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The University of Vermont Health Network: Increasing Value for Vermonters

Vermont Senate Health and Welfare Committee
February 25, 2016

THE
University of Vermont
HEALTH NETWORK

Working together, we improve people's lives.

The background features several thick, wavy lines in various shades of green. One line is a dark forest green, another is a medium green, and a third is a light sage green. These lines curve across the bottom and right sides of the page, creating a sense of movement and flow.

Total Cost Management

Todd Keating, Chief Financial Officer, UVM Health
Network

Key Challenges Facing Health Care Providers

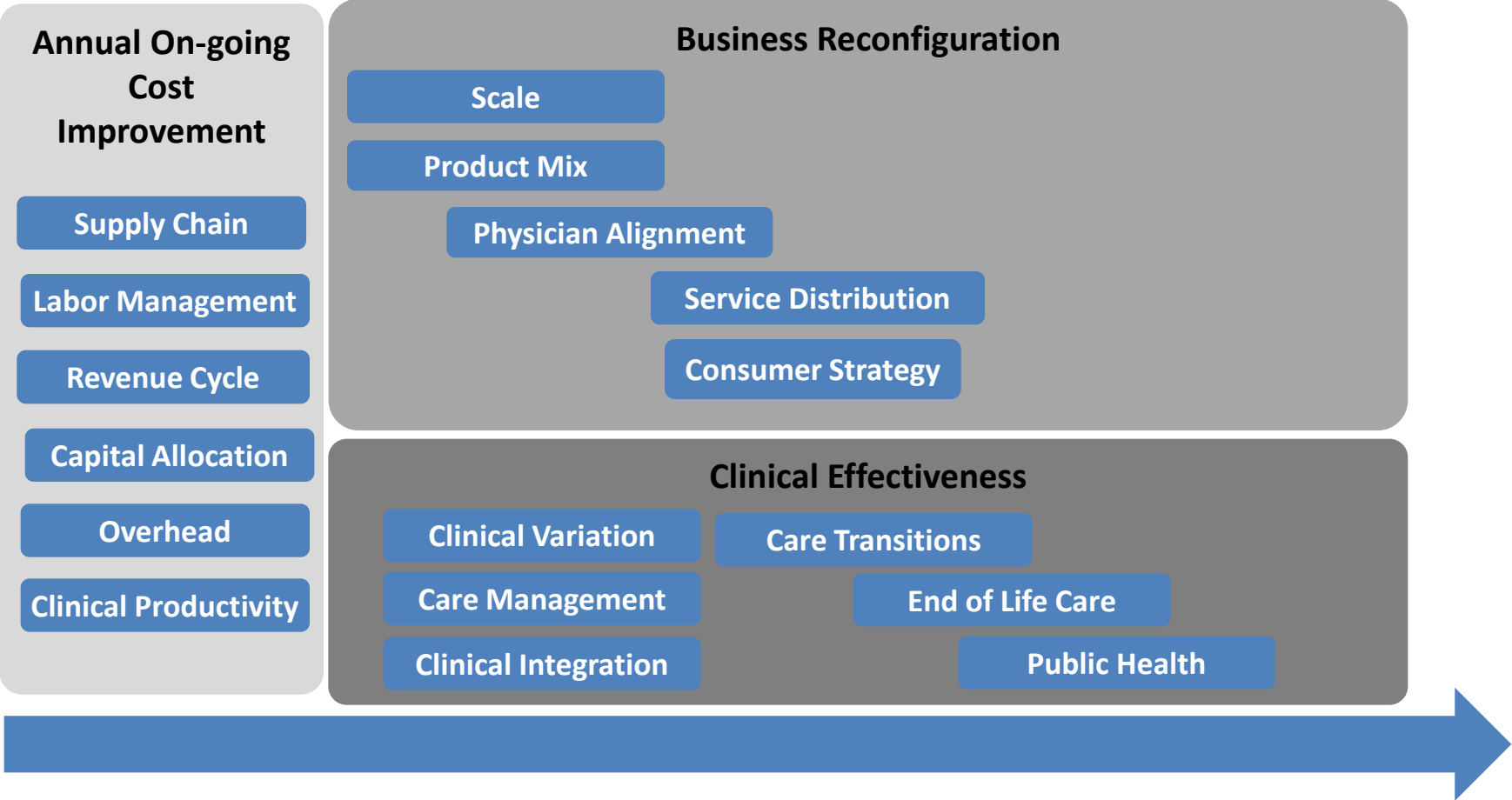
- Health care transformation is going to require improvement in quality, cost management and productivity due to lower reimbursement levels (direct or indirect)
- Investments need to be made in technology, facilities and education to improve quality outcomes
- Maintaining an operating margin in order to make the investments above requires a different philosophy that incorporates:
 1. Clinical effectiveness
 2. Cost management/margin improvement
 3. Business reconfiguration

Reimbursement Model Transition

Quality drives financial performance

- Fee for Service Model – Patients are willing to pay more for better quality outcomes
- Population Health Management Model – Providers will strive for better access to drive high quality preventative care

Total Cost Transformation



Required Investments to Better Manage Our Business

- **Electronic Health Record** delivering the following benefits:
 - Improved quality
 - Decrease costs through reduced re-admissions and reduced length of stay
 - Efficiency of having total patient medical information available when needed
- **Decision Support (Cost Accounting) system** is needed to:
 - Identify best practice in quality
 - Cost management/margin improvement by identifying best practice in resource consumption and productivity
 - Reduce resources by automating manual analysis processes
 - Capital avoidance through better capital planning

Enterprise Management Performance System

- Decision Support: Individual organization- and network-wide tool for developing cost at the procedure level (cost accounting) and analyzing service line profitability
- Financial Planning: Network planning tool for developing multi-year financial forecasts and determining the impact of strategic initiatives
- Capital Planning and Tracking: Individual organization- and network-wide tool for evaluating capital proposals and for tracking spending/future obligations

Enterprise Management Performance System

- Budget Migration and Reporting: Individual organization- and network-wide tool for budget development, variance reporting and productivity monitoring
- Financial Reporting/Dashboards: Visualized financial and performance data to foster understanding and decision-making driven by key performance indicators showing trends, rankings, contributions, variances and outliers
- Strategic Cost Management: System monitors productivity and identifies areas of opportunity by comparing current staffing levels against historical, as well as benchmarks

Other Areas of Focus

- Uniform Group Purchasing Organization pricing efficiencies
- Refunding and refinancing existing debt
- Request for Proposals for Financial Advisor roles, Investment Managers, Actuaries, Commercial Banking and Pharmacy Benefits Manager as a few examples to reduce overhead costs
- Enhanced technology will result in an increase in productivity
- Work with Payers to reduce administrative waste

Summary



UVM Health Network's Commitments

- We commit to moving away from a “sick care” system to one that promotes or restores health, as efficiently and effectively as possible, through:
 - Partnering with patients and families, who want an active voice in their care
 - Collaborating with other providers in our community who share in caring for our patients
 - Working with social service agencies on issues like housing, transportation and food security that affect health
 - Leveraging the education and research expertise and the innovations of our academic partners at UVM
- To help make care more affordable for Vermonters, we commit to moving away from FFS payments to 80% risk-based payments by 2018

Questions?