# Vermont Community Hospitals

## Financial Glossary

### Budget and Financial Information
- **Gross Patient Revenue**: Total of all patients' bills.
- **Deductions**: Reductions from gross revenue such as discounts, contractual allowances, bad debt and free care.
- **Net Patient Care Revenue**: Gross Patient Revenues less deductions. The amount the hospital will receive for services rendered.
- **Total Operating Revenue**: Actual money collected for services.
- **Total Operating Expense**: Wages and benefits for all hospital employees, non-wage costs such as supplies, utilities, insurance, and bad debt expense, and current costs of buildings, property, and equipment.
- **Net Operating Income (Loss) (Net Operating Surplus or Margin)**: Revenues remaining after expenses are paid.
- **Non-Operating Revenue**: Revenue earned by a hospital that is not related to patient care.
- **Excess (Deficit) of Revenue Over Expense (Total Surplus or Margin)**: The sum of Net Operating Income (Loss) and Non-Operating Revenue.

### Cost Shift
- See Cost Shift page.

### Financial Health Benchmarks & Indicators
- **Days Cash on Hand**: The number of days of cash available to run the hospital. Some hospitals have other cash assets that are not included in the Days Cash on Hand calculation. If included, Days Cash on Hand would increase. Higher levels of cash are generally favorable.
- **Current Ratio**: Ability to pay short-term bills. The calculation of current ratio includes funded depreciation, which is not included in the national benchmarks shown.
- **Outpatient Gross Revenue %**: Percentage of billings for those receiving care in less than 24 hours.
- **Physician Gross Revenue %**: Percentage of billings for those receiving physician care.
- **Return on Assets**: One measure of how a hospital is doing financially.
- **Compensation Ratio (labor ratio)**: Total labor costs divided by total revenues.

### Hospital Capital Investments
- **Age of Plant - Building**: The average age (in years) of buildings and equipment.
- **Age of Plant - Equipment**: The average age (in years) of equipment.
- **Net Property, Plant & Equipment per Staffed Bed**: On average, the amount of buildings, property, and equipment for each hospital bed.
- **Capital Cost % of Total Expense**: A measure of capital expense to total operating expenses.
- **Capital Acquisitions as % of Net Patient Revenue**: A measure of spending on buildings, property, and equipment.

## Notes

- **Possible Certificate of Need (CON) Projects**: Projects the hospital needs a permit from the state to build or acquire.