

A TURBULENT YEAR

Returning to Financial Sustainability

After four years of losing money, NMC implemented an aggressive sustainability plan in FY'20 and has made progress toward returning to financial stability. This improvement came despite the impact of the pandemic and significant change in hospital leadership.

In April, NMC's Leadership Team and Board of Directors shared the 10-point sustainability plan with staff, Medical Staff, Incorporators, and our community. As Interim Chief Executive Officer Jerry Barbini said at the time, "While NMC is not in a truly emergent financial position yet, the trajectory of losses is alarming and immediate action is needed."

NMC's 10-point sustainability plan for FY'20 included

- 1 Applying for a mid-year rate increase**
This request, though not granted by the Green Mountain Care Board, raised crucial awareness. After continued work on issues by NMC, the Green Mountain Care Board did approve a 13% rate increase for FY'21. This did not reflect the requested amount. It is an increase which kept NMC's prices below State averages.
- 2 Securing Federal reimbursement to offset COVID-19 expenses**
NMC was very successful in navigating available resources to offset an estimated \$13.5 million in financial issues caused by the pandemic.
- 3 Reducing investment in Lifestyle Medicine and RiseVT**
NMC achieved efficiency by integrating Lifestyle Medicine services into Primary Care. Further savings came in better aligning the RiseVT effort with the approach across the State.
- 4 Altering construction plans**
NMC did not pursue the build-out of a proposed Lifestyle Clinic; opted to sell two residential properties; redirected internal renovations; and deferred the start of the Emergency Department project.
- 5 Using tele-medicine to strengthen patient access to care**
Telemedicine was key to restoring access within NMC's practices. This approach was so well received by patients and providers it will be maintained as an option as long as Federal regulations allow.
- 6 Reducing Costs in Administration**
NMC's Leadership Team has absorbed two open Vice President positions and both Leadership and Management went without raises.

NMC's 10-point sustainability plan for FY'20 included:

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- 7 Restoring elective surgeries and procedure as soon as safe and authorized**
Through proper advanced planning, NMC was able to reopen safely for in-person patient care as soon as that was authorized.
- 8 Aligning staffing with volumes and revenues**
NMC implemented both voluntary and involuntary reductions in force. Individuals losing jobs were provided with severance packages and support in their transitions. These layoffs of dedicated personnel were painful, but necessary to better position NMC to efficiently provide exceptional care.
- 9 Adapting service lines**
NMC transitioning two service lines to community partners who were better equipped to sustain them: Addiction Services went to Howard Center and Phoenix House and Neurology Services returned to the University of Vermont Medical Center.
- 10 Adjusting benefits while remaining competitive**
After a thorough review to ensure continued competitive status, NMC's change in third-party administrator of its health benefit leveraged significant savings for NMC and avoided a costly increase for staff.



“No hospital can simply cut their way out of the financial challenges we all face,” said Barbini. “However, impactful reductions in expenses have to be a significant part of our efforts. NMC has returned our focus to the fundamentals of our mission of providing exceptional care for our community and we must reshape our business accordingly.”

This progress on the Sustainability Plan enabled NMC to reduce its operating loss for FY'20 from an April projection of \$10 million to an actual (unaudited) loss of \$1 million by year end. This compares favorably to the operating loss of \$9.3 million in FY'19. NMC is on the right path, though our FY'21 budget with the GMCB-reduced rate increase does reflect a projected operating loss as we enter the year. NMC's unwavering focus on proper access and exceptional care will continue, as will our ongoing efforts to increase efficiency and financial sustainability.