System Overview of DA's and SSA's

VERMONT
GREEN MOUNTAIN CARE BOARD

Summary of Legislative Request

"Collect and review data from each community mental health and developmental disability agency designated by the Commissioner of Mental Health or of Disabilities, Aging, and Independent Living pursuant to chapter 207 of this title, which may include data regarding a designated or specialized service agency's scope of services, volume, utilization, payer mix, quality, coordination with other aspects of the health care system, and financial condition, including solvency. The Board's processes shall be appropriate to the designated and specialized service agencies' scale and their role in Vermont's health care system, and the Board shall consider ways in which the designated and specialized service agencies can be integrated fully into systemwide payment and delivery system reform."

Act 140, 2020, Sec. 1. 18 V.S.A. §9375

Review of DA's and SSA's:

The duties of the Green Mountain Care Board in the review of the Designated and Specialized Services Agencies **may** include:

1. Scope of Services;
2. Volume;
3. Utilization;
4. Payer Mix;
5. Quality;
6. Coordination with other aspects of the health care system;
7. Financial condition, including solvency and;
8. Consider ways to integrate into payment and delivery system reform.

Executive Summary

The 18 organizations that make up the community-based mental health and developmental disabilities support services within Vermont, are known collectively as the Designated and Specialized Services Agencies (DA and SSA). They provide a wide range of services that offer mental health and developmental services support to individuals so that they may continue to thrive in their respective communities. These organizations generate more than $500 million in annual operating revenues and expenses as of the unaudited fiscal year (FY) 2020 financial submissions. They are predominantly reimbursed by Vermont Medicaid which has proven to be a mitigant against some of the pandemic-related economic forces that have caused serious financial strain to other health care provider networks. Driving the patient care and financial activity is a workforce of nearly five-thousand persons of which roughly four thousand provide direct patient care, serving over 42,000 patients in FY20. Workforce, as is the case with other health care providers, continues to be a major challenge for the agencies and is compounded by the ongoing COVID-19 pandemic. As the State of Vermont continues to move towards health care delivery system reform, the agencies are struggling to integrate with the current model as the focus on mental health and developmental disabilities is secondary compared to the primary care-driven physical health focus of the All-Payer Model (APM).

Background

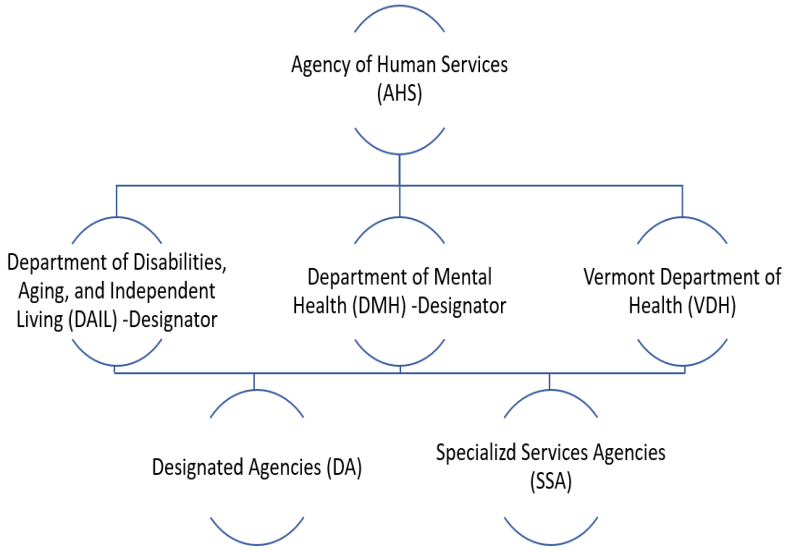
***Please Note:** Of the 18 total Designated and Specialized Services Agencies in the State of Vermont, 17 are represented in this review. This review is intended to be a high-level, aggregated overview of the provider network which consists of the Designated and Specialized Services Agencies of Vermont.*

The Designated and Specialized Services Agencies operating in Vermont represent the community-based component of Vermont's mental health and developmental disabilities infrastructure. They are the non-institutional component of the mental health and developmental disabilities provider network that also consists of the State Psychiatric Hospital and six designated hospitals which provide inpatient psychiatric care: The Brattleboro Retreat, Central Vermont Medical Center, Rutland Regional Medical Center, University

of Vermont Medical Center, White River Junction VA Medical Center, and Windham Center at Springfield Hospital.

Working under the Agency of Human Services (AHS), the Department of Disabilities, Aging, and Independent Living (DAIL) and the Department of Mental Health (DMH) provides designation for the care network of organizations that make up Vermont's Designated Agencies (DA) and Specialized Services Agencies (SSA). The two groups (DA's and SSA's) are mutually exclusive, however, the care they provide to Vermonters is often done so in coordination and collaboration with each other and other community providers, inclusive of the six hospitals designated for psychiatric care.

According to the Vermont Care Partners website, many of the DA's and SSA's "came into being as the result of the 1963 Community Mental Health Act, which was intended to move people living with mental illness out of institutions such as Vermont State Hospital and back into productive and fulfilling lives in their communities." A major milestone in the shift from institutional care to community-based care was the closure of the Brandon Training School in 1993. This closure marked the end of the long-established institutional model for care of people with developmental disabilities.



Designated Agencies

There are 11 DA's in the State of Vermont, nine of which are comprehensive, meaning they offer both mental health and developmental disabilities support services, with the remaining two agencies offering either mental health or developmental disabilities support services. DAIL "designates one Designated Agency in each geographic region of the state as responsible for ensuring needed services are available through local planning, service coordination, and monitoring outcomes within their region (https://ddsd.vermont.gov/services-providers/providers)." Designations are generally re-evaluated every four years, in accordance with the *Administrative Rules on Agency Designation, Section 2.1 §2.1.4.*

Designated Agency	Primary Location	Primary Region Served	Designation
Counseling Service of Addison County	Middlebury	Addison County*	Comprehensive
Health Care & Rehabilitation Services	Springfield	Windsor and Windham* Counties	Comprehensive
Howard Center	Burlington	Chittenden County	Comprehensive
Lamoille Community Mental Health Services	Morrisville	Lamoille County*	Comprehensive
Northwestern Counseling & Support Services	St. Albans	Franklin and Grand Isle Counties	Comprehensive
Northeast Kingdom Human Services	Derby/St. Johnsbury	Caledonia, Essex, and Orleans Counties*	Comprehensive

Rutland Mental Health Services	Rutland	Rutland County	Comprehensive
United Counseling Services of Bennington County	Bennington/Manchester	Bennington County	Comprehensive
Clara Martin Center	Randolph/Bradford	Orange County*	Mental Health
Upper Valley Services	Randolph/Bradford	Orange County	Developmental Disabilities
Washington County Mental Health Services	South Barre	Washington County*	Comprehensive

*Denotes there may be some communities served outside the region by another agency due to geographic circumstances.

By Vermont Statute, Vermont's DA's are designated to provide a wide variety of support and treatment opportunities. Each DA is expected to assess and meet the needs of the population residing in their respective region and do so within the funding allowed. DA's must comply with the *Local System of Care Plan* as described in the *Administrative Rules on Agency Designation, Section 4.16 §4.16.1-4.16.4.* The DA's serve children, adolescents, adults, and families who may be living with developmental disabilities, challenges with addiction, mental illness, and emotional/behavioral issues. Certain populations are mandated and may not be turned away for care, such as severely and persistently mentally ill adults, children with severe emotional disturbance and people with severe developmental disabilities.

Specialized Services Agencies

There are 7 SSA's in the State of Vermont. Five SSA's offer services under the developmental disabilities designation while the remaining two specialize in mental health services with a focus on youth or mental health services with a focus on adult housing support. Under their designation, these organizations are required to provide a distinct developmental services care approach for individuals and are also contracted with DAIL. Contracts are renewed on an annual basis to ensure state requirements are continually met. SSA's, may be local, regional, and statewide, serving multiple geographic locations throughout the state.

Specialized Services Agency	Primary Location	Primary Region Served	Designation
Champlain Community Services, Inc.	Colchester	Statewide	Developmental Disabilities
Families First in Southern Vermont	Brattleboro	Statewide	Developmental Disabilities
Green Mountain Support Services	Morrisville	Statewide	Developmental Disabilities
Lincoln Street, Inc.	Springfield	Statewide	Developmental Disabilities
Northeastern Family Institute, VT	South Burlington	Statewide	Mental Health (Focus on Youth)
Pathways Vermont	Winooski	Statewide	Mental Health (Focus on Adult Housing)
Specialized Community Care, Inc.	Middlebury	Statewide	Developmental Disabilities

Scope of Services

The variety of services offered by DA's is extensive and includes, but is not limited to, individual and group counseling, emergency services, crisis intervention, medical assisted therapy, psychiatric services, clinical services, Traumatic Brain Injury (TBI) services, family, community and employment support, residential and housing services, elder and adult family home services, school-based services and support, prevention, consultation, recovery groups, and case management.

The services offered by SSA's include, but are not limited to, Community and Employment Support/Programs, Case Management, Personal Care, Shared & Independent Living Support, Respite, School-2-Work and Bridging to help high school students transition to the workplace and adulthood, Community Services, and Crisis intervention. These services are provided with a specialized focus on the individual to provide maximum support.

Workforce & Service Volume (Utilization)

The topic of workforce was not one that was specified in the language of Act 140, 2020, Sec. 1. 18 V.S.A. §9375. However, with the continued stresses of the COVID-19 pandemic on the provider workforce and overall staffing challenges being experienced across the Vermont healthcare spectrum, it seemed pertinent to include this topic as part of this review.

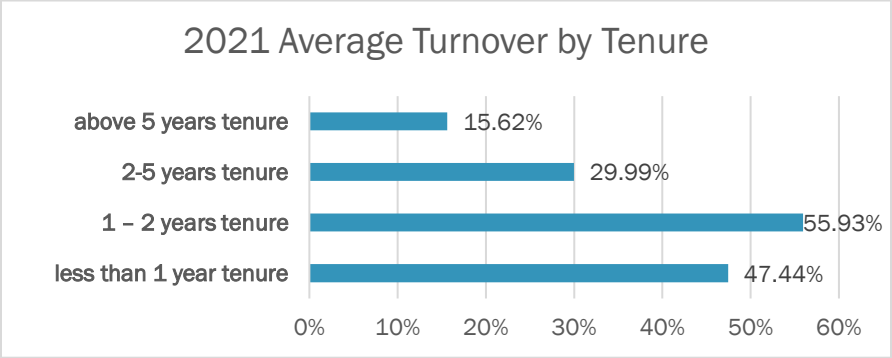
For FY20, the 17 reporting DA/SSA's reported 4,700 FTE's, of which over 4,000 provided direct service to patients and were supported by nearly 700 administrative staff FTEs.

In FY20 the 4,700 FTEs provided nearly 4.5 million direct service hours to nearly 42,000 clients served across the many programs offered by these agencies. Additionally, the DA's who have intermediate, intensive and crisis bed capacity reported 145,000 beds days.

With 2021 information provided by 16 of 18 DA/SSA's, a workforce of roughly 4,900 persons is needed to support the various services discussed above. The roles of those 4,900 persons are diverse but for purposes of this discussion are grouped into three major buckets, DS, MH, and Administrative.

Stresses on the workforce of the DA/SSA provider network, like their other provider counterparts around the state, have been worsened by the ongoing public health crisis. Currently, turnover rates to date in 2021 for the DA/SSA's is averaging over 30%. A total of 1,380 persons have departed the workforce year-to-date 2021 leaving major vacancies in the care structure of these organizations. Breaking this figure down highlights that the submitting DAs are experiencing turnover rates on average near 29% and the SSA's at 37%. The turnover rates amongst those working in DS is nearly 45%, compared to 27% in MH and 15% in Admin/Other. With the SSA's primary focus being developmental services, the 37% average turnover at SSA's is driven by the fact that those working in DS are leaving the workforce at a high rate.

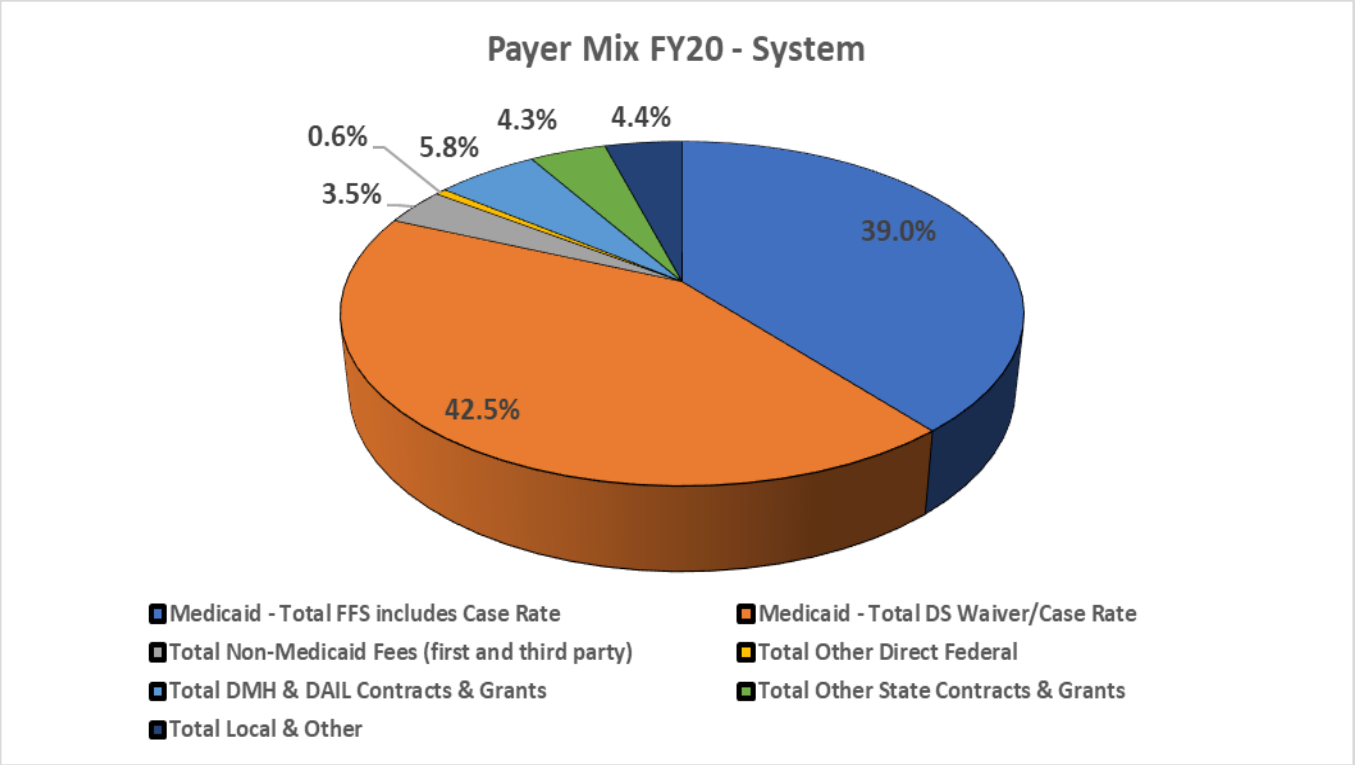
Additionally, of the 1,380 persons that have left the workforce in 2021, average turnover rates differ depending on career tenure. As the graph below shows, turnover is occurring at the highest rates for those with less than 1 year and 1-2 years of employment experience at 47% and 56%, respectively. The scale



of departures in 2021 for those employed for less than 2 years is significant and should this continue to be a trend, it could potentially have an impact on the DA/SSA care model in the years ahead as the need to replace retiring staff is hindered by a lack of capacity to replenish the workforce and or the ability to replenish the workforce sourced through more expensive traveling/contracted labor.

Payer Mix

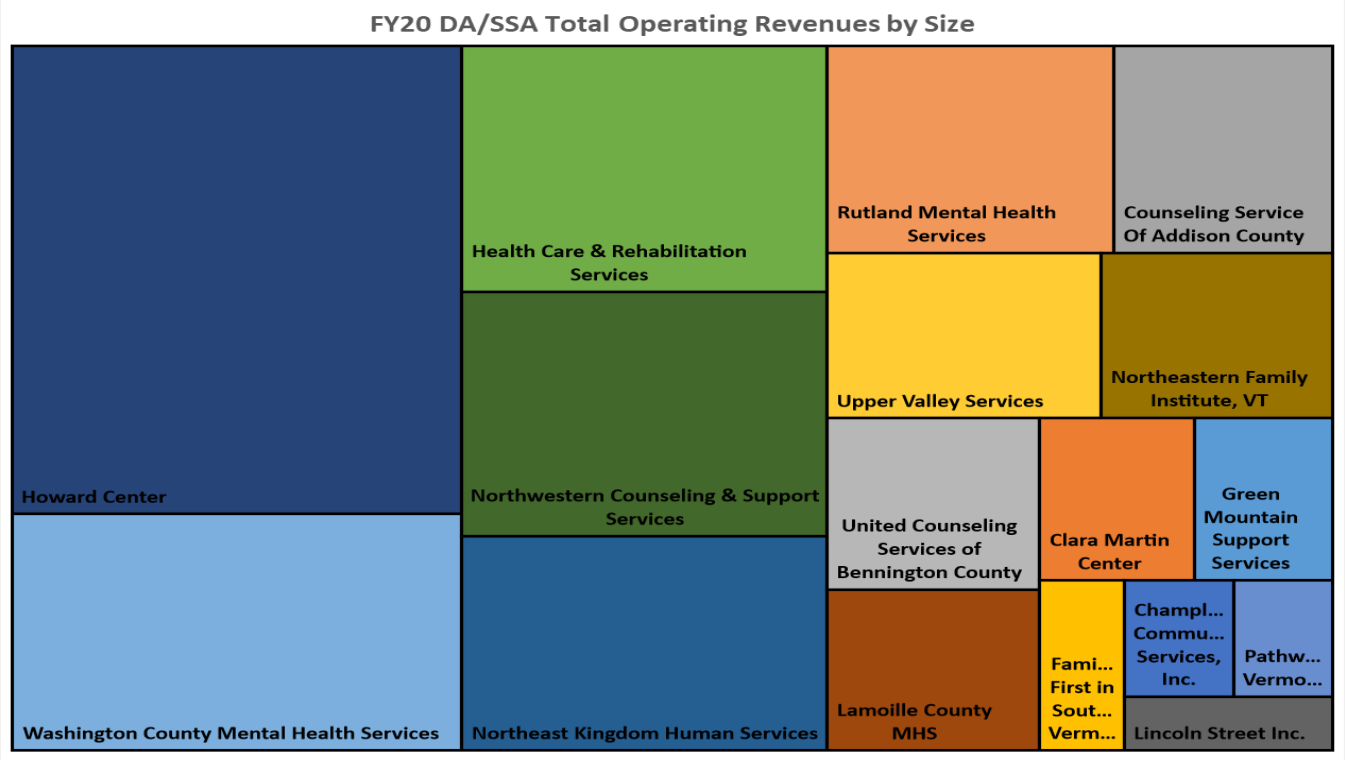
The Payer Mix of the system of agencies is predominantly derived from Medicaid reimbursement sources. System-wide, Medicaid accounts for over 81% ($394 million) of all (Net Patient Revenue) NPR/Reform revenues generated in FY20. Medicaid reimbursement sources are primarily sub-divided into two major groups, DS Waiver (42% of NPR) and MH Case Rate (39% NPR). The remainder of payer mix consists of contracts and grants with DMH/DAIL, other state, local, and school contracts, self-pay/third party fees and other direct federal. The graph below breaks out the payer groups as submitted by the DA/SSA's.



Income Statement (Profit & Loss) & Financial Metric Comparison

During early discussions with the financial leadership of the DA's and SSA's it was clear that there was not a good source of industry financial metric comparisons by which this review could compare Vermont's agencies. To provide some context to the financial situation of these agencies GMCB staff decided to compare the agencies to each other and calculating medians for several metrics to indicate where each agency is in comparison to the peer group. Additionally, on some metrics the staff were able to compare specific DA/SSA financial metrics to those of Vermont's community hospitals to provide context. Please see the Appendix for graphed metric comparisons.

Like Vermont's hospital system, Vermont's provider network of Designated and Specialized Services Agencies are a financially diverse group. From a percentage of system total operating revenue perspective, they range in size from the Howard Center, the largest, to Lincoln Street, Inc., the smallest. Of the $497.6 million in FY20 total operating revenues generated by the agencies, the Howard Center commanded 22.6%, or $112.6 million while, Lincoln Street, Inc. commanded 1.2%, or $5.9 million. The table below maps each agency's contribution to the system's total operating revenues by size. The large dark blue box indicates Howard Center's 23% contribution.



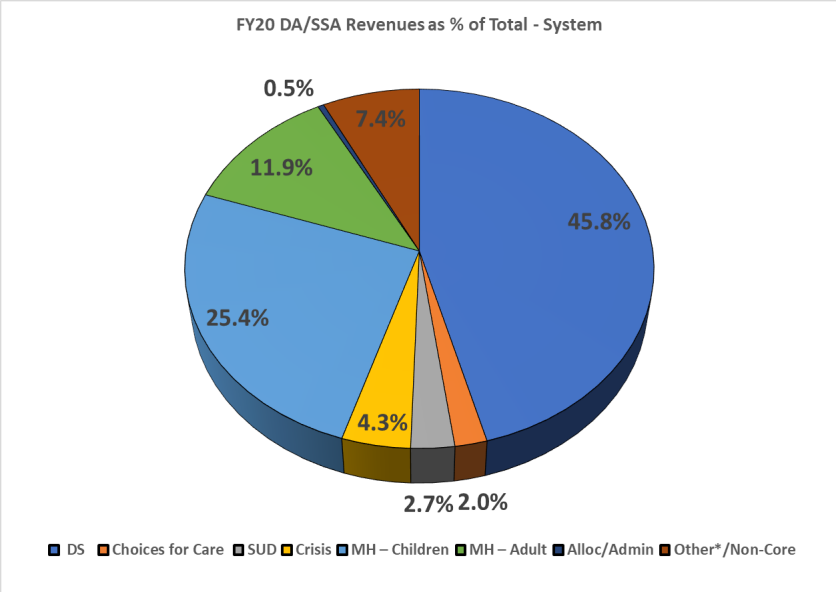
Of the 17 agencies who provided financial information, the aggregated FY20 NPR/Reform-based revenues total $483.7 million. Other Operating Revenues, or revenues not derived from direct patient care, are a materially insignificant source of revenue for most of the agencies. Thus, when added to NPR/Reform revenues, other operating revenues only contribute about $13.8 million, or 2.8%, of total operating revenues for the system of $497.6 million.

Programs >>>>>>>>>	DS	Choices for Care	SUD	Crisis	MH – Children	MH – Adult	Alloc/Admin	Other*/Non-Core	Total
NPR/Reform Revenues	$ 221,414,846	$ 9,791,579	$ 24,882,947	$ 20,921,391	$ 122,981,364	$ 57,511,110	$ 2,184,333	$ 24,037,140	$ 483,724,710
Other Operating	$ 2,803,592	$ 57,737	$ 2,249,270	$ 1,267,090	$ 3,124,849	$ 1,369,909	$ 1,326,418	$ 1,631,379	$ 13,830,243
Total Operating	$ 224,218,438	$ 9,849,316	$ 27,132,217	$ 22,188,481	$ 126,106,213	$ 58,881,019	$ 3,510,751	$ 25,668,519	$ 497,554,954
Operating Exepnses	$ 212,409,838	$ 9,374,435	$ 27,545,648	$ 23,675,195	$ 112,135,540	$ 57,220,875	$ 14,847,182	$ 25,246,514	$ 482,455,227
Operting Margin	$ 11,808,600	$ 474,881	$ (413,431)	$ (1,486,714)	$ 13,970,673	$ 1,660,143	$ (11,336,431)	$ 422,005	$ 15,099,727

Due to the diversity of programs offered by the agencies, it was necessary to consolidate programs into common groupings. As a result, revenues and expenses were consolidated into eight (8) common groups:

Developmental Services (DS), Choices for Care (CFC), Substance-Use-Disorder (SUD), Crisis, Mental Health (MH) Children, Mental Health (MH) Adult, Administrative, Other/Non-Core, the latter being an amalgamation of programs such as housing-related programs that are very specific in nature. It is important to note that this consolidation was done for purposes of this report and may not be how some agencies would group such programs.

For example, a perspective that won't be captured below is the Success Beyond Six (SBS) program. This program accounts for 44% of the MH-Children revenue discussed below. These revenues are the result of a collaboration with local school systems to meet the behavioral health needs of students. This program does carry some revenue risk for the DA's as the schools have the option to contract with the DA's or private organizations. Any private organizations do not have to meet the same oversight requirements as the Vermont designated DA's and therefore, should the private behavioral health groups make significant inroads in Vermont, the DA's could be without a significant portion of their annual revenue.

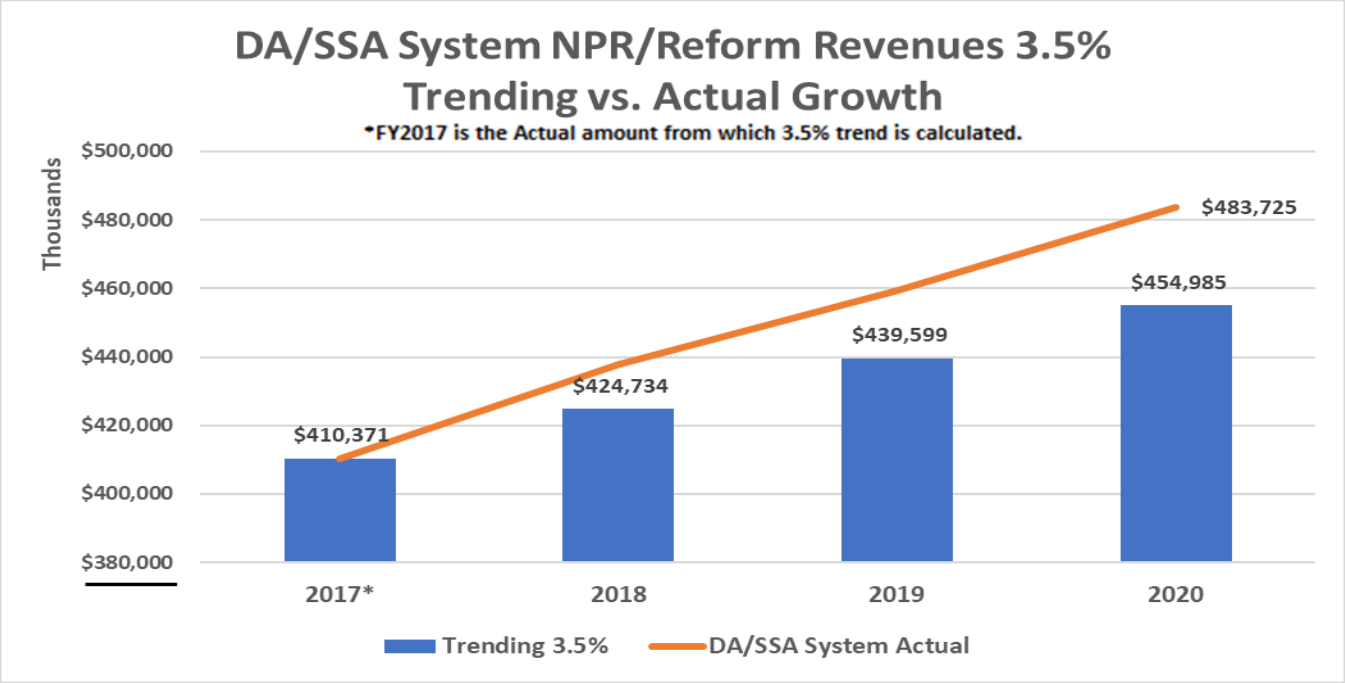


Working with a select group of financial representatives from the DA/SSA's, a high-level programmatic allocation has been made possible to show the revenues, expenses and margins derived from the eight major categories discussed above. System-wide, DS accounts for nearly 46% of NPR/Reform revenues generated from patient care at $221.4 million in FY20. The other two major drivers of FY20 system NPR/Reform revenues are MH-Children and MH-Adult which account for 25% and 12%, respectively. On the operating expenses side of the income statement, the situation is similar with DS, MH-Children and MH-Adult accounting for 44%, 23%, and 12% of allocated operating costs, respectively. These three programs are also the primary contributors to the system's FY20 operating margin of $15.1 million, helping to offset losses incurred in SUD, Crisis, as well as administrative costs. The DA/SSA's noted that SUD and Crisis areas have demonstrated an increased need in recent years, but the appropriate level of funding required has continued to lag.

For 4 fiscal years from 2017-2020 NPR/Reform revenues of the system grew at a compounded annual growth rate (CAGR) of 5.6% the result of which generated $73.3 million more in FY20 NPR/Reform revenues than were generated in FY17, meaning the system has an average annual growth over that period of nearly $19.5 million per year. Additionally, median year-over-year revenue growth for the system is 5.3%. When compared to Vermont's hospital system over that same 4-year period, the hospital system generated a CAGR on NPR/FPP of -0.3%, and a median of 2.8%, which was influenced by a difficult financial performance in FY20 due to circumstances related to the COVID-19 pandemic. SSA's produced a 4-year CAGR of 10.5%, generating $57.4 million in FY20 and DA's have a CAGR of 5%, over the same period, generating $426.3 million in FY20.

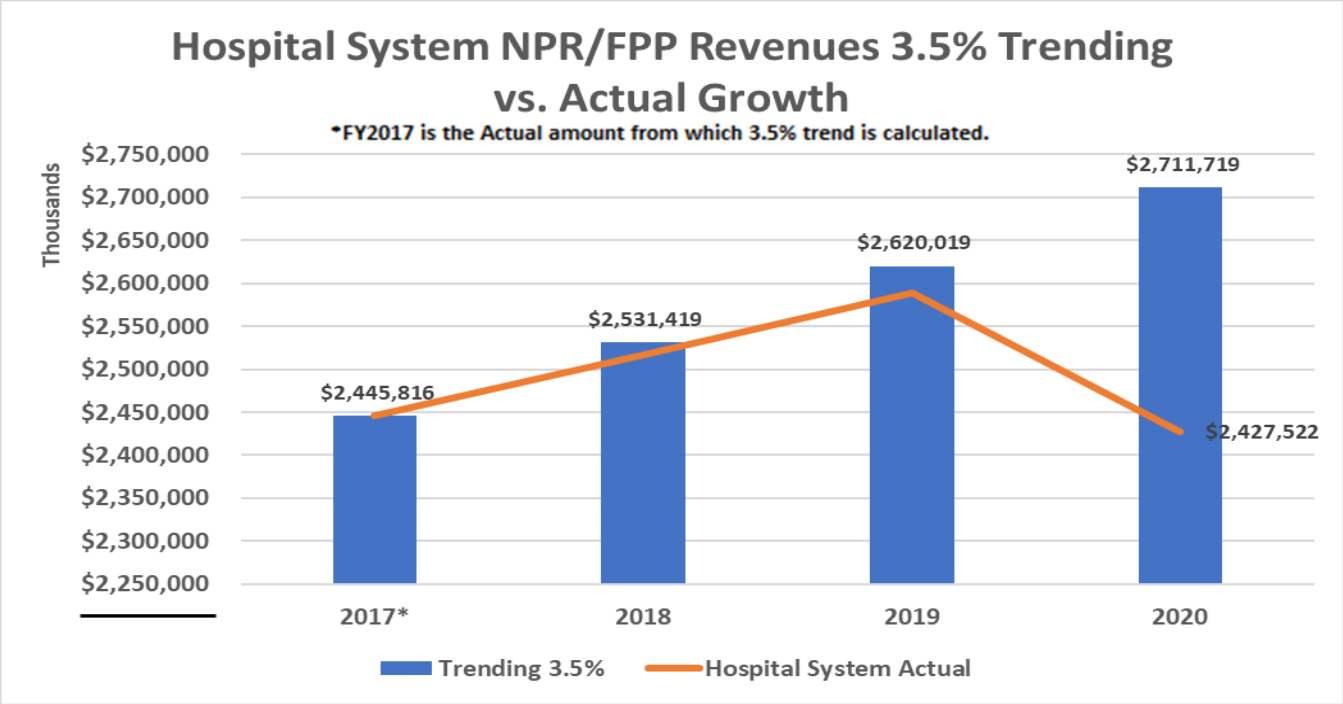
The result of this analysis is that the revenues of the DA/SSA system are growing more rapidly than the growth allowance set forth in Vermont's All Payer Model (APM) agreement at 3.5% (tied to Vermont's Gross State Product, or economic rate of growth) and those of Vermont's hospitals who have had a revenue growth ceiling established for several budget cycles at 3.5%. The DA/SSA's have noted, however, that some of this growth is due to Developmental Services caseload growth, with the addition of new clients being the largest growth factor. Additionally, other growth areas have been in the areas of new programming and/or the assumption of new service provisions to Vermonters because another entity has closed, therefore, revenue that is already in the system is then shifted to the provision of the DA/SSA's. This additional responsibility has not come with state funding to help with the expenses incurred to provide for these additional needs. Likewise, the expenses (discussed) below can carry a similar growth rate. When drawing comparisons to the APM growth target and hospital budget growth ceiling of 3.5%, the DA/SSA's 2017-2020 CAGR and median growth outperforms the 3.5% measurement with variances of 2.1% and 1.8%, respectively. Meanwhile, the State's community hospital system underperforms when compared to the 3.5% with a 2017-2020 CAGR and median variance of -3.8% and -0.7%, respectively.

	DA/SSA Revenue Growth			
APM Growth Target & Hospital Budget NPR Ceiling	*NPR/Reform Revenue CAGR 2017-2020*	*NPR/Reform Revenue Median 2017-2020*	*Variance 3.5% to CAGR*	*Variance 3.5% to Median*
3.5%	5.6%	5.3%	2.1%	1.8%
	Hospital System Revenue Growth			
APM Growth Target & Hospital Budget NPR Ceiling	*NPR/FPP CAGR 2017-2020*	*NPR/FPP Median 2017-2020*	*Variance 3.5% to CAGR*	*Variance 3.5% to Median*
3.5%	-0.3%	2.8%	-3.8%	-0.7%



In addition to this analytical revenue comparison to the State's hospital system, it is apparent from the data that the DA/SSA's had a markedly different experience from the State's hospital system during the initial stages of the COVID-19 pandemic. Whereas the hospital system incurred a 6.2% reduction in patient-based revenues from 2019-2020, driven by pandemic impact, the DA/SSA's generated a 5.3% increase over the same period, allowing the trajectory displayed in the graph above to continue at close to normal rates of annual growth activity.

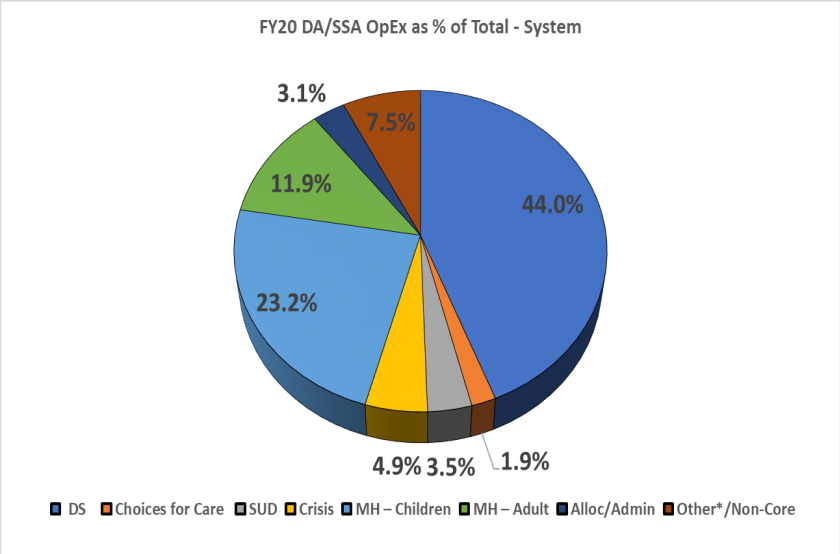
There are two reasons for this disparate activity between the two provider networks. First, the service model of the DA/SSA's does not have an 'elective' model component in the way that the hospital system does. This means that although a slight interruption in services occurred at the outset of COVID-19, the services were quickly restored or provided in alternatives ways in continuance of service to the patients. The hospital system, during that period, had to halt all elective, non-emergent procedures which created a significant revenue and patient care gap. Second, most services provided by the agencies fall under the Mental Health (MH) case rate bundle or Developmental Services (DS) Waiver payment models, both of which, remained fully funded during the public health crisis. Additionally, several normal service provisions, within the models, were placed in a 'hold harmless' state to allow for the revenue streams derived from these payment models to continue largely unabated. Any further shortfalls in revenues were covered by COVID related Local, State, and Federal funding relief, the majority of which was accounted for in other operating revenues.



Other operating revenues (OOR), those revenues not derived directly from patient care, do not play a prominent role in driving the operating activities of the DA/SSA's, as is the case with their hospital counterparts. In part, this is due to obvious differences in the patient care business models of the providers. However, like the hospitals, OOR does help contribute to the overall profitability of the system for FY17-FY20. From FY17-FY19, system-wide, other operating revenues contributed, on average, about $6.1 million per year to total operating revenues. In part for FY20, the increase is due to pandemic relief funds being recognized on income statements, and the OOR figure is being reported closer to $14 million. The agencies, did note that because their revenue model differs from that of the hospitals, as discussed above, the overall need for relief funding to aid in covering a pandemic-driven revenue gap, was limited in need and scope. It is important

	DA/SSA Expense Growth			
APM Growth Target & Hospital Budget NPR Ceiling	*Operating Expense CAGR 2017-2020*	*Operating Expense Median 2017-2020*	*Variance 3.5% to CAGR*	*Variance 3.5% to Median*
3.5%	5.3%	5.1%	1.8%	1.6%
	Hospital System Expense Growth			
APM Growth Target & Hospital Budget NPR Ceiling	*Operating Expense CAGR 2017-2020*	*Operating Expense Median 2017-2020*	*Variance 3.5% to CAGR*	*Variance 3.5% to Median*
3.5%	4.3%	4.9%	0.8%	1.4%

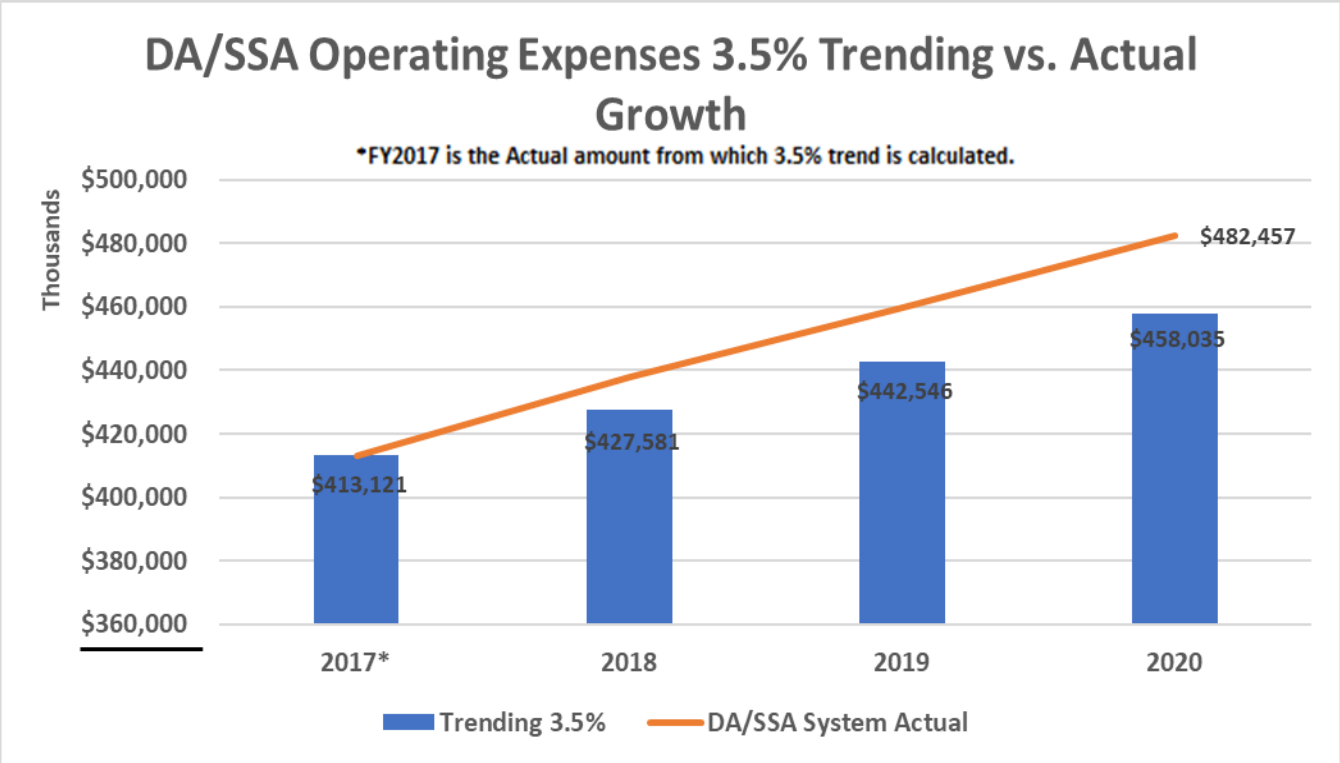
to emphasize, once again, that these figures are unaudited and during FY20, Federal guidance on recognition and use of relief funding changed multiple times, a methodology that has changed again in the early months of calendar year 2021. Therefore, these figures could change when FY20 audits are completed.

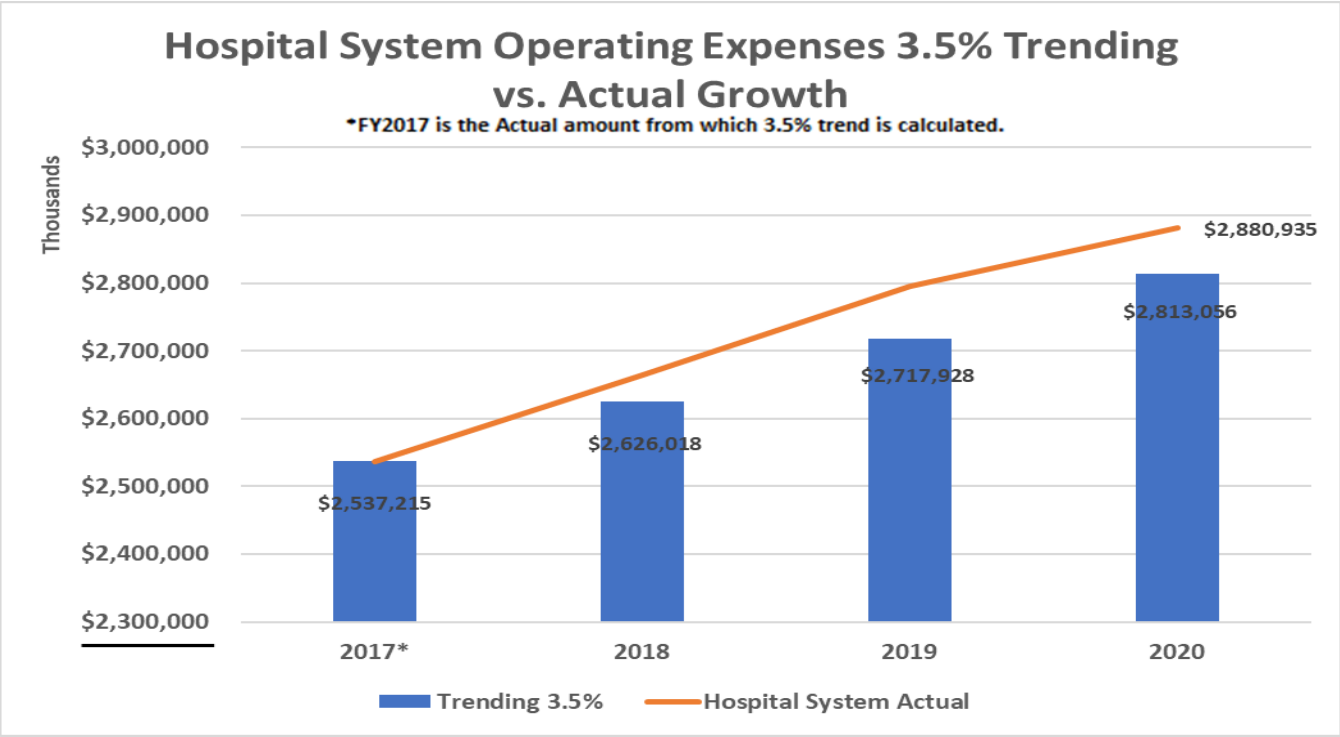


Like revenues, a high-level programmatic allocation has been made possible to show how expenses are allocated across the eight major patient care categories. As a percentage of total system operating expenses, the various categories follow a similar trend to revenues with DS accounting for most of the operating expenses incurred by the agencies at 44%. Similarly, MH-children and MH-adult programs follow suit to their revenue counterparts, at 23% and 12%, respectively. As will be discussed later, these categories are also the primary funders of operating gains which aid in mitigating losses incurred by the other service categories. Additionally, as mentioned in the revenue section that major drivers of expense growth are related to DS caseload growth and the additional provision of services from other areas that are now being captured under the DA/SSA system of revenues and expenses.

For the 4 fiscal years under review, operating expenses grew at a CAGR of 5.3% for the system. This growth resulted in FY20 operating expenses totaling, system-wide, $482.5 million which resulted in operating expenses that were $69.3 million higher than FY17. The 5.3% annual growth rate equates to an average annual increase in expenses of over $23 million. The median year-over-year expense growth during this period was 5.1%. Vermont's hospital system, over this period generated an operating expense CAGR of 4.3% and indicates median year-over-year growth of 4.9%. Unlike the substantive reduction in NPR/FPP of the hospital system in FY20, operating expenses did not decline because of the COVID-19 public health crisis, and therefore, maintained an upward trajectory.

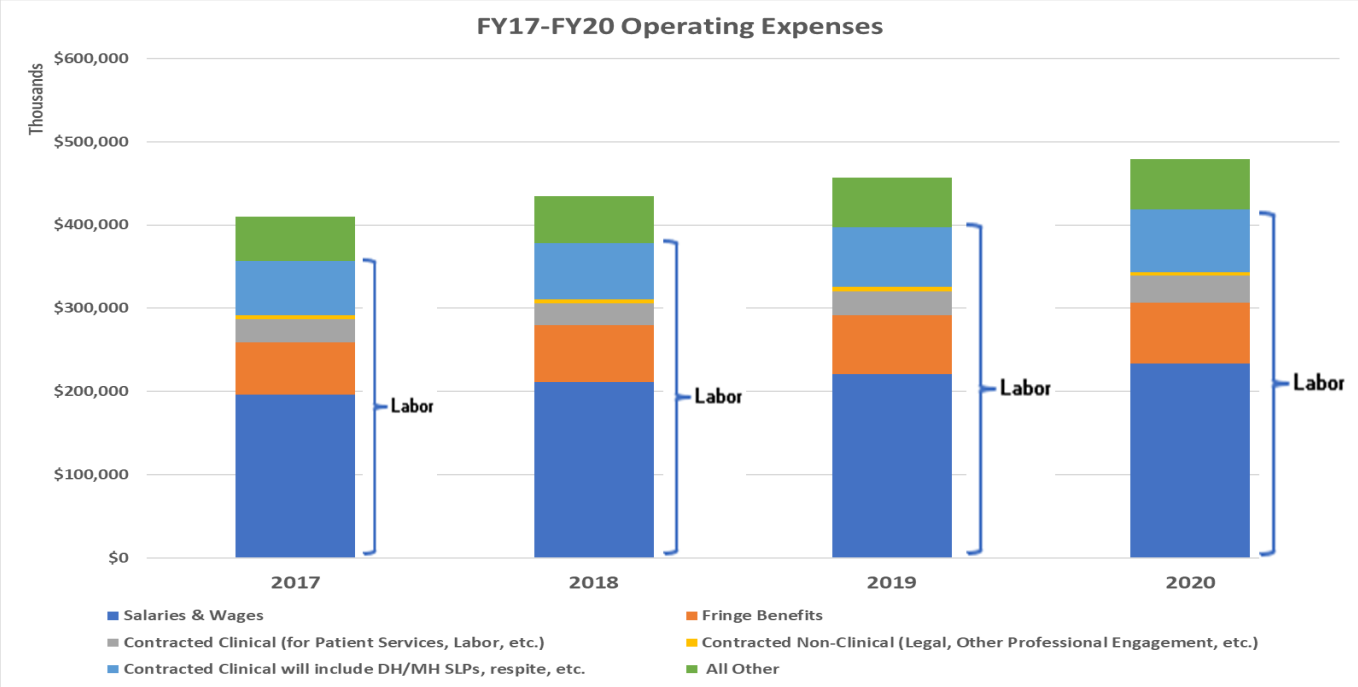
Much like the analysis comparing the revenue growth of the DA/SSA's, and the hospital system to the 3.5% allowance set for the APM/Hospital Budget growth, the operating expenses of the DA/SSA's are growing at a faster rate than those of the hospital system and the 3.5% growth allowance. The DA/SSA's 2017-2020 CAGR and median growth outperforms the 3.5% measurement with variances of 1.8% and 1.6%, respectively. Meanwhile, the State's community hospital system is also outperforming these measurements when compared to the 3.5%, but at a slower rate with a 2017-2020 CAGR and median variance of 0.8% and 1.4%%, respectively.



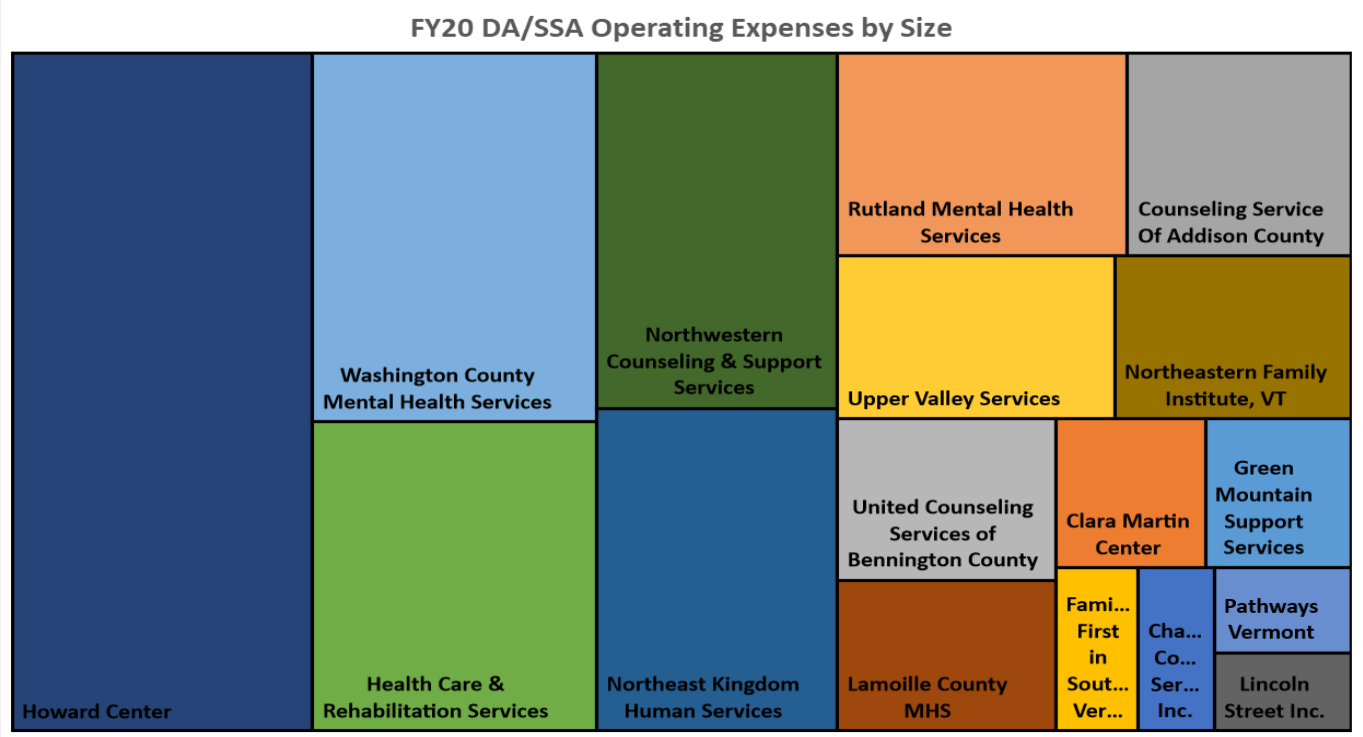


As patient-driven, service-based organizations, much like the State's 14 community hospitals, the DA/SSA's are heavily reliant on human capital to meet their mission to provide high-quality patient care. For FY20, the system of agencies reported, on average, that labor associated expenses comprised 86% of total operating expenses, this is the equivalent of roughly $419 million of the total operating expenses of $482 million. The median labor associated cost per agency was 88% of total expenses. The $419 million in labor associated

costs also account for various types of contracted labor some of which are contracted to replace the inability to hire FTEs and others that are hired to meet a specific care purpose and/or need.

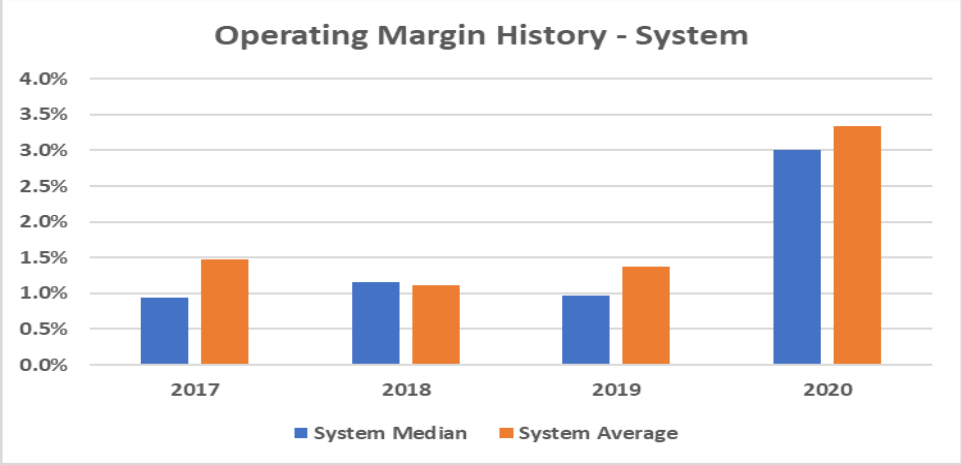


The remainder of expenses after those associated with labor costs, account for just over 12% of total FY20 expenses, totaling $59.8 million system wide. Primarily those costs are attributed to Other operating expenses ($20.8 million), Direct Building/Other expense, ($15.1 million), Program/Clients expenses ($14.6 million) and Traveling/Transportation expenses ($7.6 million).

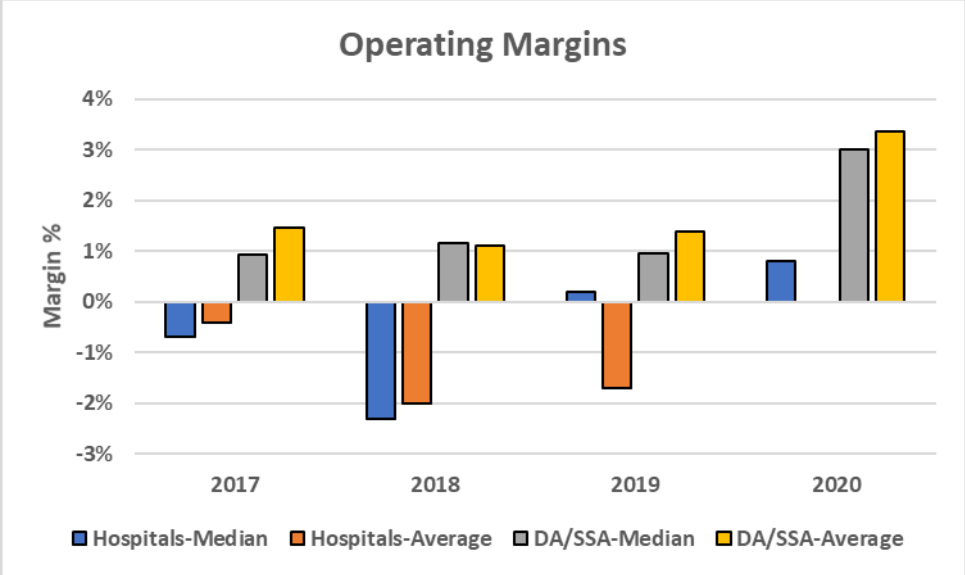


During the period under review, system-wide operating margins were relatively consistent and remained positive over that time. On an agency-by-agency basis, fiscal years in which an operating loss was posted were minimal (see Appendix Part I). Between FY17-FY20 the four-year average operating margin for the system was 1.8% and the four-year median was 1.1%. For the three years preceding FY20, the median margin for the system on a year-to-year basis generated little fluctuation, ranging from 0.9% to 1.2%. As reported, FY20 was the most profitable year during the period under review. Although on a per agency basis, operating margins fluctuated, in the aggregate, the system posted a median and average operating margin of 3% and 3.3%, respectively for FY20. For more detail on various metric comparisons, please see the graphs in the Appendix.

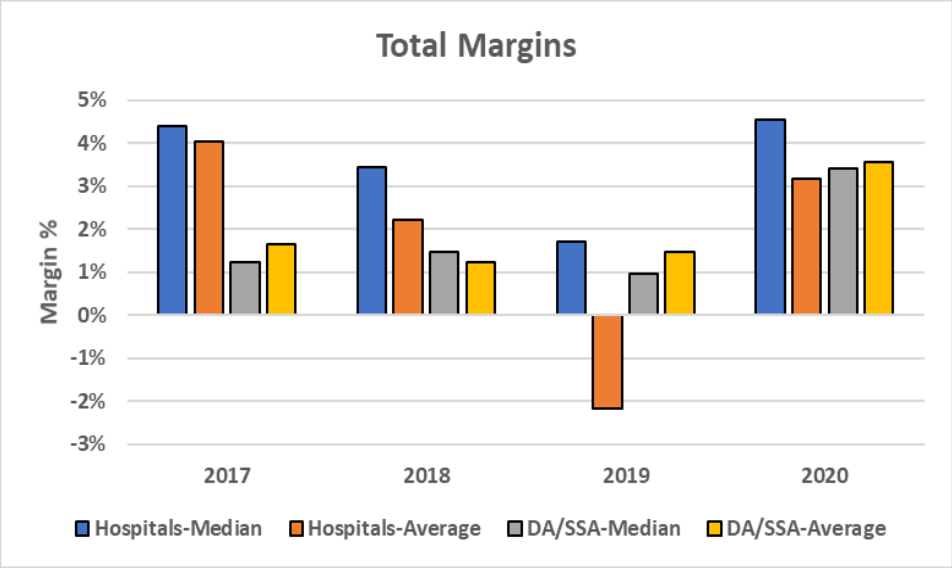
When comparing the DA/SSA system and the hospital system from an operating margin perspective, the DA/SSA's have fared better during the four-year review period. As indicated by the graph below (and in Appendix Part III) the system median and average from FY17-FY20 indicates better margin performance than their hospital counterparts. The 4-year median and average for the hospitals was -0.3% and -1.0%, respectively, while the DA/SSA's generated a 4-year median and average of 1.1% and 1.8%, as previously discussed above.



Looking specifically at FY20, and as previously discussed, the DA/SSA's were not as susceptible to the financial incursion of the public health crisis known as the COVID-19 pandemic. The evidence is shown in the FY20 operating margin results as reported to GMCB. The same cannot be said for the hospitals who, if not for large tranches of federal relief money would have generated major losses on margin and instead, broke even for the year.



Total margins, the combination of operating margin and other non-operating revenues such as investment incomes, realized/unrealized gains (losses), etc. provides a very different financial perspective when comparing the DA/SSA's and the hospital system. Whereas the community hospital system tends to undertake larger fund-raising efforts which contribute to investment portfolio balances and returns, the DA/SSA's do not. As a result, the DA/SSA system does not generate major non-operating dollars in contribution to the total margin. The table below (and in Appendix Part III) captures the median and average for each of the provider types and it becomes obvious how the hospital system is bolstered by the returns generated by investment activity. Meanwhile, the DA/SSA system's total margin figures rise only slightly. For example, in FY20, the hospital system produced median and average operating margins of 0.8% and 0.0%. When non-operating revenues are factored, the total margin was driven up to 4.6% and 3.2% due, in large part, to positive returns on investment portfolios. Likewise, the DA/SSA system generated median and average operating margins of 3.0% and 3.3%, respectively and with non-operating revenues total margins shifted upward slightly to 3.4% and 3.6%, respectively.



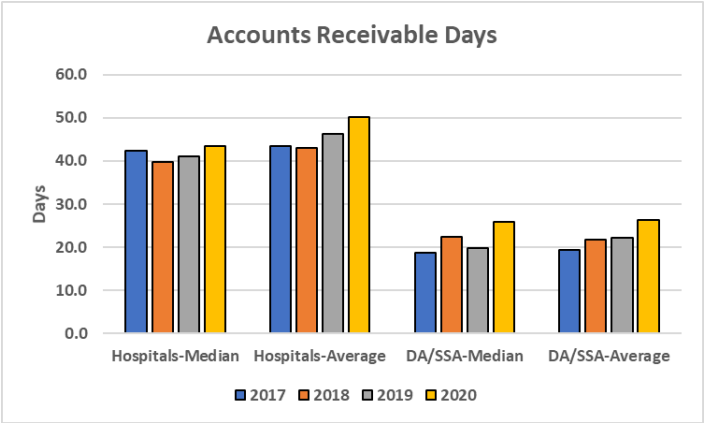
Balance Sheet & Financial Metrics Comparison

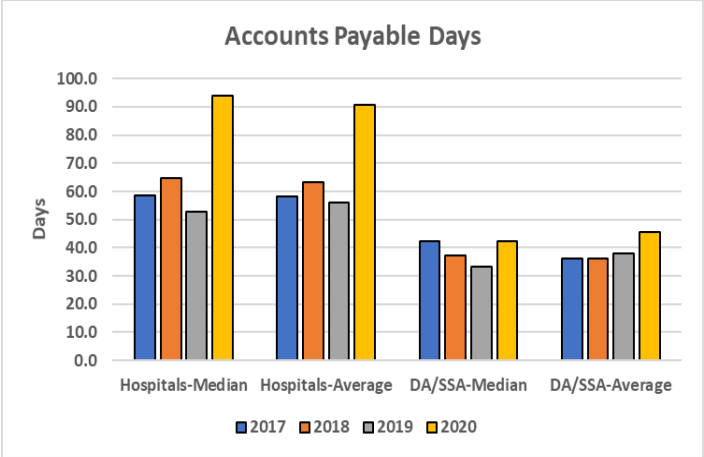
The review of balance sheet information for the DA/SSA's is going to shift away from the level of detail exhibited in the income statement discussion. This is being done primarily for the fact that a balance sheet is an aggregation of all operating activity as experienced in the year-to year operating activity that is captured by the income statement and therefore represents a snapshot of a moment in time. Because of this fact, a deep dive into the balance sheet for this overview would not produce meaningful insights. Instead, a few select balance sheet metrics have been chosen to provide insights into the DA/SSA system's liquidity, leverage, and capital positions. Comparisons to the hospital system will also be discussed. Please see the glossary of terms in Appendix Part V for details on the individual metrics and how they have been calculated.

Liquidity ratios are an important measurement of an organization's capacity to meet or satisfy short-term debt obligations. Liquidity is also important from an operating perspective as it provides a cushion during times of uncertainty and can mitigate the impact of financial stresses. If liquidity is inadequate, major financial problems can ensue and can often be indicative of a fundamental problem.

Days Cash on Hand (DCOH) of the DA/SSA system, as reported in FY20, generates a median and average of 81 and 96 days, respectively. Of the 17 organizations reporting there is a near 50% split between those reporting DCOH at or above the median and average and those reporting below those figures. As can be viewed in Appendix Part IV, the hospital system, in any given year, nearly doubles the DCOH of the DA/SSA's. Largely, the investment portfolios and board designated assets of the hospitals are the driving factors,

providing the hospitals with a financial cushion in the absence of sustained profitability over the same period FY17-FY20. DCOH figures in FY20 for both DA/SSA's and hospitals, contain various COVID-19 relief funding which can increase cash balances.





A/R Days and A/P Days measure the average collection period for A/R and average payment period for A/P both of which have major impacts on an organization's cash flow and thus, liquidity. A/R days for the system in FY20 generate a median and average collection period of 26 days and A/P days generate a median of 42.4 and an average of 45.4 days. This means that the DA/SSA's collect their receivables every 26 days and then pays their short-term obligations roughly three weeks later which allows them to maintain the cash they collect before remitting payment. Compared to their hospital counterparts, the DA/SSA's collect their A/R roughly twice as fast as the hospitals. From FY17-FY20 the hospitals median and average A/R Days were nearly 42 and 46, respectively. It is likely that hospitals have a longer average collection period due to complexity of services and pay mix whereas the DA/SSA's primarily deal with Medicaid reimbursement. When comparing A/P Days, again the DA/SSA's satisfy their short-term obligations faster than the hospitals which is likely a direct correlation to the more rapid collection of A/R. That said from FY17-FY20 the hospital median and average was near 67 days. For the hospitals, FY20 was an anomaly related to the COVID-19 pandemic and the financial uncertainty that it wrought. We can see the median and average A/P Days of the hospitals rising to 94 and 91, respectively due to year-end uncertainty around potential pay-back of relief funding, as well as concern for overall cash flow and thus a strategic reduction regarding the speed by which those organizations paid their short-term obligations.

The current ratio measures an organization's ability to pay obligations due within one year by using the current assets at its disposal (e.g., cash, A/R, etc.) by maximizing those assets to satisfy current debts/payables. It utilizes the value of current assets vs. current liabilities. It is in this ratio that the DA/SSA's in every year, except for FY20, are falling short of their hospital counterparts. However, in FY20 the DA/SSA median and average current ratios for the system improved to 2.4:1 and 2.9:1, respectively. This means, for example, that from a median perspective, the DA/SSA system has $2.40 in current assets to satisfy every $1.00 of current labilities. The hospitals over the same period produced a median of 2.7:1 and an average of 2.9:1, which were near a full one-point reduction from FY19 (3.6:1 and 3.8:1). Over the course of the period reviewed, the hospitals have produced stronger current ratios than the DA/SS's placing them in a better position from a liquidity perspective.

The next two liquidity ratios, debt service coverage ratio (DSCR) and cash to long term debt, deal more with an organizations capacity to leverage current and long-term obligations associated with borrowed debt.

DSCR assesses available cash flow to pay current debt obligations. It should be noted here that it is believed some of the individual DA/SSA debt service coverage ratios may have been miscalculated when the

DA/SSA's submitted their workbooks. Despite several attempts to get those outliers corrected, they still exist, and thus significantly skew the averages for the system. This is evident in the DSCR-related graphs in Appendices Parts III and IV. Because of those outliers we will focus solely on the median DSCR ratios as that calculation is likely closer to reality. For FY20, the DA/SSA system reports a median DSCR of 5.6:1, meaning that the system generated cash flow in FY20 of $5.60 per every $1.00 due on the current portion of long-term debt, or the portion due during that fiscal year. The higher the ratio to every $1.00 of debt obligation the more secure that organization is in meeting these types of obligations in the short term. During FY20, despite the COVID-19 pandemic, the hospitals were still able to generate DSCR median and average ratios commensurate with historical figures. During FY20 the hospital system produced a median and average DSCR of 3.6:1 and 2.3:1, respectively, which is down from FY17 but in alignment with FY18 and FY19.

Cash to Long Term Debt is a cash leverage ratio that measures the amount of a company's aggregated, accessible cash, to satisfy the aggregated amounts of its long-term debt (LTD). If an organization has a ratio of 1:1 than the organization has accessible cash amounts equal to the amounts of long-term debt it carries. Therefore, if the organization produces a ratio less than 1, that organization could not cover the totality of its debt at that point in time. The lower the ratio, the more concerning the lack of accessible cash and/or weight of the debt burden that is being carried. Again, there were issues in collecting accurate ratios from some of the agencies which skewed the median and average from FY17-FY18. That said, in FY20, the DA/SSA's reported a median and average cash to LTD of 2.4:1 and 2.5:1, respectively, meaning that the system's cash balances currently exceed debt LTD balances. Median cash to LTD for the hospitals, for FY20, is relative to the DA/SSA's at 2.5:1 but the average is lower at 2.2:1. The hospitals historical trend prior to FY20 is in line with the figures reported for FY20 and due to the reporting discrepancies from the DA/SSA's a similar perspective is not available.

Age of plant is a measurement that captures (in years) the average age of a facility. As the assets of an organization age, they require renovation, or replacement. The use of these assets contributes to the day-to-day operations of the organization. Assets that are in good working order tend to contribute more efficiently to the needs of the organization. In FY20, the DA/SSA's reported a median and average age of plant of 12 and 13 years, both of which are lower after year-over-year increases in this figure from FY17-FY20. Should these calculations hold true through the audit process of the DA/SSA's that would indicate that across the system assets were improved or replaced thus lowering the average age. The hospitals, during FY20, reported a median and average age of plant at 14 and 13 years, respectively. The median age for the hospitals has been growing year-over-year which can be attributed to several factors that include but are not limited to, mixed operating results by several hospitals, longer term planning due to the complexity of the facilities and the services they support, and for FY20, the financial impact of COVID-19 which caused many organizations to halt capital project planning to preserve cash balances. Overall, however, the average age of plant for the DA/SSA's is in alignment with their hospital counterparts.

Long term debt to capitalization indicates the financial leverage of an organization as it relates to the long-term debt incurred, compared to overall equity. A lower figure is generally better and equates to an organization that isn't carrying too much debt. In FY20 the DA/SSA's reported an increase in the LTD to capitalization measurement with a system-wide median and average rising to 31.6% and 29.5%, respectively. Here too, there might be issues with some of the figures being reported. On an agency-by-agency basis, some are reporting major growth in this measurement. During the FY17-FY19 period, system-wide LTD to capitalization improved both in median and average from a median and average of 18.7% and 17.8% in FY17, to 16.2% and 15.4% in FY19. The hospitals too, generated an increase on a system-wide basis, however the increase was much smaller in FY20. Median and average LTD to capitalization figures were reported at 24.9% and 27%, respectively. As stated, this is a slight increase over the prior year and overturns the downward trend that was being experienced from FY17-FY19 when median and average LTD to capitalization stats declined from 23.4% and 29%, to 20.1% and 25.9%.

Finally, we have LTD to total assets which indicates the percentage of assets that are financed by debt. Here again, we are seeing an FY20 spike in this measure with median and average LTD to total assets being reported at 22.5% and 21.5% of total assets being funded by debt. Much like LTD to capitalization from FY17-FY19, the median and average dropped from 18.7% and 17.8%, down to 16.2% and 15.4% before rising in FY20 as the table in appendices Part III will highlight. The hospitals report slightly lower figures in FY20 with a median of 18.9% and average of 20.2%. The FY20 median represents growth over the declining trend from FY17-FY19 and the average continues a declining trend from FY17-FY19, meaning that the system on average has reduced the amount of assets being financed with debt.

Delivery System Reform

The State of Vermont set forth in the effort to attain healthcare delivery system reform in the early 2010's with the enactment of the All-Payer Model (APM) agreement. As the effort progressed, One Care Vermont (OCV) ultimately emerged as the State's only Accountable Care Organization (ACO) responsible for facilitating the delivery system reform efforts in coordination with the risk-bearing entities, the state's community hospitals. The participating community hospital operates and is responsible for reform effort activity within 13 Health Service Areas (HSA's) in Vermont. As the responsible entity within the HSA, the hospital assumes the totality of risk from ACO healthcare reform activity in the HSA, therefore the DA/SSA's would not assume any financial risk with their participation in OCV programs.

Participation with OCV

Currently 10 of 11 DA's are participating in OCV and 4 of 7 SSA's are enrolled participants. The table below is information sourced from OCV's FY22 budget submission to the GMCB and indicates the planned participation of Vermont's DA/SSA's. The table indicates the HSA within which the DA or SSA are located and the various payer programs that they are planning to participate in. Please note that DAs, Northeast Kingdom Human Services and Health Care & Rehabilitation Services operate across multiple HSA's.

Particpants in OCV Programs					
HSA	Designated Agency	Specialized Services Agency	MCR	MCD	Commercial (BCBSVT, MVP)
Bennington	United Counseling Services of Bennington County	Families First	X	X	X
Berlin	Washington County Mental Health Services	Upper Valley Services	X	X	X
Brattleboro	Healthcare Rehabilitation Services of Southeastern Vermont		X	X	X
Burlington	Howard Center	Champlain Community Services	X	X	X
Middlebury	Counseling Service Of Addison County		X	X	X
St. Albans	Northwestern Counseling & Support Services		X	X	X
Rutland	Rutland Mental Health Services		X	X	X
St. Johnsbury	Northeast Kingdom Human Services; Lamoille County Mental Health Services			X	X
Morrisville	Lamoille County MHS			X	X
Newport	Northeast Kingdom Human Services			X	X
Springfield	Healthcare Rehabilitation Services of Southeastern Vermont	Lincoln Street, Inc.		X	X
Randolph	Clara Martin Center			X	X (MVP only)
Windsor	Healthcare Rehabilitation Services of Southeastern Vermont		X	X	X (BCBSVT only)

As part of this review, the DA/SSA's were queried regarding participation in OCV programs. The DAs appear to be involved in care coordination but report mixed experiences largely around the lack of interoperability with Care Navigator, OCV's portal. This lack of interoperability/interface requires dual entry of patient information in the organization's Electronic Medical/Health Record (EMR/EHR) system and Care Navigator which becomes resource intensive for the DA's. Additional feedback was provided around the need to create a stronger relationship with the DAs to reduce the cost of expensive mental health emergency department

visits that could be prevented through more interaction with the DA's and coordination of care for patients requiring mental health care.

The participating SSA's, however, report little interaction with OCV. They assume no risk; they receive no reimbursement and do not have a close working relationship with the organization despite renewing their contract as part of the OCV network on an annual basis. The SSA's report that they do not feel developmental services, which are their concentration, are a meaningful component of the reform effort under OCV.

Additional Resources

- 2019 Vermont Health Care Expenditure Analysis: https://gmcboard.vermont.gov/data/expenditure-analysis
- Department of Mental Health (website): https://mentalhealth.vermont.gov/about-us/designated-providers
- FY20 Hospital Financial Year-end Actuals Review: https://gmcboard.vermont.gov/sites/gmcb/files/documents/FY20VermontHospitalReportingYearEndActuals_BoardPres_20210303_Updated20210308.pdf

Last Updated: December 2021

Appendix

Part I: Financial Tables

Part II: Other Financial Graphing

Part III: Comparing individual agencies and with system median and average

Part IV: Comparing DA/SSA system and hospital system median and average

Part V: Glossary of terms

Part I: Financial Tables

NPR & Reform Revenues	Designation	2017	2018	2019	2020	% of Total	4-Year CAGR
Champlain Community Services, Inc.	SA	$ 4,779,356	$ 5,196,620	$ 5,900,985	$ 6,674,450	1.4%	11.8%
Clara Martin Center	DA	$ 9,182,519	$ 9,570,986	$ 10,225,209	$ 11,806,281	2.4%	8.7%
Counseling Service Of Addison County	DA	$ 20,295,987	$ 21,933,503	$ 22,289,958	$ 23,410,699	4.8%	4.9%
Families First in Southern Vermont	SA	$ 5,722,080	$ 6,018,504	$ 6,633,785	$ 7,418,761	1.5%	9.0%
Green Mountain Support Services	SA	$ 7,739,949	$ 8,930,695	$ 9,749,259	$ 11,825,411	2.4%	15.2%
Health Care & Rehabilitation Services	DA	$ 41,473,461	$ 42,950,392	$ 43,870,375	$ 46,715,105	9.7%	4.0%
Howard Center	DA	$ 92,167,082	$ 99,148,323	$ 105,493,226	$ 108,302,993	22.4%	5.5%
Lamoille County MHS	DA	$ 16,604,325	$ 17,600,611	$ 17,626,253	$ 18,271,346	3.8%	3.2%
Lincoln Street Inc.	SA	$ 4,456,241	$ 4,752,474	$ 5,250,142	$ 5,858,971	1.2%	9.6%
Northeastern Family Institute, VT	SA	$ 15,225,213	$ 17,106,144	$ 18,921,320	$ 19,764,148	4.1%	9.1%
Northeast Kingdom Human Services	DA	$ 37,718,052	$ 37,980,372	$ 38,723,757	$ 41,880,486	8.7%	3.6%
Northwestern Counseling & Support Services	DA	$ 40,343,675	$ 43,810,585	$ 47,187,183	$ 47,081,292	9.7%	5.3%
Pathways Vermont	SA	$ 4,595,164	$ 5,238,652	$ 5,309,419	$ 5,896,165	1.2%	8.7%
Rutland Mental Health Services	DA	$ 28,345,463	$ 29,627,565	$ 30,503,554	$ 31,685,220	6.6%	3.8%
United Counseling Services of Bennington County	DA	$ 16,645,508	$ 17,531,306	$ 18,052,956	$ 18,783,635	3.9%	4.1%
Upper Valley Services	DA	$ 17,100,996	$ 18,659,898	$ 20,244,977	$ 23,209,055	4.8%	10.7%
Washington County Mental Health Services	DA	$ 47,975,599	$ 51,922,359	$ 53,554,057	$ 55,140,694	11.4%	4.7%
Total DA/SSA system		$ 410,370,669	$ 437,978,989	$ 459,536,415	$ 483,724,710	100%	5.6%

Total Operating Revenues	Designation	2017	2018	2019	2020	% of Total	4-Year CAGR
Champlain Community Services, Inc.	SA	$ 4,894,547	$ 5,257,154	$ 5,933,233	$ 6,811,596	1.4%	11.6%
Clara Martin Center	DA	$ 10,703,425	$ 11,021,846	$ 11,802,494	$ 13,408,142	2.7%	7.8%
Counseling Service Of Addison County	DA	$ 21,455,824	$ 23,035,213	$ 23,181,629	$ 24,293,636	4.9%	4.2%
Families First in Southern Vermont	SA	$ 5,740,991	$ 6,046,292	$ 6,640,907	$ 7,666,640	1.5%	10.1%
Green Mountain Support Services	SA	$ 7,829,882	$ 9,030,847	$ 9,842,133	$ 11,998,869	2.4%	15.3%
Health Care & Rehabilitation Services	DA	$ 43,634,430	$ 44,034,327	$ 45,207,676	$ 48,053,995	9.7%	3.3%
Howard Center	DA	$ 92,167,082	$ 99,148,323	$ 105,493,226	$ 112,576,774	22.6%	6.9%
Lamoille County MHS	DA	$ 16,605,658	$ 17,603,345	$ 17,647,319	$ 18,279,698	3.7%	3.3%
Lincoln Street Inc.	SA	$ 4,473,626	$ 4,756,931	$ 5,250,142	$ 5,997,077	1.2%	10.3%
Northeastern Family Institute, VT	SA	$ 15,360,758	$ 17,227,234	$ 19,035,328	$ 20,402,045	4.1%	9.9%
Northeast Kingdom Human Services	DA	$ 37,718,052	$ 37,980,372	$ 38,723,757	$ 41,880,486	8.4%	3.6%
Northwestern Counseling & Support Services	DA	$ 40,343,675	$ 43,810,585	$ 47,187,183	$ 47,773,287	9.6%	5.8%
Pathways Vermont	SA	$ 4,822,553	$ 5,401,168	$ 6,004,357	$ 6,152,180	1.2%	8.5%
Rutland Mental Health Services	DA	$ 28,345,463	$ 29,627,565	$ 30,503,554	$ 31,685,220	6.4%	3.8%
United Counseling Services of Bennington County	DA	$ 17,060,156	$ 18,022,375	$ 18,602,842	$ 19,521,898	3.9%	4.6%
Upper Valley Services	DA	$ 17,832,231	$ 19,447,728	$ 21,024,641	$ 24,183,832	4.9%	10.7%
Washington County Mental Health Services	DA	$ 48,044,733	$ 52,030,506	$ 53,654,346	$ 56,869,580	11.4%	5.8%
Total DA/SSA system		$ 417,033,085	$ 443,481,811	$ 465,734,766	$ 497,554,954	100.0%	6.06%

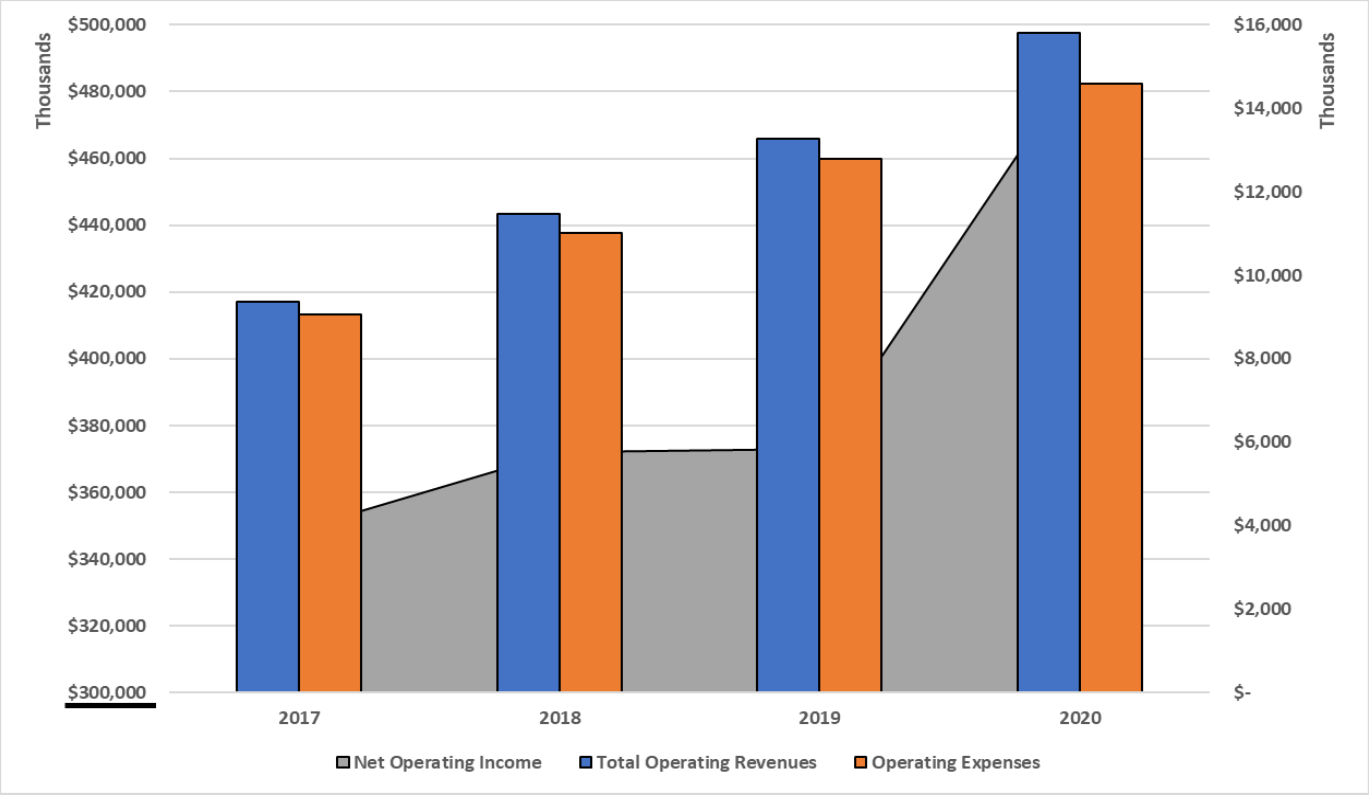
Operating Expenses	Designation	2017	2018	2019	2020	% of Total	4-Year CAGR
Champlain Community Services, Inc.	SA	$ 4,717,422	$ 5,244,294	$ 5,914,803	$ 6,624,934	1.4%	12.0%
Clara Martin Center	DA	$ 10,603,016	$ 10,973,036	$ 11,561,858	$ 11,836,033	2.5%	3.7%
Counseling Service Of Addison County	DA	$ 21,368,537	$ 22,759,326	$ 23,044,751	$ 24,064,577	5.0%	4.0%
Families First in Southern Vermont	SA	$ 5,577,178	$ 5,904,386	$ 6,498,770	$ 7,142,350	1.5%	8.6%
Green Mountain Support Services	SA	$ 7,540,538	$ 8,925,978	$ 9,859,551	$ 11,476,051	2.4%	15.0%
Health Care & Rehabilitation Services	DA	$ 43,339,181	$ 43,236,725	$ 45,245,029	$ 46,615,982	9.7%	2.5%
Howard Center	DA	$ 91,741,329	$ 96,844,580	$ 104,265,502	$ 108,269,903	22.4%	5.7%
Lamoille County MHS	DA	$ 16,455,172	$ 17,749,851	$ 17,629,444	$ 17,501,047	3.6%	2.1%
Lincoln Street Inc.	SA	$ 4,270,393	$ 4,632,531	$ 5,043,795	$ 5,659,181	1.2%	9.8%
Northeastern Family Institute, VT	SA	$ 15,170,629	$ 16,956,247	$ 18,995,716	$ 20,459,473	4.2%	10.5%
Northeast Kingdom Human Services	DA	$ 37,102,771	$ 37,139,215	$ 37,936,968	$ 41,408,830	8.6%	3.7%
Northwestern Counseling & Support Services	DA	$ 39,803,511	$ 43,326,039	$ 45,684,952	$ 45,600,521	9.5%	4.6%
Pathways Vermont	SA	$ 4,814,102	$ 5,375,262	$ 5,724,120	$ 6,140,215	1.3%	8.4%
Rutland Mental Health Services	DA	$ 27,997,206	$ 29,586,338	$ 30,209,562	$ 31,230,320	6.5%	3.7%
United Counseling Services of Bennington County	DA	$ 16,969,613	$ 17,728,335	$ 18,565,521	$ 18,777,835	3.9%	3.4%
Upper Valley Services	DA	$ 17,763,012	$ 19,398,422	$ 20,919,230	$ 24,009,050	5.0%	10.6%
Washington County Mental Health Services	DA	$ 47,885,823	$ 51,929,910	$ 52,799,294	$ 55,638,925	11.5%	5.1%
Total DA/SSA system		$ 413,119,432	$ 437,710,474	$ 459,898,866	$ 482,455,227	100%	5.3%

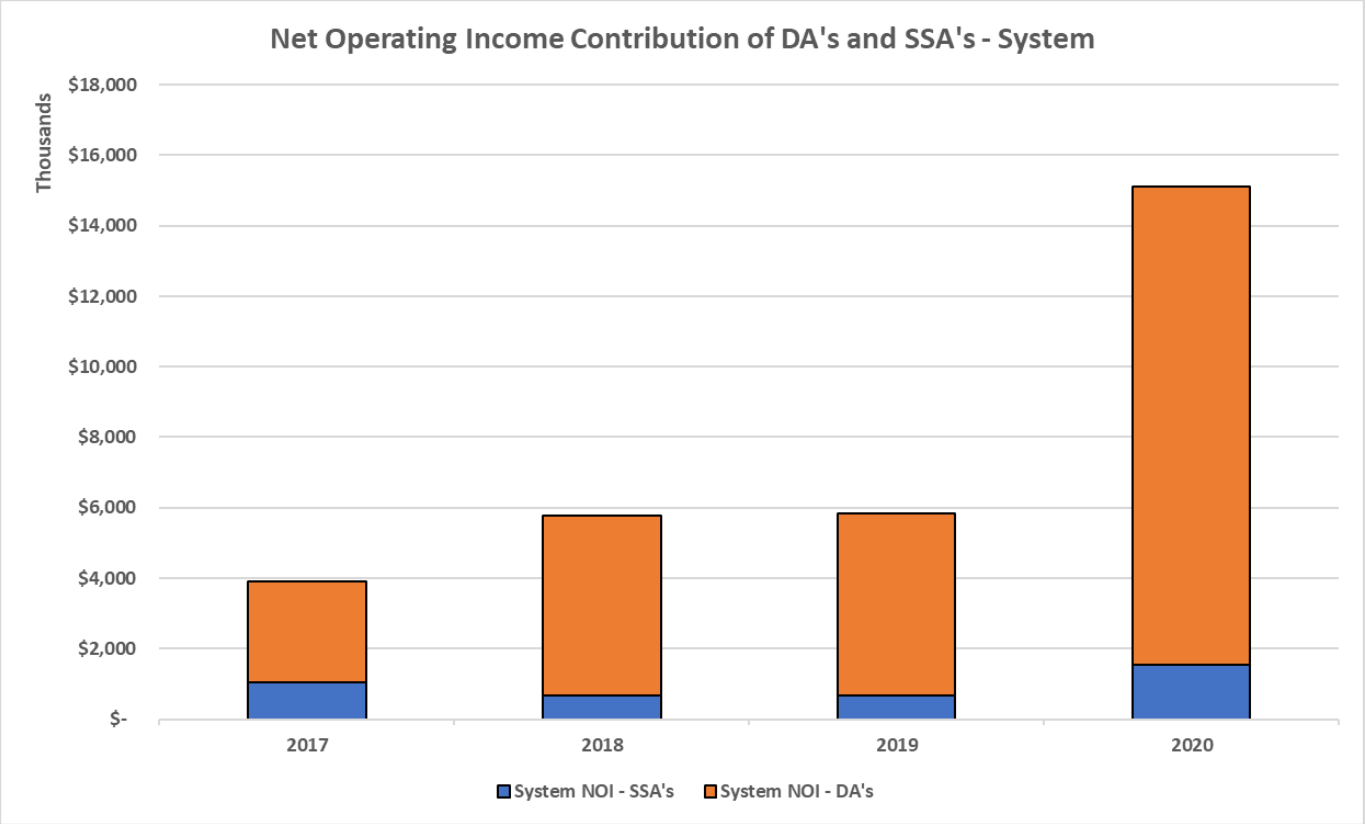
Net Operating Income	Designation	2017	2018	2019	2020	% of Total
Champlain Community Services, Inc.	SA	$ 177,125	$ 12,860	$ 18,430	$ 186,662	1.2%
Clara Martin Center	DA	$ 100,409	$ 48,810	$ 240,636	$ 1,572,109	10.4%
Counseling Service Of Addison County	DA	$ 87,287	$ 275,887	$ 136,878	$ 229,059	1.5%
Families First in Southern Vermont	SA	$ 163,813	$ 141,906	$ 142,137	$ 524,290	3.5%
Green Mountain Support Services	SA	$ 289,344	$ 104,869	$ (17,418)	$ 522,818	3.5%
Health Care & Rehabilitation Services	DA	$ 295,249	$ 797,602	$ (37,353)	$ 1,438,013	9.5%
Howard Center	DA	$ 425,753	$ 2,303,743	$ 1,227,724	$ 4,306,871	28.5%
Lamoille County MHS	DA	$ 150,486	$ (146,506)	$ 17,875	$ 778,651	5.2%
Lincoln Street Inc.	SA	$ 203,233	$ 124,400	$ 206,347	$ 337,896	2.2%
Northeastern Family Institute, VT	SA	$ 190,129	$ 270,987	$ 39,612	$ (57,428)	-0.4%
Northeast Kingdom Human Services	DA	$ 615,281	$ 841,158	$ 786,789	$ 471,656	3.1%
Northwestern Counseling & Support Services	DA	$ 540,164	$ 484,546	$ 1,502,231	$ 2,172,766	14.4%
Pathways Vermont	SA	$ 8,451	$ 25,906	$ 280,237	$ 11,965	0.1%
Rutland Mental Health Services	DA	$ 348,257	$ 41,227	$ 293,992	$ 454,900	3.0%
United Counseling Services of Bennington County	DA	$ 90,543	$ 294,041	$ 37,321	$ 744,063	4.9%
Upper Valley Services	DA	$ 69,219	$ 49,306	$ 105,411	$ 174,782	1.2%
Washington County Mental Health Services	DA	$ 158,910	$ 100,596	$ 855,052	$ 1,230,655	8.2%
Total DA/SSA system		$ 3,913,653	$ 5,771,337	$ 5,835,900	$ 15,099,727	100.0%

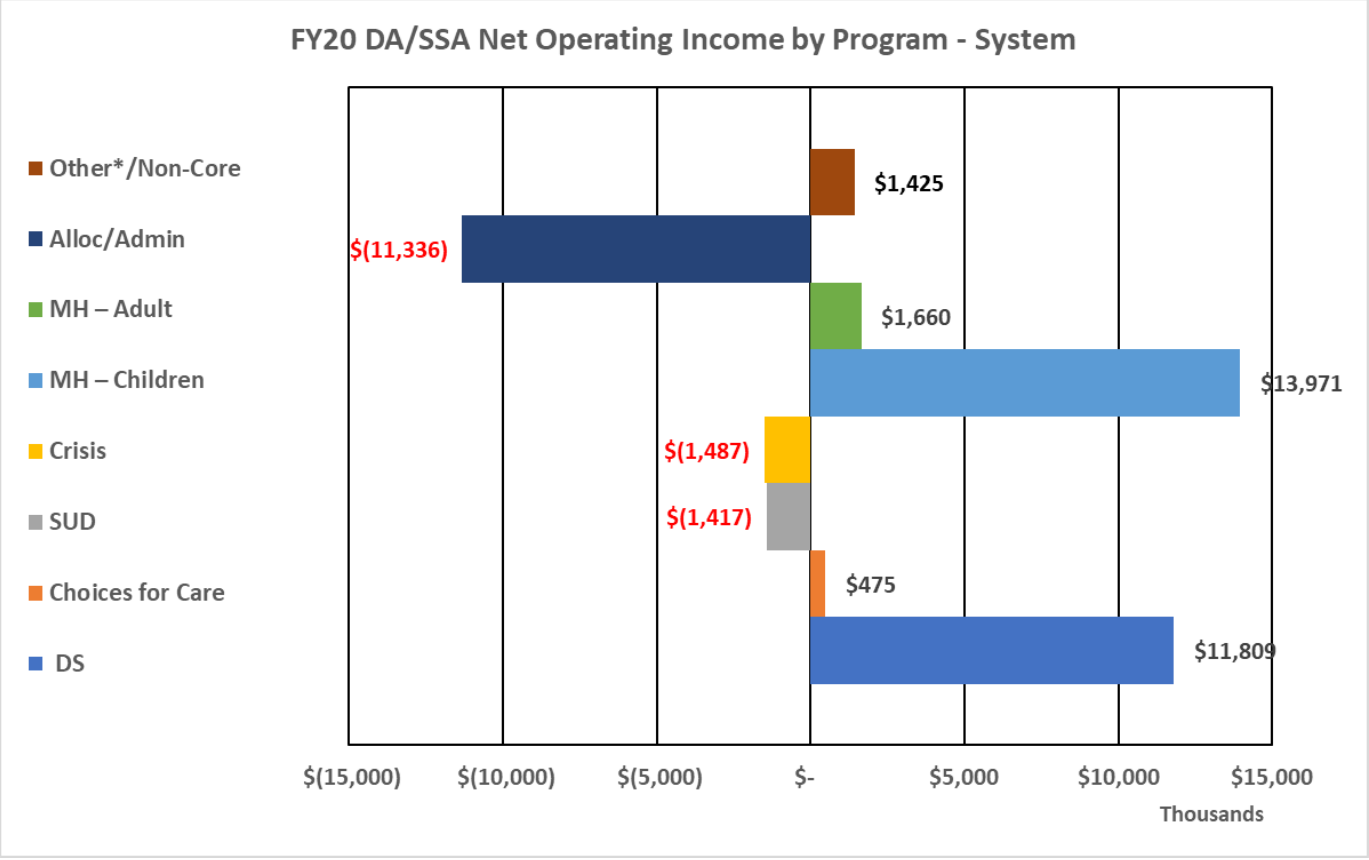
Operating Margins	2017	2018	2019	2020	4-Year Avg.	4-Year Med.
Champlain Community Services	3.6%	0.2%	0.3%	2.7%	1.7%	1.5%
Clara Martin Center	0.9%	0.4%	2.0%	11.7%	3.8%	1.5%
Counseling Service Of Addison County	0.4%	1.2%	0.6%	0.9%	0.8%	0.7%
Families First	2.9%	2.3%	2.1%	6.8%	3.5%	2.6%
Green Mountain Support Services	3.7%	1.2%	-0.2%	4.4%	2.3%	2.4%
Healthcare Rehabilitation Services of Southeastern Vermont	0.7%	1.8%	-0.1%	3.0%	1.4%	1.2%
Howard Center	0.5%	2.3%	1.2%	3.8%	1.9%	1.8%
Lamoille County MHS	0.9%	-0.8%	0.1%	4.3%	1.1%	0.5%
Lincoln Street Inc.	4.5%	2.6%	3.9%	5.6%	4.2%	4.2%
Northeast Family Institute	1.2%	1.6%	0.2%	-0.3%	0.7%	0.7%
Northeast Kingdom Human Services	1.6%	2.2%	2.0%	1.1%	1.7%	1.8%
Northwestern Counseling & Support Services	1.3%	1.1%	3.2%	4.5%	2.5%	2.3%
Pathways Vermont Inc.	0.2%	0.5%	4.7%	0.2%	1.4%	0.3%
Rutland Mental Health Services	1.2%	0.1%	1.0%	1.4%	0.9%	1.1%
United Counseling Services	0.5%	1.6%	0.2%	3.8%	1.5%	1.1%
Upper Valley Services	0.4%	0.3%	0.5%	0.7%	0.5%	0.4%
Washington County Mental Health Services	0.3%	0.2%	1.6%	2.2%	1.1%	1.0%

Total Margins	2017	2018	2019	2020	4-Year Avg.	4-Year Med.
Champlain Community Services	3.6%	0.4%	0.3%	2.8%	1.8%	1.6%
Clara Martin Center	1.0%	0.6%	2.0%	11.7%	3.8%	1.5%
Counseling Service Of Addison County	1.0%	1.5%	0.9%	1.0%	1.1%	1.0%
Families First	2.9%	2.3%	2.1%	7.5%	3.7%	2.6%
Green Mountain Support Services	4.0%	1.5%	0.2%	4.7%	2.6%	2.7%
Healthcare Rehabilitation Services of Southeastern Vermont	1.9%	2.0%	0.2%	3.4%	1.9%	1.9%
Howard Center	0.9%	2.6%	1.4%	5.2%	2.5%	2.0%
Lamoille County MHS	0.9%	-0.8%	0.1%	4.3%	1.1%	0.5%
Lincoln Street Inc.	4.7%	3.0%	4.2%	5.8%	4.4%	4.5%
Northeast Family Institute	1.4%	1.8%	0.4%	0.0%	0.9%	0.9%
Northeast Kingdom Human Services	1.6%	2.2%	2.0%	1.1%	1.7%	1.8%
Northwestern Counseling & Support Services	1.3%	1.1%	3.2%	4.5%	2.5%	2.3%
Pathways Vermont Inc.	0.2%	0.5%	4.7%	0.2%	1.4%	0.3%
Rutland Mental Health Services	1.2%	0.1%	1.0%	1.4%	0.9%	1.1%
United Counseling Services	0.5%	1.6%	0.2%	3.8%	1.5%	1.1%
Upper Valley Services	0.4%	0.3%	0.5%	0.7%	0.5%	0.5%
Washington County Mental Health Services	0.3%	0.2%	1.6%	2.4%	1.1%	1.0%

Part II: Other Financial Graphing



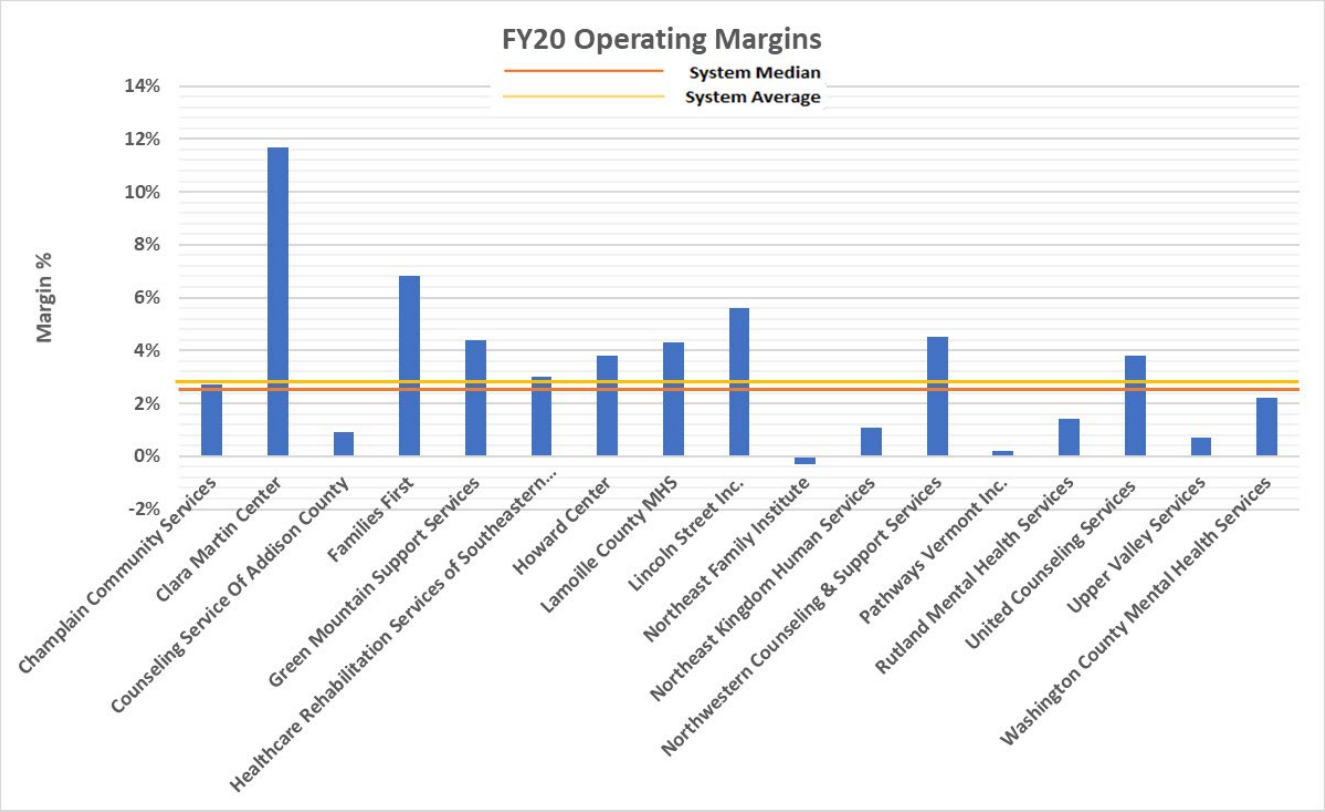


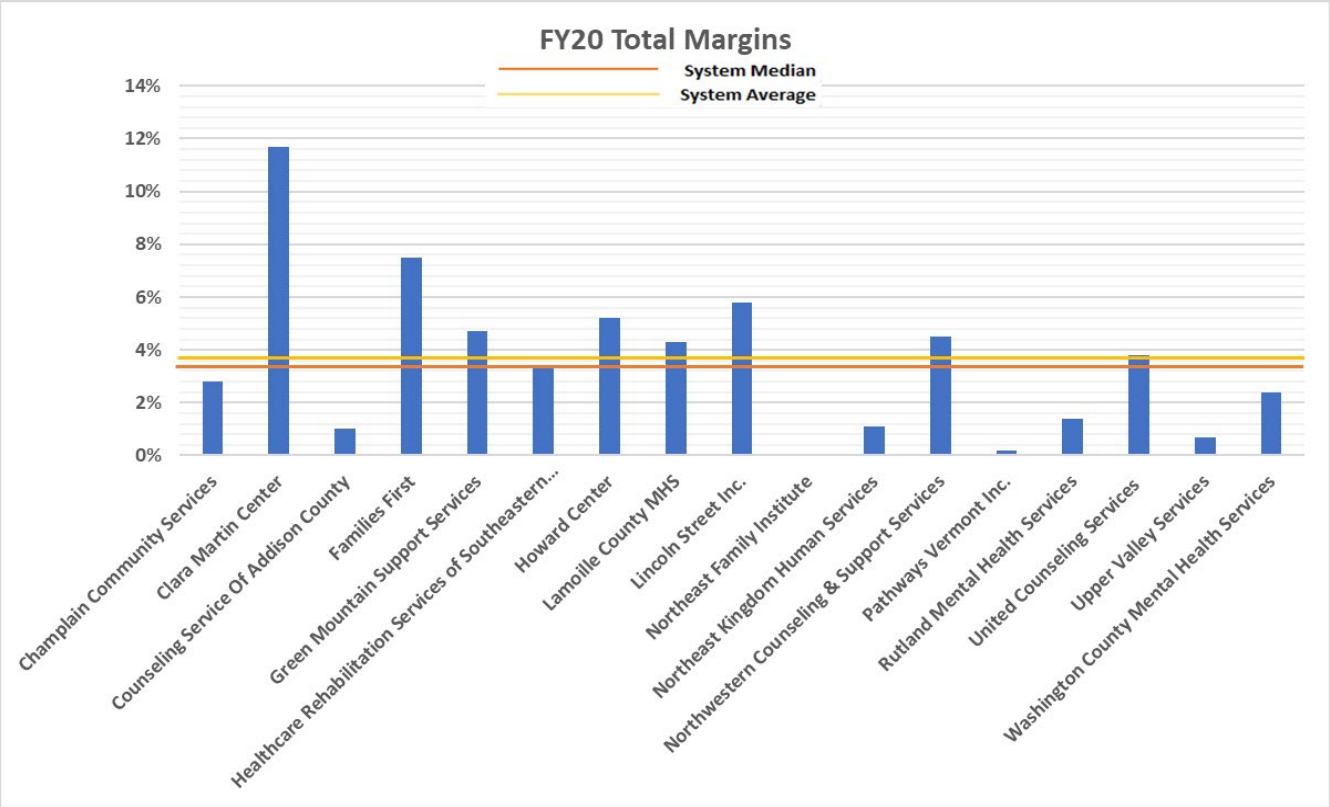

FY20 DA/SSA Net Operating Income by Program - System
Other*/Non-Core
Alloc/Admin
MH – Adult
MH – Children
Crisis
SUD
Choices for Care
DS
$1,425
$(11,336)
$1,660
$13,971
$(1,487)
$(1,417)
$475
$11,809
$(15,000)
$(10,000)
$(5,000)
$-
$5,000
$10,000
$15,000
Thousands

Part III:

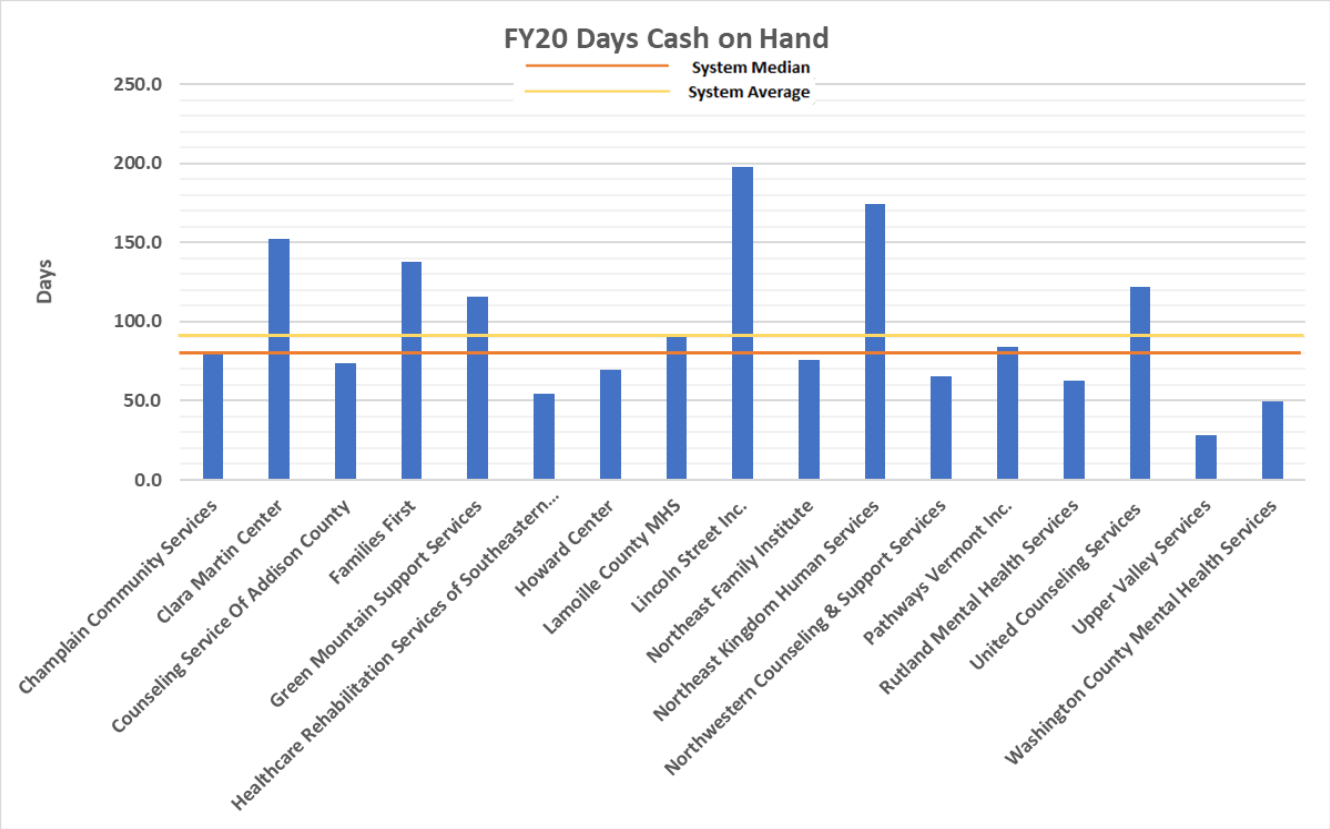
2020	Age of Plant	DCOH	Cash to LTD	LTD to Cap	LTD to To. Assets	DSCR	Cur. Ratio	A/R Days	A/P Days	Oper. Marg. %	Tot. Marg. %
Champlain Community Services	7.2	80.9	2.2	26%	22%	30.1	3.9	21.5	28.3	2.7%	2.8%
Clara Martin Center	14.5	152.1	2.4	35%	23%	1.9	1.7	10.9	99.8	11.7%	11.7%
Counseling Service Of Addison County	13.4	74.0	2.6	23%	16%	2.8	1.9	26.2	56.7	0.9%	1.0%
Families First	9.8	137.8	2.5	29%	26%	47.1	6.6	26.1	25.9	6.8%	7.5%
Green Mountain Support Services	17.9	115.8	6.7	16%	13%	231.5	4.4	25.1	27.9	4.4%	4.7%
Healthcare Rehabilitation Services of Southeastern Vermont	12.9	54.2	0.4	62%	47%	3.3	1.4	20.0	38.1	3.0%	3.4%
Howard Center	11.8	69.6	16.2	8%	5%	7.1	1.6	41.0	57.2	3.8%	5.2%
Lamoille County MHS	9.0	91.1	1.9	34%	27%	25.0	2.9	14.4	36.9	4.3%	4.3%
Lincoln Street Inc.	14.5	197.9	6.7	14%	12%	113.4	7.2	27.6	27.0	5.6%	5.8%
Northeast Family Institute	7.0	75.7	0.8	38%	28%	1.4	1.7	40.4	48.3	-0.3%	0.0%
Northeast Kingdom Human Services	10.4	174.6	2.4	32%	19%	3.3	2.2	25.9	55.3	1.1%	1.1%
Northwestern Counseling & Support Services	10.0	65.4	3.3	15%	13%	5.6	2.9	43.1	42.4	4.5%	4.5%
Pathways Vermont Inc.	5.8	84.4	2.8	41%	24%	0.1	1.9	32.7	53.6	0.2%	0.2%
Rutland Mental Health Services	17.0	62.5	1.9	30%	23%	3.5	2.4	19.3	35.6	1.4%	1.4%
United Counseling Services	17.8	122.2	2.8	32%	23%	0.9	2.7	19.5	57.5	3.8%	3.8%
Upper Valley Services	32.7	28.0	1.8	34%	24%	26.2	2.6	25.2	23.3	0.7%	0.7%
Washington County Mental Health Services	9.7	49.6	1.4	32%	21%	13.4	1.5	27.1	58.1	2.2%	2.4%
System Median	**11.8**	**80.9**	**2.4**	**32%**	**23%**	**5.6**	**2.4**	**25.9**	**42.4**	**3.0%**	**3.4%**
System Average	**13.0**	**96.2**	**3.5**	**29%**	**21%**	**30.4**	**2.9**	**26.2**	**45.4**	**3.3%**	**3.6%**

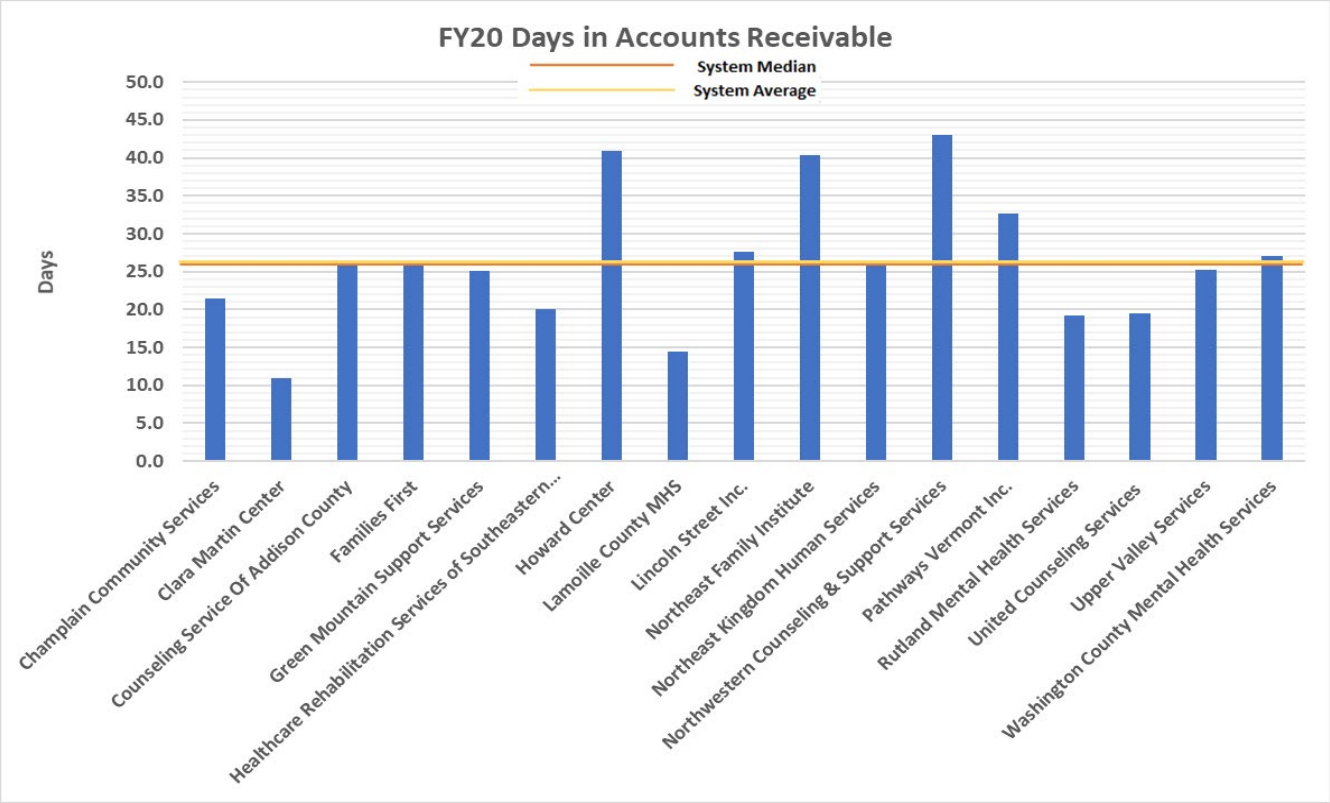
Profitability Metrics:

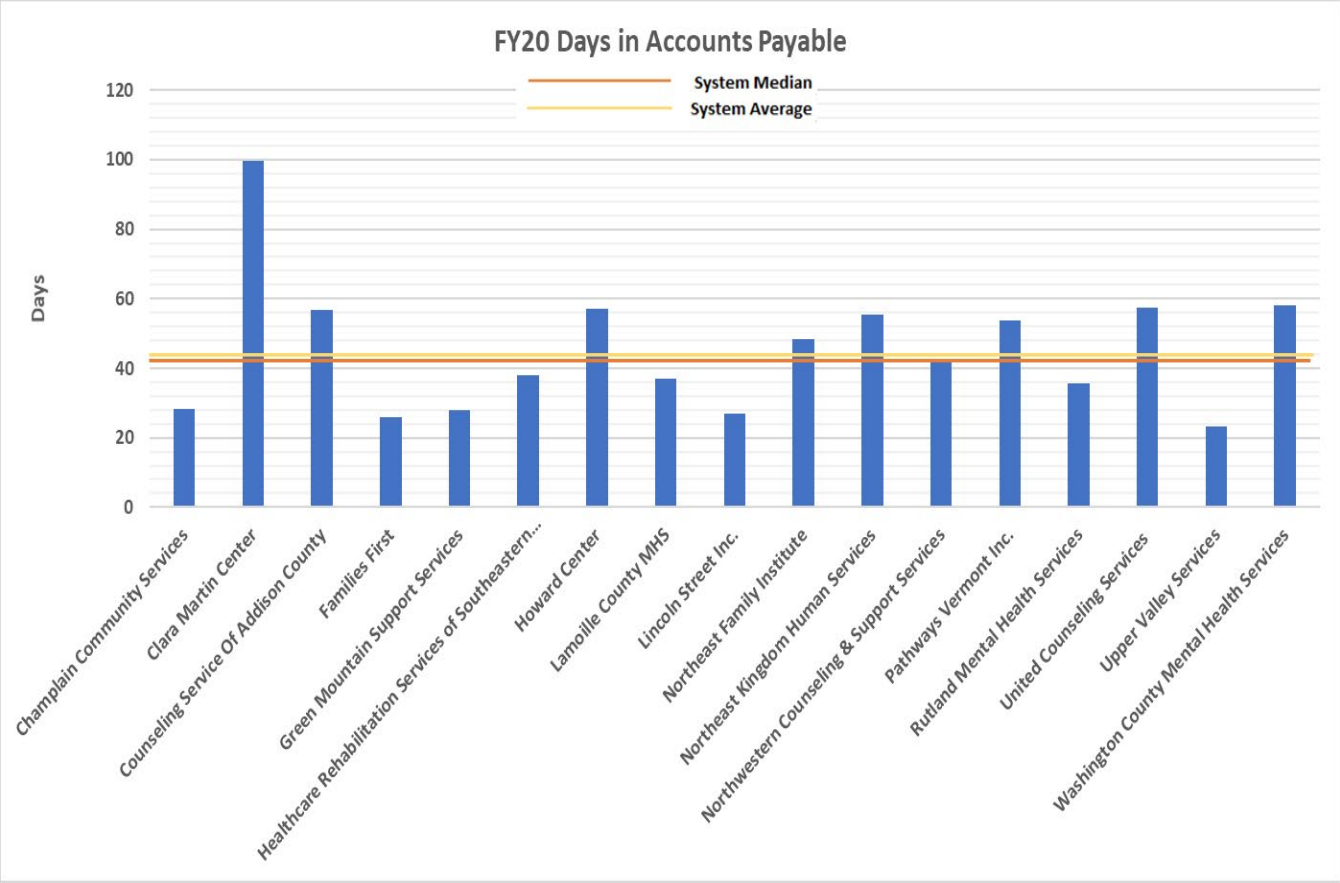


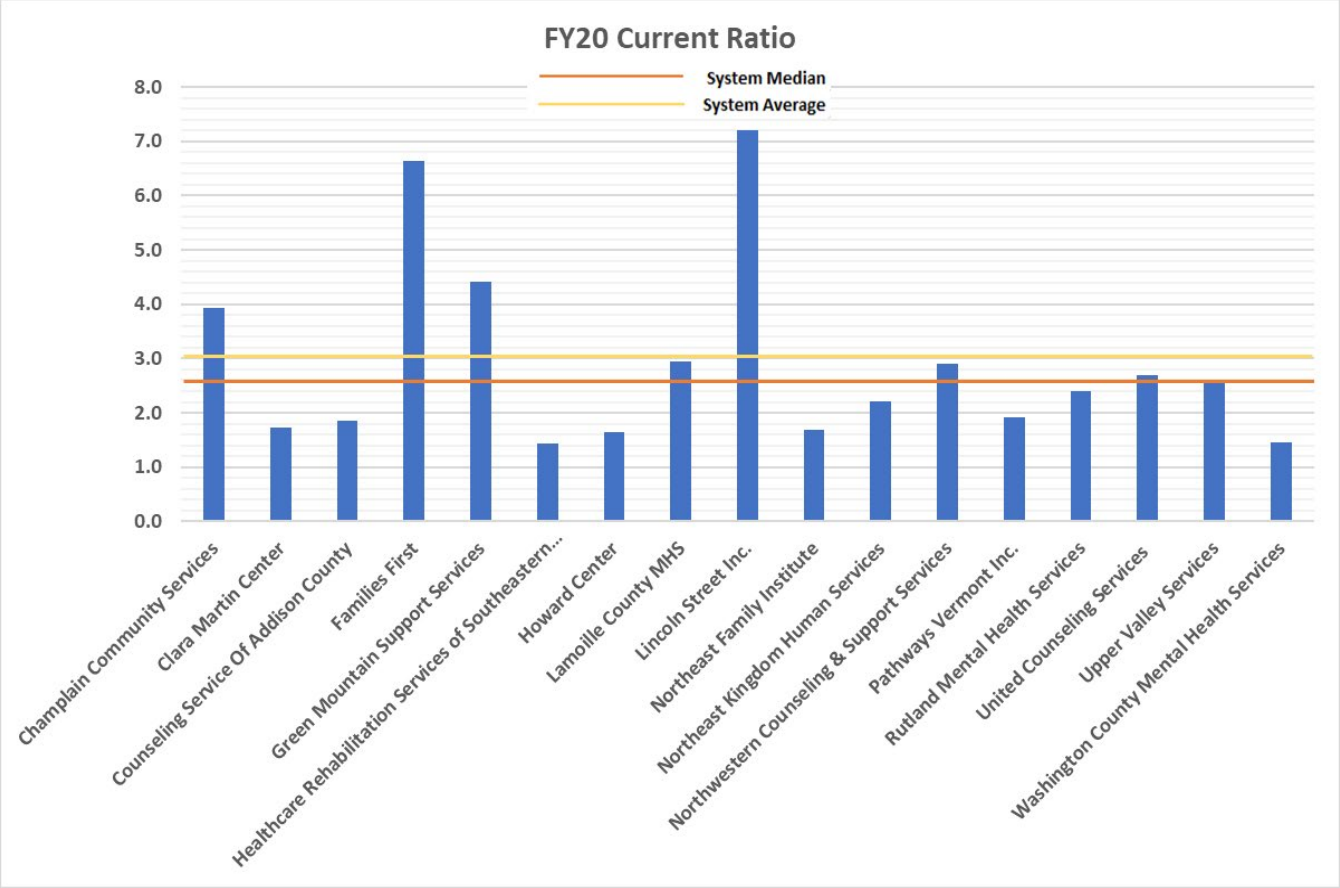


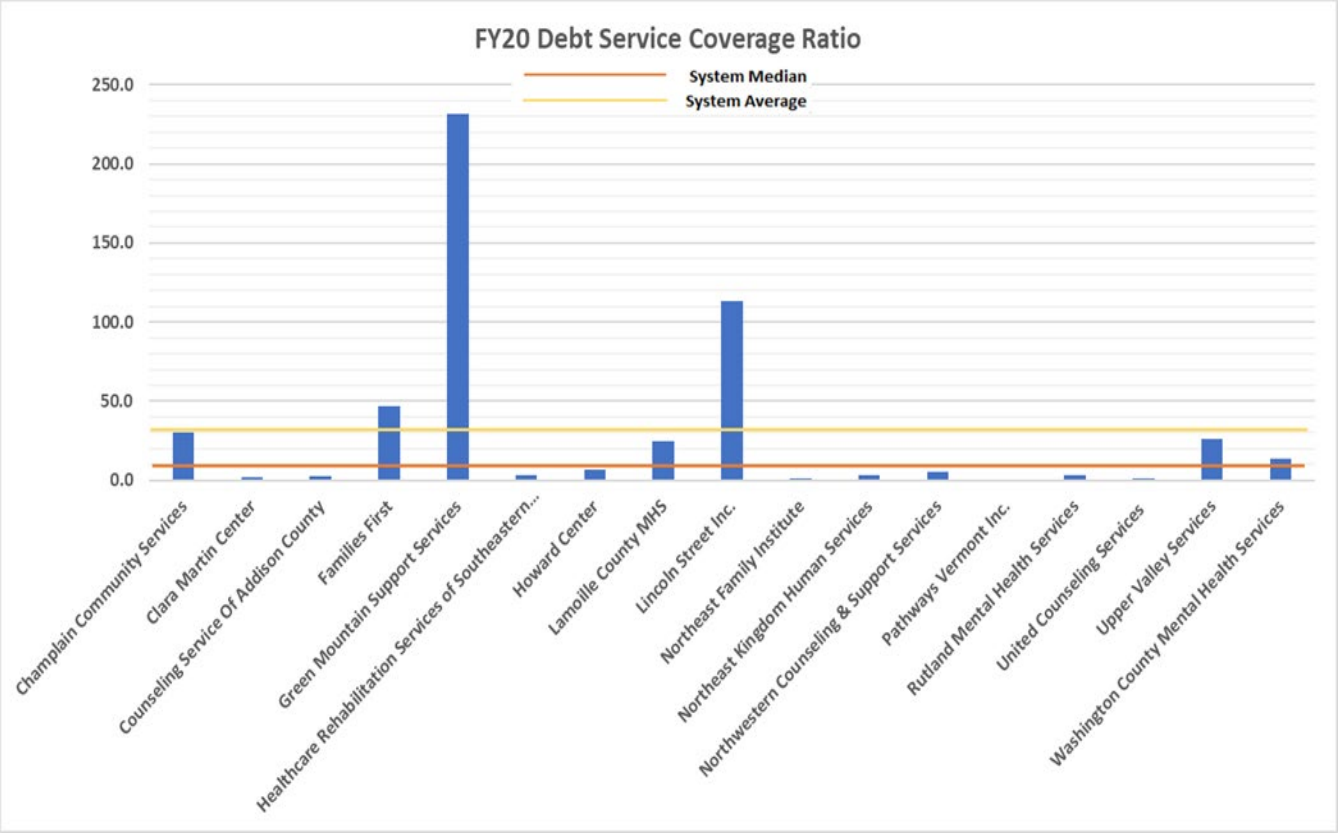
Liquidity/Leverage Metrics:

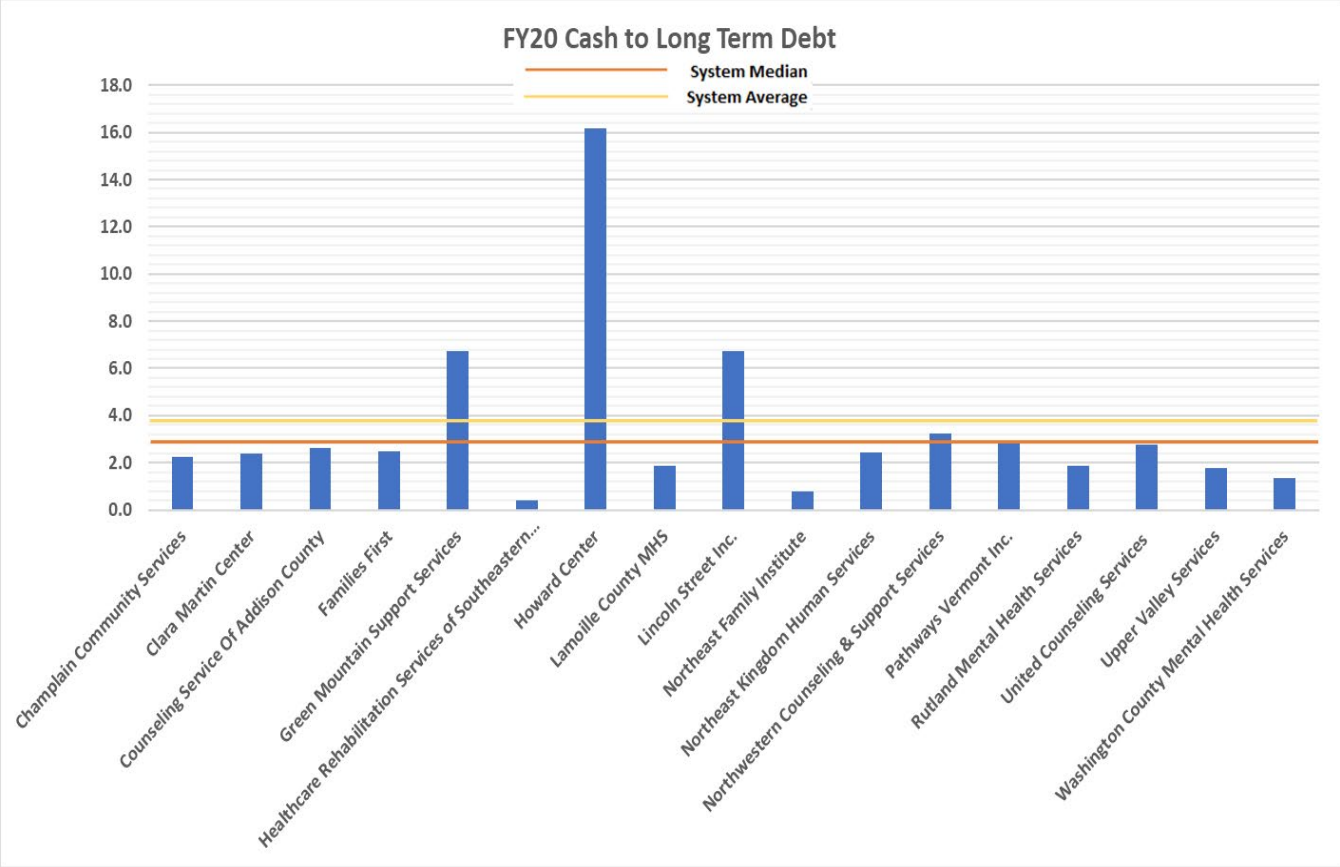



FY20 Days in Accounts Receivable
System Median
System Average
Days
50.0
45.0
40.0
35.0
30.0
25.0
20.0
15.0
10.0
5.0
0.0
Champlain Community Services
Clara Martin Center
Counseling Service Of Addison County
Families First
Green Mountain Support Services
Healthcare Rehabilitation Services of Southeastern...
Howard Center
Lamoille County MHS
Lincoln Street Inc.
Northeast Family Institute
Northeast Kingdom Human Services
Northwestern Counseling & Support Services
Pathways Vermont Inc.
Rutland Mental Health Services
United Counseling Services
Upper Valley Services
Washington County Mental Health Services

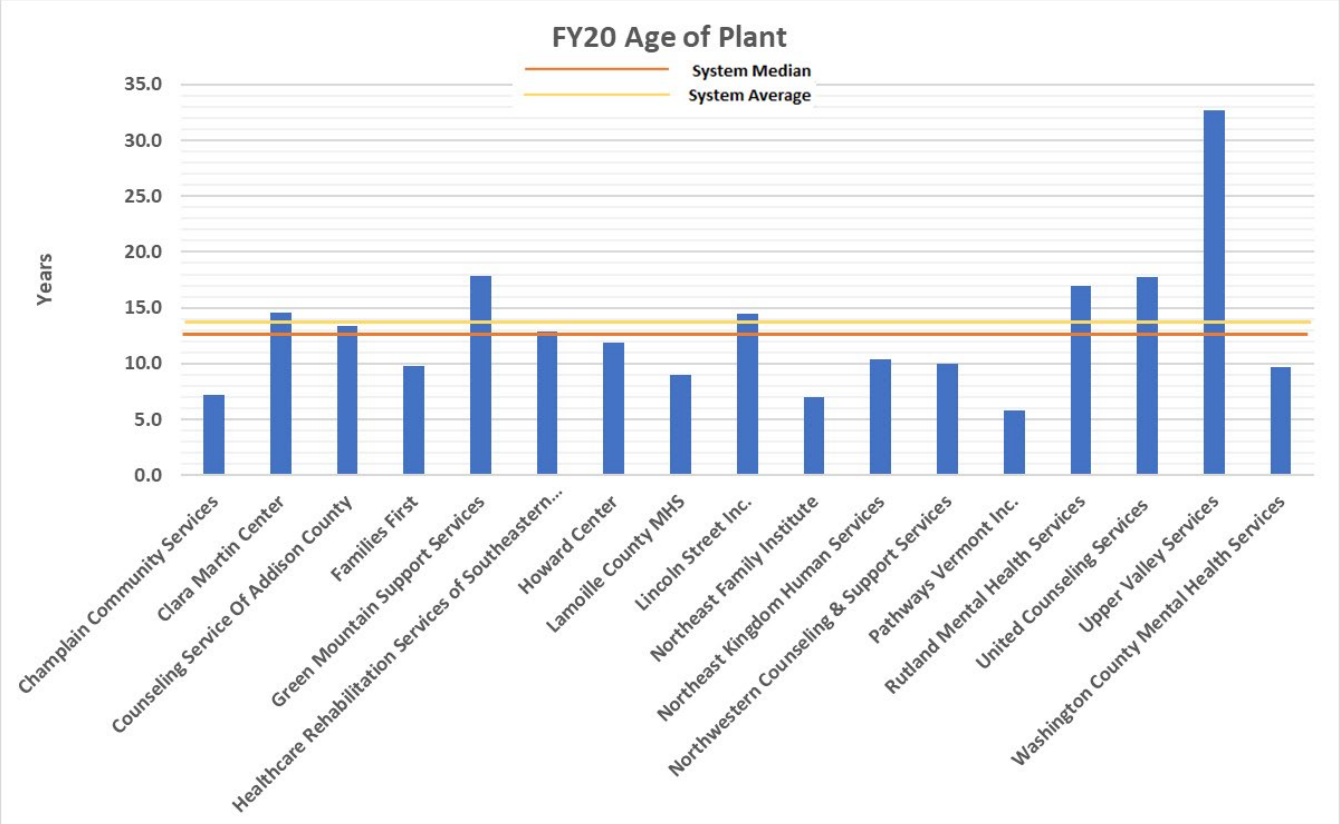

FY20 Days in Accounts Payable
System Median
System Average
Days
120
100
80
60
40
20
0
Champlain Community Services
Clara Martin Center
Counseling Service Of Addison County
Families First
Green Mountain Support Services
Healthcare Rehabilitation Services of Southeastern...
Howard Center
Lamoille County MHS
Lincoln Street Inc.
Northeast Family Institute
Northeast Kingdom Human Services
Northwestern Counseling & Support Services
Pathways Vermont Inc.
Rutland Mental Health Services
United Counseling Services
Upper Valley Services
Washington County Mental Health Services

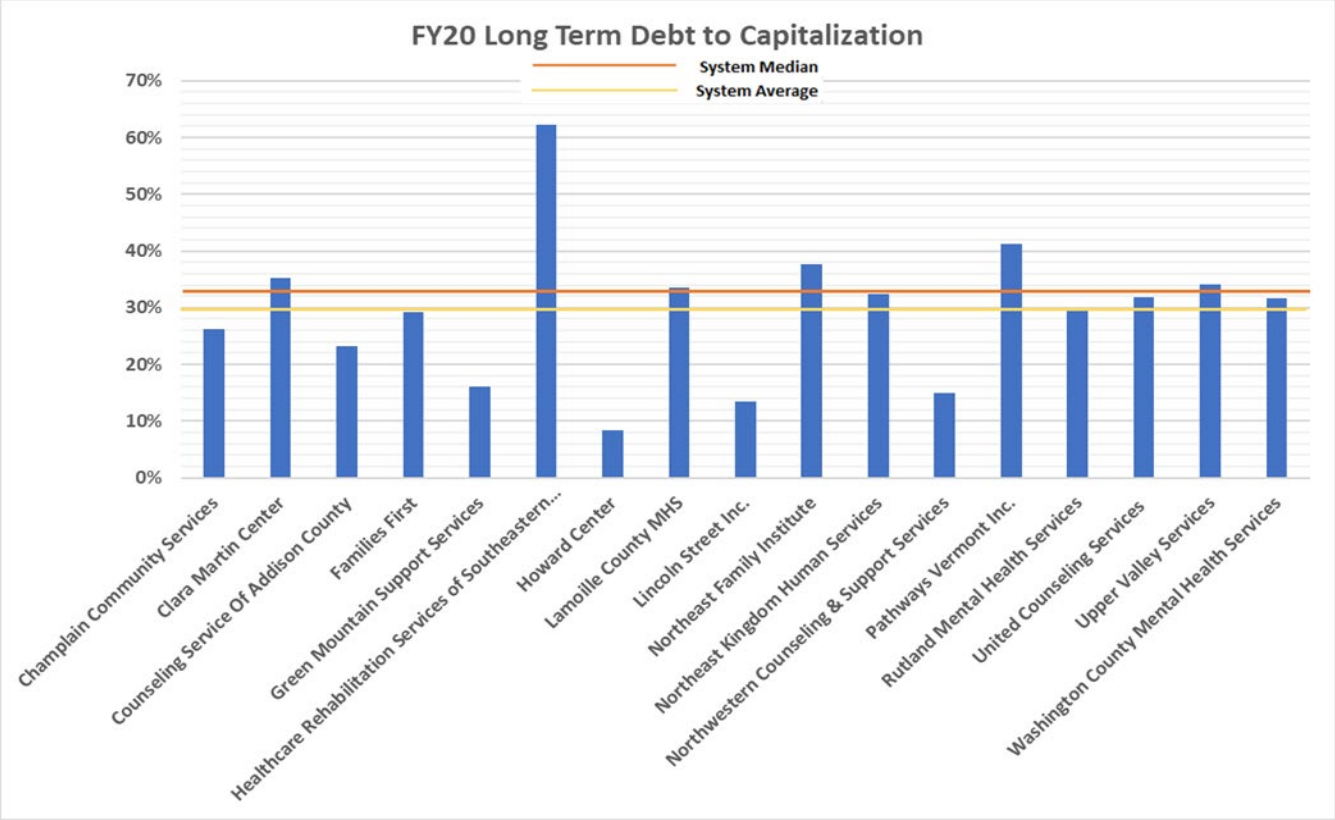

FY20 Current Ratio
System Median
System Average
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0.0
Champlain Community Services
Clara Martin Center
Counseling Service Of Addison County
Families First
Green Mountain Support Services
Healthcare Rehabilitation Services of Southeastern...
Howard Center
Lamoille County MHS
Lincoln Street Inc.
Northeast Family Institute
Northeast Kingdom Human Services
Northwestern Counseling & Support Services
Pathways Vermont Inc.
Rutland Mental Health Services
United Counseling Services
Upper Valley Services
Washington County Mental Health Services

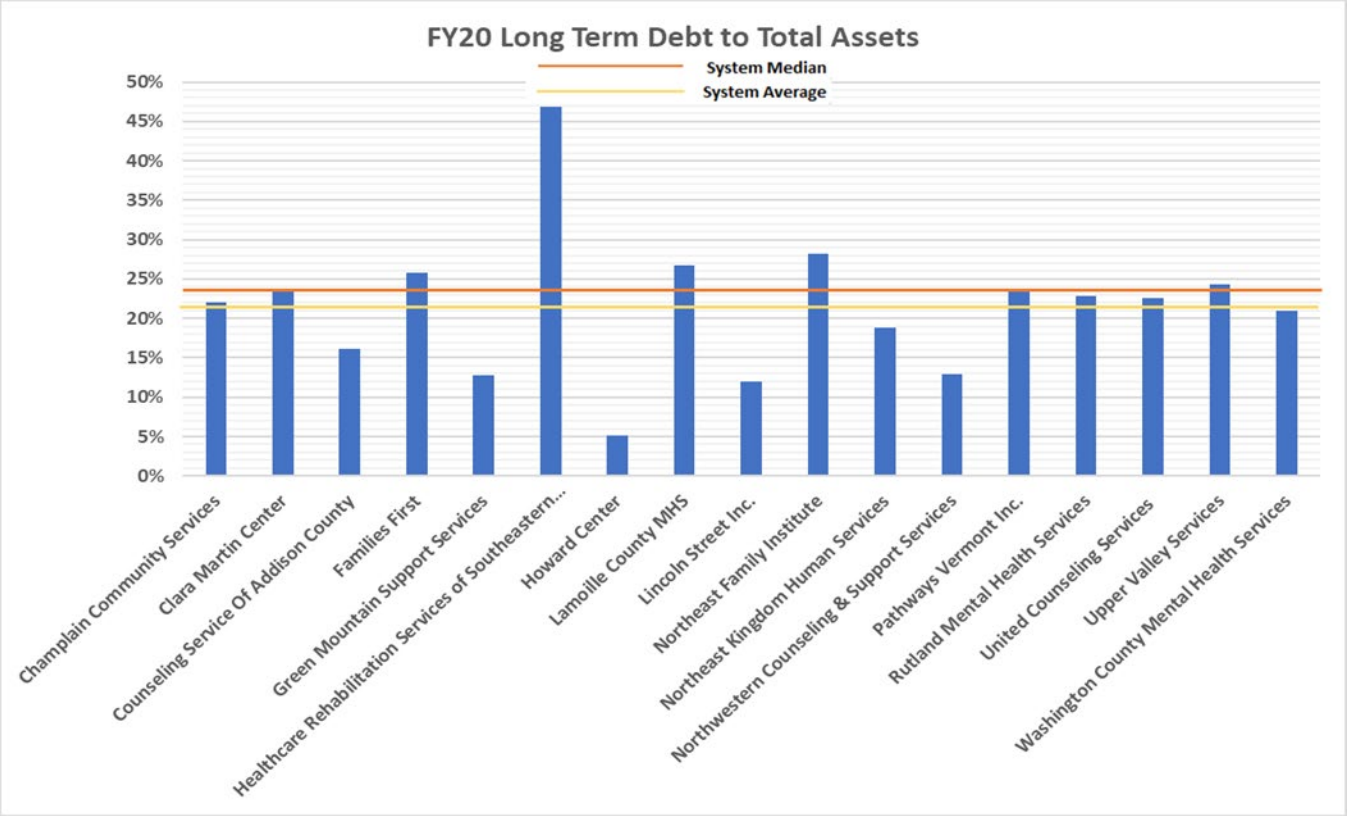

FY20 Debt Service Coverage Ratio
System Median
System Average
250.0
200.0
150.0
100.0
50.0
0.0
Champlain Community Services
Clara Martin Center
Counseling Service Of Addison County
Families First
Green Mountain Support Services
Healthcare Rehabilitation Services of Southeastern...
Howard Center
Lamoille County MHS
Lincoln Street Inc.
Northeast Family Institute
Northeast Kingdom Human Services
Northwestern Counseling & Support Services
Pathways Vermont Inc.
Rutland Mental Health Services
United Counseling Services
Upper Valley Services
Washington County Mental Health Services



Capital Related Metrics:

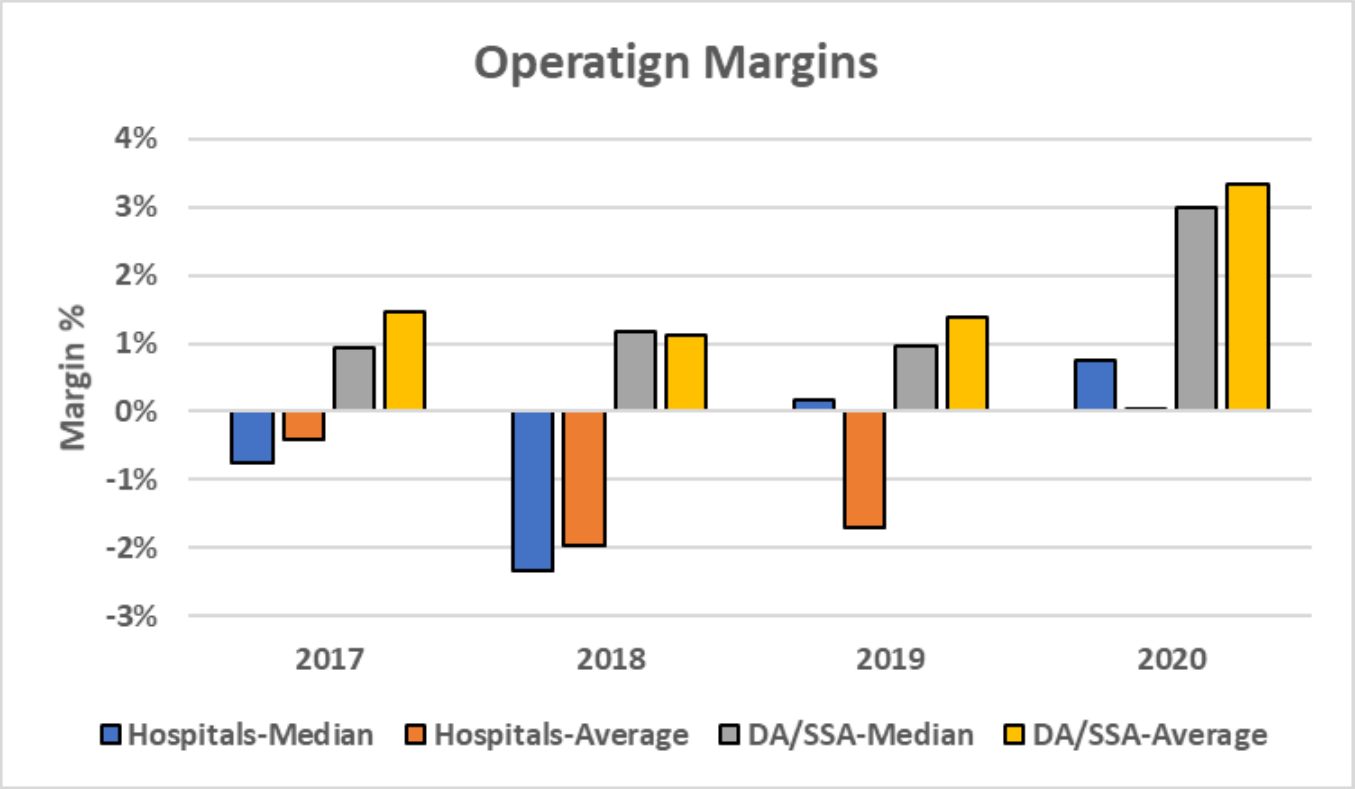


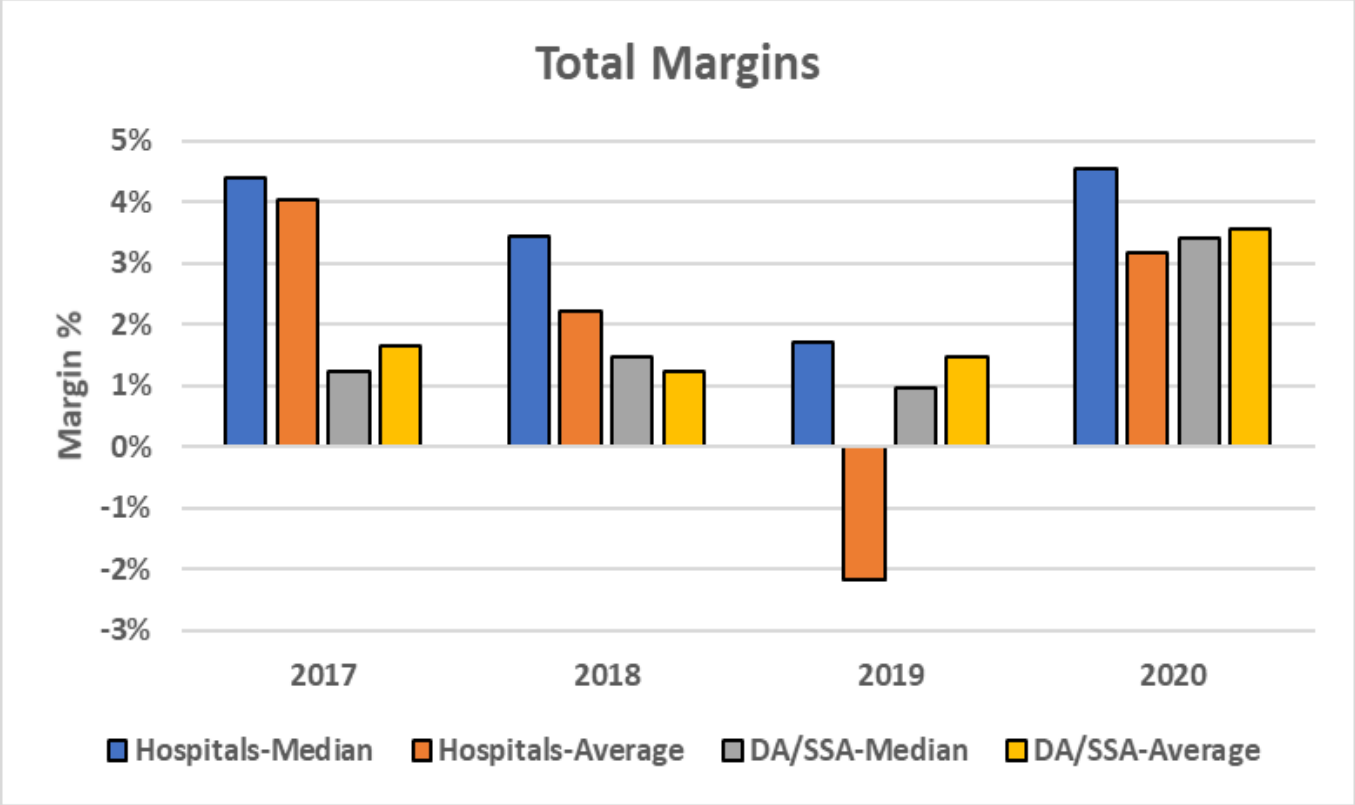

FY20 Long Term Debt to Capitalization
System Median
System Average
70%
60%
50%
40%
30%
20%
10%
0%
Champlain Community Services
Clara Martin Center
Counseling Service Of Addison County
Families First
Green Mountain Support Services
Healthcare Rehabilitation Services of Southeastern...
Howard Center
Lamoille County MHS
Lincoln Street Inc.
Northeast Family Institute
Northeast Kingdom Human Services
Northwestern Counseling & Support Services
Pathways Vermont Inc.
Rutland Mental Health Services
United Counseling Services
Upper Valley Services
Washington County Mental Health Services


FY20 Long Term Debt to Total Assets
System Median
System Average
50%
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
Champlain Community Services
Clara Martin Center
Counseling Service Of Addison County
Families First
Green Mountain Support Services
Healthcare Rehabilitation Services of Southeastern...
Howard Center
Lamoille County MHS
Lincoln Street Inc.
Northeast Family Institute
Northeast Kingdom Human Services
Northwestern Counseling & Support Services
Pathways Vermont Inc.
Rutland Mental Health Services
United Counseling Services
Upper Valley Services
Washington County Mental Health Services

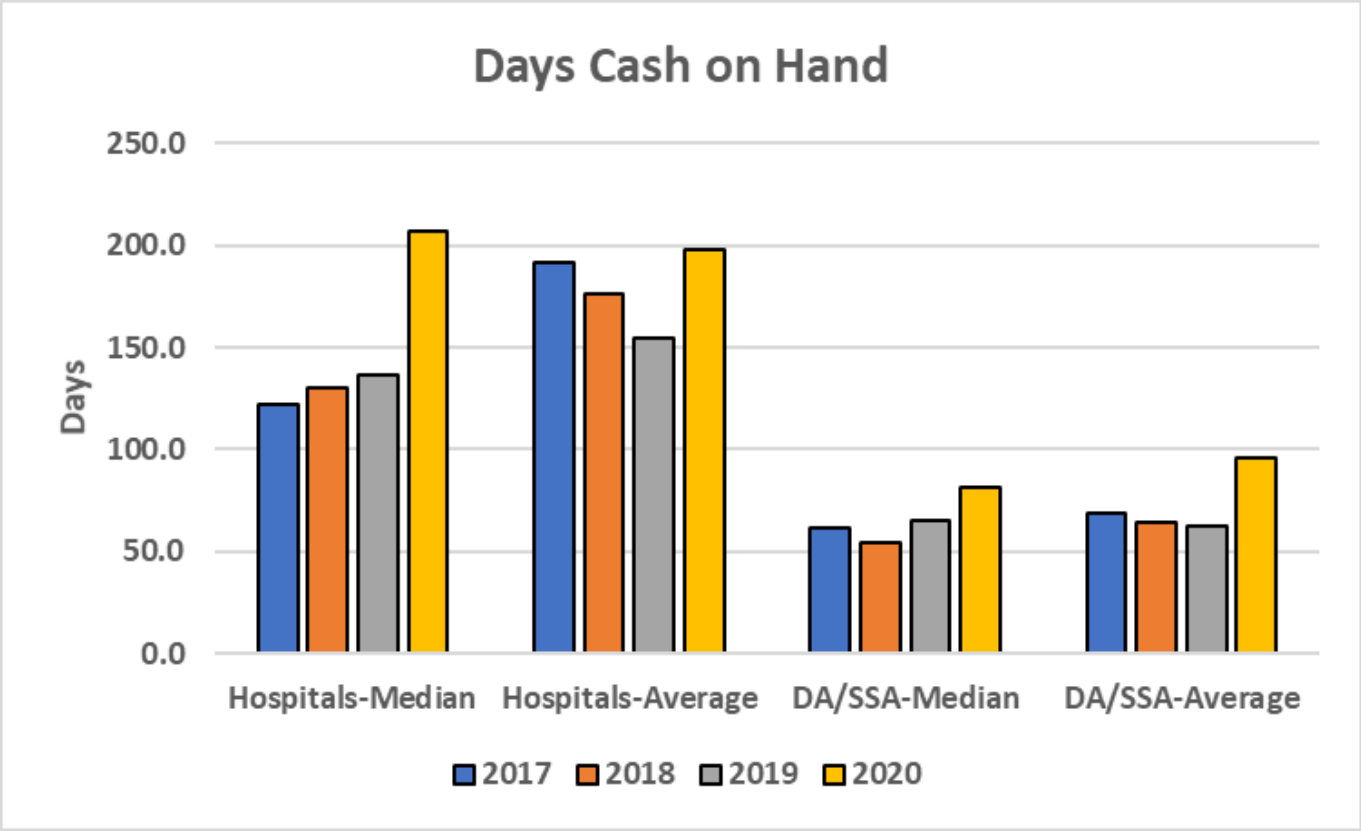
Part IV:

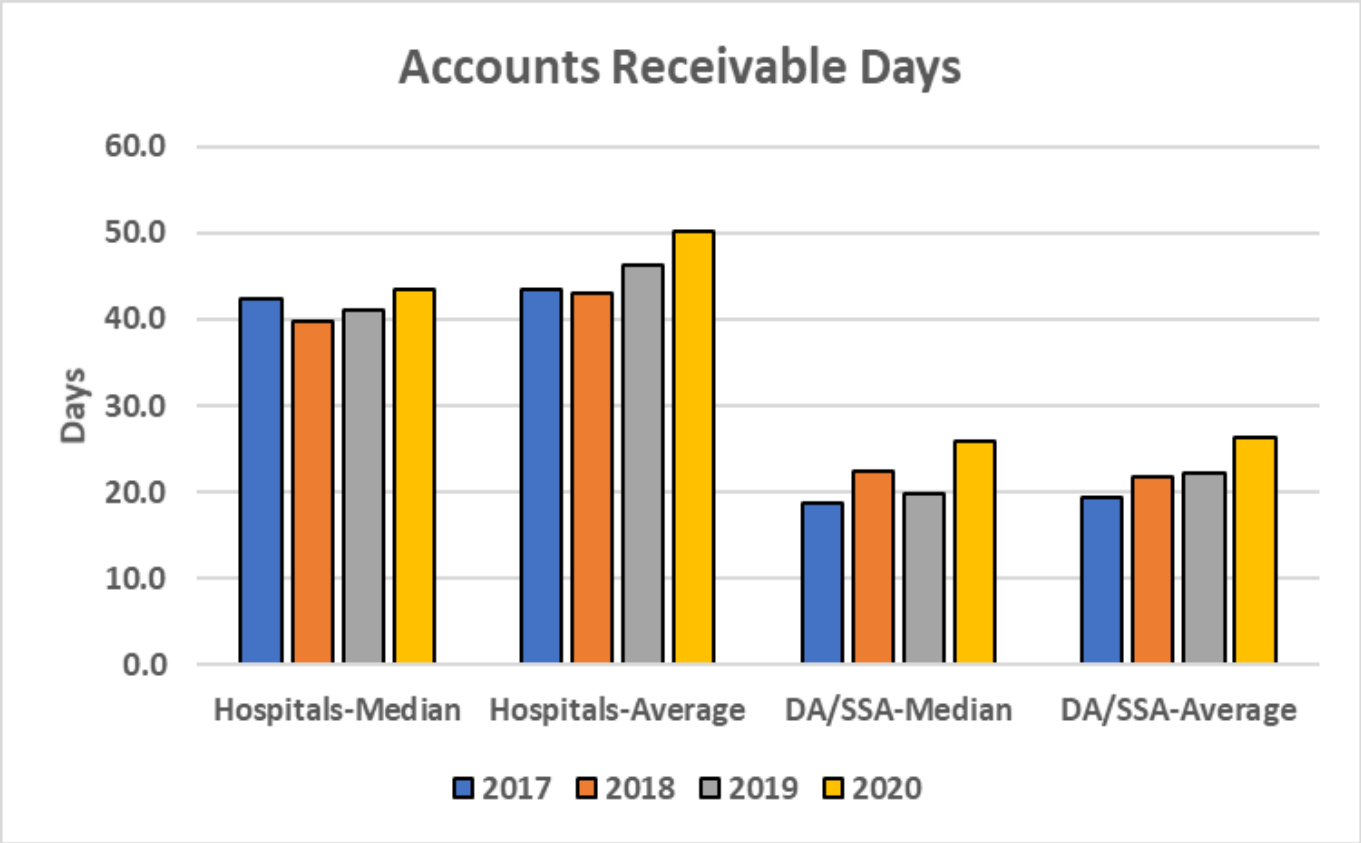
Profitability Metrics:

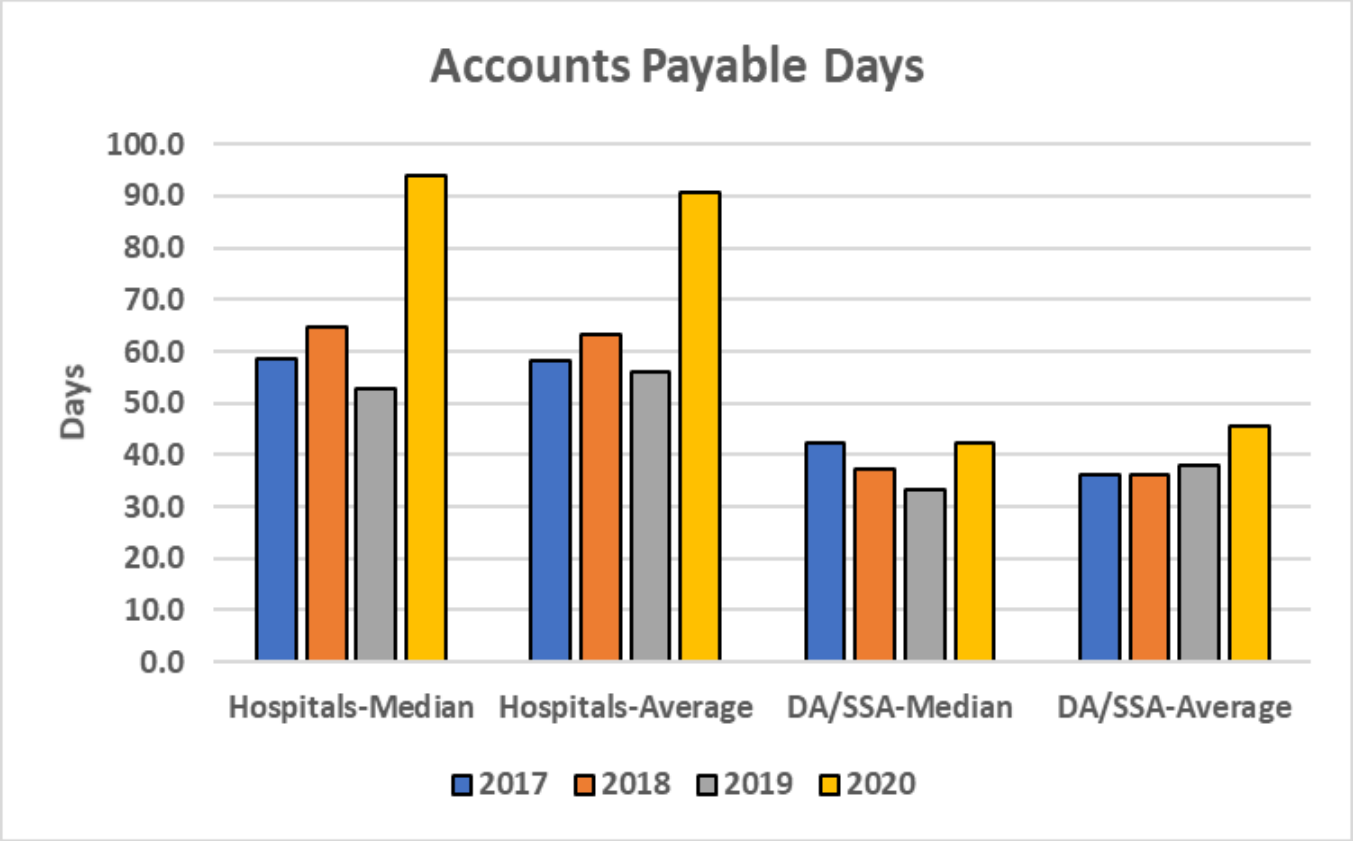


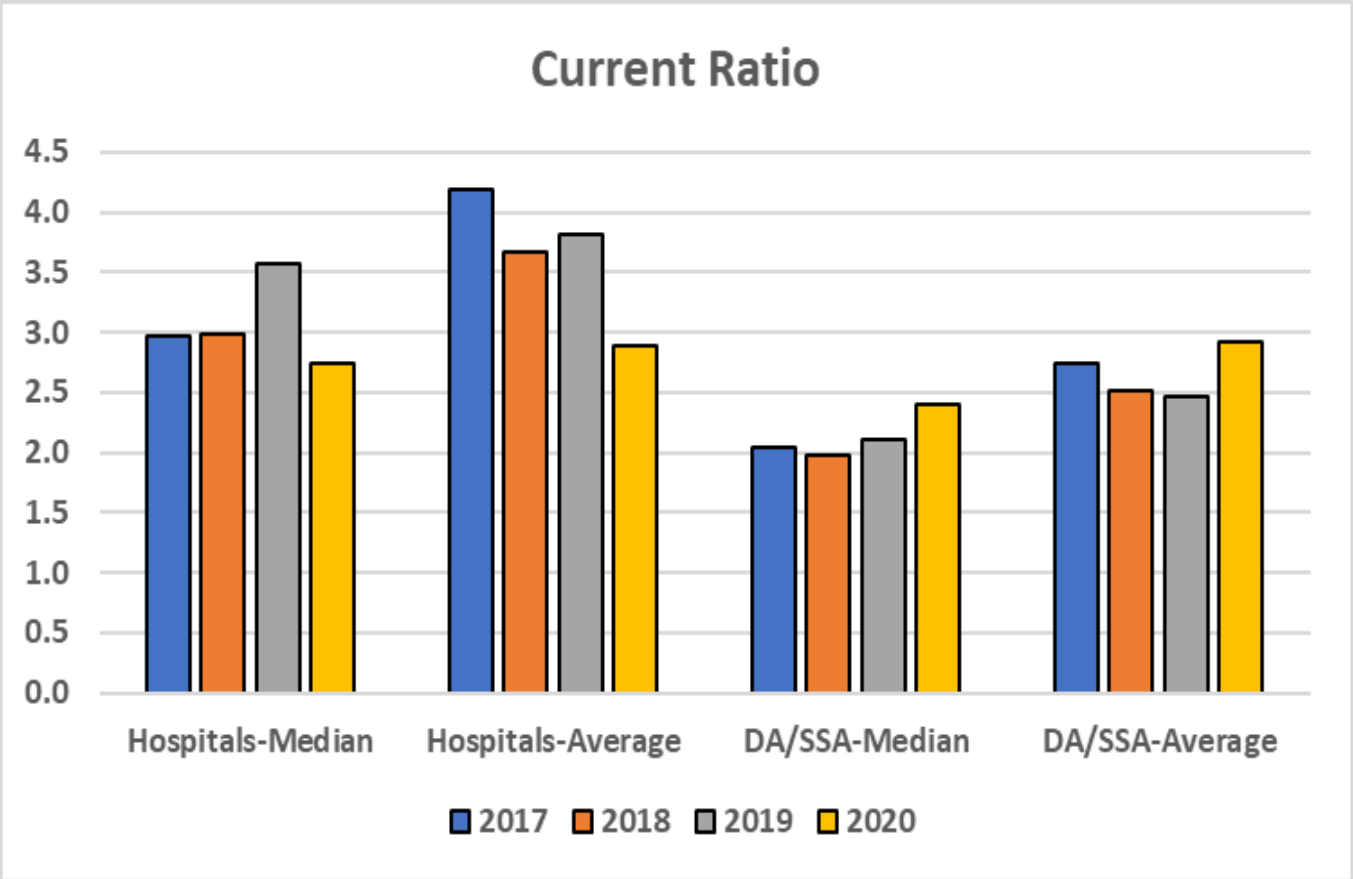


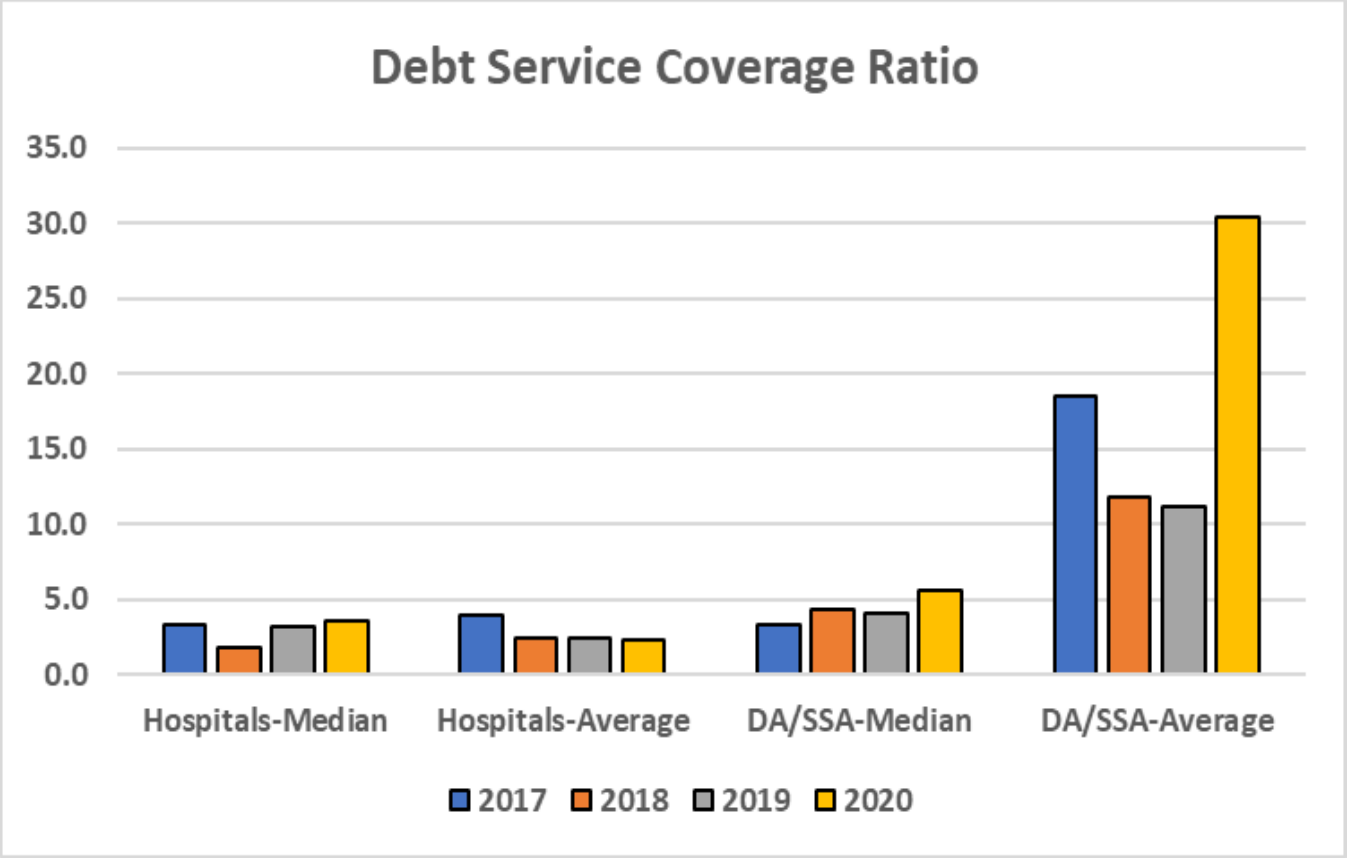
Liquidity/Leverage Metrics:

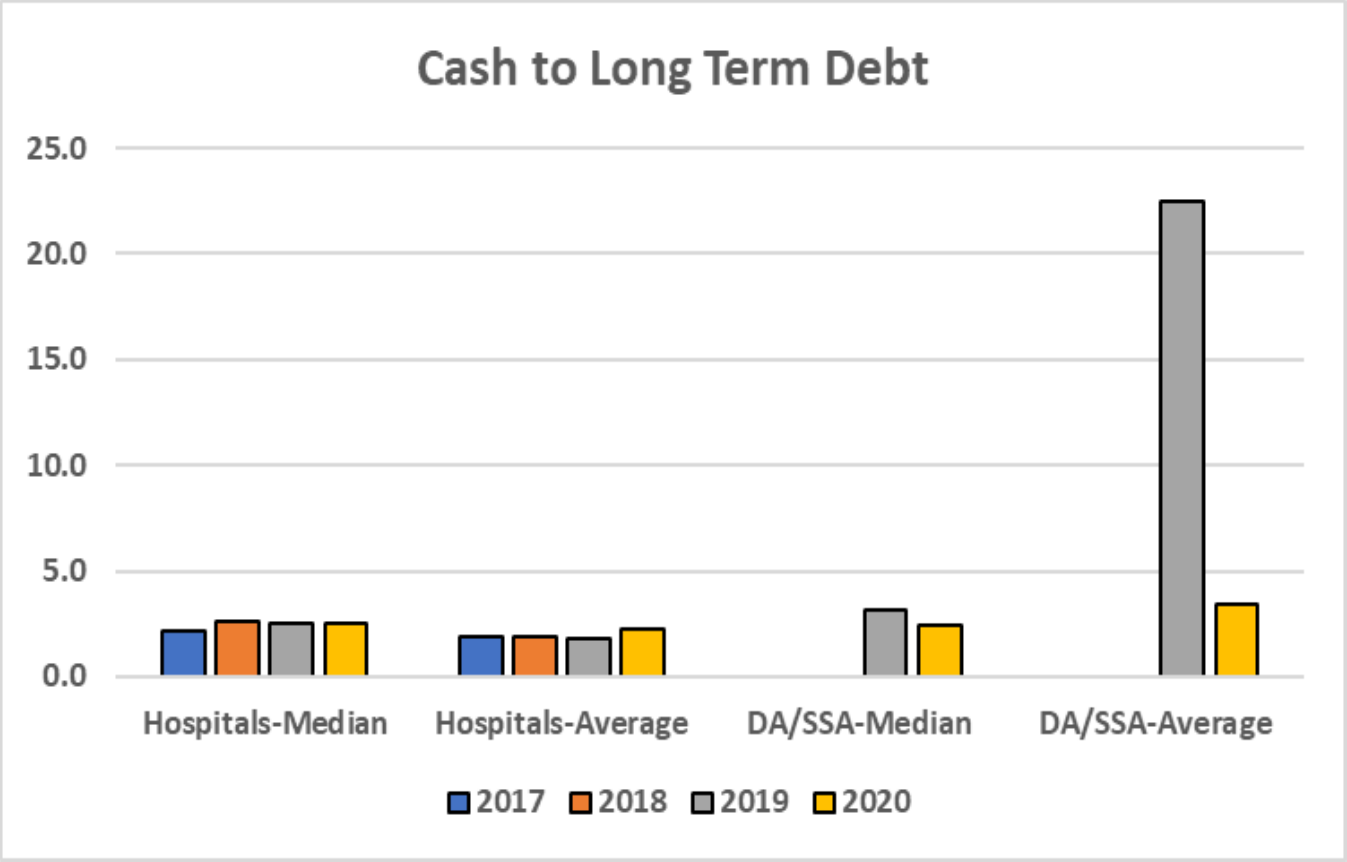




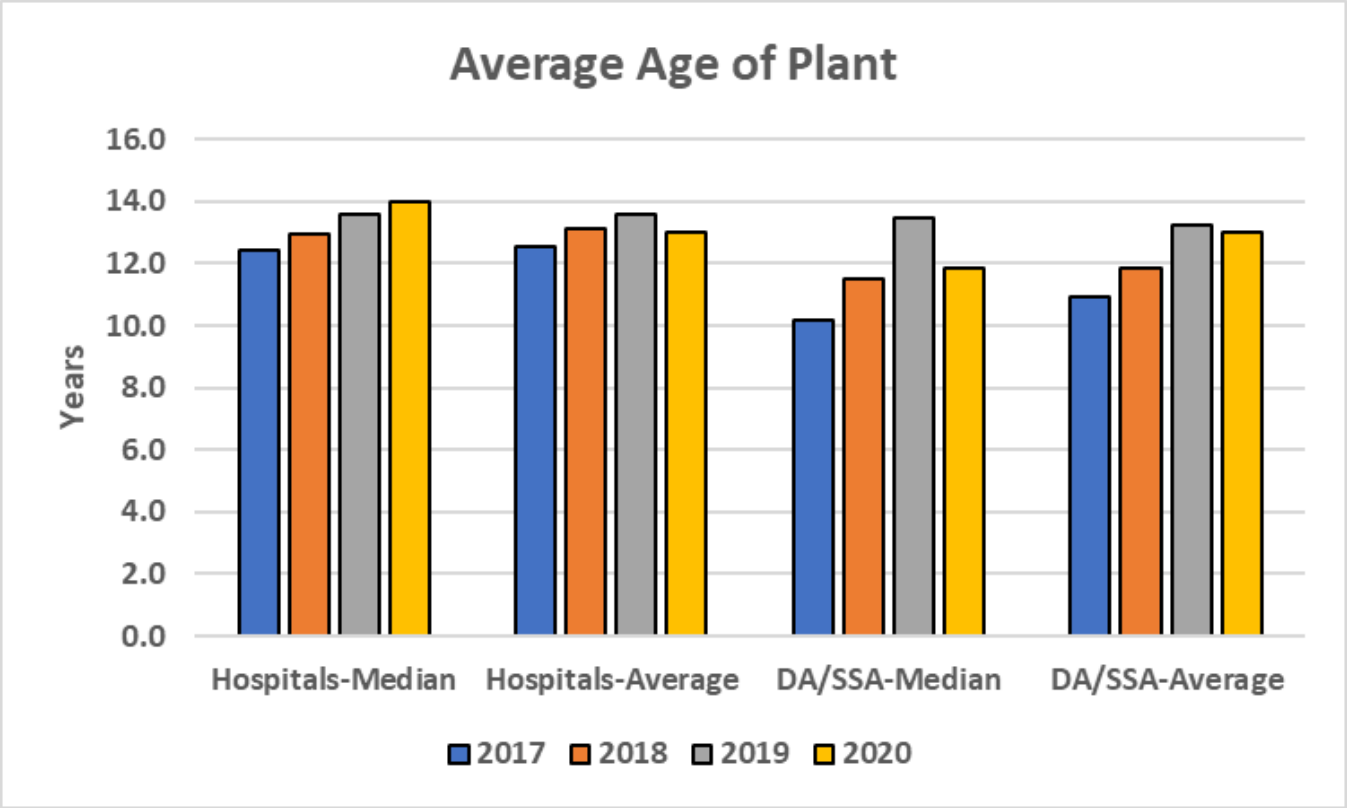

Accounts Payable Days
Days
100.0
90.0
80.0
70.0
60.0
50.0
40.0
30.0
20.0
10.0
0.0
Hospitals-Median
Hospitals-Average
DA/SSA-Median
DA/SSA-Average
2017
2018
2019
2020

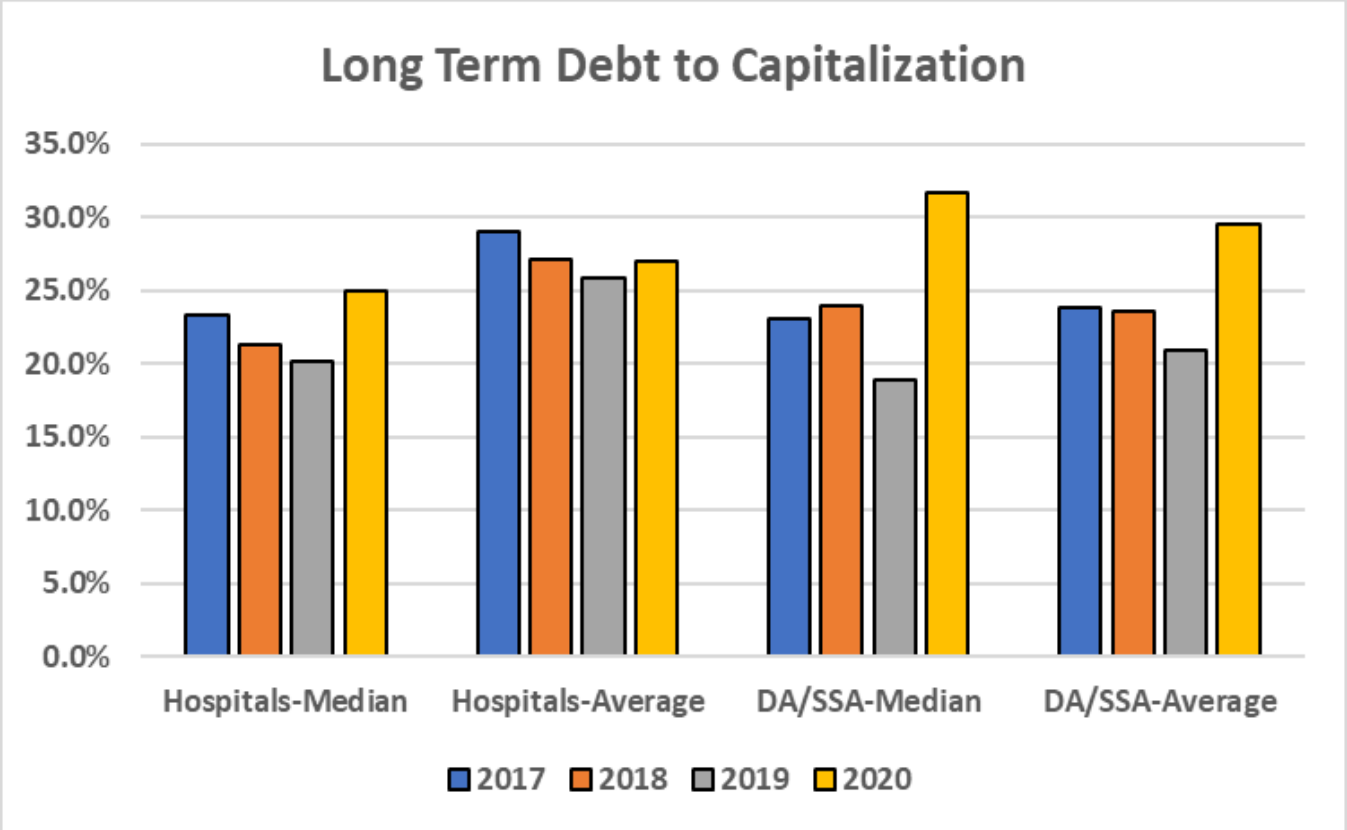

Current Ratio
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
Hospitals-Median
Hospitals-Average
DA/SSA-Median
DA/SSA-Average
2017
2018
2019
2020

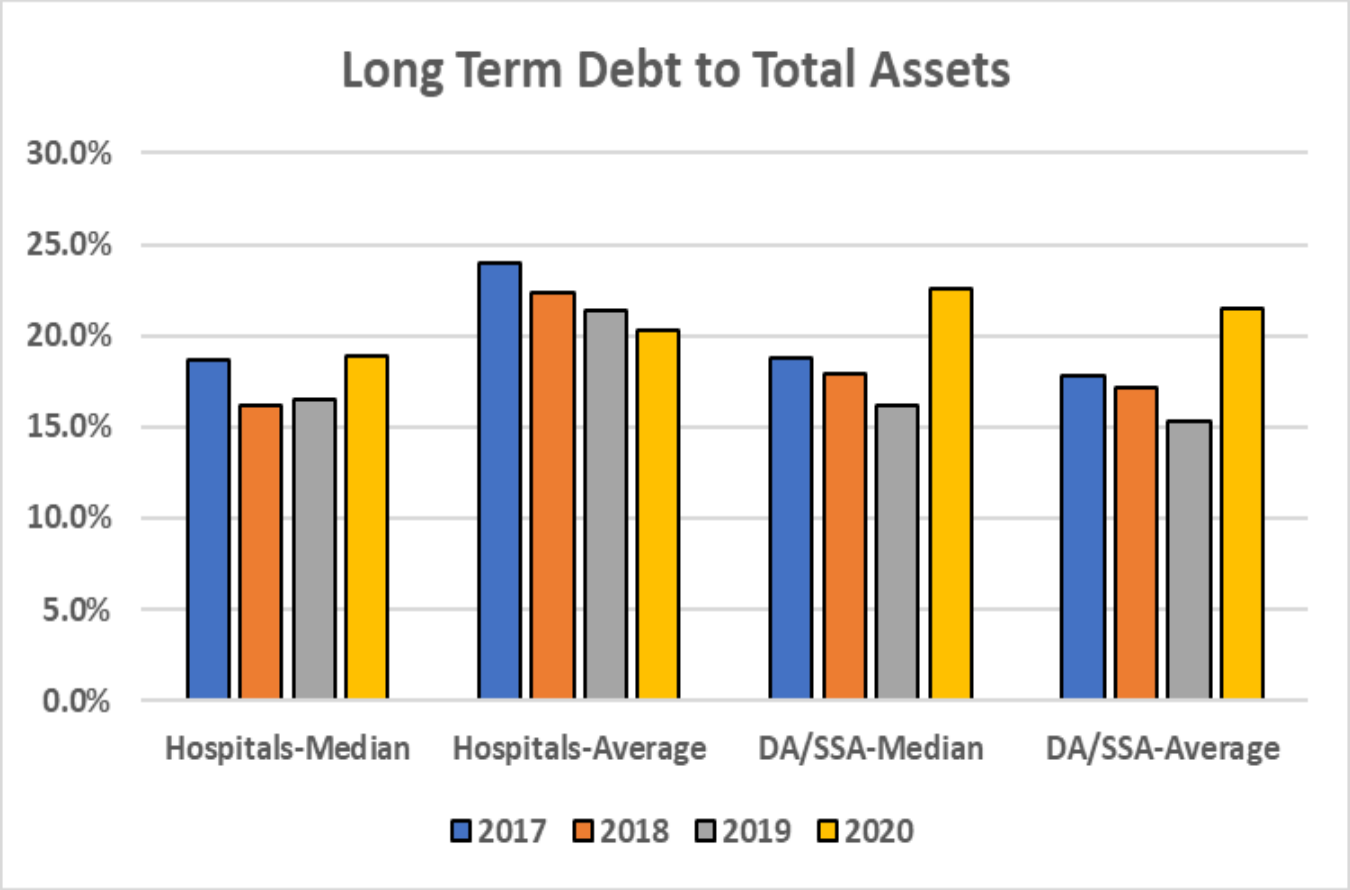

Debt Service Coverage Ratio
35.0
30.0
25.0
20.0
15.0
10.0
5.0
0.0
Hospitals-Median
Hospitals-Average
DA/SSA-Median
DA/SSA-Average
2017
2018
2019
2020


Cash to Long Term Debt
25.0
20.0
15.0
10.0
5.0
0.0
Hospitals-Median
Hospitals-Average
DA/SSA-Median
DA/SSA-Average
2017
2018
2019
2020

Capital Related Metrics:






Long Term Debt to Total Assets
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
Hospitals-Median
Hospitals-Average
DA/SSA-Median
DA/SSA-Average
2017
2018
2019
2020

Part V: Glossary of Terms

Net Patient Revenue (NPR): Revenue an agency will receive for services rendered. It is the amount resulting after contractual allowances, commercial discounts, and free care are deducted from gross charges.

Reform Revenues: Revenues derived from health care reform efforts (ACO only).

Other Operating Revenues: Revenues derived by operational means other than for patient services rendered (NPR).

Operating Expenses: All input costs required to provide goods and services to patients. This includes salaries, fringes, insurance, professional fees, depreciation, interest, etc.

Operating Margin: Profitability ratios that shows how much profit an organization makes from its core operations (patient care). *Operating Surplus / (NPR+FPP + Other Operating Revenue)*

Total Margin: Profitability ratios that shows overall profitability of the business and measures overall organizational health. *(Operating Surplus & non-operating Revenues)/ (NPR +FPP+ Other Operating Revenue + Non-Operating Revenue)*

Days Cash on Hand: Represents the number of days an organization can continue to pay its operating expenses with current available cash. Essentially it is the number of days an organization can stay in business if it makes no sales and doesn't collect any receivables. *(Cash + Investments + Unrestricted Funded Depreciation (Board Designated Assets) + Unrestricted Other Board Designated Assets) * 365/ (Total expense – (Depreciation + Amortization)*

Days Receivable: Measures the average amount of time between patient discharge and when payment is received. *Net Patient Accounts Receivable / NPR* 365*

Days Payable: Measures the average amount of time it takes for an organization to pay its bills and invoices to its trade creditors. *Current Liabilities / (Total Expenses – (Depreciation + Amortization + Interest) * 365*

Current Ratio: A liquidity ratio that measures an organization's ability to pay short-term obligations or those due within one year. It tells investors and analysts how an organization can maximize the current assets on its balance sheet to satisfy its current debt and other payables. *(Current Assets + Unrestricted Funded Depreciation)/Current Liabilities*

Debt Service Coverage Ratio: A measurement of an organization's available cash flow to pay current debt obligations. *(Net Operating Income + Depreciation + Amortization + Interest) / (Current Portion of Long-Term Debt + Interest)*

Cash to Long Term Debt: A type of cash coverage ratio that is used to determine how much available cash an organization has, to pay the aggregated amounts of its debt. *(Cash + Funded Depreciation + Other Board Designated Assets)/Long Term Debt*

Age of Plant: Estimate of a facility's average age *(Accumulated Depreciation/Depreciation Expense)*

Long Term Debt to Capitalization: Shows financial leverage of the organization. *Long Term Liabilities/ (Fund Balance + Long Term Liabilities)*

Long Term Debt to Total Assets: A ratio which measures the percentage of an organization's assets financed with long-term debt. *Long Term Liabilities/Total Assets*