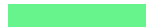




# Annual Public Meeting

## Finance Advisory Committee

### Corewell Health West



November 5, 2024

# Agenda

Welcome

**Alejandro Quiroga, M.D.**  
President, Corewell Health West

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Report on Community  
Commitments

**Martin R. Jennings**  
Chair, Finance Advisory Committee

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Review of Calendar Year 2025  
Corewell Health Budget

**Hardik Dalal**  
SVP, Finance – Corewell Health West

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Question and Answer

All



## Mission

Improve health, instill humanity and inspire hope.

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## Vision

A future where health is simple, affordable, equitable and exceptional.

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## Values

Compassion. Collaboration.  
Clarity. Curiosity. Courage.

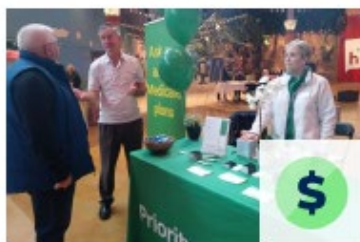
# CORE 4: Our vision



## Simple

We remove the hassles from health care and coverage, with less bureaucracy. It is our responsibility to make health easy to access, easy to navigate and easy to understand.

*Example: A person schedules an appointment quickly online; the care team is ready for them with information from their record and the billing process is easy to understand.*



## Affordable

We deliver the highest quality at a sensible cost. We are creating value that is meaningful to people through care management, standardization and personalization.

*Example: Our standard work ensures that we can deliver exceptional care consistently. By lowering the cost of care, we can eventually pass that savings on to others.*



## Equitable

We are driven by a responsibility to ensure good health is within everyone's reach. We aspire to be a place where everyone can be their best selves.

*Example: We respectfully review any language, religious and cultural preferences at the point of care. This information is stored in the person's medical record, so teams are aware and addressing these preferences in every interaction.*



## Exceptional

Everything we do reflects our best work. Be the best version of you to provide the best care to those we serve every day.

*Example: A nurse spends extra time with a complex patient to address their concerns about an upcoming surgery and connect them to resources to help them understand their Priority Health coverage.*

# Report on Community Commitments



Martin R. Jennings  
Chair, Finance Advisory Committee

# **Review of Calendar Year 2025 Corewell Health West Budget**



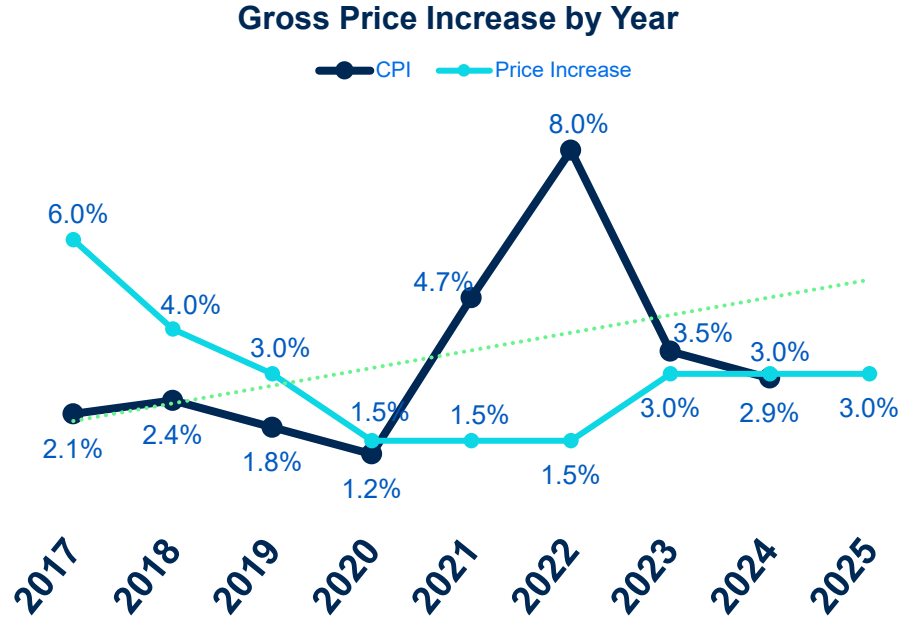
Hardik Dalal  
CHW, SVP, Finance

## Corewell Health Grand Rapids and Medical Group 2025 Budget

	<u>Projected 2024</u>	<u>Budget 2025</u>
	(in millions)	
Total Revenue	3,598	3,774
Total Operating Expense	3,465	3,624
Total Margin	<u>\$ 133</u>	<u>\$ 150</u>
<b>Total margin %</b>	<b>3.7%</b>	<b>4.0%</b>

# Corewell Health Grand Rapids and Medical Group Gross Price Increase

- 3.0% price increase for facility charges and 2.0% for professional activity yields an approximate 1.1% rate realization
- In line with CPI trend
- Significant wage pressure particularly in nursing and other clinical spaces
- Inflation is moderating after historic levels





## 2025 Budget Highlights – Corewell Health Grand Rapids

### Revenue Highlights:

- Inpatient admissions decrease by 1.8% due to assumed 1.5% reduction + one fewer business day
- Outpatient volumes remain consistent with CY24 projection
- Medical Group provider access initiatives – \$5.0M
- Medical Group wRVUs increase 13.1% as a result of new providers and improved access

### Expense Highlights:

- Average length of stay improvement – \$4.0 million (adult & pediatrics)
- Supply chain and clinical service line value analysis savings – \$12.6M
- Revenue cycle improvements and payer contracting initiatives - \$5.2M
- Medical supply inflation of 2.35%

# Risks and Uncertainties

## ***Revenue Related Risks***

- Rate and payment concerns/tactics from payors and providers
- Continued degradation in overall payer mix
- Increased denial rates, more authorizations/audit activity on submitted claims

## ***Expense Related Risks***

- Workforce shortages/availability, escalating labor costs
- Third-party vendor costs exceeding budgeted amounts and/or financial capacity

## ***External Factors***

- Lingering economic issues/uncertainty and governmental pressures
- Pressure from payors to lower costs
- Increased competition, new and growing partnerships in the region
- Inflationary pressures (i.e. pharmaceutical costs)
- Aging population and more patients seeking care in later stages with increased comorbidities

## Celebrations and Successes

- Redesign of total rewards and benefits packages with an estimated investment of ~\$50M
- Support of mental health and welfare – rollout of highly-rated meditation and relaxation application (Calm) and BeWell, a new well-being virtual center of excellence
- Investments in patient care
  - Corewell Health Care Center 275 Michigan (\$153M)
  - Family Medicine – Boston Square (\$5.2M)
  - HDVCH pediatric psych unit (\$13.7M)
  - Corewell Health Orthopedics Center-2770 E Beltline NE (\$73M)
- Community Partnerships
  - Corewell Health Blodgett Hospital full-service retail pharmacy partnership with Meijer
  - Collaboration with Mary Free Bed Rehabilitation Hospital for Joan Secchia Children's Rehabilitation Hospital
- Digital innovations including project “Helen” and Abridge
- Development of inboxology program to address provider burnout, inbasket burden and improve retention
- Ability to sustain capital investments in areas such as robotics and histosonics as well as support of new program development (i.e. kidney transplant)
- Numerous quality awards and recognition

## Strong & Stable Ratings



**Aa3** Moody's



**AA** S&P



**A** AMBest

**We believe this budget will support our targeted ratings.**

## Key Takeaways

- Total margin is benchmarked with Moody's Aa3 and S&P's AA rated organizations
- \$6 million commitment is included in the 2025 budget
- Price increase of 3.0% effective in January which supports our focus on affordability while recognizing the current economic environment



# Question & Answer

**Thank you.**