

Porter Medical Center ANNUAL REPORT • 2016 •



Dedication

This Annual Report is dedicated to our entire Porter Medical Center Community; our patients, residents, providers, staff and volunteers.

Thank you.

Introduction

Let us all agree from the start, 2016 was something between a wild ride and a long strange trip. In the first half of the year, we lost forty nurses; in the second half of the year we hired forty nurses. In the first half of the year, we lost ten primary care providers; in the second half of the year, we hired fourteen providers. I don't need to tell anyone this is no way to run a hospital. Let us all plan on smoother sailing for 2017.

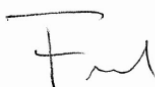
The theme since I started in this job on March 21 has been stabilizing and rebuilding and I am happy to say we have objective evidence of improvement. Progress has been incremental, baby step by baby step and much work remains to be done but progress has been made. Our finances are now on a positive trajectory. We have improved our standing with the Centers for Medicare and Medicaid (CMS), our major regulator. But most important, we have improved our operations. Our clinical services, both inpatient and out, are better staffed and better prepared to treat patients. In other words, as we close out the year, we are better able today to care for our community than we were one year ago.

Looking forward to 2017 we are planning on more progress and stability. The biggest issue ahead is the momentous decision regarding affiliation with the UVM Health Network. I am proud of the work we have done to date engaging our employees, medical staff, and community in a conversation about this important issue. We will continue to communicate on this and all important issues confronting the organization. After ninety-one years as an independent organization moving to affiliation will represent meaningful change. But I am confident if we continue to process this important issue in a thoughtful and thorough fashion, we will come to the right conclusion.

I would like to recognize a number of people without whose help we never would have survived 2016. First, I would like to thank our board of directors for placing their trust in me, as well as the great folks I work with on my leadership team who work tirelessly on behalf of Porter. I would like to thank all of our employees who lined up quickly behind me and provided unconditional support. I would like to thank our medical staff, which I describe as outstanding and am proud to consider colleagues. And lastly, I want to recognize our community. I have lived in Addison County and worked at Porter for the last 26 years. I always knew that Porter was an asset to our community and know that the community viewed it as such, but never in my wildest dreams understood exactly how much our community values their local hospital until this year when we all felt Porter was at risk. The support from our community has been amazing, unbelievable, nearly overwhelming. You, our community, have been the wind at our backs. I am proud to be a part of this great community and thank you for your support.

In my travels, the community has spoken; make sure there is a doctor in the office and be darn sure there is a hospital on South Street. We have heard your message loud and clear and will work day in and day out to meet our mission of caring for you.

Thank you all.



Dr. Fred Kniffin, President/CEO

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The First Month

I have received some very positive feedback from colleagues regarding these informal weekly messages/updates, so I will continue to create them as long as they are helpful and facilitate good communication within our organization.

Starting this week, I am “taking the show on the road” to a variety of community groups and organizations to let our friends and neighbors know what is going on here on South Street and to assure them that we are focusing on many issues important to them. Here is an outline of my remarks:

My message to all staff as the new CEO”:

- o *Respect and Collaboration is the theme*
- o *We cannot stop changing.....but we need to slow down and do it well*
- o *Regardless of your job at Porter...focus each and every day on our Mission/our patients....and we will be ok*

My Key short-term priorities:

- o *Rebuild our relationships and hit the reset button (nurses, physicians, board)—time to come together and roll up our sleeves*
- o *Focus on quality and staffing like a laser—engage our staff*
- o *Address primary care and departures of valued colleagues—communicate to our patients....and make a plan for “rebuilding”*

I am here today to tell you that we are making progress on all of these priorities—and we have many talented and committed people working as a team and focused on solutions—and to assure you that “we get it”.....we have a serious primary care challenge and we are 100% committed to ensuring that our community continues to have access to the high quality care you need and deserve.



Porter and Primary Care

At our recent Porter Medical Center Annual Meeting I announced that I had learned that morning that Porter Internal Medicine would be closing soon. Since then, I have received numerous calls and letters from community members who are deeply concerned by the closing of this practice and about the future of adult primary care access in Addison County.

The relationship between a caregiver and patient is unique and intimate. For many of us, we see our doctor, nurse, or nurse practitioner for years. They share our medical highs like our children's growth milestones, and they share our medical lows like the diagnosis of an illness. We are very fortunate in our small community to have great healthcare providers. Access to primary care providers is essential for us all, young and old.

One year ago, we had eight providers in our community practicing internal medicine. Today we have six, soon to be four. For those upset by the departure of these valuable providers, I fully understand and acknowledge your anger. We are a diminished community for this loss.

Which brings us to today.....

I believe in Internal Medicine. I am an Internist by training. I believe a healthy department of Internal Medicine is essential for our hospital and for the health of our community. But there is no easy or short-term fix. Recruiting new, highly skilled physicians to locate and practice here will take time. As the new leader of Porter Medical Center, I plan to work with my board, medical staff and administrative colleagues to take a comprehensive look at where we are and develop a solid plan for addressing the primary care needs of our community. It will be hard work, but it is urgent and necessary work, and we will do it together.



“Access to primary care providers is essential for us all, young and old.”

Road Trip

The notable event of my week was a road trip to Montpelier. Once a month, the CEO's of the 14 Vermont hospital s meet. I remember Mr. Daily making many trips to Montpelier and Lynn doing this as well. Frankly, I am a "home-body"; I feel like I am doing my best and most important work when I am right here at Porter. In fact, I had asked my new boss (Maureen McLaughlin, PMC Board Chair) if I could focus on the local business and delegate the state-wide work to a teammate. The response was "no". In retrospect, this was a good decision on her part.

The meeting was three hours long and the main topic was health care reform (really "payment reform").

Every time I meet with a state-wide group like this, whether it is ED directors, CMO's, or CEO's, I am reminded that things at Porter are not so bad. The challenges we face are exactly the challenges other hospitals face. Whether it is reimbursement rate changes or just simply the unsettling uncertainty of working in healthcare, there are universal challenges not specific to Porter and, in fact, when I hear other CEO's speak of their woes, I feel like we are in pretty good shape.

What is our best path forward?

Here is my response to that question: Come to work, bring your "A Game", focus on the care of our patients, provide high quality, compassionate care to our community, whatever your job may be at Porter. Do all of this to the best of your abilities. This a formula that works in whatever world our future brings, and this the path to our success.

Thank you for the work you do every day.



A Vision to a Plan: Adult Primary Care Needs

We have suffered a loss of adult primary care providers. This loss has been greatest in Middlebury and greatest in our department of Internal Medicine. So, although we will continue to have 18 Porter-employed providers of adult primary care in our community after the loss of several providers this Spring, the majority of these remaining providers are located in the communities surrounding Middlebury (Brandon, Bristol and Vergennes) rather than here in Middlebury—our population center. It's clear to me that we must focus initially on recruiting primary care physicians to fill the void in Middlebury.

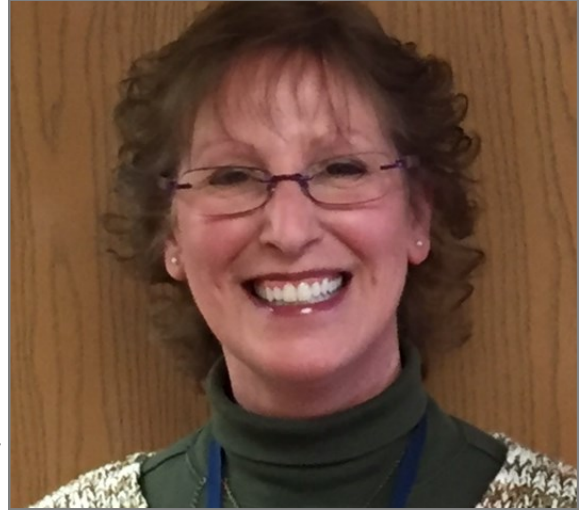
So here is our vision. First and foremost, we are actively recruiting new providers. Ads are posted for both Internal Medicine and Family Medicine, physicians and Advance Practice providers. We have already received some interest in the open positions and have interviews scheduled.

The second issue is office space in Middlebury—and we are looking at all options. We have reviewed what is available in terms of commercial real estate as well as reached out to other community non-profit organizations which might have interest in collaborating. These conversations are ongoing.

Once we identify the best space for this practice and successfully attract new providers, we will create a premier adult medicine practice right here in Middlebury. The plan is for 6-7 providers – some whom specialize in Family Medicine and some who specialize in Internal Medicine. Our vision calls for this medical office space to be newly renovated, efficient and fully equipped to meet the needs of both our providers and patients. I envision a truly great practice....a practice we can all be proud of....a practice that meets the high expectations set by our community and patients.

This is a big project with many moving pieces, and as I've said, it will take time. It could take 12-18 months or so to complete. The important thing is that the work is underway.

I thank you for your patience and support during these challenging times.



Suzanne Peterson, HR Recruiter, has been working to bring new Providers to Porter.

Making a Wise Investment in our Employees & Doing the Right Thing

This month, 90 Porter employees are receiving a wage adjustment we agreed to provide to them back in 2014 as part of a multi-year plan to address what is called a “wage compression” problem. Wage compression occurs when an organization hires a *new employee* with little or no experience at a rate of pay that is equal to what the organization currently pays a *long term employee* doing the same job. Why would this happen? Essentially, if an organization is not able to adjust wages annually for all current employees in an amount that keeps up with the “market rate” for that position, over time the long-term employee’s wages fall behind what is “fair” in the market for that position. Next, when the organization has to hire a new person for that same position, the organization usually must offer a current “market rate” salary in order to attract good candidates. Thus, a *new employee* may come into the organization at the same rate of pay as the *long-term/experienced employee*. That’s not fair.

For many years, we had no rational/fair system for adjusting compensation for our current employees on an ongoing basis based on the market for each position. The end result was “wage compression”—long term employees who are being paid less than what the “market” indicates they should be paid, and new employees coming in at the same rate as more experienced employees doing the same job.

This is not an uncommon problem—it is not a Porter only problem—it exists in many organizations throughout Vermont and throughout the country; and it is a complicated and very expensive problem to correct.

Two years ago, Porter began working with a company called “Astron Solutions” to create a new and fair compensation system for Porter Medical Center as an organization... AND tell us how to address the existing wage compression problem for our current employees.

The 2014 plan was to start with our lowest paid employees, and each year we address another quartile of the workforce until we get to 100% of our workforce.

Seeing a big, important project through to the end, fixing our compensation system once and for all, and keeping a commitment we made to our staff, all of this makes me proud.



Quiet Accomplishment

I was going my weekly address: *"Silent Execution"*, but realized this could term be construed the wrong way. So I decided to call it *"Quiet Accomplishment"*, which seems like a better and more positive phrase.

What I want to describe through the use of this term is the concept of getting things done in a quiet and effective manner. The idea came to me after a few folks approached me and asked me the question: *"Fred....are you getting anything done?"*

The first time I heard this question I felt a bit defensive. Once I got over this, I responded: *"Yes, and why do you ask?"* Their answers sounded something like this: *"I was just wondering, because I haven't heard anything "*.

I thought about these conversations a bit, and have decided that this is perfect... this is exactly what I want.

Yes, work is getting done.

My leadership team is firing on all cylinders. I am spreading the message throughout the Porter family and in our community at large in both written communications and in face to face meetings. Good work is happening within the hospital, at Helen Porter, and throughout our PMG practices to build upon our solid foundation of patient and resident care and to make all of our clinical areas great.

When we do this well, the work happens effectively, efficiently and, best of all, quietly. There are no blowups. No mushroom clouds. No angry disenfranchised departments.

Instead, change happens, improvement occurs, the work gets done....

That's what I mean by "silent execution" (or "quiet accomplishment"). No drama, just making Porter great, one quiet step at a time. This is our approach and this is how we are moving forward together as a Porter community.

**“No drama, just making Porter
great, one quiet step at a time.”**

We Can Do Great Things

One of the best parts of my job is that I get to walk all around Porter Medical Center and visit every office, every department. Having done this for the last few years in my administrative roles, I have learned that every office or department has a feel, an “atmosphere” if you will. One of the most positive places I visit in my travels is Porter Women’s Health.

If someone had told me 10 years ago that we would have a woman's health center at Porter, where physician providers and nurse-midwives would work side-by-side, happy and collaborative, focused on the care of women in our community, I would have said you were crazy. But this is exactly what is happening at Porter today.

The entire upstairs at the physician office building has been renovated. The Tapestry nurse-midwives have moved down from Vergennes and they are doing outstanding work. All of the providers are working together, providing outstanding holistic women's care, right here on our campus. The space has been renovated with fresh paint and new furniture. Ultrasound and non-stress testing are available, along with many other services. The full array of women services, all under one roof.

Both work and compromise was required to make this happen. The Tapestry nurse-midwives gave up their beautiful space in Vergennes and went through the painful process of moving. On-call responsibilities have been reconfigured. Practicing while renovations are taking place is a challenge. But the staff and providers of the Addison OB/GYN space got it all done happily, without drama. We can do great things!



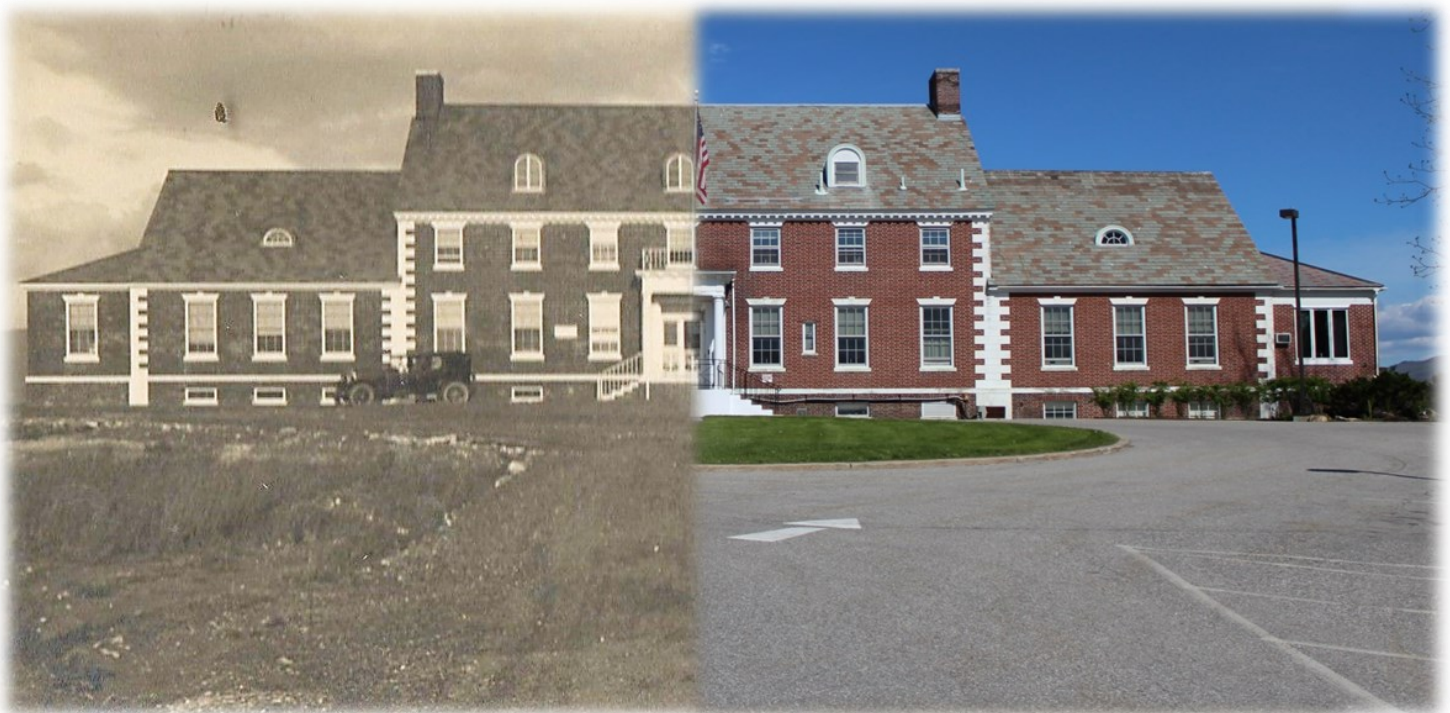
A Strategic Vision

I am now eight weeks into my new role at Porter. I am beginning to pull back from some of the daily operational issues and focus more attention on broader strategic issues. At this time of year, the budget is always a priority. The major strategic issue on my radar is strategic planning and more specifically, the issue of affiliation.

For nearly a year, the Porter Medical Center Board of Directors has been engaged in a forward-looking strategic planning process intended to ensure that our community continues to have access to high quality health care services for years to come. Working in concert with the Stroudwater Consulting Group, the PMC board has hosted numerous meetings with key stakeholders, including our medical staff and management to begin the conversation about the future direction of Porter Medical Center and, more important, the needs and desires of the communities we serve.

It is now time to take this preliminary planning work and begin a conversation with our larger Porter community in order to both inform and actively engage you and our Addison County community in this important conversation and ensure that the future course we chart for Porter is aligned with the needs of the people we serve.

This will be one of the more important conversations we will have as PMC and a community since Porter's founding in 1925. I value your input and hope you will share your thoughts, concerns, ideas and priorities. Help us map a road forward for Porter which best serves our patients, residents and our community.



The Future of Health Care in Addison County is in Our Hands

Our finance team, led by Steve Ciampa and Jen Bertrand, work tirelessly with managers during March, April and May to create our budget. The budget is then reviewed by leadership and subsequently the board. Finally, the budget is presented to the Green Mountain Care Board in late August and we receive approval (or not) in late September. The decision by the GMCB is legally-binding, so the presentation and the final decision are big deals for our organization.

With regard to this years budget (FY 17: 10/01/2016 to 9/30/2017) there is good news and bad news. The good news is that we will be okay, will be open for business, caring for patients, all through the year. In fact, this budget looks fairly similar to the budgets of the last several years.

Here is the bad news. Although her budget will allow us to continue to achieve our Mission of caring for our community, it allows for no growth. There will be no significant expansion or improvement, and this budget will do very little in the short-term to improve her overall long-term financial position. Looking back over the last several years, this has been the case.

Last week I wrote about the work we plan to do in regards to strategic planning and exploring the issue of

potential partnership. It has been clear to me for several years that our tenuous finances are holding us back, preventing us from being as good as we can be. I do not view this is a hopeless situation, I am not discouraged. But I believe key to improving our future is embracing change. If we keep doing what we are doing we should expect the same results: deferring capital investment and slow savings. In order to change this course, we need to make change, independently or with a partner. There are some who believe that the events of the last year prove that “Porter cannot change”, that as it organization we have “no resilience for change”. I would like to go on record saying I disagree with this opinion wholeheartedly. I think we can do change. I have seen us do change. We can and will do change together. This will be our path to success.



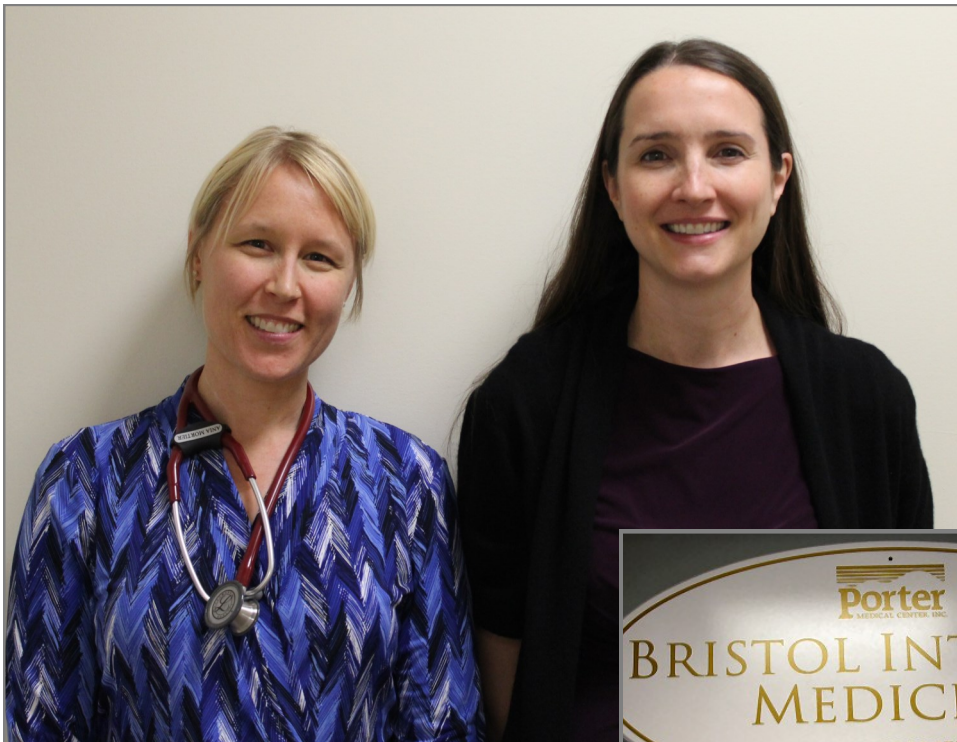
Provider Update

We have reviewed a dozen applications for primary care providers, and interviewed about 10 of these candidates. We have one hired to date; Dr. Emily Gaukler will join Addison Family Medicine on November 7, 2016. We have a second candidate we are working hard on recruiting and we are getting close. We have two primary care providers starting this month: Dr. Natasha Withers, a Middlebury College graduate who will be joining Bristol Internal Medicine; and Dr. Peter Wilhelm, who will join Middlebury Family Health.

Jillian Brennan, MD will be starting this month as a new hospitalist and joining Dr. Mario Capparuccini and Dr. Christy Jones. Also this month Meredith Walker Hanson, APRN will be starting at MPAM, and Dr. Ariel Gallant Bernstein also will be joining that practice in September.

We have hired **ten** new registered nurses for our Medical/Surgical Unit since Feb 2016 thru Sept 2016. We continue to work on challenging recruits like registered nurses and licensed practical nurses for Helen Porter, a mid-level nocturnist for our Hospitalist program, and an ENT physician.

Thank you all for your ongoing hard work, **teamwork** and support!





Volunteers

This job provides me with some great opportunities to meet good people. When I say “good people”, I mean people who do really good things for others. A few recent highlights include the PMC volunteer recognition ceremony.

Let me share some volunteer data. There are about 150 good souls volunteering time to Porter each year. They work throughout our organization, from the Round Robin Thrift Shop to our registration desk, to Helen Porter and our very busy mailroom. At this ceremony, we recognized a dozen volunteers who have contributed 2,000 hours or more in 2015 (this is the equivalent of a year of full-time work). And of course, I have to “call out” Mary Baker, with 11,500 hours!! She is the “iron woman” of our volunteer team.

Our volunteers donate about 16,000 hours of labor each year (or eight “full-time equivalents” if you will). Let’s put that into a larger financial context.....

If you were to multiply those donated hours times the average hourly wage we would have to pay (several) employees to do all of this work, their contribution in Labor Expense savings alone, is about \$400,000 a year! Beyond the financial contributions, however, are the contributions they make to serving our patients, residents and community.

I see our volunteers on a regular basis, throughout the organization, typically in “onesies” or “twosies”. To see them all together as a group is really impressive. They are members of our community, occasional patients, and they support us in the deepest way, by contributing their valuable personal time. I am so grateful.

Patient Care and “The Great Divide”

Every other Thursday I “work” in the emergency department here at Porter. I have put the word work in quotes because real “work” would be a full shift (8 to 12 hours) during which I would care for 15 to 30 patients.

I actually work more like six hours during my shift and generally see 6 -8 patients. It is a luxurious schedule. I am like the gentleman farmer of the Porter emergency department (but don't worry, there is always a “real” emergency room physician on duty to keep the patients safe)....!

I do, however, love my Thursdays in the ED.

Yes, I get behind in my office job, but I maintain my clinical skills and it is refreshing to get out of the office. But, most important, is being reminded on a weekly basis and from a first-hand perspective why we are ALL doing the work we do. Patients are the end users and beneficiaries of all of our efforts.

In my administrative life, I spend all of my working hours trying to figure out how to make the patient experience as good as it can possibly be. But the work is abstract and removed from the patient. The results take time. Each time I go to the emergency department in walk into a patient room, I immediately realized that there is a patient in front of me and I can address the patient experience, right here and now. The experience is immediate.

It is a sad truth that full-time administrators will never fully understand the challenges of providing patient care. They will never know first-hand the education and training required. They will never know first-hand the nights, weekends, holidays on duty or the stressful situations and the hard decisions we face as clinicians. But, in reality, it is not fair to hold this against them. How are they supposed to really know?

The converse of this truth is that full-time clinical people will never truly understand the challenges of being a hospital administrator. The education and training required is considerable. The job never ends. The responsibilities and stresses are significant. The decisions are often complex and usually difficult. It is not fair to expect the clinical folks to understand the challenges of an administrator. How are they supposed to really know?

Which is why I call this the “great divide”?

Clinicians and administrators will never be able to fully understand the other's workplace. The best we can do is try. Administrators should try their best to appreciate the difficulty of the work our clinical people do and the level of commitment they give to their patients. The nights, the busy days, the stresses of providing care. Likewise, our clinical folks should recognize the difficulty of the work our administrative leaders perform.....their experiences, their expertise that they bring to difficult problems, the commitment they have to our mission, to providing the best possible service for our patients.

We will be a better place if we work together.

We will work together better if we all walk a mile in each other's shoes. That may not be possible for everyone in their real jobs as it is for me.....but I hope that as we move forward together, we consider this fact and we do what we can as individuals to “bridge” the great divide and continue to work together collaboratively, constructively and with empathy for the important work we all do in our individual roles to support the mission.



Vacations

“I expect to pass through life but once.”

William Penn

“I love my job when I am on vacation.”

Dr. Kevin Mulholland, Porter Physician 1995-2012

“I’ve never taken a vacation I have regretted.”

Dr. Fred Kniffin 2016

Dr. Mulholland was a good friend and a colleague. We worked together for about 10 years in the ED. Everybody in our department loved Kevin, he was an unsung hero. He had a lot of great sayings, many of which I can’t repeat. His comment about vacations is repeatable.

I’m taking next week off so I thought it would be a good time to talk about a topic for which I have passion – work life balance.

First and foremost, if it is your job to serve others – and this would be all of us- you need to care for yourself first. It becomes difficult to care for others when you are sick, injured, exhausted, or burnt out. This can mean taking a vacation or simply structuring your daily/weekly life to include both adequate rest and activity that brings you pleasure. When I say “activity” it could be watching TV, exercise, time with family, friends, and pets – anything. And I believe that truly taking care of yourself requires ongoing deliberate attention to the issue.

Above and beyond a healthy daily or weekly routine, I am a strong believer in time off. People who have known me over the years know I am forward leaning in my approach to time off. I learned early in my career as an ER doc that I did my best work when I was healthy and fresh. I learned that if I waited until I had that “I need a vacation” feeling to plan a break I had waited too long. I figured out a routine of regular time off that worked for me in the mid 1990’s and have stuck with it. Sometimes taking time off does not always involve leaving town. It does not have to cost a lot. This approach has served me well. If you wait until someone, like your boss, says, “Why don’t you take a vacation?” you may be waiting a long time....just do it. You should expect to pass through life but once.

Another belief I hold true is that work is about quality, not quantity. Yes, we all have a certain quantity of work we must complete but really, for most of us, just getting done what we are supposed to do, the bare bones minimum, is not going to be that hard. Focus on completing each and every task that you do at work to the best of your abilities. Attend to the details. Do work you are proud of.

Summer is here. You should expect to pass through the summer of 2016 but once, I am quite sure. Work with your colleagues to cover the schedule. Make sure the work gets done and strive to do it well. Then take care of yourself, spend some time doing the things you love to do.



Porter Medical Center “Legacy Project” Update

Let me start with what I have been telling audiences in employee, medical staff, and public open forums – within the next 2-5 months Porter is going to decide whether to stay independent or partner with a larger organization. This decision could be made a little sooner or a little later, but not much. My point is, if you have an opinion on this topic you would like to express, now is the time!

I don’t know if this is the biggest decision Porter has faced in its 91 years – (I missed the first 69 years), but we can all agree that this is one of the big ones, a decision that will have profound impact on Porter’s next 91 years.

At this point, I am feeling good about this strategic planning process. Our Stroudwater consultants are facilitating data gathering and negotiations with potential partners. The Legacy Committee of the Board is meeting regularly and deep in discussion. Our stakeholders, the medical staff, our employees, and the community are engaging in the conversation. As I have often said, when you put big issues through good process you usually get the right answer.

At the end of this phase of the process, we anticipate that our board will vote to either pursue the path of continued independence, or select one potential partner and continue to move forward with very detailed partnership negotiations into the fall. If we do pursue the partnership path, we will be coming back to our employees, our medical staff and our community to share the more detailed information and discuss where we are in the deliberative process and the rationale, aspirations and strategies being discussed by our board.

Through our Community Advisory Committee, our Physician Advisory Committee and our Legacy Committee of the board, we have many experienced, intelligent and committed people working hard on this topic—we need you too.



Primary Care Progress

As I look back over the last few months, I remember how desperate it felt back in March and April in regards to our provider staff. We had lost 10 providers over a short amount of time and the future was uncertain.

At that time, I made it clear that this would be among my highest priorities. I am pleased to report to you that we have made significant progress on this front.

You will recall that two areas were particularly hard hit by loss: primary care in Middlebury and Internal Medicine. In terms of primary care in Middlebury, our Addison Family Medicine practice had lost several providers and was on track to go from five providers to three. In response to this shortage, Dr. Dan Huber stepped up and moved from Little City in Vergennes to AFM to stabilize the practice with four providers. At this time, I am delighted to announce we have successfully recruited three new providers to join AFM this winter. Dr. Ken Harris (starting 1/1/17), Dr. Emily Gaulker (starting 11/1/16) and Jeffrey Abell, PA. Dr. Gaulker is dual board certified in Internal Medicine and Pediatrics, enabling her to see patients of all ages and Dr. Harris is dual board certified in Internal Medicine and Gastroenterology. With the arrival of Dr. Harris and Dr. Gaulker, we will have six internists practicing in our community by the end of this year. Our recent recruits put our Addison Family Medicine practice at 5.8 FTE's/six providers.

I also am pleased to share that Dr. Laura Weylman will be joining Little City Family Practice in Vergennes (.6 FTE) which means that Little City Family Practice is fully staffed as is Middlebury Pediatrics. We are so pleased to have recently welcomed Dr. Natasha Withers to BIM, and we continue to recruit for Bristol Internal Medicine and Neshobe Family Medicine. In terms of our Hospitalist Program, we have signed Todd Waldorf, D.O. to join Porter this year.

The bottom line here is as follows. In March I stood before our community and said that rebuilding our provider staff would require 12 to 18 months but that it was a priority issue that would receive intense focus. We are working the problem and making progress.



On a Lighter Note

I love my office. I have windows on three sides. On nice days I can open them for fresh air and a breeze. I also look out on both Helen Porter and the Hospital parking lot so I can watch all the comings and goings.

Last Friday I was in my office when I heard what I thought was a goat baying. I looked south, where the noise was coming from, just in time to see a pair of farm animals being shepherded into Helen Porter. This got my attention. Ten minutes later I saw Susan Bruce walk across the lawn in full African garb – dress and headdress. Is it Africa goat stew day at Helen Porter? I had to know.

It turns out it was the Helen Porter Healthcare and Rehabilitation Center's Annual Celebration, a day for residents, families, and friends to gather. Each year our staff put enormous effort into this event and this year's theme was "Around the World." A big shout out to all the staff who worked hard to make this a really great event. I shout out also to George, Will, and the culinary team at Helen Porter who put out an impressive spread!



Every time I go to Helen Porter I am struck by what a unique environment it is. If it were not for our staff providing care 24/7/365 our residents would not survive, it's that simple. The needs of these residents may not be as immediate or obvious as what we encounter in the ED or in the Surgical Care Center, but these residents are dependent on our staff for life sustaining care.

I point this out simply to say that the work being done at HPHRC is every bit as "lifesaving" as the work in our other clinical areas. Perhaps not quite as dramatic but every bit as important and the work is hard, 24/7/365. To our staff at HPHRC thank you all.



By the way... they weren't goats... they were sheep, and they were *guests*....not stew!

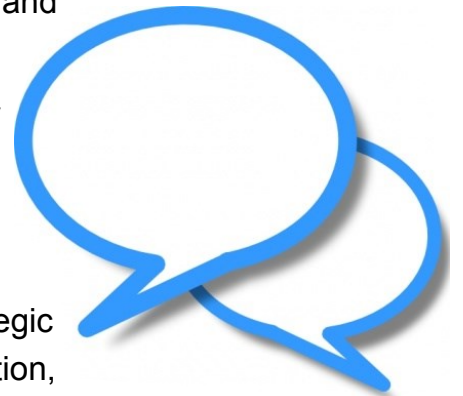
On the Road Again...

I just reviewed my calendar for the entire time I have served as the Interim President/CEO for Porter Medical Center. Since my start date on March 21, I have done 23 presentations. These include PMC Town Halls, as well as open forums for our employees, medical staff, and community.

My first speaking tour was about the leadership transition and our immediate road forward. The themes included value and respect for our employees, changing the style and pace of change at PMC but maintaining forward progress.

My second tour has been about the Legacy Project and our strategic planning work to chart the future of Porter as an independent organization, as we are now, or in a potential affiliation with a larger organization.

Porter will do best as an organization if we keep the conversation going, open, two-way, and vibrant. We have two employee forums scheduled for next Monday (at 9:00 a.m.) and Tuesday (at 2:00 p.m.). Please feel free to come out and join in the conversation.



All Access... All the Time

I find myself using the “A Word” a lot these days. We talk frequently about **Access** at the leadership level. At our recent meeting to update our strategic operating plan, access rose to the top as a “strategic driver”. When we ask our community, as part of the affiliation conversation, what they value in Porter, the answer is access.

At its most basic level, access is maintaining the services we currently offer. This is what I have heard from our community loud and clear – make sure there is a doctor in the office and make darn sure there is a hospital on South St. to care for me when I am sick or injured. We have asked our community what is important and they have spoken.

But we also talk about access actually being something better, something more than simply being here; something beyond the status quo. I want to suggest to you two ways to actually enhance access.

The first would be adding new services. Specifically, as part of our affiliation process, let's leverage this opportunity to bring more specialty care to our community. At this point in the conversation with UVMHN we have not arrived at this level of detail, but we need to keep it on the radar. Let's not shrink or stay the same, let's grow the business and provide more services for our patients.

The second way to improve access and the issue my team and I have been focused on is how do we make the services we currently offer in our community more accessible to our patients? We offer a wide variety of high quality services. We have great providers and great nurses – how can we make it super easy, totally user friendly for our patients to benefit from these services?

An example of a barrier removed recently by Porter was allowing women to self-scheduled mammograms. It is legal – other places do it – let's have our patients do it. We have done it and the results have been positive. I don't mean to pick on anyone, but here are a few other examples of opportunity for improvement. Why can't a patient in need go straight from the ED to HPHRC? Why is it so challenging to move patients from PH to HP and vice versa? Why if I call my doctor and they can't see me today, can't I be referred to another provider in the PMG system for an acute visit if I am willing to see another provider? The list goes on and on.



Can we introduce new 'customer focused' concepts here in our communities that are already happening across the country? Are we willing to think outside the box about access? Zocdoc.com and other sites allow patients to schedule an appointment with their doc from their phone. Could we get there at Porter? Why not? If consumers are asking for it we want to meet them on their terms of how they want to access the care they need, not make them conform to our terms. This is what happens in really competitive healthcare markets. Really it is just a great form of customer service.

This is a lot said about access, but it is vitally important. Whatever our future, independent or partnered, volume is our life blood. Without patients, independent or partnered, we will, as an organization, languish. Saying yes, removing barriers, pulling the patient in for the care they need – this is the elixir of success. All of our jobs become more secure if we create great access for our patients. Porter's future is most secure when we achieve great access, and most importantly, we achieve our mission of carrying for our community when we achieve great access.

SANES

In last Thursday's Addison Independent, there was a front page article about SANES (Sexual Assault Nurse Examiners). Some of you may have read it but I realize others have not. The story is about Middlebury College and Porter Medical Center working together to provide this important service for our community.

The article starts by calling the project "groundbreaking" and follows with other superlatives. I usually cringe when people use such strong language, but in this case, I agree. This is really meaningful work and a number of people deserve recognition.

First, let me tell you what is required to be a SANE. The price of admission is a 40 hour training course that one must travel somewhere to complete. In addition to the classroom work 8 hours of hands-on clinical work is required. Once you are certified, you must do another 16 hours of ongoing education bi-annually. The folks who do this perform all this education and training above and beyond their "day jobs".



Once you are a trained and certified SANE, you receive calls at home, during your time off, to come to the ED or the Parton Health Center to perform forensic examinations on the victim of sexual assault. I don't need to tell you that this is really difficult, emotionally challenging work. The calls come at all times of the night and day, on weekends and holidays. In addition to collecting evidence, the SANE provider comforts and supports the victim during this crisis time. They educate victims and provide information for follow up. Down the road, SANES are often called upon to testify in court proceedings. The bottom line – our local SANES do amazing work, and they do it above and beyond their daily jobs.

For years, Porter has been challenged to maintain a team of SANES; Middlebury College has faced the same challenge. This looks to be an example of two great organizations working together to provide a service for our community that neither one can successfully provide on their own. Porter's mission is "to improve the health of our community" and our vision is to be a "transforming integrated, modern health care system of choice". A robust SANE program fits perfectly with our mission and vision.

Health Care and Payment Reform

The big event of my week is the 91st Annual Meeting of the Vermont Association of Hospitals and Health Systems. The purpose of this meeting is for hospital leaders from throughout the State to gather together and hear timely presentations on important topics, discuss issue/challenges of mutual interest and get to know each other better as colleagues.

This year, the big topic at the State level – and this is real – is payment reform, specifically the all payer waiver.

In a nutshell, Porter has belonged to an Accountable Care Organization (ACO) for several years. This membership has had no material impact on our operations. We used to pay dues, now we don't. Some of us go to ACO meetings. We get interesting data regarding the overall health of our population and the cost of caring for them. But our operations and finances are, for all practical purposes, unaffected by ACO membership.

This is all poised to change, and change soon. The change will likely come in the form of an “all payer waiver”.

Since the beginning of health care time, we have operated in a fee for service world. In other words, we provide a service to our patients, these patients (or Blue Cross/Medicare/Medicaid) pay us a fee for the service. Pretty simple: the more service we provide the more money we make. More volume, more money for Porter.

An all payer waiver will create a system where we (Porter) is paid not for each service we provide, but rather a lump sum annually to care for our population in Addison County. Less volume, more money for Porter.

Clearly, from a financial point of view, this turns our current model upside down. Again, in today's world, we get paid for each patient we treat. In the all payer model, we get the lump sum to care for our community. If we keep people healthy, minimize the use of expensive services, we spend less of our allotted money and win (financially). If our community is sick, in and out of the hospital, consuming expensive health care services, we lose; financially the exact opposite of our current system.

“All payer waiver” means that all payers – and this is Blue Cross/Medicare/Medicaid – provides the money to care for the patients. Then monies will be channeled through the ACO to PMC and the other 13 hospitals in the State. We will receive our annual payment and be free to care for our community to the best of our ability.

Is this good or bad for Porter? It is impossible to know for certain, but we are cautiously optimistic. One good thing for certain will be predictability. In our current budgeting system, we live year by year, never knowing exactly what lies ahead. In an all payer world, there will likely be a 5 or 6 year funding plan which will allow better long-range planning.

We have a good community, reasonably healthy and educated. We have great services within our community and good working relations with these local health services providers. We have been following this issue closely and building the infrastructure to make the change to a population based payment approach as quickly as possible. We have a task force of smart people up and running to monitor this fluid situation.

Will this really happen? Five years ago I would have said not in my career. But when the facts change, I need to change my view. The Green Mountain Care Board and the Governor's Office are in active negotiations with the Federal Government as I write these negotiations have been underway for several months and details are scant, other than the negotiations are “progressing”. I think we will all be hearing more about this topic this fall.



Time Flies

I was thinking back this week to my first few weekly messages back in the spring. I labeled them Week #1, #2, and so on until it became ridiculous to keep counting weeks. 9/21 marks my 6-month anniversary as Porter's Interim CEO, and this seems notable. My boss (PMC Board Chair Maureen McLaughlin) has asked me to provide a summary of what I have been doing for the last 6 months--so this seems like a good opportunity to share this summary with you all.

First of all, I haven't "done" much of anything. I show up, set the tone, communicate, make a few decisions and manage my team. They – and you – do all the heavy lifting. Here are a few of our accomplishments:

Within the hospital, we are well on our way to rebuilding our critical clinical units. We have hired 35 new nurses and supported the ranks with travelers. Are all of our clinical areas functioning perfectly? No. But is the trajectory positive? Yes.

I hate to even say this, but how many days has it been since CMS visited the hospital? Last spring, it was a regular occurrence. Remember the monitoring debacle and "immediate jeopardy" citation? That problem is solved.

Some of our PMG offices remain stressed but again, we continue to work towards greater efficiency and improved patient access. We have lost only one additional provider since late last spring. We have recruited 14 providers, mostly primary care. We will have 7 providers at AFM by the first of the year. Last spring, I told our community it would take 12-18 months to rebuild our network of primary care providers; we are currently ahead of schedule.



Helen Porter has achieved a 5-star rating for quality, a level of national recognition of which we are all very proud. Our current challenge is to figure out how to maintain the quality and improve our financial performance in this important part of our organization.

Our finance team led the build and presentation of our FY '17 budget. It has been approved and takes effect October 1. I am proud of all the many individuals involved in this project.

FY '16 will close September 30. Although the final numbers are not yet available, it appears that we will close the books considerably better than the March 2016 forecast was predicting. A \$1.8 million loss was forecast – it will likely be more like a \$1.4 million dollar gain. This is considerably below where our performance needs to be in order to reinvest in our capital needs, our pension and other necessary investments that represent a truly strong position, but again, better than expected.

The Legacy Project/Affiliation conversation with UVM has progressed significantly. The tone of these conversations, at all levels, has been constructive, open, and collaborative.

Lastly, I want to mention our community – we exist to serve them. We have all worked hard to earn their trust and we have been rewarded in kind with support.

This six-month report represents a walk down memory lane, a brief summary.

“Without your hard work and support, none of this progress would have been possible.”

Affiliation Update

At the October 5th meeting of the PMC Board of Directors, a vote was held regarding affiliation with the UVM Health Network. The vote was unanimous in support of proceeding with a nonbinding Letter of Intent (LOI).

As a reminder, we have been engaged in conversations with UVMHN since last spring and engaged in a strategic planning process for more than a year. These discussions with UVMHN have been structured and very detailed in nature, but there were no signed documents between our two organizations. The Wednesday vote moves us to the next phase of exploration in this process.

A nonbinding LOI is, well, nonbinding. In a nutshell it says that both UVMHN and PMC intend to further explore the opportunity of affiliation. Attached to the LOI is a “term sheet” which is an outline of a potential final agreement. With the LOI now signed, we will spend some period of time, probably about 6 months, digging into the details of all the many issues involved in affiliation with the goal of reaching a final agreement this winter/spring. Some of you have heard me speak about the term sheet, but I will summarize the points briefly below:

- Porter employees remain Porter employees.
- Porter retains its own Board of Directors and its own President/CEO.
- Porter will put a PMC Board member on the UVMHN Board and vice versa.
- UVMHN approves the PMC annual budget and any capital expenditures over a million dollars.
- There will be no change in core clinical services offered at PMC for 5 years without agreement of the PMC Board.
- PMC will access centralized administration services, such as legal, marketing, risk and quality.
- PMG providers will transition over time to the UVM Medical Group.
- UVM will install Epic EMR at PMC as soon as is reasonably possible.
- UVM will provide capital support for a medical office building to be located somewhere in Middlebury to accommodate local and visiting specialty providers.

This is a very broad overview of what will be a very complex document. The purpose of the “due diligence process” in the coming months is to work with UVMHN to see if we can work out the details and create an agreement which is beneficial to all involved.

This is big news and a big step for Porter. I believe a step in the forward direction. I am cautiously optimistic that we can advance the conversation with the UVMHN and create a local system of health care services which provides the best possible care for our patients locally. This is an exciting opportunity and we will keep you posted as we work through the details.

“UVM Health Network and Porter Medical Center intend to further explore the opportunity of affiliation”



Quality is Job #1

Every time I attend a meeting, which includes the leadership of this organization (examples: Board, Medical Staff Executive Committee, Department Head), and there is little or no conversation around quality, I leave the room disappointed and frustrated. I wonder to myself: “When will we be an organization that applies as much attention to the quality outcomes of our patients as we do to finance for example?” “When will we behave like we truly believe that if we provide high quality care at outstanding customer service financial success will follow?”

These are hard questions but it is not by accident that “*Elevate Quality and Excellence*” is on our list of one-year strategic initiatives. We need to be deliberate, make it painfully clear to everyone who works here and every member of our community who benefits from our service that **quality is job #1**.

To get serious about quality, we need data. I learned the good news about data when I was CMO. We have lots and lots of good data! The challenge is not data deficiency, the challenge is sifting through all of the data, identifying what is important, setting priorities and then applying discipline and focus to make meaningful improvements. We don’t need to measure more; we simply need more attention paid to what we already measure.



How do we decide which measure to focus on when we are literally inundated with data? Our attention should be focused on measures which meet the following criteria:

- We have good data
- Improvement will create meaningful change for our patients
- We have opportunity for improvement

We obviously need to attend to certain issues which are required by regulation, but beyond these, let’s focus on issues that will make Porter a great place to be a patient!

The quality dashboard is maintained by our Quality Department. You can see it is broken down into the major patient and resident care areas; the inpatient units, hospital outpatient (ED and Ambulatory Surgery), the practices, and Helen Porter. You can click on each category and read the specifics involved in each measure. You can see lots of green – it is time to raise the bar!

Quality rounds are restarting. Let’s measure the important work we do and elevate quality to the top of our priority list.



Staffing

This week's message is important to everybody in the organization. The question I get over and over again, from employees, from managers and from VPs is "I really need more help, why can't I hire them?"

Let me tell you why – hiring people is the single easiest fastest way to sink our financial ship. Why is hiring people the fast, easy path to financial Armageddon? Here is some math. First, ask yourself, who doesn't need more help? I absolutely guarantee you there is not a manager in our organization who if asked if they need more help would answer no. Everybody is working hard. Everybody wants to do a great job. More help would help, it's that simple. Second, a reasonable estimate/salary range for a Porter employee is \$40,000 - \$50,000 a year. This may sound high to some, but please remember the cost of benefits add 25% to every salary. We have more than 60 departments – if every department added just one person, we would create \$2.5 - \$3.0 million in additional expense. Our margin last fiscal year was a loss of \$1.2 million on operations, and a \$2.3 million positive "bottom line" because of the 340(b) program. Add three million dollars in additional staff expense and we are on our way to out of business.

How do we avoid over hiring? We scrutinize every single new position added. Let me clarify, there are two kinds of hires. There are "one for one replacements" when someone leaves. In this instance, the budgeted position is empty, and we fill it. Of course, every time someone leaves, we are looking to see if an opportunity exists to reduce expense, but in general, these one for ones are replaced. The hires that receive the most scrutiny are "adds" or new (unbudgeted) positions. This is bringing on new help we don't currently have.

To evaluate such requests and monitor our actual staffing vs. budgeted staffing, we have in place a system called "position control". This is essentially an enormous spread sheet listing every position in the organization. This allows us to determine if a hire is an "add" or a "one for one" replacement. Every single add - even a fraction of a person – is identified and approved (or not) by senior leadership. In other words, I sign off on every single new worker added throughout the organization.

When I think about it, this is extraordinary. There is no other facet of our operation where I get down to this level of detail. Much bigger financial decisions get made without my involvement. Why do we (and other organizations) manage so tightly the hiring process? Because hiring people is the single easiest and fastest way to sink our financial ship.



What does all this mean for those of you who do the work necessary to care for our patients and residents? I have been saying this to folks for years--we all need to be prepared to do more with less. It is very unlikely that the day will ever come where we are adding significantly more staff to do the same amount of work. We all need to work hard, focus on our patients, search for efficiencies, and always be thinking about how we can do things differently, better, more effectively. So the key question is: How can we do great work with less help? It is a very difficult question to answer.

So when I "just say no" to you or your manager when you ask for more help, this is the long reason why. It is not spite. I'm not mean by nature, it's just good management of finite resources. One of our values is to put patients and residents at the center of every decision. Another of our values is to be good stewards of our resources. I must balance these values in every decision I make. I wish we could afford to hire just one more person for every department, but honestly, I am not convinced this would change the patient experience in a big way. The road to our success is, as I have said, requires each and every one of us looking hard at our daily work and doing our jobs to the best of our abilities. Thank you for playing a role in this important work.

Preamble

We're busy. This is good. I receive daily, weekly, and monthly census and financial reports. Hospital census is up, Helen Porter census is up and office visits are back to where they were a year ago. Yesterday I met with Jenn Bertrand and Dave Britton to review the month's financials. Just in case you think that hospital administrators sit in their offices and are happy when everyone is busy – you are absolutely right! I smile when we are busy. Sometimes I clap or jump up and down. I can't help it--a big part of my job is to assure our financial success.

But beyond the financial impact of being busy, there is a much more meaningful story. When we are busy, it means those who are sick and injured in our community are choosing to avail themselves of our services. That's right, patients and residents have options and they are choosing us because we are offering high quality care in a caring fashion. It does not make me happy to know that our friends and neighbors are sick, but it brings me great joy to know that they are choosing to come to Porter.

And please know that I know that when we are busy, you all are busy and working hard. I know what a busy shift is like, and I want you all to know I am enormously grateful for the hard work you are doing.



“Patients and residents have options and they are choosing us because we are offering high quality care in a caring fashion”

What to do about Helen?

On October 25th the Finance and Strategy Committees of the PMC Board met to hear our plan for Helen Porter. Addressing the finances at Helen Porter is on our 90-day project list and we have been busy working on a plan to do so.

This issue appeared on my radar early in my tenure in my new role last spring. Two weeks on the job, I received a forecast from our finance department predicting a \$2 million dollar loss at Helen Porter for our recently completed FY 2016. A few weeks later, our draft budget predicted a similar loss for FY 2017. This is not a new challenge, nor is it unique to our nursing home alone; it has been developing over several years and is not uncommon in the very challenging and complex world of nursing home reimbursement in Vermont. But it is a challenge none the less and it was clear to us all that it needed to be addressed.

Let me start by saying the more I learn about Helen Porter, the more time I spend there, the more impressed I am by the amazing work that happens there for some of our community's most vulnerable citizens. If you work in an office or even at the hospital, you may have never set foot in Helen Porter. I worked in the ED for years before I ever crossed the parking lot. But here is the deal – there are about 80 people who live there – full-time, forever. A smaller number pass through for rehabilitation following injury or illness. Let's face it, no one really wants to live in a long-term care facility, but those who do get great care by staff who work very, very hard. The folks who live at Helen Porter live there because they need the level of support which can be provided only in a long-term care facility. It is our enormous responsibility to care for these folks. WE are the only nursing home in Addison County. Our staff at Helen Porter work tirelessly, doing often very challenging work, to provide the best care, the most comfortable homelike environment, for our residents. Just a few weeks ago, Michelle Wright was chosen Director of Nursing of the Year; Nancy Durham, Activities Director of the Year; and Linda Novak, Dietary Aide of the Year at the 2016 Vermont Healthcare Association Annual Convention. Helen Porter has a five-star quality rating from CMS, the highest possible score. The food is great, the facility is clean, bottom line – we are providing a level of care for our patients and residents at Helen Porter that we can all be proud of.

But here is the challenge – a \$2 million dollar loss in operations annually is not sustainable. It is unsustainable if we remain independent and unsustainable if we affiliate. We need to figure out how to improve the financial performance but not diminish the great care we provide. Achieving good financial performance in long-term care is tough – achieving good financial performance and good quality – this is really tough. But this is what we need to do.

The plan which we presented to the Finance and Strategy Committees improves financial performance by about \$600K-\$700K a year over the course of three years. We realized early on in our evaluation process that there was no singular way to improve the finances by \$2 million dollars. We need to attack this at several fronts, including expense reduction and revenue enhancements. We need to think outside the box, be creative, and turn every stone.

On the revenue side, we need volume. The short-term rehab portion of Helen Porter is the most profitable, so we plan to make some investments in the building in order to make our rehab program as good as it can possibly be.



Single rooms, air conditioning, renovated gym – let's make Helen Porter the rehabilitation program of choice for our region. On the expense side, we have to look at everything, including staffing. Helen Porter is no different than the organization at large – if we want to be around for another 91 years, we need to be continually looking for ways to do more with less. This is a harsh but simple truth. This is the world we live in.

It was hard work, balancing financial with quality concerns, but we created a plan. The next step - executing the plan – will be even harder. But this is the sort of hard work we need to do to be a successful organization, to assure that we are around to provide essential service for our community for years to come.

PMC/UVMHN Steering Committee

The big event of my week was the first meeting of the PMC/UVMHN Affiliation Steering Committee (and this was a big event). As a recap, we spent April through September talking with UVMHN, in general terms, about what an affiliation might look like between our two organizations. These conversations culminated with the signing on October 5th of a “non-binding letter of intent”. Although this document is non-binding, it does represent a serious step toward a potential commitment for Porter to become formally affiliated with the UVM Health Network. The “intent” is to now have more in-depth formal conversations to determine if such an affiliation would benefit both organizations and, most important, our communities, patients and residents. We expect this current phase of the process, called “due diligence”, to last approximately six months.

I want to start by saying this was an outstanding Steering Committee meeting. We had a robust agenda and we met for two and a half hours without pause. The tone was serious and professional, and there also was a feeling of trust and mutual respect throughout the room. One of my first impressions of the meeting was the fact that I knew every person in the room and, over the years, have worked with each of them in some capacity. These are people I trust and respect, and it is an “A team” of healthcare professionals.

This Affiliation Steering Committee will oversee this due diligence process. This committee will meet regularly and monitor the progress of various subcommittees which will examine specific issues, such as introducing the “EPIC” EMR at Porter and designing a new Medical Office Building (MOB).

Below are the members of the Affiliation Steering Committee:

From Porter:

- *Dr. Fred Kniffin* CEO (co-chair)
- *Anne Cramer Esq* – Anne is a lawyer from our law firm Primmer, Piper, Eggleston, & Cramer (PPEC). I have worked with Anne for 25 years and have the utmost respect for her legal skills.
- *Keith Roberts Esq* – Keith is also from PPEC. Keith’s focus is contract law. I have worked with Keith on many contractual issues. He is highly experienced and I am delighted to have him on our team.
- *Ron Hallman* – A lot of this project is communication and Ron has provided his invaluable help in the realm to date.
- *Dr. Carrie Wulfman* – Carrie is a trusted and respected team member and as a physician will offer significant input on medical and patient quality issues.
- *Rebecca Woods* – Information technology is a significant part of this potential affiliation, we need Rebecca and her team involved from day #1.
- *Dave Britton/Jenn Bertrand* – Dave and Jenn will be providing analysis for a vast array of financial issues.

From UVMHN:

- *Dr. John Brumsted* (co-chair) – President and CEO UVMHC and UVMHN. Dr. Brumsted is my counterpart at UVMHC. We are contemporaries. I have known John since we were both “young doctors” in the 80’s at UVM. We share common professional experiences. John served as CMO as well as interim CEO before becoming the permanent CEO at UVM. I think the most important thing we share is a doctorly task oriented focus – identify the task, focus, drive the project forward, get it done and get it done right. Dr. Brumsted is a colleague whom I trust and respect, and I look forward to working on this project with him.
- *Dr. Howard Schapiro* – VP UVM Medical Group. Howard is an MD anesthesiologist by trade. I have worked with Howard for the last 5 years on all sorts of physician issues. Howard is a straight-shooting, no nonsense professional who has valuable experience in both medicine and administration.

- *Spencer Knapp Esq* – Spencer has held the position of general counsel at UVM for many years. He is well known and respected.
- *Diane Scalise* – Senior VP Strategic & Business Planning. I have worked with Diane for over 10 years on various projects. Diane's focus will be the MOB project. She has a wealth of experience in managing projects of this scale.
- *Todd Keating* Chief Financial Officer- Todd has been CFO for the UVMHN for several years. He is extremely capable and easy to work with and will be an invaluable member of the committee.

What lies ahead?

There is a certain amount of legal process which needs to occur. It can be broken down as follows:

- 1) A formal agreement needs to be written. This will be done by counsel and will look a lot like the term sheet we have already created. It will outline the terms of an affiliation, but in more detail and in more formal language than used in the term sheet.
- 2) Due diligence must be performed. A large number of documents- bylaws, financials, and other documents will be exchanged between the two organizations. All these documents will need to be reviewed by the appropriate subject matter experts. The idea here is to make sure neither side is missing anything such as "Does Porter have financial troubles that UVMMC doesn't know about? (the answer is "no") and vice versa.
- 3) Subcommittees have been appointed and will begin meeting immediately to put more definition to key/specific projects referenced in the Letter of Intent. These specific projects include a Medical Office Building (MOB) and the Epic EMR.

In terms of the MOB, we do not need to create blueprints and pin down an exact location for an MOB, rather we need to scale the project. How big is it? What function(s) does it serve? What types of providers will it house? How many square feet and how much will it cost? Likewise for EMR, we will not be going live with EPIC the day we affiliate. On the contrary, this project will require several years of careful IT planning and then significant engagement/training with our clinical staff. We need to scale this project- come up with a timeline that is as aggressive as possible but can be realistically achieved. We need to identify the major steps of the project and the approximate time required for each step. And of course, we need to determine the approximate cost.

As you can see, advancing the work around affiliation is a significant and complex process. However, I am happy to report that each of us involved is committed to getting the job done and getting it done right, without a pre-determined deadline or pre-determined result. Our focus now, as it has been since the beginning, is to do what is best for our community, our organization and our Mission. I will continue to keep you posted as this important process moves forward.



Executive Summary: Quarterly Leadership Strategy Session

Were you lonely at the Porter on Friday, 10/28? Did you miss us? I'm guessing probably not....even though the PMC leadership team spent the entire day in a conference room at the Middlebury town hall doing our quarterly strategy retreat.

These quarterly strategy meetings are really good and really important. The team goal is to run the organization to the absolute best of our collective abilities. In order to do this, we have got to be thoughtful, methodical, and deliberate. There is endless work we could do and no shortage of possible directions we could go. The purpose of these meetings is to pause, do our best thinking, and chose the key issues to address that will create the greatest good for PMC and the patients and residents we serve.

We spend the first half of the meeting reviewing our work from the last 90 days – did we succeed? If not, why? Is the project done, or do we need to keep it on the list? How can we do better in the next 90 days?

Our review from the last 90 days, August-October, revealed everything from A work to near failure. Below is a summary of projects and our self-evaluation:

- Transfer patients back to our community – (B)

Karen Beinhaur and her team have done great work rebuilding our capacity to care for patients within the hospital. We still have room to move in terms of collaborating with UVM to stabilize our census.

- Explore specific patient care service lines – (D)

The reasons for lack of progress here are complex, this initiative is on hold.

- Urgent Care project plan – (B+/A)

We have made the decision to move forward with this project and done preliminary planning. Much work remains to get this done. More information to follow once we have a few more specific decisions nailed down.

- Patient Access Center (PAC) – (A)

Rebecca has done impressive work moving this important work forward in a collaborative fashion. Much more work to do, but solid progress and forward momentum.

- Resurrect Service Excellence – (A)

Done. The Committee is developing new plans and more information will be shared soon with staff.

- Legacy Project – (A)

Quarterly goal accomplished. The specific goal here was to move the issue of affiliation to the next phase, whatever that might be, with all of our stakeholders engaged. The October signing of the non-binding “Letter of Intent” is a significant milestone and puts us on a new path toward creating a “Definitive Agreement” document.



Continued on next page

· Helen Porter financial plan – (A-)

We have decided on goals, timelines, and methods. Jim Darragh has worked hard with our finance team on this project.

· Payment Reform Task Force – (A)

Task Force is up and running and doing important work.

After reviewing the work of the past 90 days, the second half of our quarterly meeting is dedicated to determining what the most important projects are for the next 3 months. Below is our list of key strategic initiatives for the next 90 days and the point-person assigned to each topic:



· PMC/UVMHN Affiliation and Due Diligence Process (Fred)

Managing the affiliation process is arguably the most important work on my plate. Whether or not we ultimately decide to affiliate is less important than assuring that the process is thorough, done right, and clearly communicated to our community. A very important part of this process is what is called “Due Diligence”. In a nutshell, this involves the careful review of piles of information we request from UVM – quality information, audited financial reports, legal documents, contracts – to go back to the marriage analogy, we want to have a clear and thorough understanding of our potential partner before getting married.

· EHR Clinical Workflow Optimization (Rebecca)

If we affiliate, someday we will have the EPIC EHR. But for the foreseeable future, we will be on our beloved Meditech/LSS platform. UVMHN has agreed to work with us to help us optimize our workflow and usage of Meditech/LSS.

· Express Care Service (Dave Fuller)

We have been talking for years about opening an urgent care service line. We have spent the last 3 months looking in more detail at this issue. A low cost, high quality, high customer service walk-in care option is something our community has been asking for. We think this could be a win-win, like the Infusion Center.

· Patient Access Center Continued Progress (PAC) (Rebecca)

This is a complex topic; I could write a page or two on PAC alone (and probably will). In summary, this is an important part of our effort to improve access to services. We have made significant progress in the last few months. We see a few big opportunities on the horizon and want to keep this as a front burner issue for another quarter.

· Customer Services/Excellence (Carrie)

Elevating quality and customer services is on our 1 year strategic initiation list, quality and customer service are two of our key strategic drivers.

This is our roadmap for the next 90 days as an organization, and we want every employee to have a sense of our plans and priorities. There is a lot of work we will be doing that is not included in this list, but at the highest level, this is a good summary of our key organizational priorities.

Annual Campaign

This week we are wrapping up the Annual Campaign. The Annual Campaign is our annual effort to raise funds within our community to support the important work we do here at Porter.

For me the campaign began with the delivery of four boxes of solicitation letters and a warning from Ron Hallman that this may take “an hour or two”. Six hours and a few thousand signatures later, the letter was ready to be mailed. Sifting through the letters I could not resist writing brief notes to friends and acquaintances throughout our community who I haven’t seen in a while. How can I ask Steve at County Tire to support Porter without thanking him for keeping my truck on the road?

After the letter was out, the returns began. We were thrilled to receive two huge “match” gifts of \$50,000 each. A “matching gift” means for every dollar raised up to the level of the gift, a dollar will be given. The donors of these gifts are long standing incredibly generous supporters of Porter to whom we owe our deep appreciation.

Above and beyond the match gifts, we received many, many really generous donations. One thing I learned being part of the campaign is that for every large donation there are ten smaller donations, each and every one valuable. We had lots of ten dollar donations – these individuals can afford to give \$10.00. They wrote a check, put it in an envelope, stamped and mailed it – all because they value Porter and the great service we provide to our community.

I am pleased to announce that the overall effort yielded almost \$180,000, nearly double what we typically raise. This is but one more way our community is saying to us “What can we do to help?”

Thank you all.



Meet Our New Providers



Natasha Withers, DO
Internal Medicine at BIM
Start Date: 6/6/2016



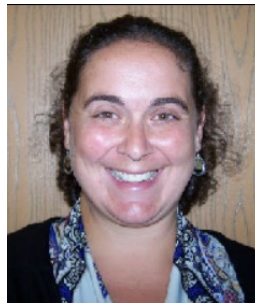
Jillian Brennan, MD
Hospitalist
Start Date: 6/6/2016



Meredith Hanson, NP
Pediatrics at MPAM
Start Date: 6/20/2016



Dayle Klitzner, MD
Family Medicine at AFM
Start Date: 8/8/16



Ariel GallantBernstein, MD
Pediatrics at MPAM
Start Date: 9/12/2016



Jeffrey Abell, PA
Family Medicine at AFM
Start Date: 10/10/16



Molly Brown, WHNP
Obstetrics/Gynecology at PWH
Start Date: 10/24/2016



Laura Weylman, MD
Family Medicine at LCFM
Start Date: 11/7/2016



Emily Gaukler, MD
Internal Medicine at AFM
Start Date: 11/7/2016



Kathryn Samuel, PA
Emergency Medicine
Start Date: 11/7/2016



Todd Waldorf, DO
Hospitalist
Start Date: 11/8/2016

Kenneth Harris, MD
Internal Medicine at AFM
Start Date: 1/9/2017

Cassidy Heisler, PA-C
Family Medicine at BIM
Start Date: 2/20/2017

Consolidated Income Statement

	FY2016 ACTUAL	FY2015 ACTUAL	FY16 - FY15 VARIANCE
Unrestricted revenues:			
Patient service revenue, net of contractual adjustments and discounts	86,672	83,763	2,910
Less: Provision for bad debts	(2,755)	(3,311)	556
Net patient service revenue	83,917	80,452	3,466
Other operating revenue	2,844	3,841	(997)
Total Operating Revenues	86,761	84,293	2,469
Operating expenses:			
Professional care of patients	47,590	46,568	1,022
General and administrative	31,725	30,978	747
Health care improvement tax	4,731	4,563	168
Depreciation and amortization, and interest	3,696	3,794	(98)
Total Operating Expenses	87,742	85,903	1,839
Income (Loss) from Operations	(981)	(1,611)	630
Non-operating revenues & expenses			
Contribution income	563	460	103
Investment income	61	155	(94)
Other program income, net	2,973	3,175	(202)
Total Non-Operating Revenue & Expenses, Net	3,597	3,790	(193)
Excess (Deficiency) of Revenues Over Expenses	2,616	2,180	437

*Please note numbers are listed in thousands



Porter Medical Center Board of Directors

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Peter DeGraff	Dr. Linn Larson	

Porter Medical Center Auxiliary Board

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Kerry Bolduc, Secretary	Mary Buxton	Kate Odell
Greg Alexander	Benj Deppman	Eleanor Ignat
Matt Bonner	Lindsay Hart	Deb Wales
Lori Mackey	Sue Hoxie	

Our PMC and Auxiliary Boards devote countless hours of dedicated service in support of our community mission. Our PMC board sets the strategic direction for our organization and monitors all aspects of quality and financial performance. Our Auxiliary board actively promotes the work of Porter in many ways and raises thousands of dollars annually in support of necessary projects or initiatives to improve healthcare in our community. We are deeply grateful to these volunteer leaders for their time, talent and commitment to our community.





2016 Annual Report
115 Porter Drive
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PorterMedical.org