

# Southwestern VT Medical Center

## Fiscal Year 2017 Budget Analysis

Report Date: 8/15/2016

**Southwestern VT Medical Center**

CEO: Thomas Dee

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**SUMMARY OF BUDGET**

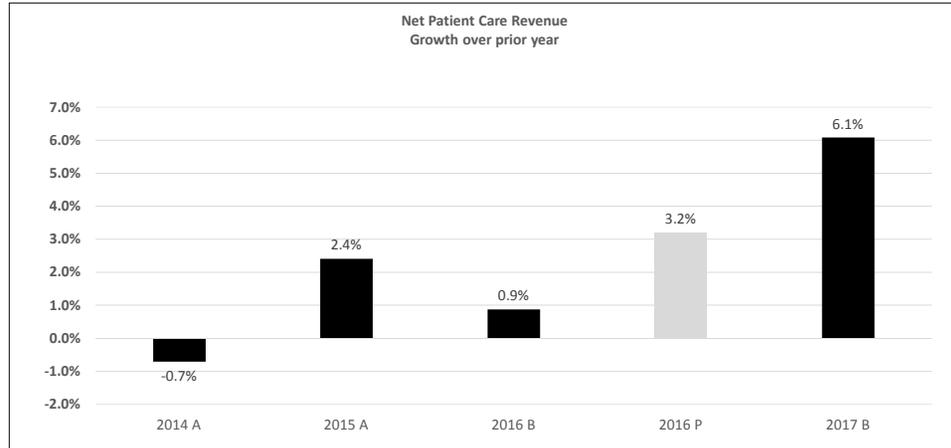
	2015 A	2016 B	2016 P	2017 B	B16-B17 Change \$	B16-B17 Change %	B16-B17 Change \$ All Hospitals	B16-B17 Change % All Hospitals
Gross Patient Care Revenue	\$ 295,170,198	\$ 300,198,105	\$ 309,345,486	\$ 325,804,115	\$ 25,606,010	8.5%	\$ 134,233,796	2.7%
<b>Net Patient Care Revenue</b>	<b>\$ 142,769,168</b>	<b>\$ 144,025,568</b>	<b>\$ 147,356,927</b>	<b>\$ 152,792,211</b>	<b>8,766,643</b>	<b>6.1%</b>	<b>114,454,070</b>	<b>5.0%</b>
Other Operating Revenue	\$ 2,743,411	\$ 2,022,823	\$ 2,730,510	\$ 2,811,549	788,726	39.0%	6,477,684	4.7%
<b>Total Operating Revenue</b>	<b>\$ 145,512,579</b>	<b>\$ 146,048,391</b>	<b>\$ 150,087,437</b>	<b>\$ 155,603,760</b>	<b>9,555,369</b>	<b>6.5%</b>	<b>\$ 120,931,754</b>	<b>4.9%</b>
<b>Operating Expense</b>	<b>\$ 140,305,386</b>	<b>\$ 141,665,763</b>	<b>\$ 146,569,515</b>	<b>\$ 150,974,771</b>	<b>9,309,008</b>	<b>6.6%</b>	<b>\$ 119,502,747</b>	<b>5.0%</b>
<b>Net Operating Income</b>	<b>\$ 5,207,193</b>	<b>\$ 4,382,628</b>	<b>\$ 3,517,922</b>	<b>\$ 4,628,989</b>	<b>246,361</b>	<b>5.6%</b>	<b>\$ 1,429,007</b>	<b>2.1%</b>
Non Operating Revenue	\$ (5,187)	\$ 600,000	\$ 747,393	\$ 605,000	\$ 5,000	0.8%	\$ 4,835,590	15.7%
<b>Excess (Deficit) of Rev over Exp</b>	<b>\$ 5,202,006</b>	<b>\$ 4,982,628</b>	<b>\$ 4,265,315</b>	<b>\$ 5,233,989</b>	<b>251,361</b>	<b>5.0%</b>	<b>\$ 6,264,597</b>	<b>6.2%</b>
Operating Margin %	3.6%	3.0%	2.3%	3.0%				
Total Margin %	3.6%	3.4%	2.8%	3.4%				

The hospital has prepared a budget with a \$8.8 million increase in net patient revenues (NPR) (6.1%). Over \$3.5 million of the NPR increase is related to the acquisition and recruitment of primary care physicians, \$3.1 is related to rate increases, and the balance related to Oncology, preventive screening, and orthopedics utilization.

The hospital has a rate increase of 3.9% which will support an operating margin % consistent with 2016B.

**Page 3 and 4 explain the hospital NPR increase by operations (utilization, rates, etc) and the change for each payer.**

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



## Southwestern Vt Medical Center

### 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%
Southwestern Vt Medical Center Rate Request	6.8%	7.2%	4.5%	3.8%	3.9%
Hospital Inpatient					3.9%
Hospital Outpatient					3.9%
Outpatient Physician					0.0%
Chronic/SNF					0.0%
Swing					0.0%
Other					0.0%

The 3.9% rate increase is achieved applying 6% prices to about 65% of inpatient and outpatient services (see narrative). This will yield about \$3.1 million in new NPRs. Another \$6.8 million increase is for high cost Ocology services and expanded and new physician revenues. New orthopedic and screening utilization is offset some by other reductions in utilization.

The various changes in reimbursement assumptions essentially offset, as improvement in bad debt and free care is offset by other reductions, such as a \$1.0 reduction in provider based billings.

Net Patient Revenue change	2016 Approved	2017 Submitted	B16-B17 Change	B16-B17 Change	
<b>NPR changes due to:</b>	\$ 144,025,568	\$ 152,792,211	\$ 8,766,643	6.1%	
Commercial Ask Negotiations			\$ -		
Rate request			\$ 3,122,547	3.9%	<b>Rate to be requested from commercial insurers</b>
Utilization			\$ (2,951,401)		Other volume and payer mix changes
Other major program change			\$ 1,774,937		Increased primary care utilization
Physician Acquisition or reduction			\$ 1,720,462		Express Care & Pownal Primary Care Center
Other NPR changes			\$ 2,311,640		Orthopedics utilization
Other NPR changes			\$ 1,036,072		Preventive care screenings
Other NPR changes			\$ 3,400,388		Medical oncology-Rx
Free care			\$ 398,334		<b>A reduction in the relative share budgeted in 2016.</b>
Bad debt			\$ 200,000		<b>A reduction in the relative share budgeted in 2016.</b>
Dispro share change			\$ (1,224,738)		<b>Change determined by DVHA</b>
Other NPR changes			\$ 1,700,000		<b>Medicare/Medicaid rate increases</b>
Other NPR changes			\$ (1,021,598)		<b>Medicaid Provider based reimbursement</b>

Total NPR changes	\$ 10,466,643
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**Southwestern VT Medical Center**

NET PAYER REVENUE CHANGE		FY2016	Projection FY2016	FY2017	B16-B17 \$Change	B16-B17 % change	NPR From Rate	NPR From All Other
<b>All Payers</b>	<b>Gross Revenue</b>	\$300,198,105	\$309,345,486	\$325,804,115	\$25,606,010	8.5%		
	Allowances	(\$150,924,484)	(\$157,381,444)	(\$167,137,447)	(\$16,212,963)	10.7%		
	Bad Debt	(\$5,200,000)	(\$4,892,431)	(\$5,000,000)	\$200,000	-3.8%		
	Free Care	(\$2,000,000)	(\$1,342,188)	(\$1,601,666)	\$398,334	-19.9%		
	Disproportionate Share Payments	\$1,951,947	\$1,627,504	\$727,209	(\$1,224,738)	-62.7%		
	Graduate Medical Education Payr	\$0	\$0	\$0	\$0	0.0%		
	<b>Net Payer Revenue</b>	<b>\$144,025,568</b>	<b>\$147,356,927</b>	<b>\$152,792,211</b>	<b>\$8,766,643</b>	<b>6.1%</b>	<b>\$3,122,547</b>	<b>\$5,644,096</b>
<b>Commercial</b>	<b>Gross Revenue</b>	\$99,160,565	\$101,336,444	\$108,498,130	\$9,337,565	9.4%		
	Allowances	(\$20,430,260)	(\$21,614,088)	(\$23,108,483)	(\$2,678,223)	13.1%		
	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 Payr	\$0	\$0	\$0	\$0	0.0%		
	<b>Net Payer Revenue</b>	<b>\$78,730,305</b>	<b>\$79,722,356</b>	<b>\$85,389,647</b>	<b>\$6,659,342</b>	<b>8.5%</b>	<b>\$3,122,547</b>	<b>\$3,536,795</b>
<b>Medicaid</b>	<b>Gross Revenue</b>	\$55,107,567	\$58,598,328	\$59,445,030	\$4,337,463	7.9%		
	Allowances	(\$36,261,910)	(\$39,086,980)	(\$41,878,937)	(\$5,617,027)	15.5%		
	Bad Debt	\$0	\$0	\$0	\$0	0.0%		
	Free Care	\$0	\$0	\$0	\$0	0.0%		
	Disproportionate Share Payments	\$1,951,947	\$1,627,504	\$727,209	(\$1,224,738)	-62.7%		
	Graduate Medical Education Payr	\$0	\$0	\$0	\$0	0.0%		
	<b>Net Payer Revenue</b>	<b>\$20,797,604</b>	<b>\$21,138,852</b>	<b>\$18,293,302</b>	<b>(\$2,504,302)</b>	<b>-12.0%</b>	<b>\$0</b>	<b>-\$2,504,302</b>
<b>Medicare</b>	<b>Gross Revenue</b>	\$145,929,973	\$149,410,714	\$157,860,955	\$11,930,982	8.2%		
	Allowances	(\$94,232,314)	(\$96,680,376)	(\$102,150,027)	(\$7,917,713)	8.4%		
	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 Payr	\$0	\$0	\$0	\$0	0.0%		
	<b>Net Payer Revenue</b>	<b>\$51,697,659</b>	<b>\$52,730,338</b>	<b>\$55,710,928</b>	<b>\$4,013,269</b>	<b>7.8%</b>	<b>\$0</b>	<b>\$4,013,269</b>
<b>Bad Debt/Free Car</b>	<b>Gross Revenue</b>				\$0	0.0%		
	Allowances				\$0	0.0%		
	Bad Debt	(\$5,200,000)	(\$4,892,431)	(\$5,000,000)	\$200,000	-3.8%		
	Free Care	(\$2,000,000)	(\$1,342,188)	(\$1,601,666)	\$398,334	-19.9%		
	Disproportionate Share Payments				\$0	0.0%		
	Graduate Medical Education Payments				\$0	0.0%		
	<b>Net Payer Revenue</b>	<b>(\$7,200,000)</b>	<b>(\$6,234,619)</b>	<b>(\$6,601,666)</b>	<b>\$598,334</b>	<b>-8.3%</b>	<b>\$0</b>	<b>\$598,334</b>

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 2017. The positive \$3.5 million is utilization increases and physician acquisitions.

The hospital will NOT receive any new funds because of their rate increase. The decrease of \$2.5 million is reduction in disproportionate share and provider based billing.

Primarily utilization increases along with some improvement expected in reimbursment (\$500,000).

The hospital will explain the change in NPR for each payer as part of its budget presentation, including bad debt/free care changes.

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

**Page 3 of this report**

1)The hospital's net patient revenues (NPR) are increasing 6.1% over 2016 budget, a total of \$8.8 million. The hospital identifies this increase as an increase of \$1.8 million in primary care utilization (urology and gastroenterology), \$1.7 m as the expansion of primary care in Pownal and Express Care, \$3.4 million in Oncology, \$1 million in preventive screening, and \$2.3 million in orthopedics utilization. Another \$3.1 million is related to rate increases. These increases are offset by reductions in the mix of other utilization (-\$3 million).

- a) There are a lot of changes occurring at the hospital, with certain utilization increasing and other services decreasing. How does the hospital determine the appropriate physician need for the service area? What are your longer term plans for adding additional physician disciplines?
- b) The utilization metrics, including acute admissions, are decreasing. However, MRI exams and physician office visits show significant increase. Provide information that explains the various increases occurring in utilization. How do these changes relate to the new physician activity and investments? Is any of this utilization expected to come from out of state or other markets?
- c) Your narrative on page 8 describes reductions in volume across a number of services. What explains those changes? Do you expect those reductions to continue beyond 2017?
- d) The narrative explains that the recruitment for a gastroenterologist took 3 years and when completed, you recruited two new physicians. This was done in part to solve a "back up of cases". Can the service area support 2 over the long term? What happens once the "backup" is resolved?
- e) Describe the net revenue and expenses related to the Medical Oncology program.
- f) Describe the NPRs and expenses over budget that are occurring in 2016.

**Page 4 of this report**

2)The GMCB is interested in understanding the changes occurring from budget to budget by payer.

Explain your NPR changes at the budget hearing using the payer schedule (page 4) provided in the staff's analysis:

- a) Explain the issues related to reimbursement expectations for Medicaid. Where are your greatest risks?
- b) In recent years, the hospital has learned of new Medicare revenues after the budget was approved. What is the status of those programs?
- c) Why aren't any Medicaid funds budgeted for Medical Oncology?

ANALYSIS AND QUESTIONS

- 3) Can you clarify the status of travelers and locum providers as the budget data does not reflect any. Do you have any recruitment or staffing issues that will require these services? How do you budget for those costs?
- 4) Provide a schedule showing the total number of FTEs for the hospital separate from those supporting physicians. Show this for the years 2015 through 2017.
- 5) What are the "planned PSA expense reductions" of \$1.5 million?
- 6) Describe the hospital's efforts with local mental health and other providers to strengthen community health services. Describe any successes and identify limitations of those efforts.
- 7) Are the FY 16 projections for net revenues, expenditures, and surplus as reported still valid? If not, describe any material changes.
- 8) What are the long term liabilities and non-current liabilities on the balance sheet? Is it long term debt and pension liabilities? Current liabilities also look high. Explain the shifts in the balance sheet from 2015 – 2017 including the planned changes for long term debt.
- 9) The hospital has a low cash on hand compared to peers as reported in this budget. However, the hospital has a parent organization to which it has access to cash previously transferred by the hospital. What would the cash on hand for FY 2017 be if the cash at the parent level is included?

Southwestern VT Medical Center						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	-0.7%	2.4%	0.9%		6.1%					
Overall Rates	7%	5%	4%		3.9%					
<b>Utilization</b>										
Total Average Daily Census	37	38	36	33	33	23.2	-	80	72	192
Adjusted Admissions	15,662	15,024	14,849	16,729	16,185	8,261	-	-	-	-
<b>Capital</b>										
Age of Plant	15.1	17.3	16.1	18.2	17.3	12.0	11.3	11.3	11.2	11.2
Long Term Debt to Capitalization	26.9%	37.4%	54.0%	38.3%	31.1%	26.9%	27.1%	31.2%	23.5%	30.6%
Debt Service Coverage Ratio	13.3	12.3	6.3	9.1	10.8	4.2	4.4	2.8	3.0	5.0
<b>Revenue</b>										
Bad Debt %	2.0%	1.7%	1.7%	1.6%	1.5%	1.6%	5.6%	5.5%	6.7%	4.1%
Free Care %	0.7%	0.4%	0.7%	0.4%	0.5%	0.7%	-	-	-	-
Operating Margin %	4.3%	3.6%	3.0%	2.3%	3.0%	1.9%	-2.4%	0.7%	2.8%	3.0%
Total Margin %	4.7%	3.6%	3.4%	2.8%	3.4%	3.2%	3.2%	3.7%	5.7%	5.6%
<b>Productivity &amp; Staffing</b>										
Total Operating Exp	25.5%	27.8%	28.6%	28.1%	26.9%	26.1%	-	-	-	-
<b>Cost &amp; Revenue Unit of Measure</b>										
Cost per Adjusted Admission	8,778	9,339	9,540	8,761	9,328	10,264	-	7,557	7,453	7,645
<b>Liquidity</b>										
Current Ratio	2.1	1.8	1.9	2.1	1.7	2.9	1.4	2.3	1.7	1.8
Days Cash on Hand	62	66	59	57	45	129	99	74	75	110
<b>Payer</b>										
Medicare Gross as % of Tot Gross Rev	50%	49%	49%	48%	48%	42%	-	-	-	-
Medicaid Gross as % of Tot Gross Rev	17%	19%	18%	19%	18%	19%	-	-	-	-
Comm/self Gross as % of Tot Gross Rev	34%	32%	33%	33%	33%	37%	-	-	-	-
Medicare % of Net Rev (incl DSH)	40%	37%	36%	36%	37%	34%	-	-	-	-
Medicaid % of Net Rev (incl DSH)	13%	14%	13%	13%	12%	13%	-	-	-	-
Comm/self % of Net Rev (incl DSH)	48%	50%	50%	50%	52%	50%	-	-	-	-

**Southwestern VT Medical Center**

PROFIT & LOSS STATEMENT	2014 A	2015 A	2016 B	2016 P	2017 B	B16-B17 Change	B16-B17 Change %
<b>Revenues</b>							
<b>Gross Patient Care Revenue</b>	\$ 284,743,456	\$ 295,170,198	\$ 300,198,105	\$ 309,345,486	\$ 325,804,115	\$ 25,606,010	8.5%
Disproportionate Share Payments	2,642,412	2,645,546	1,951,947	1,627,504	727,209	(1,224,738)	-62.7%
Bad Debt	(5,706,387)	(5,112,025)	(5,200,000)	(4,892,431)	(5,000,000)	200,000	-3.8%
Free Care	(1,994,336)	(1,236,277)	(2,000,000)	(1,342,188)	(1,601,666)	398,334	-19.9%
Graduate Medical Education	-	-	-	-	-	-	
Deductions from Revenue	(140,274,922)	(148,698,274)	(150,924,484)	(157,381,444)	(167,137,447)	(16,212,963)	10.7%
<b>Net Patient Care Revenue</b>	\$ 139,410,223	\$ 142,769,168	\$ 144,025,568	\$ 147,356,927	\$ 152,792,211	\$ 8,766,643	6.1%
<b>Year over Year Change</b>	<b>-0.7%</b>	<b>2.4%</b>	<b>0.9%</b>	<b>3.2%</b>	<b>6.1%</b>		
<b>Other Operating Revenue</b>	\$ 4,177,405	\$ 2,743,411	\$ 2,022,823	\$ 2,730,510	\$ 2,811,549	\$ 788,726	39.0%
<b>Total Operating Revenue</b>	\$ 143,587,628	\$ 145,512,579	\$ 146,048,391	\$ 150,087,437	\$ 155,603,760	\$ 9,555,369	6.5%
<b>Operating Expense</b>							
Salaries Non MD	44,625,347	43,589,323	44,719,667	44,400,959	46,344,567	1,624,900	3.6%
Fringe Benefits Non MD	10,272,576	12,420,231	12,113,267	12,748,554	13,595,523	1,482,256	12.2%
Fringe Benefits MD	-	-	-	-	-	-	
Physician Fees Salaries Contracts & Fringes	25,785,866	26,507,613	26,381,531	27,807,190	28,160,556	1,779,025	6.7%
Health Care Provider Tax	8,279,735	8,181,116	8,474,050	8,632,898	8,945,341	471,291	5.6%
Depreciation Amortization	5,878,098	5,429,133	6,263,876	5,450,703	6,104,254	(159,622)	-2.5%
Interest - Short Term	40,962	34,505	-	-	-	-	
Interest - Long Term	355,154	370,107	783,893	523,654	521,891	(262,002)	-33.4%
Other Operating Expense	42,243,683	43,773,358	42,929,479	47,005,557	47,302,639	4,373,160	10.2%
<b>Total Operating Expense</b>	\$ 137,481,421	\$ 140,305,386	\$ 141,665,763	\$ 146,569,515	\$ 150,974,771	\$ 9,309,008	6.6%
<b>Year over Year Change</b>	<b>-1.6%</b>	<b>2.1%</b>	<b>1.0%</b>	<b>-</b>	<b>6.6%</b>		
<b>Net Operating Income (Loss)</b>	\$ 6,106,207	\$ 5,207,193	\$ 4,382,628	\$ 3,517,922	\$ 4,628,989	\$ 246,361	5.6%
<b>Operating Margin %</b>	<b>4.3%</b>	<b>3.6%</b>	<b>3.0%</b>	<b>2.3%</b>	<b>3.0%</b>		
<b>Non-Operating Revenue</b>	\$ 640,960	\$ (5,187)	\$ 600,000	\$ 747,393	\$ 605,000	\$ 5,000	0.8%
<b>Excess (Deficit) Of Revenue Over Expense</b>	\$ 6,747,167	\$ 5,202,006	\$ 4,982,628	\$ 4,265,315	\$ 5,233,989	\$ 251,361	5.0%

Bad debt and free care are estimated to have lower costs and/or cases. Amounts are budgeted off of 2016 projections.

Other operating revenue includes \$1.1 million of 340B pharmacy funds.

Salaries and fringe increases are budgeted to begin in May 2017. The provider tax is based upon DVHA calculations and other operating expenses reflect pharmacy and drugs sold for oncology of \$4.3 million.

The hospital has budgeted an operating gain consistent with 2016B.

**Southwestern VT Medical Center**

<b>UTILIZATION &amp; STAFFING</b>	<b>2013 A</b>	<b>2014 A</b>	<b>2015 A</b>	<b>2016 B</b>	<b>2016 P</b>	<b>2017 B</b>	<b>B16-B17 Change</b>
<b>UTILIZATION</b>							
Adjusted Admissions	15,770	15,662	15,024	14,849	16,729	16,185	9.0%
Acute Admissions	4,055	3,544	3,411	3,355	3,418	3,341	-0.4%
Acute Average Length Of Stay	3.3	3.5	3.8	3.6	3.2	3.3	-9.0%
Operating Room Procedures	3,484	3,308	3,187	3,146	3,006	3,174	0.9%
Laboratory Tests	393,152	384,336	379,841	390,605	381,432	363,089	-7.0%
Emergency Room Visits	23,852	23,303	24,070	22,958	23,260	22,584	-1.6%
Cat Scan, Radiology - Diagnostic Procedures	54,449	54,527	52,496	48,098	46,564	46,461	-3.4%
Magnetic Resonance Image Exams	3,160	3,419	3,365	3,440	3,662	3,816	10.9%
Physician Office Visits	122,128	129,814	133,068	140,931	149,505	160,062	13.6%
Clinics Visits	0	0	0	0	0	0	0.0%
<b>STAFFING</b>							
Non-MD FTEs	803	785	748	748	748	757	9
Travelers	0	0	0	0	0	0	0
Residents & Fellows	0	0	0	0	0	0	0
Mid Level Providers	0	8	0	0	0	0	0
Physician FTEs	58	57	70	84	83	87	4
Total MD and Non MD FTEs	861	850	818	832	830	844	12
Salary & Benefits per FTE - Non-MD	\$ 72,909	\$ 69,279	\$ 74,889	\$ 75,986	\$ 76,409	\$ 79,209	4.2%
FTEs Per Adjusted Occupied Bed	5.6	5.2	4.8	5.1	5.0	5.2	2.0%
FTEs per 100 Adj Discharges	5.1	5.1	5.0	5.0	4.5	4.7	-7.2%
<b>Comparative Benchmarks</b>							
<b>Vermont System Averages</b>							
Salary & Benefits per FTE - Non-MD	\$ 77,361	\$ 78,162	\$ 80,704	\$ 82,457	\$ 83,286	\$ 83,856	1.7%
FTEs Per Adjusted Occupied Bed	5.4	5.5	5.7	5.8	5.8	6.1	4.5%
FTEs per 100 Adj Discharges	6.7	7.0	7.2	7.5	7.2	7.5	-0.2%
<b>U.S. Benchmarks</b>							
<b>FTEs Per Adjusted Occupied Bed</b>							
Northeast Critical Access Hospital	0.00	0.00	-	-	-	-	
Other Non-Profit	3.60	3.60	-	-	-	-	
100 - 199 Beds	3.45	3.45	-	-	-	-	
All Teaching	3.45	3.45	-	-	-	-	

Acute admissions show a small decrease from budget and many other items are lower except MRI exams and physician office visits. The budget narrative and NPR schedule describe significant physician acquisitions and increased volumes. The hospital will explain.

The majority of the increases in Non MD FTEs are for physician services. Physician FTEs reflect the added transfer and recruitments.

Salary and fringe per FTE is 4.2% higher and includes a 3% salary increase effective May 2017. Productivity remains consistent.

The benchmark shows the hospital lower in relation to their Vermont peers and nationally.

**Southwestern VT Medical Center**

<b>BALANCE SHEET</b>	<b>2014 A</b>	<b>2015 A</b>	<b>2016 B</b>	<b>2016 P</b>	<b>2017 B</b>
Cash & Investments	\$ 16,605,898	\$ 18,607,027	\$ 15,392,939	\$ 15,972,115	\$ 11,528,595
Total Current Assets	\$ 35,180,105	\$ 38,481,455	\$ 33,709,020	\$ 35,307,829	\$ 31,361,294
Board Designated Assets	\$ 5,717,614	\$ 5,635,403	\$ 6,527,639	\$ 6,080,722	\$ 6,440,385
Net, Property, Plant And Equipment	\$ 24,932,530	\$ 27,644,649	\$ 37,515,062	\$ 29,693,946	\$ 36,089,692
Other Long-Term Assets	\$ 1,403,677	\$ 3,097,189	\$ 1,800,000	\$ 2,384,117	\$ 2,134,117
<b>Total Assets</b>	<b>\$ 67,233,926</b>	<b>\$ 74,858,696</b>	<b>\$ 79,551,721</b>	<b>\$ 73,466,614</b>	<b>\$ 76,025,488</b>
Current Liabilities	\$ 19,445,687	\$ 24,970,663	\$ 21,081,000	\$ 20,103,286	\$ 21,694,915
Long Term Liabilities	\$ 9,166,975	\$ 9,155,212	\$ 17,451,641	\$ 10,322,890	\$ 9,881,339
Other Noncurrent Liabilities	\$ 13,660,642	\$ 25,376,819	\$ 26,129,214	\$ 26,419,121	\$ 22,593,927
Fund Balance	\$ 24,960,622	\$ 15,356,002	\$ 14,889,866	\$ 16,621,317	\$ 21,855,307
<b>Total Liabilities and Equities</b>	<b>\$ 67,233,926</b>	<b>\$ 74,858,696</b>	<b>\$ 79,551,721</b>	<b>\$ 73,466,614</b>	<b>\$ 76,025,488</b>

The balance sheet shows steady Board Designated and Fund Balance. Long term debt has increased.

<b>Southwestern VT Medical Center</b>					
Net Increase/(Decrease) in Cash	\$ 3,003,978	\$ 2,001,129	\$ (3,214,088)	\$ (2,634,912)	\$ (3,864,344)
Days Cash on Hand	61.9	65.6	59.1	57.0	45.3
Cash to Long Term Debt	2.4	2.6	1.3	2.1	1.8
Long Term Debt to Capitalization	26.9%	37.4%	54.0%	38.3%	31.1%
Debt Service Coverage Ratio	13.3	12.3	6.3	9.1	10.8

The hospital will be asked to discuss the changes occurring from 2015 - 2017 on the balance sheet.

<b>Comparative Benchmarks</b>					
<b>Vermont System Averages</b>					
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

The hospital's debt position compares slightly unfavorable with both the Vermont hospital median and 100-199 peers.

<b>U.S. Benchmarks</b>					
<b>100-199 Beds</b>					
Days Cash on Hand-Peers	74.80	-	-	-	-
Long Term Debt to Capitalization-Peers	24%	-	-	-	-
Debt Service Coverage Ratio-Peers	3.0	-	-	-	-

The hospital cash appears low, but the hospital has access to cash at its parent company.

## Southwestern VT Medical Center

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	\$ 6,234,386	\$ 7,744,425	\$ 9,720,500	\$ 9,720,500	\$ 8,750,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
Certificate of Need Capital Plans	\$ -	\$ -	\$ 7,440,000	\$ 7,440,000	\$ 4,350,000	\$ -	\$ -	\$ -
<b>Total Capital Purchases</b>	<b>\$ 6,234,386</b>	<b>\$ 7,744,425</b>	<b>\$ 17,160,500</b>	<b>\$ 17,160,500</b>	<b>\$ 13,100,000</b>	<b>\$ 8,000,000</b>	<b>\$ 8,000,000</b>	<b>\$ 8,000,000</b>

### Southwestern VT Medical Center

Age of Plant	15.1	17.3	16.1	18.2	17.3
Capital Expenditures to Depreciation	106.1%	142.6%	155.2%	178.3%	143.3%
Capital Cost % of Total Expense	4.6%	4.2%	5.0%	4.1%	4.4%

### 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%	128.2%
Capital Cost % of Total Expense	5.9%	5.4%	5.8%	5.6%	5.3%

#### U.S. Benchmarks

##### 100-199 Beds

Age of Plant-Peers	11.2	-	-	-	-
Capital Expenditures to Depreciation-Peers	0.0%	-	-	-	-
Capital Cost % of Total Expense-Peers	6.0%	-	-	-	-

The hospital's capital costs are low compared to Vermont peers and this is reflected in the high average age of plant. The hospital is investing in capital to improve the plant's infrastructure. The narrative provides information on their capital plans and the CON project (Utility Plant ).

The metrics for 2014 show a high age of plant but a low capital cost % when compared with 2014 national peers for hospitals with 100-199 beds.