

North Country Hospital

Fiscal Year 2017 Budget Analysis

Report Date: 8/9/2016

North Country Hospital

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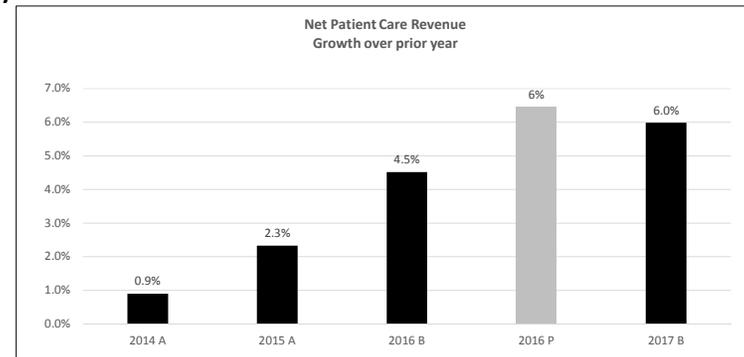
SUMMARY OF BUDGET

	2015 A	2016 B	2017 B	B16-B17 Change \$	B16-B17 Change %	B16-B17 Change \$ All Hospitals	B16-B17 Change % All Hospitals
Gross Patient Care Revenue	\$ 166,223,234	\$ 171,453,494	\$ 184,601,880	\$ 13,148,386	7.7%	\$ 134,233,796	2.7%
Net Patient Care Revenue	\$ 73,297,094	\$ 76,604,320	\$ 81,189,662	4,585,342	6.0%	114,454,070	5.0%
Other Operating Revenue	\$ 7,181,556	\$ 4,662,622	\$ 5,224,021	561,399	12.0%	6,477,684	4.7%
Total Operating Revenue	\$ 80,478,650	\$ 81,266,942	\$ 86,413,683	5,146,741	6.3%	\$ 120,931,754	4.9%
Operating Expense	\$ 77,634,509	\$ 80,046,931	\$ 85,332,744	5,285,812	6.6%	\$ 119,502,747	5.0%
Net Operating Income	\$ 2,844,141	\$ 1,220,010	\$ 1,080,939	(139,071)	-11.4%	\$ 1,429,007	2.1%
Non Operating Revenue	\$ (1,384,871)	\$ 859,688	\$ 453,721	\$ (405,967)	-47.2%	\$ 4,835,590	15.7%
Excess (Deficit) of Rev over Exp	\$ 1,459,270	\$ 2,079,698	\$ 1,534,660	(545,038)	-26.2%	\$ 6,264,597	6.2%
Operating Margin %	3.5%	1.5%	1.3%				
Total Margin %	1.8%	2.5%	1.8%				

The net patient revenues (NPR) will increase by 6.0%, or \$4.6 million. Over \$2.6 million of the increase is utilization realized in 2016 projected and is budgeted to carry forward by the hospital into the 2017 Budget. The hospital has had a history of utilization variability and NPR moving up and down as the local economy shifts.

The balance of the increase is primarily related to health care reform spending and their rate increase. The hospital prepared this budget with a 3.5% overall rate increase which will increase NPR about \$2.1 million.

Page 3 and 4 detail the hospital NPR increase by operations (utilization, rates, etc) and by payer.



Note: The 2016 Projected increase is measured from Actual 2015.

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RATE AND NET PATIENT REVENUE INCREASE

Rate is the average change in price for services provided.

	2013 Approved	2014 Approved	2015 Approved	2016 Approved	2017 Submitted
Weighted Average rate for all hospitals	7.9%	5.2%	6.8%	4.4%	2.2%
North Country Hospital Rate Request	4.6%	8.0%	8.3%	4.8%	3.5%
Hospital Inpatient					4.3%
Hospital Outpatient					3.5%
Outpatient Physician					0.0%
Chronic/SNF					0.0%
Swing					0.0%
Other					0.0%

The 3.5% rate increase is achieved by 4.3% and 3.5% increases budgeted for inpatient and outpatient services respectively. There is no rate increase for physician services.

The rate increase will generate \$2,073,393 of the \$4,585,342 NPR increase. The balance will be realized by higher utilization and improved reimbursement. The higher utilization seems to be related to hospital services as opposed to physician services. The hospital notes that much of the utilization increase is related to more complex and additional chemotherapies.

Net Patient Revenue change	2016 Approved	2017 Submitted	B16-B17 Change	B16-B17 Change	
NPR changes due to:	\$ 76,604,320	\$ 81,189,662	\$ 4,585,342	6.0%	
Commercial Ask Negotiations			\$ -		
Rate request			\$ 2,073,393	3.5%	Amount to be requested from commercial insurers
Utilization			\$ 2,673,050		Increase being seen across all payers; hospital utilization greater than physician.
Other major program change			\$ -		
Physician Acquisition or reduction			\$ -		
Free care			\$ 114,085		Same relative share as projected 2016.
Bad debt			\$ (563,376)		Slightly lower relative share as projected 2016. Budget 2016 was understated.
Dispro share change			\$ (358,333)		Change amount agrees with DVHA estimate.
Health care reform			\$ 646,524		See narrative - hospital will discuss at the hearing.
Total NPR changes			\$ 4,585,343		

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NET PAYER REVENUE CHANGE		Projection			B16-B17 \$Change	B16-B17 % change	NPR From Rate	NPR From All Other
		FY2016	FY2016	FY2017				
All Payers	Gross Revenue	\$171,453,494	\$176,540,284	\$184,601,880	\$13,148,386	7.7%		
	Allowances	(\$92,046,370)	(\$95,310,519)	(\$99,801,683)	(\$7,755,313)	8.4%		
	Bad Debt	(\$3,299,360)	(\$3,858,297)	(\$3,862,806)	(\$563,446)	17.1%		
	Free Care	(\$1,315,045)	(\$1,154,115)	(\$1,200,997)	\$114,048	-8.7%		
	Disproportionate Share Payments	\$1,811,601	\$1,811,601	\$1,453,268	(\$358,333)	-19.8%		
	Graduate Medical Education Payment	\$0	\$0	\$0	\$0	0.0%		
	Net Payer Revenue	\$76,604,320	\$78,028,954	\$81,189,662	\$4,585,342	6.0%	\$2,073,393	\$2,511,949
Commercial	Gross Revenue	\$56,982,006	\$58,397,844	\$61,013,130	\$4,031,124	7.1%		
	Allowances	(\$14,951,601)	(\$15,966,693)	(\$16,509,371)	(\$1,557,770)	10.4%		
	Bad Debt	\$0	\$0	\$0	\$0	0.0%		
	Free Care	\$0	\$0	\$0	\$0	0.0%		
	Disproportionate Share Payments	\$0	\$0	\$0	\$0	0.0%		
	Graduate Medical Education Payment	\$0	\$0	\$0	\$0	0.0%		
	Net Payer Revenue	\$42,030,405	\$42,431,151	\$44,503,759	\$2,473,354	5.9%	\$1,514,997	\$958,357
Medicaid	Gross Revenue	\$46,588,938	\$44,478,514	\$46,684,530	\$95,592	0.2%		
	Allowances	(\$35,599,871)	(\$32,836,080)	(\$34,548,367)	\$1,051,504	-3.0%		
	Bad Debt	\$0	\$0	\$0	\$0	0.0%		
	Free Care	\$0	\$0	\$0	\$0	0.0%		
	Disproportionate Share Payments	\$1,811,601	\$1,811,601	\$1,453,268	(\$358,333)	-19.8%		
	Graduate Medical Education Payment	\$0	\$0	\$0	\$0	0.0%		
	Net Payer Revenue	\$12,800,667	\$13,454,035	\$13,589,431	\$788,764	6.2%	\$0	\$788,764
Medicare	Gross Revenue	\$67,882,550	\$73,663,926	\$76,904,220	\$9,021,670	13.3%		
	Allowances	(\$41,494,898)	(\$46,507,746)	(\$48,743,945)	(\$7,249,047)	17.5%		
	Bad Debt	\$0	\$0	\$0	\$0	0.0%		
	Free Care	\$0	\$0	\$0	\$0	0.0%		
	Disproportionate Share Payments	\$0	\$0	\$0	\$0	0.0%		
	Graduate Medical Education Payment	\$0	\$0	\$0	\$0	0.0%		
	Net Payer Revenue	\$26,387,652	\$27,156,180	\$28,160,275	\$1,772,623	6.7%	\$558,396	\$1,214,227
Bad Debt/Free Care	Gross Revenue				\$0	0.0%		
	Allowances				\$0	0.0%		
	Bad Debt	(\$3,299,360)	(\$3,858,297)	(\$3,862,806)	(\$563,446)	17.1%		
	Free Care	(\$1,315,045)	(\$1,154,115)	(\$1,200,997)	\$114,048	-8.7%		
	Disproportionate Share Payments				\$0	0.0%		
	Graduate Medical Education Payments				\$0	0.0%		
	Net Payer Revenue	(\$4,614,405)	(\$5,012,412)	(\$5,063,803)	(\$449,398)	9.7%	\$0	-\$449,398

This schedule shows the NPR increase by each major payer, including those receiving care as bad debt or free care. The schedule identifies the NPR increase related to rates separate from all other increases.

The Commercial revenues reflect the planned rate increase dollars for this year ('17). The increase not related to rates is primarily increases in utilization.

The hospital will NOT receive any new funds because of their rate increase. They expect to see increased reimbursement related to utilization as stated in their narrative. Some of that increase is offset by a lower DSH payment based upon information from DVHA.

As a critical care hospital, Medicare will increase some as a function of costs. Utilization is increasing significantly, but is being reimbursed at a lower amount compared to 2016.

Bad debt is budgeted to move unfavorably compared to budget but more in line with recent history. B2016 was too optimistic.

Page 3 describes the 2017 NPR increase by major operational changes (rates, utilization, etc).

1) The hospital's net patient revenues (NPR) are increasing 6.0% over 2016 budget. The hospital identifies this increase as being primarily related to hospital utilization experienced in 2016. See page 3 and 4 of this report.

Page 3

a) The hospital has a history of great variability in their NPR and utilization change. Provide a schedule that reflects these changes over the last several years.

Identify the utilization increases the hospital experienced in 2016 and is expected to carry forward to 2017. What explains the increased utilization? Is the projected utilization in 2016 sustainable going forward?

b) The narrative explains the needs for new capital to meet new regulations around chemotherapy. Explain the regulations, its impact, and what the hospital is doing to comply with the regulations.

c) Describe the changes the hospital is experiencing with chemotherapies from both a cost and utilization perspective.

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d) Explain your NPR changes at the budget hearing using the payer schedule provided in the staff's analysis. The GMCB is interested in understanding the changes occurring from budget to budget by payer.

2) The hospital is requesting a 3.5% overall rate increase that will be achieved by increasing hospital inpatient services 4.3%, outpatient services 3.5% and no increases for physician services. Is this the rate that is negotiated with commercial payers? Describe the strategy and basis for this increase.

3) The hospital has budgeted an increase of 17 FTEs over 2016 budget. Why are they increasing? Provide a schedule showing the total number of FTEs for the hospital separate from those FTEs supporting physicians. Show this for the years 2015 through 2017.

4) Free care remains steady and is budgeted consistent with recent experience. Bad debt has stabilized as the recent downward trend stopped in projected 2016. Are there any noticeable reasons why the decline in bad debt has changed?

5) The hospital has reported \$646,524 in health care reform. Discuss why you believe the identified expenditures are considered to be health care reform.

6) The hospital reported long term debt as a short term liability. This has the effect of distorting some metrics around debt and liquidity. Discuss why the hospital reported the debt as short term and explain the current status of that debt.

7) Are the FY 16 projections for net revenues, expenditures, and surplus as reported still valid? If not, describe any material changes.

8) The hospital should provide a 3-year schedule that shows the 3 year capital budget plans for 2018 – 2020.

9) Describe the hospital's efforts with local mental health and other providers to strengthen community health services. Describe any successes and identify the limitations of those efforts.

10) The hospital has plans for a \$12 million CON in 2018. Briefly describe this capital project.

North Country Hospital						Vt Median	Northeast CAH	Other Non- Profit	100 - 199 Beds	All Teaching
KEY INDICATORS	2014 A	2015 A	2016 B	2016 P	2017 B	2017 B	U.S. Benchmarks FY2014			
Net Patient Revenue Change	0.9%	2.3%	4.5%		6.0%					
Overall Rates	8%	8%	5%		3.5%					
Utilization										
Total Average Daily Census	16	17	15	16	16	23.2	-	80	72	192
Adjusted Admissions	8,525	8,970	8,730	9,258	9,280	8,261	-	-	-	-
Capital										
Age of Plant	8.5	9.1	9.3	9.7	11.0	12.0	11.3	11.3	11.2	11.2
Long Term Debt to Capitalization	4.7%	7.0%	2.1%	1.8%	1.9%	26.9%	27.1%	31.2%	23.5%	30.6%
Debt Service Coverage Ratio	0.4	0.4	0.3	0.3	0.3	4.2	4.4	2.8	3.0	5.0
Revenue										
Bad Debt %	2.4%	2.2%	1.9%	2.2%	2.1%	1.6%	5.6%	5.5%	6.7%	4.1%
Free Care %	0.7%	0.8%	0.8%	0.7%	0.7%	0.7%	-	-	-	-
Operating Margin %	2.9%	3.5%	1.5%	1.1%	1.3%	1.9%	-2.4%	0.7%	2.8%	3.0%
Total Margin %	5.9%	1.8%	2.5%	1.6%	1.8%	3.2%	3.2%	3.7%	5.7%	5.6%
Productivity & Staffing										
Overhead Expense w/ fringe, as a % of Total Operating Exp	21.5%	22.7%	22.1%	21.7%	22.1%	26.1%	-	-	-	-
Cost & Revenue Unit of Measure										
Cost per Adjusted Admission	8,881	8,655	9,170	8,926	9,195	10,264	-	7,557	7,453	7,645
Liquidity										
Current Ratio	1.4	1.4	1.5	1.5	1.6	2.9	1.4	2.3	1.7	1.8
Days Cash on Hand	211	199	165	165	175	129	99	74	75	110
Payer										
Medicare Gross as % of Tot Gross Rev	41%	41%	40%	42%	42%	41%	-	-	-	-
Medicaid Gross as % of Tot Gross Rev	24%	26%	27%	25%	25%	19%	-	-	-	-
Comm/self Gross as % of Tot Gross Rev	35%	33%	33%	33%	33%	36%	-	-	-	-
Medicare % of Net Rev (incl DSH)	37%	36%	35%	36%	35%	35%	-	-	-	-
Medicaid % of Net Rev (incl DSH)	14%	15%	15%	15%	15%	12%	-	-	-	-
Comm/self % of Net Rev (incl DSH)	49%	49%	50%	49%	49%	50%	-	-	-	-

North Country Hospital

PROFIT & LOSS STATEMENT	2014 A	2015 A	2016 B	2016 P	2017 B	B16-B17 Change	B16-B17 Change %
Revenues							
Gross Patient Care Revenue	\$ 150,537,638	\$ 166,223,234	\$ 171,453,494	\$ 176,540,284	\$ 184,601,880	\$ 13,148,386	7.7%
Disproportionate Share Payme	2,652,586	2,276,974	1,811,601	1,811,601	1,453,268	(358,333)	-19.8%
Bad Debt	(3,599,471)	(3,626,966)	(3,299,360)	(3,858,297)	(3,862,806)	(563,446)	17.1%
Free Care	(1,074,525)	(1,283,142)	(1,315,045)	(1,154,115)	(1,200,997)	114,048	-8.7%
Graduate Medical Education	-	-	-	-	-	-	
Deductions from Revenue	(76,884,832)	(90,293,004)	(92,046,370)	(95,310,519)	(99,801,683)	(7,755,313)	8.4%
Net Patient Care Revenue	\$ 71,631,396	\$ 73,297,094	\$ 76,604,320	\$ 78,028,954	\$ 81,189,662	\$ 4,585,342	6.0%
	0.9%	2.3%	4.5%	6%	6.0%		
Other Operating Revenue	\$ 6,359,285	\$ 7,181,556	\$ 4,662,622	\$ 5,551,433	\$ 5,224,021	\$ 561,399	12.0%
Total Operating Revenue	\$ 77,990,681	\$ 80,478,650	\$ 81,266,942	\$ 83,580,387	\$ 86,413,683	\$ 5,146,741	6.3%
Operating Expense							
Salaries Non MD	22,529,191	24,491,810	25,137,792	26,172,779	26,875,340	1,737,548	6.9%
Fringe Benefits Non MD	9,797,427	8,077,211	8,646,924	8,646,924	9,570,508	923,584	10.7%
Fringe Benefits MD	1,337,391	1,130,331	1,462,997	1,462,997	1,187,319	(275,678)	-18.8%
Contracts & Fringes	12,577,138	13,465,876	13,468,286	13,319,448	13,371,825	(96,461)	-0.7%
Health Care Provider Tax	4,221,188	4,283,890	4,373,348	4,199,820	4,773,348	400,000	9.1%
Depreciation Amortization	4,576,430	4,681,156	5,317,775	4,801,760	4,609,866	(707,909)	-13.3%
Interest - Short Term	227,705	230,067	195,000	175,670	175,670	(19,330)	-9.9%
Interest - Long Term	436,839	417,875	424,200	454,860	507,410	83,210	19.6%
Other Operating Expense	20,004,351	20,856,291	21,020,609	23,396,804	24,261,458	3,240,849	15.4%
Total Operating Expense	\$ 75,707,661	\$ 77,634,509	\$ 80,046,931	\$ 82,631,062	\$ 85,332,744	\$ 5,285,812	6.6%
Year over Year Change	-2.1%	2.5%	3.1%	-	6.6%		
Net Operating Income (Loss)	\$ 2,283,020	\$ 2,844,141	\$ 1,220,010	\$ 949,325	\$ 1,080,939	\$ (139,071)	-11.4%
Operating Margin %	3.2%	3.9%	1.6%		1.3%		
Non-Operating Revenue	\$ 2,432,880	\$ (1,384,871)	\$ 859,688	\$ 436,884	\$ 453,721	\$ (405,967)	-47.2%
Over Expense	\$ 4,715,901	\$ 1,459,270	\$ 2,079,698	\$ 1,386,209	\$ 1,534,660	\$ (545,038)	-26.2%

The hospital will receive a decrease in disproportionate share (DSH).

The hospital is budgeting bad debt and free care at levels they are currently experiencing in 2016. The improvement previously seen in bad debt is no longer occurring.

Over \$3.6 million of "other operating revenue" is made up of 340B pharmacy funds.

Salaries, fringe, and other operating costs (related to drugs) make the largest increase in expenses. Most expenses were increased by a 2% inflation factor.

The hospital has budgeted a 1.3% operating margin and states in their narrative their rate increase of 3.5% is necessary in order to achieve this.

North Country Hospital

UTILIZATION & STAFFING	2014 A	2015 A	2016 B	2016 P	2017 B	B16-B17 Change
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UTILIZATION						
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Adjusted Admissions	8,525	8,970	8,730	9,258	9,280	6.3%
Acute Admissions	1,370	1,420	1,366	1,416	1,417	3.7%
Acute Average Length Of Stay	3.4	3.2	3.2	3.2	3.2	-2.8%
Operating Room Procedures	3,152	3,129	3,120	3,127	3,127	0.2%
Laboratory Tests	537,515	532,354	535,813	531,013	531,013	-0.9%
Emergency Room Visits	15,139	16,605	15,139	16,837	16,837	11.2%
Cat Scan, Radiology - Diagnostic Procedures	18,411	17,166	20,973	18,232	18,287	-12.8%
Magnetic Resonance Image Exams	1,349	1,378	1,330	1,381	1,374	3.3%
Physician Office Visits	84,068	86,549	100,882	96,959	102,489	1.6%
Clinics Visits	0	0	0	0	0	0.0%

STAFFING						
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Non-MD FTEs	409	426	450	437	467	17
Travelers	0	0	0	0	0	0
Residents & Fellows	0	0	0	0	0	0
Mid Level Providers	0	0	0	0	0	0
Physician FTEs	32	30	34	32	32	-2
Total MD and Non MD FTEs	442	457	484	468	499	15
Salary & Benefits per FTE - Non-MD	\$ 78,980	\$ 76,410	\$ 75,047	\$ 79,759	\$ 78,012	4.0%
FTEs Per Adjusted Occupied Bed	5.2	5.4	5.8	5.4	5.8	0.3%
FTEs per 100 Adj Discharges	4.8	4.8	5.2	4.7	5.0	-2.4%

Comparative Benchmarks						
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Vermont System Averages						
Salary & Benefits per FTE - Non-MD	\$ 78,162	\$ 80,704	\$ 82,457	\$ 83,286	\$ 83,856	1.7%
FTEs Per Adjusted Occupied Bed	5.5	5.7	5.8	5.8	6.1	4.5%
FTEs per 100 Adj Discharges	7.0	7.2	7.5	7.2	7.5	-0.2%

U.S. Benchmarks						
FTEs Per Adjusted Occupied Bed						
Northeast Critical Access Hospital	0.00	-	-	-	-	
Other Non-Profit	3.60	-	-	-	-	
100 - 199 Beds	3.45	-	-	-	-	
All Teaching	3.45	-	-	-	-	

Most of the budgeted utilization is built off of 2016 projections. Acute admissions were budgeted to decline but did not. ER visits have been increasing as are physician visits.

FTEs have increased, presumably to meet utilization increases - the hospital will explain. The hospital is struggling to maintain nursing staff.

Salary and benefits show a slight increase while productivity remains steady. FTE per 100 discharges is favorable compared to the Vermont system.

This benchmark does not exist for NE critical access hospitals.

North Country Hospital

BALANCE SHEET	2014 A	2015 A	2016 B	2016 P	2017 B
Cash & Investments	\$ 6,818,104	\$ 5,441,054	\$ 8,191,000	\$ 8,530,000	\$ 9,156,381
Total Current Assets	\$ 16,512,671	\$ 17,157,678	\$ 22,556,000	\$ 23,362,000	\$ 22,200,031
Board Designated Assets	\$ 34,248,547	\$ 34,288,615	\$ 25,496,000	\$ 26,687,000	\$ 29,543,000
Net, Property, Plant And Equipment	\$ 26,274,081	\$ 28,038,118	\$ 25,538,000	\$ 27,534,000	\$ 26,834,000
Other Long-Term Assets	\$ 1,779,298	\$ 2,218,838	\$ 1,475,000	\$ 1,475,000	\$ 1,475,000
Total Assets	\$ 78,814,597	\$ 81,703,249	\$ 75,065,000	\$ 79,058,000	\$ 80,052,031
Current Liabilities	\$ 31,446,208	\$ 32,020,167	\$ 30,759,000	\$ 31,677,000	\$ 31,306,000
Long Term Liabilities	\$ 2,249,958	\$ 3,456,829	\$ 928,000	\$ 858,000	\$ 928,000
Other Noncurrent Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance	\$ 45,118,431	\$ 46,226,253	\$ 43,378,000	\$ 46,523,000	\$ 47,818,031
Total Liabilities and Equities	\$ 78,814,597	\$ 81,703,249	\$ 75,065,000	\$ 79,058,000	\$ 80,052,031

North Country Hospital					
Net Increase/(Decrease) in Cash	\$ 3,185,726	\$ (1,377,050)	\$ 2,749,946	\$ 3,088,946	\$ 965,381
Days Cash on Hand	210.7	198.8	164.5	165.2	175.0
Long Term Debt to Capitalization	4.7%	7.0%	2.1%	1.8%	1.9%
Debt Service Coverage Ratio	0.4	0.4	0.3	0.3	0.3

Comparative Benchmarks					
Vermont System Averages					
Net Increase/(Decrease) in Cash	\$ 54,485,429	\$ (13,749,624)	\$ (778,512)	\$ (3,061,249)	\$ (680,856)
Days Cash on Hand	176.3	178.5	179.6	174.8	165.5
Long Term Debt to Capitalization	29.7%	27.6%	31.3%	32.0%	29.5%
Debt Service Coverage Ratio	3.3	3.7	2.7	2.8	3.1

U.S. Benchmarks					
Northeast Critical Access Hospital					
Days Cash on Hand-Peers	99.30	-	-	-	-
Long Term Debt to Capitalization-Peers	27%	-	-	-	-
Debt Service Coverage Ratio-Peers	4.4	-	-	-	-

The balance sheet shows increases in Board designated assets. There is improvement in net assets (fund balance) as well.

Long term debt was filed as short term debt and explains the unusual debt and short term liquidity metrics. The hospital has since re-financed and will refile to update the accounting for the debt. Our review of the hospital metrics finds that once updated, they will reflect favorably when compared to peers.

North Country Hospital

Capital Budget	2014 A	2015 A	2016 B	2016 P	2017 B	2018 Plan	2019 Plan	2020 Plan
Non-Certificate of Need Capital Plans Total	\$ 3,088,618	\$ 5,424,996	\$ 3,792,554	\$ 3,792,554	\$ 3,495,000	\$ -	\$ -	\$ -
Certificate of Need Capital Plans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital Purchases	\$ 3,088,618	\$ 5,424,996	\$ 3,792,554	\$ 3,792,554	\$ 3,495,000	\$ -	\$ -	\$ -

North Country Hospital

Age of Plant	8.5	9.1	9.3	9.7	11.0
Capital Expenditures to Depreciation	67.5%	115.9%	71.3%	79.0%	75.8%
Capital Cost % of Total Expense	6.9%	6.9%	7.4%	6.6%	6.2%

Comparative Benchmarks

Vermont System Averages

Age of Plant	10.2	11.4	11.9	11.9	12.3
Capital Expenditures to Depreciation	80.6%	97.1%	95.1%	96.0%	122.8%
Capital Cost % of Total Expense	5.9%	5.4%	5.8%	5.6%	5.3%

U.S. Benchmarks

Northeast Critical Access Hospital

Age of Plant-Peers	11.3	-	-	-	-
Capital Expenditures to Depreciation-Peers	0.0%	-	-	-	-
Capital Cost % of Total Expense-Peers	5.8%	-	-	-	-

The hospital's capital costs are higher than Vermont peers yet the capital expenditures to depreciation are much lower. The age of plant is lower as compared to Vermont peers. The recent slowing of capital investments has the effect of increasing AOP from 8.5 years to 11 years.

When compared nationally, the most recent data shows the hospital's AOP is younger.

The hospital's capital budget is largely IT improvements. A portion of their capital budget (8%) is required for compliance in the Pharmacy department related to new chemotherapy regulations.

The hospital has budgeted \$18 million for a CON in 2018 that they will describe. The hospital will be sending their 3 year capital plans in their response to our questions.