

# STEWARDSHIP

## STRATEGIC PILLAR: STRONG FINANCIAL STEWARDSHIP

NMC has three strategic pillars... Quality and Safety, Employee Engagement, and Financial Stewardship. We believe that providing high quality and safe care to patients and taking great care of our employees leads directly to financial stewardship.

With that strategy in mind, NMC continues to make investments in quality and safety, using the principles of lean daily management and high reliability organizations. NMC also continues to make investments in our employees, offering highly competitive salaries and benefits and creating a culture that values the retention of our most precious resource, our team.

Even with these investments, workforce shortages continue to play a significant role in our organization. Temporary traveling staff (“Travelers”) have played a vital part in keeping services available at NMC and we are grateful for their contributions. However, travelers are expensive: More than twice the cost of a permanent employee in the

same role. NMC made great progress in FY’23 in reducing the number of travelers we employ by 35%.

Continued reductions of travelers in FY’24 will be crucial to meeting our financial goals.

NMC will end FY’23 with an operating loss, but a positive overall net income. This result was made possible due to a favorable year of market returns on our investments. NMC continues to have a strong investment portfolio that will allow us to withstand difficult financial times and to continue purchasing the equipment, technology, and infrastructure necessary to offer high quality care to our patients.

NMC’s FY’24 budget was approved by the Green Mountain Care Board as submitted. The FY’24 budget results in a positive modest, positive 1% operating margin and is a meaningful step in the right direction of our financial stewardship journey.

## NMC AND THE VERMONT COLLABORATIVE HOSPITAL NETWORK (VT CHN)

NMC’s history as an independent, not-for-profit, community hospital dates back to 1883 with an unwavering focus on meeting the healthcare needs of the people of northwestern Vermont. While we value our independence, we recognize the strength and opportunity that comes from strategic partnerships.

Many of those partnerships over the years have been local in nature or with the University of Vermont Medical Center, as our closest tertiary care provider. We have a long history of work with Ovation Healthcare, a partner who provides access to national expertise and group purchasing which strengthens NMC on an ongoing basis. More recently, we have established partnerships

with Dartmouth Hitchcock for tele-ICU and tele-Neurology to enable NMC to provide a higher level of medical care in our community.

2023 saw the establishment of another exciting strategic partnership, the creation of the “Vermont Collaborative Hospital Network – VT CHN.” Copley Hospital, NMC, and Ovation are the founding members with other hospitals across the region considering participation.

The collaborative’s fundamental purpose is to create a formal organization of independent hospitals with the goal of strengthening not only the individual member hospital’s financial operating performance but the Network as a whole. Work

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of the collaborative may include shared service solutions, advocacy, network education and peer group forums, leadership development, group purchasing, and other business opportunities that, individually, might not otherwise be possible to pursue.

We are pleased to welcome David Turner, the Executive Director of VT CHN as an important new partner for NMC. David has over twenty-five years of progressive healthcare industry experience primarily in small, rural hospitals. His blend of experience from both a financial and

operational background enables him to excel with developing comprehensive solutions and successful initiatives. David is very enthusiastic about its potential, saying “For small independent hospitals, I foresee many opportunities to improve financial performance that can only be solved by functioning like a larger network, while at the same time, allowing each potential member the independence to participate in programs and initiatives as it best fits their organization and the communities they serve.”

# *NMC By The Numbers*

A FEW STATS ABOUT THE CARE PROVIDED BY NMC



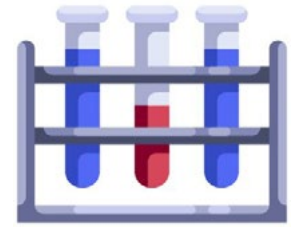
**10,886**

*Hospital Admissions*



**66,709**

*Inpatient Lab Tests*



**306,519**

*Outpatient Lab Tests*



**63,934**

*Diagnostic Imaging Tests*



**52,067**

*Specialty Practices Visits*



**27,324**

*Urgent Care Visits*



**24,241**

*Emergency Room Visits*

# FINANCIALS

	Actual	Budget	Variance	PY Actual
Inpatient Revenue	58,424,662	54,522,645	3,902,017	50,167,908
Outpatient Revenue	205,733,718	202,324,075	3,409,643	184,567,776
<b>Total Gross Patient Revenue</b>	<b>264,158,380</b>	<b>256,846,720</b>	<b>7,311,660</b>	<b>234,735,684</b>
Contractual Allowances	147,025,968	134,563,399	(12,462,569)	120,599,560
Charity Care	1,610,405	2,224,435	(614,030)	1,631,268
<b>Total Revenue Dedication</b>	<b>148,636,373</b>	<b>136,787,834</b>	<b>(11,848,539)</b>	<b>122,230,828</b>
<b>% of Total Gross Revenue</b>	<b>56.27%</b>	<b>53.26%</b>	<b>-3.01%</b>	<b>52.07%</b>
<b>Net Patient Revenue</b>	<b>115,522,007</b>	<b>120,058,886</b>	<b>(4,536,879)</b>	<b>112,504,856</b>
Other Revenue	6,526,417	5,734,512	791,905	6,834,257
<b>Total Net Operating Revenue</b>	<b>122,048,424</b>	<b>125,793,398</b>	<b>(3,744,974)</b>	<b>119,339,113</b>
Salaries and Wages	52,929,764	50,361,687	(2,568,077)	47,955,576
Employee Benefits	12,604,129	12,136,925	(467,204)	12,645,290
Supplies	15,282,365	14,046,145	(1,236,220)	14,751,151
Contracted Services	22,975,025	20,158,637	(2,816,388)	21,019,782
Travelers	8,162,147	8,669,355	507,208	10,439,519
Depreciation	6,333,171	6,074,472	(258,699)	6,351,177
Interest and Amortization	546,333	721,788	175,455	617,285
Medicaid Provider Tax	5,725,208	5,765,964	40,756	4,587,201
Other	2,939,542	3,173,976	234,434	2,882,252
Utilities	1,140,335	1,161,732	21,397	1,215,799
Repairs and Maintenance	304,477	281,292	(23,185)	393,686
Insurance	1,545,493	1,982,460	436,967	1,696,960
<b>Total Operating Expense</b>	<b>130,487,989</b>	<b>124,534,433</b>	<b>(5,953,556)</b>	<b>124,555,678</b>
<b>Net Operating Income (Loss)</b>	<b>(8,439,565)</b>	<b>1,258,965</b>	<b>(9,698,530)</b>	<b>(5,216,565)</b>
Interest and Dividends	1,587,975	1,273,908	314,067	1,479,216
General Donations	(45,029)	9,996	(55,025)	15,671
Realized Gain(loss) on Investments	2,424,126	-	2,424,126	(1,121,991)
Unrealized Gain(loss) on Investments	4,996,985	-	4,996,985	(9,741,159)
Other	185,156	(57,564)	242,720	2,303,754
Investment Property, net	675,021	319,975	355,046	551,921
<b>Total Non-operating Gans (Losses)</b>	<b>9,824,234</b>	<b>1,546,320</b>	<b>8,277,919</b>	<b>(6,512,588)</b>
<b>Net Income (Loss)</b>	<b>\$ 1,384,669</b>	<b>\$ 2,805,280</b>	<b>\$ (1,420,611)</b>	<b>\$ (11,729,153)</b>