

Northern Counties Health Care, Inc.

Northern Counties Health Care, Inc. was established in 1976 by community residents concerned about their poor access to health care. NCHC provides health care services in the medically-underserved, three-county region of northeastern Vermont known as the Northeast Kingdom. It does so through a rural network of five community health centers, three dental centers, a Medicare-certified home care and hospice division and in partnership with three critical access hospitals. All of Northern Counties' community health centers are NCQA recognized as patient-centered medical homes at the highest level.



Northern Counties
HEALTH CARE

Compassionate Care in Our Home or Yours

Our Mission

To provide high quality, accessible, patient-centered health care.

Our Vision

NCHC is a key partner in building healthy families and thriving communities.

Our Values

We pursue quality in all that we do and are committed to:

- **Mutual Respect and Trust** – working together and providing care that respects every individual's dignity, privacy, and culture.
- **Excellence** – investing in our most valuable asset, our employees, is crucial to delivering high quality care.
- **Teamwork and Collaboration** – working within NCHC and with community partners to provide a continuum of health care and social support.
- **Stewardship and Spirit of Service** – serving our communities with integrity and intention in all our interactions.
- **Resilience** – approaching every challenge as an opportunity to pursue creative solutions, achieve financial sustainability, and deepen our resolve.

Northern Counties Health Care, Inc.

42nd Annual Meeting

Burke Mountain Hotel & Conference Center
Thursday, October 11, 2018



Northern Counties

HEALTH CARE

Compassionate Care in Our Home or Yours

5:00-6:00pm

Cocktail Hour

Please enjoy appetizers, mingle and don't forget to take a picture at NCHC's photo booth!

6:00-6:15pm

Opening Remarks

Joe Wood and Shawn Tester

6:15-7:00pm

Dinner

7:00-7:30pm

Employee Recognition

Kennedy Palmieri

7:30-8:00pm

Caledonia Home Health Care & Hospice

Presentation Treny Burgess & David Reynolds

8:00-8:45pm

The Real McCoy Show

Brent McCoy

8:45-9:00pm

Closing Remarks & Prize Drawing

Shawn Tester & Joe Wood

Northern Counties Health Care, Inc.

Members of the Board of Directors

Joe Wood, President, Greensboro
Marie Waring, Vice President, Glover
Thad Richardson, Treasurer, Lyndonville
Karena Shippee, Secretary, Danville
Ann Creaven, Glover
Al Cronauer, Lunenburg
Luke Fontaine, Derby
Caroline Frey, St. Johnsbury
Kathy Gent, Wheelock
Lucy Hickey, St. Johnsbury
Nancy Reynolds, St. Johnsbury
Laural Ruggles, Danville
Ron Steen, St. Johnsbury
Cynthia Stuart, Concord

Outgoing Members:

Thank you for your time and commitment to NCHC's success!

Joe Wood, Outgoing President, Greensboro
Luke Fontaine, Derby
Lucy Hickey, St. Johnsbury

Providing Entertainment: The Real McCoy Show



Brent McCoy is a world-class and wildly entertaining comic performer. His acclaimed show features breathtaking stunts, natural charisma, and a lightning fast wit. It's a rocking circus and comedy experience, that will leave you smiling well after the show is over.

Northern Counties Health Care, Inc.

NCHC Supporting Our Community



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NCHC Supporting Our Community



Northern Counties Health Care, Inc.

Celebrating NCHC Members

**5
Years**

*Allison Poulin
Sharon Jacobs
Jennifer Brown
Julie Boisvert
Stephen West Fisher*

*Abigail Johnson
Tanya Webster
Cassandra Myers
Tanya O'Brien*

**10
Years**

*Kelly Bradley
Nicole Cuccia
Jeniane Rathburn
Crystal Smires*

*Morgan Driscoll
Connie Thompson-Hayes
Jo Lewis
Amber Lasnier*

**15
Years**

*Judith Hughes
Sandy Gonyer
Kelley Leonard*

*Maria Rzezniacki
Mark Allen
Elizabeth Browne*

**20
Years**

Karen Klotz

**25
Years**

Timothy Tanner

**30
Years**

*Donna Bollman
Alana Langmaid*

**35
Years**

Diane Dervavich

"Thank you for helping to make Northern Counties Health Care what it is today! ~ Shawn Tester, CEO

Northern Counties Health Care, Inc.

Annual Report of the President

Thank you.
Thank you.
Thank you.

Today is my last meeting with Northern Counties. For me, it's kind of sad. Six years ago, this month, I joined the Northern Counties Board of Directors. I joined because I wanted to learn more about the business of health care, especially the finances. I was interested in understanding better why the total amount of money we all were spending on health care was increasing so fast.

Well, in the past six years, I learned a lot more than I expected. While I think I succeeded in my original purpose, it's the 'more than I expected' that has proven to be the greatest joy of my participation with Northern Counties. And for that, to you all, I say "thank you".

Now, I know I'm supposed to talk about the state of Northern Counties as a business. The company is in great shape. Even with Shawn Tester going next door to the hospital, the company is going to do well in the foreseeable future. It's financially strong. The quality of service is award-winning and its leadership team is talented and committed. Most importantly, there is positive momentum. You are doing well. You should be proud.

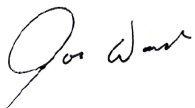
As I leave Northern Counties, I would challenge you with just two goals.

First: Even with the great news of the recent quality awards received by NCHC, we should strive to discover and engage with members of our community who we are not reaching. It's important for our organization to be proactive in promoting our commitment to the disengaged members of our communities who could benefit from our support and care. Some choose not be engaged but we need to uncover why and invite them to learn more about the support that is available to them.

Second: Northern Counties must continue to promote the incredible benefits of healthy living. By consistently promoting healthy lifestyle alternatives, we could hopefully persuade others to choose a path that promotes good health. We need to help reduce the number of people who suffer from obesity, substance abuse, smoking, and a sedentary lifestyle. We must make a commitment to creating and supporting healthy communities a priority.

And finally, I just have to say one more time, thank you all so much for allowing me to be part of your company and to contribute as best as I could. This adventure, for me, has been a most satisfying experience.

Respectfully submitted,



Joe Wood
President
NCHC Board of Directors

Northern Counties Health Care, Inc.

CEO Report 2018

Change is inevitable. Change is constant.

-Benjamin Disraeli



2018 marks the 50th anniversary of Caledonia Home Health Care & Hospice, and the 30th anniversary of the merger with Northern Counties Health Care, Inc. This organization has experienced, and weathered, tremendous change over the last half-century, and we find ourselves today in the strongest position we have ever been in. Home Health is serving more hospice patients than it ever has. Likewise, in primary care we continue to expand access to health and dental services. Our staff at NCHC has continued to build on our strengths, serve our communities, and improve the lives of the people we serve.

A testament to our strength has been our capacity to develop innovative programs to reach underserved people. An example is the dental home-visiting pilot program co-developed through the leadership of Michelle Tetreault, Melissa Moffatt, and Karrie Briggs in dental as well as Magdalene Miller in Home Health's Nurse Family Partnership. Seeing young children and their mothers at home is helping to foster the culture of dental care, which will have a lasting impact on these families.

This year, NCHC was also recognized by HRSA for the tremendous strides we have made in improving quality metrics and outcomes. This places NCHC in the 1st and 2nd quartile nationally for nearly all clinical metrics including as a national leader in Hypertension Control. We have come a long way in the last few years, and this award and recognition is a testament to the hard work of all of our care delivery teams and our quality initiatives. Kari White, Dr. Sharon Fine, and our quality improvement teams deserve recognition for doing such a great job supporting our practices!

It is hard to believe that our newest dental center in Orleans is just over a year and a half old. The entire staff have done an amazing job working towards meeting the region's dental needs, and have already (unbelievably) reached capacity in the dental center. Therefore, I am very excited to see us kick off a 1600 square-foot expansion of the practice which will enable us to add five more treatment rooms and one more full-time dentist to our system.

We continue to work as a partner in our regional Accountable Health Community, NEK Prosper! Through our collaboration with the State of Vermont's Department Vermont Health Access, we have a real opportunity to work towards "health care reform" instead of "payment reform," and begin addressing the real "social drivers of health," including financial stability, food insecurity, housing, and mental and physical well-being.

This year, we are also saying goodbye to several people who have helped to shape what NCHC is today. Dr. Sharon Fine, who is stepping back from her clinical and administrative responsibilities to spend time with her family and care for her health; Alan Langmaid who has dedicated 24 years to tirelessly supporting, expanding, and maintaining our facilities; and Dr. Brendan Buckley, who is moving on to the next phase of his life--exploring a third career as a writer. In Home Health, we are saying goodbye to Sarah Bousquet, LNA, who has been with us 22 years and Nancy Bijolle, LNA, who has had an amazing 30 year career here! I would like to express my sincere gratitude for their years of service to NCHC, our communities, and our patients.

We finished FY 2018 once again in a strong financial position. Over the past year, not only were we able to provide a year-end bonus to all qualifying staff for the second time in a row, but also recently paid off the one remaining outstanding mortgage, leaving us completely debt-free. Northern Counties is better than ever, financially healthy with amazing staff and a great leadership team.

While I feel very good about where we are today, it is bittersweet to realize that this will be my third and final annual meeting as NCHC's CEO as I move just next door to support another organization that I value and love. While I will miss working with all of you on a daily basis, I am also certain that my Primary Care/Home Health perspective will strengthen the relationships with our hospital partners and enable us to continue collaboratively meeting the needs of the Northeast Kingdom, these communities that I am so passionately committed to serving.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Shawn Tester". The signature is written in a cursive, flowing style.

Shawn Tester, CEO of Northern Counties Health Care

Northern Counties Health Care, Inc.

Annual Report of the Treasurer – Fiscal Year 2018

The fiscal year ended March 31, 2018 was another very successful year for NCHC. Primary care continued to post strong earnings, while home health posted a modest loss. It is also worth noting these results were achieved after paying out a second consecutive year-end bonus, totaling \$255K among all employees.

Total operating revenues increased 3.9% from \$23.3M last year to \$24.2M this year. Operating expenses increased 5.4% from \$22.2M to \$23.4M. There was an operating gain of \$705K vs \$1.1M last year. Including other revenues, investment gains, and grant income used for capital acquisition, total net assets increased by \$1.09M vs \$1.66M last year.

The primary care division reported revenue of \$16.2M and an operating gain of \$899K. Last year's revenue was \$15.3M with an operating gain of \$826K.

More encounters, higher reimbursement from Medicaid and Medicare, and higher grant revenue were the primary drivers for success. Our patient count, as measured by UDS on a calendar year basis, also increased, from 16,420 in 2016 to 17,844 in 2017, a nearly 9% increase year-over-year. It should also be stated that financial success was not achieved at the expense of quality; we have improved in several metrics from last year; cervical cancer screening and diabetes control in particular.

The home health division reported revenue of \$7.96M and an operating loss of \$83K. Last year's revenue was \$8.0M with an operating gain of \$369K. While the average hospice census for the year was 35, higher than last year's 33, it was not enough to offset \$418K of increased operating costs. Annual payment increases from Medicare and Medicaid are rarely high enough to cover normal inflationary increases. We also saw a slight decline in Medicare home care episodes, from 841 to 823.

Our balance sheet is strong and still improving. This ensures that we can continue to invest in our mission while weathering any short term challenges that the pending payment reform or other industry-wide changes may create. Positive earnings and effective working capital management will allow us to pay off our remaining mortgage in FY19. Northern Counties will soon be debt free!

A complete set of audited financial statements are available for public review at our administrative office in St Johnsbury. We received an unqualified opinion from our independent auditors, which means our financial statements are fairly presented in accordance with generally accepted accounting principles. As a consequence of receiving federal grants, we are also required to conduct a compliance audit according to government auditing standards. We received an unqualified opinion for that audit as well, and are considered a low risk auditee.

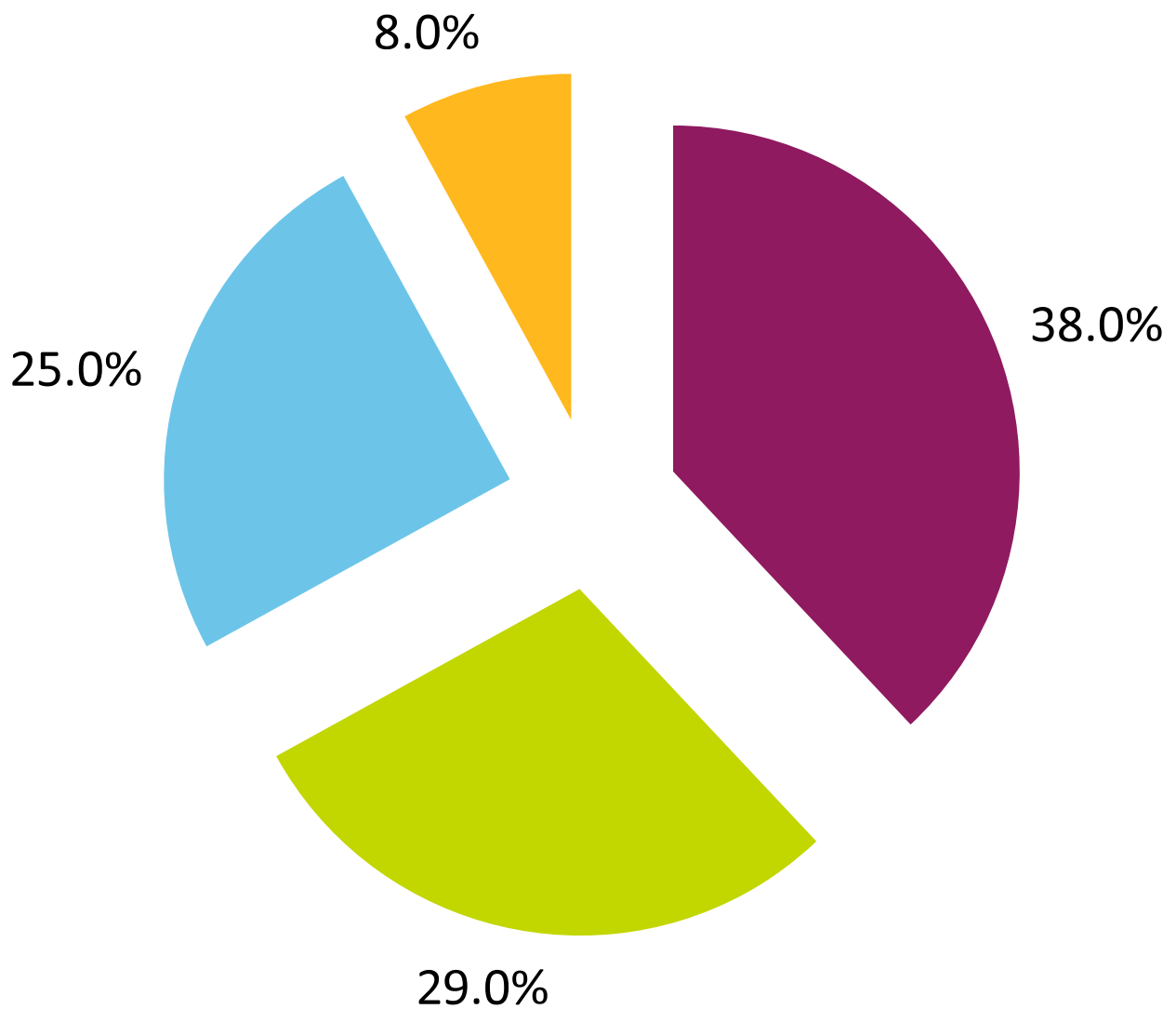
Respectfully Submitted,



Thad Richardson
Treasurer
NCHC Board of Directors

Northern Counties Health Care, Inc.

Financial Summary - Fiscal Year 2017



■ Medicare

■ Commercial

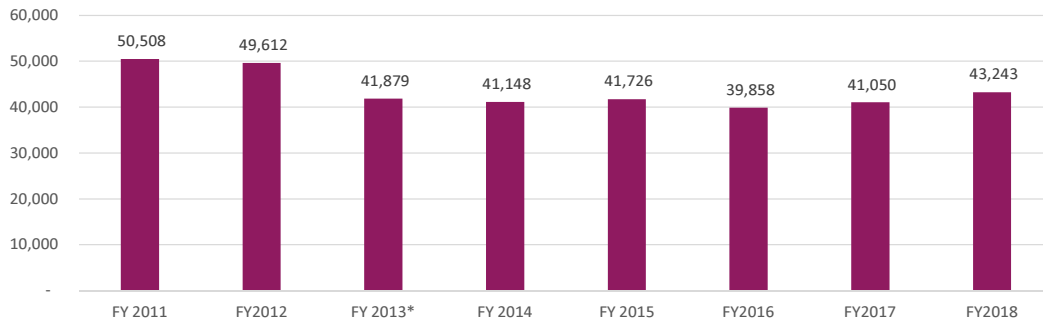
■ Medicaid

■ Self Pay

Northern Counties Health Care, Inc.

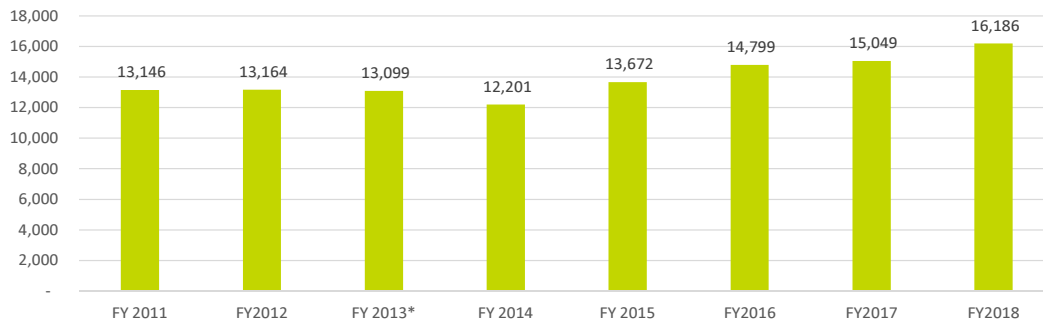
Key Measures of Patient Services

Medical Encounters

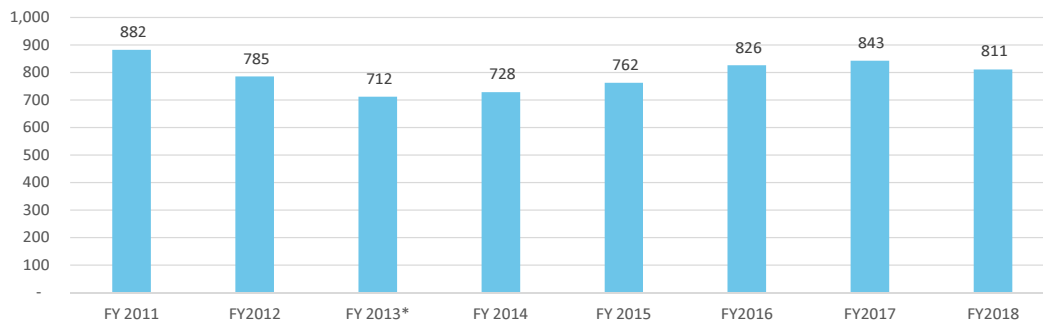


* Reflects closure of NCHC's Caledonian Internal Medicine practice

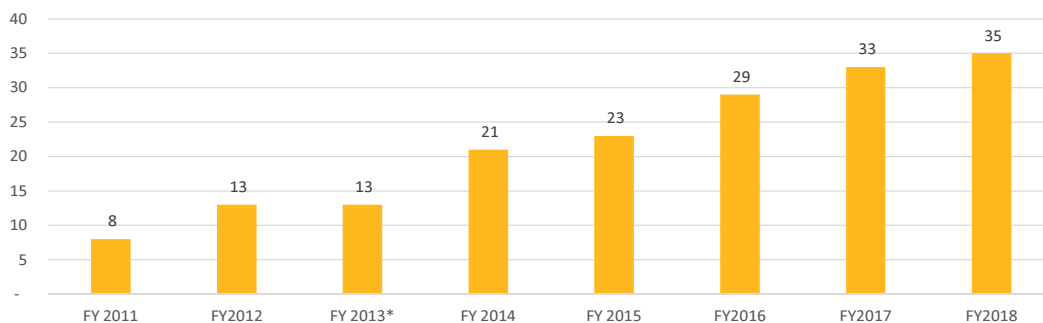
Dental Encounters



Home Care Episodes



Hospice Census



Northern Counties Health Care, Inc.

Thank You

Giving comes in many ways. Your generous donation of money, time, and energy are essential in helping us meet our Mission to provide high quality, accessible, and patient-centered health care. Our donors help necessary programs become great, and ensure no community residents are left without care. We are enormously grateful for the support we have received from our friends and neighbors in the community.

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If you made a donation since October of last year, but your name does not appear on the list above, please accept our sincere apologies and contact Marilyn Young-Bishop at 802.748.8116 or marilyn@nchcvt.org

Northern Counties Health Care, Inc. is funded in part through a grant from the U.S. Health and Human Services Administration.