly 12% over plan;*
  - *Identified direct related COVID-19 expenses which were not budgeted of nearly \$4 million;*
  - *Physician locum coverage over \$1 million;*
  - *Inflation and other costs over \$1.3 million*

# ***SVMC FY 2022 Results-- Summary***

- ***Workforce challenges in FY 2022 and continuing into the near future caused management to:***
  - *Increase the Hospital's minimum wage and accelerate the pay increase by 5 months;*
  - *Create incentives and compensation for the staff to continue employment at SVMC:*
    - *Significant temporary salary increases for certain clinical staff;*
    - *Permanent salary increases above plan for selected positions;*
    - *Permanent increases to the shift differentials to meet market;*
    - *Provide shift bonuses to staff when staffing levels are near crisis levels for both clinical and non-clinical staff;*
  - *Create greater incentives for recruitment and retention:*
    - *Education loan forgiveness programs;*
    - *Additional compensation for individuals who assist in the recruitment, development and retention of staff;*
    - *Sign-on bonuses;*
    - *Constant market review of compensation levels to be able to recruit and retain individuals.*



# ***SVMC FY 2022 Results--Summary***

- ***Workforce challenges in FY 2022 and continuing into the near future:***
  - *In FY 2022 SVMC was nearly nurse traveler free. For a short period 8 weeks SVMC had approximately 4 travelers, will this continue?*
  - *RN vacancy rates are between 8 to 14% depending on the service or locations (ER, ICU, MS, OB).*
  - *Overall hospital wide vacancy rate is averaging over 7%;*
  - *SVMC is has instituted several programs for recruitment and retention, as well as working closely with educational institutions:*
    - *Student loan payment assistance program for existing employees;*
    - *Sign-on bonuses;*
    - *Full-time employment promise and student loan assistance for high school graduates entering and completing a BSN program.*

# ***SVMC FY 2022 Results--Summary***

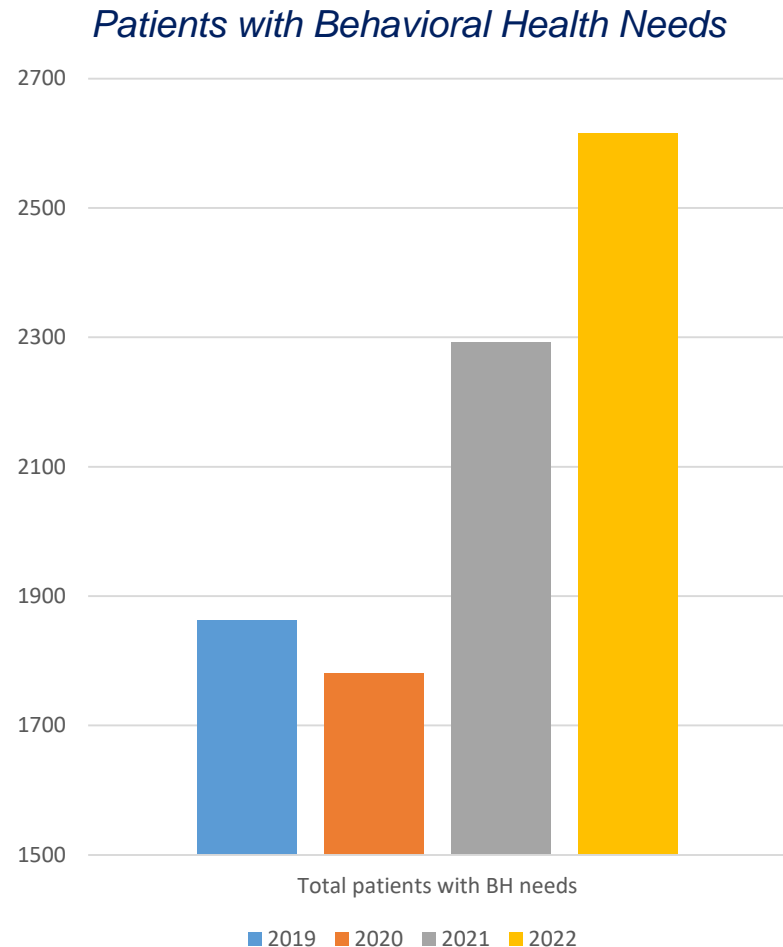
- ***Hospitals as we know them are changing and creating additional strain and unplanned and unreimbursed resource consumption.***
- *SVMC is continuing to care for patients, in the acute care setting, since there are not long-term care beds available.*
  - *SVMC averages 4 to 5 patients a day who cannot be placed an increase more than doubling the previous trend;*
  - *Estimated cost to care for these patients is at least \$1 million at SVMC, with no additional reimbursement.*

# ***SVMC FY 2022 Results--Summary***

- Hospitals as we know them are changing and creating additional strain and unplanned and unreimbursed resource consumption***

*SVMC Emergency Department is seeing an increase in patients with behavioral health needs.*

*--SVMC has seen a 40% increase in patients with behavioral health needs since the beginning of the pandemic and 17% increase this fiscal year;*



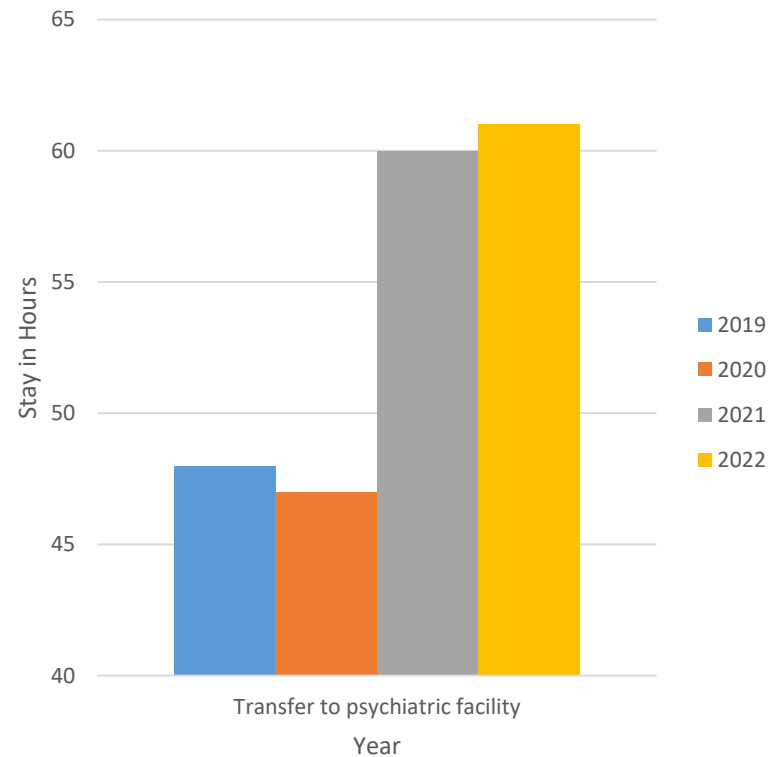


# SVMC FY 2022 Results--Summary

## Behavioral Health (cont)

- The longest length of stay for patients with behavioral health needs, is for transfer to the psychiatric hospital.*
- On average, patients wait 2.5 days for transfer to a psychiatric unit. Often times this is longer than 2.5 days.*
- SVMC's longest stay this year in our Emergency Crisis Area was **7 weeks** for a patient who was dropped off by a local nursing home who refused to re-accept the patient.*

***Length of Stay for Patients Transferred to Psychiatric Facility***



# *Summary of FY 2023 Budget*

*SVMC submitted an Operating Budget for FY 2023 with Net Patient Service Revenues of **\$188,872,209** inclusive of Fee for Service and Fixed Payments revenues.*

# Comparative Summary Statement of Operations

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<i>Operating gain</i>	<i>8,527,733</i>	<i>(924,959)</i>	<i>3,628,525</i>	<i>904,528</i>
<i>Non-operating activities</i>	<i>1,767,748</i>	<i>(377,809)</i>	<i>465,000</i>	<i>679,981</i>
<i><b>Excess revenues over expenses</b></i>	<i><b>\$10,295,481</b></i>	<i><b>(\$1,302,768)</b></i>	<i><b>\$4,093,525</b></i>	<i><b>\$1,584,509</b></i>

\*\*\*\* *Excluded loss related to termination of pension plan*



# *Summary of FY 2023 Budget*

*SVMC submitted an Operating Budget for FY 2023 with Net Patient Service Revenues of **\$188,872,209** inclusive of Fee for Service and Fixed Payments revenues. The budget was built as follows:*

*No revenues or expenses from another COVID surge in fiscal FY 2023;*

*No Federal or State COVID relief funds were included;*

*All identified FY 2022 COVID testing, vaccination, therapy services, and inpatient revenues and expenses were removed from the FY 2023 budget plan.*

# *Summary of NPSR Request*

*SVMC submitted an Operating Budget for FY 2023 with Net Patient Service Revenues of \$188,872,209 inclusive of Fee for Service and Fixed Payments revenues.*

*No upside or downside risk related to the OneCare VT model or other adjustments.*

*Increase of \$11,277,770 compared to the FY 2022 budget or 6.35%.*

*Increase of \$4,314,726 compared to FY 2022 projected or 2.33%.*

*Comparing FY 2023 budget to the FY 2019 actual, the last non pandemic fiscal year the increase is \$24.9 million or 3.8% per year.*

# Summary of NPSR Request

*Below are the components of the change compared to FY 2022's Budget:*

	<i><b>Amounts</b></i>
<i><b>FY 2022 budgeted NPSR</b></i>	<b>\$177,594,439</b>
<i><b>Revenue Rate/Price</b></i> (what SVMC gets paid)	<b>8,444,516</b>
<i><b>Volume and Services</b></i>	<b>2,829,254</b>
<i><b>FY 2023 budgeted NPSR</b></i>	<b>\$188,872,209</b>



# Summary of NPSR Request

## Rate/Price (what SVMC gets paid)

	Amounts	Percentage of FY 2023 NPSR
<b>Charge increase of 9.5% — realization from commercial payers</b>	<b>\$7,933,515</b>	<b>4.2%</b>
<b>Medicare increase — 3.2% from Fee for Service and Fixed Payment Model</b>	<b>1,533,139</b>	<b>0.8%</b>
<b>Payer Mix shift to Govt. payers</b>	<b>(957,150)</b>	<b>0.5%</b>
<b>Medicaid increase assumption and DSH</b>	<b>189,012</b>	<b>0.1%</b>
<b>Net increase in Bad Debt and Charity Care</b>	<b>(250,000)</b>	<b>(0.1%)</b>
<b>Change in Rate/Price</b>	<b>\$8,448,516</b>	<b>4.5%</b>

# Summary of NPSR Request

## Commercial Rate/Price (what SVMC gets paid) (***budget to budget***)

	Amounts (rounded)
<b>Charge increase of 9.5% — realization from commercial payers</b>	<b>\$7,933,515</b>

*Gross charge increase is 9.5%, approximately 65% of the Hospital charges.*

*NO across the board increase on physician practice charges, rehabilitation services and selected others.*

*Drugs and Medical Surgical Supplies NO across the board increase on charges;*

*The \$7.9 million increase represents 4.2% of the Total FY 2023 budgeted NPSR.*

# Summary of NPSR Request

Other Rate/Price (what SVMC gets paid) (**budget to budget**)

	<b>Amounts</b> (rounded)
<b>Medicare increase</b>	<b>\$1,533,136</b>
<b>Payer Mix shift to Govt. payers</b>	<b>(957,150)</b>
<b>Medicaid and DSH changes</b>	<b>189,012</b>
<b>Net increase in Bad Debt and Charity Care</b>	<b>(250,000)</b>
<b>Total</b>	<b>\$514,998</b>

## **Bad Debt and Charity combined:**

- *FY 2022 budget was \$9,900,000 or 5.5% of NPSR;*
- *FY 2023 budget is \$9,119,416 or 4.8% of NPSR.*

# Summary of NPSR Request

## Volume and Services (***budget to budget***)

	<i><b>Amounts</b></i>
<i><b>Emergency room</b></i>	<i><b>\$2,364,861</b></i>
<i><b>Imaging volumes</b></i>	<i><b>1,377,388</b></i>
<i><b>Radiation Therapy</b></i>	<i><b>359,542</b></i>
<i><b>Observation patients</b></i>	<i><b>324,639</b></i>
<i><b>COVID-19 related volumes</b></i>	<i><b>0</b></i>
<i><b>All others</b></i>	<i><b>208,886</b></i>
<i><b>Outpatient lab volumes</b></i>	<i><b>(1,806,062)</b></i>
<i><b>Change in Volumes and Services</b></i>	<i><b>\$2,829,254</b></i>

# ***Fixed Prospective Revenues***

## **Total NPSR breakout**

Fee for service NPSR	\$151,642,851
Fixed prospective payment NPSR	<u>37,229,358</u>
<b>Total NPSR</b>	<b><u><u>188,872,209</u></u></b>

## **Fixed Prospective Revenue**

Medicare	\$23,297,261
Medicaid	9,432,097
Blue Cross	<u>4,500,000</u>
<b>Total</b>	<b><u><u>\$37,229,358</u></u></b>

***SVMC reserves the right to withdraw from the respective payer plan if the negotiated risk corridors are not acceptable to SVMC's Leadership.***



# *Recap of 2023 NPSR Request*

- *SVMC's FY 2023 requested budget is an increase of \$11,277,770 or 6.35%;*
- *Four year NPSR annual increase is approximately 3.8%;*
- *No revenues or expenses from another COVID surge in fiscal FY 2023;*
- *All identified FY 2022 COVID testing, vaccination, therapy services, and inpatient revenues and expenses were removed from the FY 2023 budget plan;*
- *Charge master increase approximately 9.5%;*
- *NON COVID related volumes mainly flat except for increased Emergency Room visits and Imaging services which have seen increases over FY 2022 budgeted volumes.*

*Presentation to*

# **Green Mountain Care Board**

## ***2023 SVMC Budget*** ***Income Statement, Balance Sheet,*** ***and Cash Flows***

August 15, 2022

Stephen D. Majetich, CFO



# Comparative Summary Statement of Operations

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<i>Operating gain</i>	<i>8,527,733</i>	<i>(924,959)</i>	<i>3,628,525</i>	<i>904,528</i>
Non-operating activities	1,767,748	(377,809)	465,000	679,981
<b><i>Excess revenues over expenses</i></b>	<b><i>\$10,295,481</i></b>	<b><i>(\$1,302,768)</i></b>	<b><i>\$4,093,525</i></b>	<b><i>\$1,584,509</i></b>

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# High level Statement of Cash Flows

	<u>FY 2022 Budget</u>	<u>FY 2023 Budget</u>
Operating gain	\$3,628,525	\$904,528
<u>Non-cash activities and others</u>		
Non-operating gains	465,000	679,981
Depreciation expense	5,902,441	6,356,989
Subtotal	9,995,966	7,941,498
Other operating activities	(993,059)	(4,328,224)
Cash provided by operations and non-cash activities	9,002,907	3,613,274
<u>Investing and financing activities</u>		
Capital purchases	(6,000,000)	(5,000,000)
FY 22 ED project spend	(6,400,000)	(15,600,000)
Transfer from Construction Fund		15,186,791
Transfer from Foundation	7,741,500	2,921,612
Repayment of advances	(7,200,000)	
Increase in line of credit		
Long term debt payments	(250,000)	(921,000)
Cash used for investing and financing activities	(12,108,500)	(3,412,597)
<b>Net increase (decrease) in cash and equivalents</b>	<b>(\$3,105,593)</b>	<b>\$200,677</b>

**Southwestern Vermont Medical Center**  
**Balance Sheets**

	<b>Balances as of</b>		
	<b>Sep. 30, 2021</b> <i>Audited</i>	<b>Sep. 30, 2022</b> <i>Projected</i>	<b>Sep. 30, 2023</b> <i>Budget</i>
<b><u>Assets</u></b>			
<i>Current Assets</i>			
Cash and cash equivalents	\$15,954,569	\$9,819,671	\$10,020,348
Patient accounts receivable, net	14,392,160	15,552,239	15,441,551
Other receivables	2,150,454	961,749	990,602
Inventories and supplies	3,207,284	3,635,904	3,744,981
Prepaid expenses and other current assets	3,208,415	3,138,670	4,000,752
<i>Total current assets</i>	<u>38,912,882</u>	<u>33,108,233</u>	<u>34,198,234</u>
<i>Assets whose use is limited</i>			
Internally designated	9,222,840	9,499,525	9,879,506
Externally designated	99,514	15,566,772	
<i>Total assets whose use is limited</i>	<u>9,322,354</u>	<u>25,066,297</u>	<u>9,879,506</u>
<i>Property, plant and equipment, at cost</i>	156,065,470	171,379,470	189,112,722
Less: accumulated depreciation	117,834,414	123,987,842	130,344,831
<i>Net property, plant and equipment</i>	<u>38,231,056</u>	<u>47,391,628</u>	<u>58,767,891</u>
<i>Operating lease obligation</i>	841,448	600,000	600,000
<i>Finance lease obligation</i>	2,420,388	3,371,457	2,823,856
<i>Due from affiliates</i>	8,521,711	12,620,093	12,998,696
<i>Other assets</i>			
Deferred compensation plan	899,987	488,300	274,866
Other	3,266		
<i>Total other assets</i>	<u>903,253</u>	<u>488,300</u>	<u>274,866</u>
<b>Total assets</b>	<b><u>\$99,153,092</u></b>	<b><u>\$122,646,008</u></b>	<b><u>\$119,543,049</u></b>
<b><u>Liabilities and Net (Deficit) Assets</u></b>			
<i>Current liabilities</i>			
Line of credit agreement		\$3,200,000	
Current maturities of long-term debt	\$260,000	921,000	\$2,490,000
Current operating lease obligation	274,015	246,000	98,000
Current finance lease obligation	287,747	588,000	362,000
Accounts payable	6,409,906	7,417,971	6,640,510
Accrued expenses	22,886,906	20,225,371	21,293,653
Medicare advances	6,898,211		
Estimated amounts due to third-party payors	5,886,052	6,500,000	6,500,000
Estimated self-insurance costs	990,619	946,121	974,505
Accrued pension liabilities	2,759,923		
<i>Total current liabilities</i>	<u>46,653,379</u>	<u>40,044,463</u>	<u>38,358,668</u>
<i>Long-term debt, net of current maturities</i>	6,226,343	27,658,000	25,168,000
<i>Operating lease liability, net of current maturities</i>	575,251	433,000	385,000
<i>Finance lease liability, net of current maturities</i>	2,595,565	3,155,000	2,793,000
<i>Asset retirement obligation</i>	1,217,486	1,241,980	1,291,659
<i>Deferred compensation, net of current portion</i>	1,122,316	488,300	274,866
<i>Interest rate swap agreement</i>	1,260,485		
<i>Other liabilities</i>	1,171,368	1,241,650	1,303,733
<i>Total liabilities</i>	<u>60,822,193</u>	<u>74,262,393</u>	<u>69,574,925</u>
<b><u>Net assets</u></b>			
Unrestricted	38,330,899	48,383,615	49,968,124
<b>Total net assets</b>	<b><u>38,330,899</u></b>	<b><u>48,383,615</u></b>	<b><u>49,968,124</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$99,153,092</u></b>	<b><u>\$122,646,008</u></b>	<b><u>\$119,543,049</u></b>



# ***SVMC Operating Budget Summary – Operating Expenses***

- ***Operating Expenses – Total \$196,117,138. This is an overall increase to:***

- ***Budget to Budget \$15,356,896 or 8.5%***

- ***Operating Expenses Increases***

- ***People costs are over \$114 million or nearly 60% of the total costs. (amounts rounded)***

• <b><i>Salaries and Wages</i></b>	<b><i>\$62,269,494</i></b>
• <b><i>Benefit related costs</i></b>	<b><i>17,019,291</i></b>
• <b><i>Providers – DH PSA</i></b>	<b><i><u>35,196,870</u></i></b>
<b><i>Totals</i></b>	<b><i><u>\$ 114,485,655</u></i></b>

# ***Labor related Costs***

## ***Points of Interest***

- ***Salaries and Wages***

- ***14.9% increase over FY 2022 budget;***
- ***Permanent compensation increases above FY 2022 budget of nearly \$4.2 million;***
- ***Budgeted planned increases of nearly \$2.5 million in FY 2023;***
- ***Increase in FTE's due to greater needs in the organization:***
  - ***Blueprint FTE's added to budget;***
  - ***Increased FTE's in clinical area's due to staffing concerns;***
  - ***Minimal contract labor budgeted;***

# ***Labor related Costs***

## ***Points of Interest***

- ***Employee Benefits – to increase 10.9%%.***
  - ***Health Insurance claims are increasing in FY 2022 and will increase in 2023;***
  - ***Benefit increase cost sharing with employee's;***
  - ***Worker Compensation to increase due to claim experience and FTE increase;***
  - ***Regulatory benefits to increase due to increases in rate and number of employees.***

# *SVMC Operating Budget Summary – Operating Expenses*

- *Operating Expenses – Total \$196,117,138. This is an overall increase to:*
  - *Budget to Budget \$15,356,896 or 8.5%*
- ***Non-Labor Operating Expenses points of interest***
  - *Supplies– will increase 5.3%. Included is a supply cost savings plan of \$750,000 which the Hospital's Value Analysis team has been charged to identify.*
  - *Drug Costs – to increase 8.8%;*
  - *Other costs – there is a \$500,000 contract savings initiative to identify savings related to items that do not adversely effect patient care or safety that the organization can get by without.*
  - *Inflationary increase 5% to 7% this will create risk in the budget in current environment.*
  - *Provider Tax – 6% of revenues no flexibility;*

*Presentation to*

# **Green Mountain Care Board**

## ***2023 SVMC Budget*** ***Equity***

August 15, 2022

Dr. Trey Dobson, CMO





# ***Diversity, Inclusion, and Equity***

- ***SVMC is working to embed DEI/racial equity into every aspect of its operations from how it delivers care, to how it builds its work force, to how it recognizes and recruits leaders***
  - *Active DEI Committee – linkage to Dartmouth-Hitchcock's Affinity and Belonging Committee*
  - *Update policies and forms*
  - *Annual mandatory implicit bias training for all staff*
  - *Enhanced DEI/racial equity training for patient advocate*
  - *DEI metric on board balanced scorecard- percent of non-white workforce*
  - *Beginning to collect patient dimensions (race, ethnicity, language, sexual orientation, etc.) to better deliver person-appropriate care*
  - *Community Outreach Task Force*
  - *Direct investments to lift vulnerable communities (address food insecurity and educational disparities)*

*Presentation to*  
**Green Mountain Care Board**

***2023 SVMC Budget***  
***Wait Times***

August 15, 2022  
Dr. Trey Dobson, CMO



# *Measuring Access, Third Next Available*

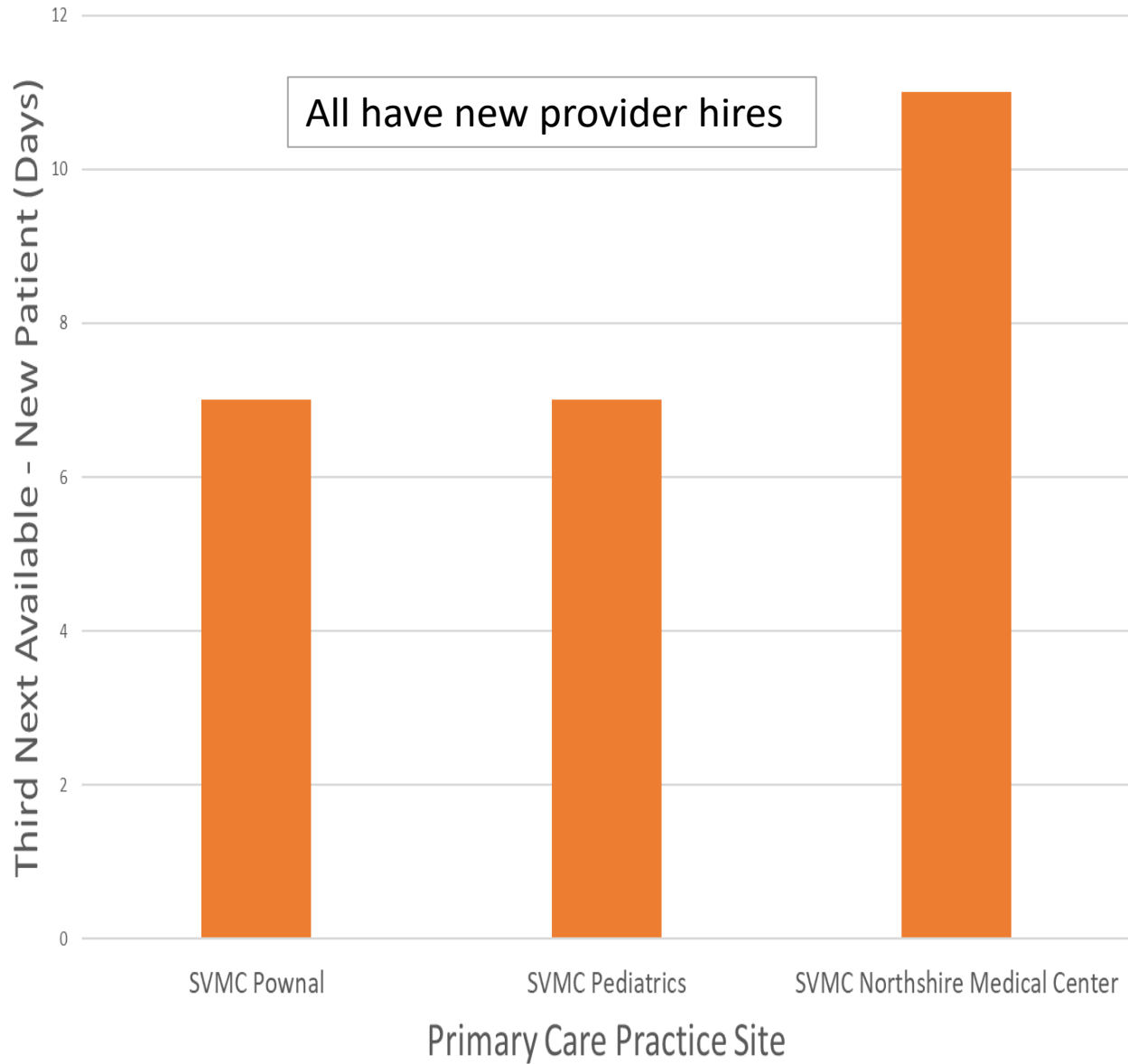
- <https://www.ihl.org/resources/Pages/Measures/ThirdNextAvailableAppointment.aspx>

“Average length of time in days between the day a patient makes a request for an appointment with a physician and the third available appointment for a new patient physical, routine exam, or return visit exam.”

# *Measuring Access, Third Next Available*

- Problems:
  - Highly variable by month
  - Highly variable by individual physician
  - Does not account for those that have urgent need and will be prioritized

2nd quarter, 2022

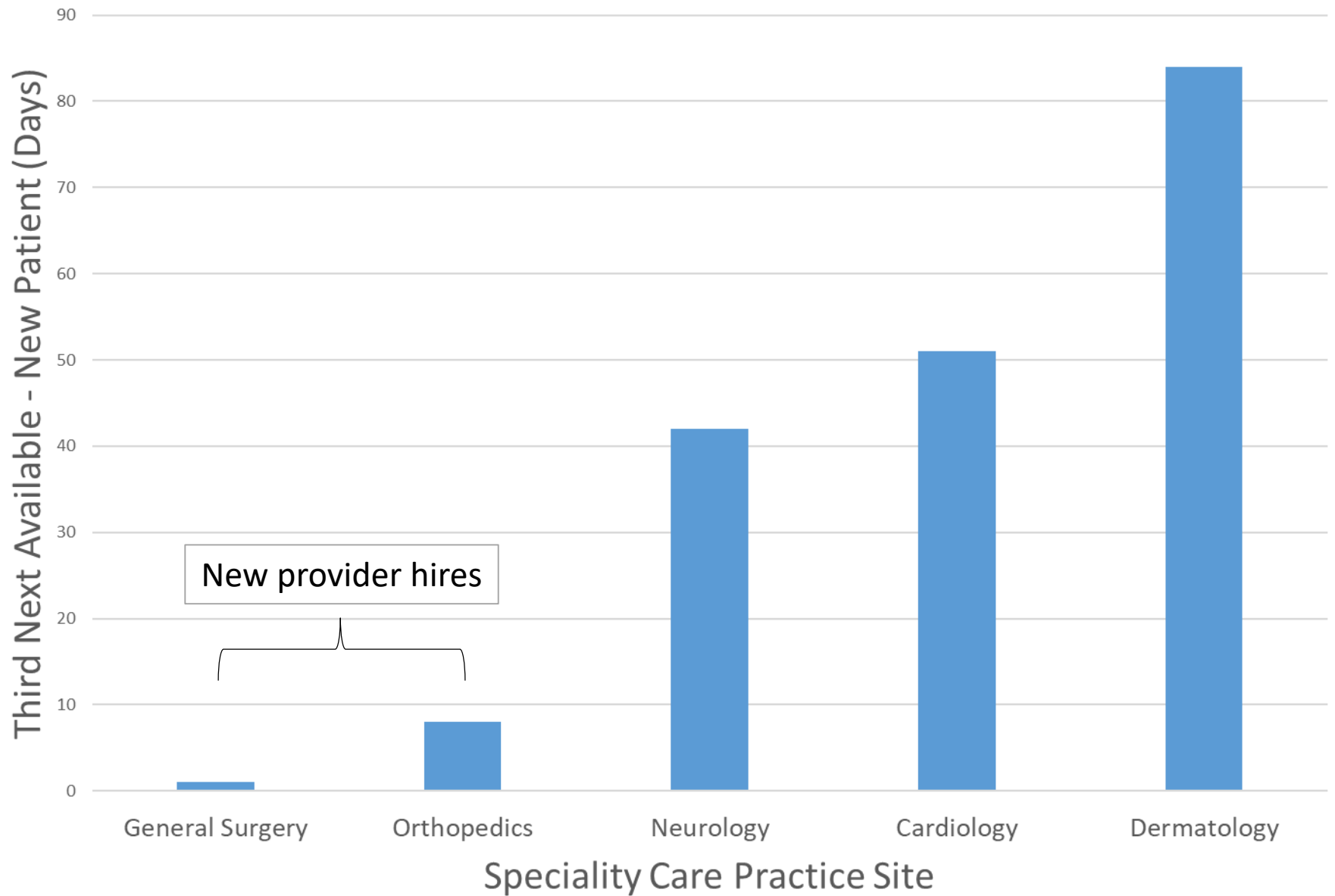


*Not accepting new patients*

- SVMC Deerfield Valley Health Center
- SVMC Internal Medicine



2nd quarter, 2022



# *Efforts to Improve Access in Primary Care and Specialty Care*

- Reduce and standardize length of appointments among practices
- Centralized nurse triage and prescription refill
- Scribe service
- Telemedicine for inpatient services, such as neurology and critical care, to allow physicians to remain in office
- ExpressCare 7 days per week
- **Recruiting additional physicians and advanced practice providers is the prime driver of reducing wait times**

*Presentation to*

# **Green Mountain Care Board**

***2023 SVMC Budget***

***“High Level” Risks and Opportunities***

August 15, 2022

Stephen D. Majetich, CFO



# ***Risks and Opportunities***

***Each year SVMC has provided the GMCB with specific “Risks” and “Opportunities” that management identified in the budget process with a possible range of upside and downside implications to the Hospital. This year management’s approach is different due to greater uncertainty.***

***The next few slides will touch on several high level items that are occurring in real time or not considered in the budget.***

# Labor

- *Are the implemented changes in FY 2022 and budgeted amounts in FY 2023 enough to maintain a stable workforce?*
- *Demands on the workforce, will that prompt more individuals to seek other healthcare opportunities, retire early, or just leave healthcare?*
- *Each 1% we are off in our assumptions it will cost SVMC over \$600,000. In 2022, SVMC was off 7% to our original assumptions.*

# **Labor**

- Competitor offered a clinical professional over 50% greater than SVMC's current pay structure. SVMC adjusted all of clinical professionals in this job classification pay scales at an unbudgeted annual cost of \$300,000. Employee was retained and two employees who recently gave notice were retained.

*A week does not go by without situations similar to the above.*



# **Inflation**

***If the combination of inflation, supply chain issues and SVMC's cost savings programs are not accurate or achieved there is significant risks in the budget.***

***Each 1% could be cost SVMC between \$600,000 and \$700,000.***

# **COVID**

***SVMC Management did not provide for any significant COVID related activities in FY 2023 due to the uncertainty and possible magnitude. The biggest risk to SVMC will we have the staff to handle any “surge” in light of the labor issues in healthcare today.***

***No revenues or expenses from another COVID surge in fiscal FY 2023;***

***No Federal or State COVID relief funds were included;***

***All identified FY 2022 COVID testing, vaccination, therapy services, and inpatient revenues and expenses were removed from the FY 2023 budget plan.***

# **Healthcare economic environment**

***Below are several recent situations management is currently dealing with:***

- A managed care organization is requesting a 30% rate reduction, possible impact \$1.6 million. Discussions are currently occurring.*
- A managed care organization is changing the way they are paying for certain medical supplies, possible impact \$150,000. Discussions are currently occurring.*
- An insurance company issued a new payment policy that as originally written would reduce payments to SVMC by \$1.4 million. The insurance company withdrew the original policy and reissued changing the language resulting in no change in payments to SVMC.*

*Presentation to*

# **Green Mountain Care Board**

## ***2023 SVMC Budget*** ***Value-Based Care Participation***

August 15, 2022

Stephen D. Majetich, CFO



# ***Fixed Prospective Revenues***

## ***Total NPSR breakout***

Fee for service NPSR	\$151,642,851
Fixed prospective payment NPSR	<u>37,229,358</u>
<b>Total NPSR</b>	<b><u><u>188,872,209</u></u></b>

## ***Fixed Prospective Revenue***

Medicare	\$23,297,261
Medicaid	9,432,097
Blue Cross	<u>4,500,000</u>
<b>Total</b>	<b><u><u>\$37,229,358</u></u></b>

***SVMC reserves the right to withdraw from the respective payer plan if the negotiated risk corridors are not acceptable to SVMC's Leadership.***

*Presentation to*

# **Green Mountain Care Board**

## ***2023 SVMC Budget Capital and CON's***

August 15, 2022

Stephen D. Majetich, CFO





## ***FY 2023 Routine Capital Budget***

<b><i>Total Spend in FY 2023</i></b>	<b><i>\$5,000,000</i></b>
<ul style="list-style-type: none"><li>• SVMC's average age of plant is approx. 20 years. Older than all benchmarks. This is a reduction due to cash flow and operating result needs.</li></ul>	

## ***FY 2023 Approved CON Capital Spend***

<b><i>Total Spend in FY 2023</i></b>	<b><i>\$15,600,000</i></b>
<ul style="list-style-type: none"><li>• This is the expected spend in FY 2023 for the Modernization and Emergency Room Project, subject to change based upon timing</li></ul>	

# *CON applications*

- ***Cancer Center***

- Estimated application submittal in late CY 2022
- Proposed project cost estimate \$15,000,000, subject to change in design phase

- ***Future possible***

- Imaging services, CT Scan and MRI
- Family Medicine Residency and Health Center
- Modernize Operating Rooms

*Presentation to*

# **Green Mountain Care Board**

## ***2023 SVMC Budget*** ***Discussion and Closing Remarks***

August 15, 2022

Stephen D. Majetich, CFO

