

Southwestern VT Medical Center

Fiscal Year 2019 Budget Analysis

Report Date: 7/30/2018

QUESTIONS

1. Have the hospital's projections for FY2018 changed?
2. Please explain factors driving increases in Bad Debt and Free Care from FY2018 Budget to FY2019 Budget (including policy changes if any).
3. Please provide more specificity about what is included in Other Operating Expense for FY2017 Actuals, FY2018 Budget and Projections, and FY2019 Budget, and explain the variation from year to year.
4. What has changed in Physician FTEs to show a decline of 8 physicians?
5. What areas of the hospital are increasing in Non-MD FTEs from FY2018 Budget to FY2019 Budget (the hospital mentions only 5 in its narrative)?
6. Please explain the variation from FY2018 Projections to FY2019 Budget in Salary & Benefits per FTE-Non MDs.
7. What types of assets are reported in Other Long Term Assets to cause the increases in FY2018 Projections and FY2019 Budget?
8. Please explain the calculation of the estimated value of a 1% rate/price increase; the hospital's estimate varies from the GMCB staff estimate
9. The hospital indicates that most denials of free care due to incomplete applications. Please describe strategies to assist patients in completing their applications.
10. For the hospital's Health Reform Investments, please summarize evidence supporting each investment and identify quality measures addressed by the investment.
11. Please complete the table that has been provided to clarify accounting of ACO-related revenue and expenses.

Fiscal Year 2019 Budget Analysis **Southwestern VT Medical Center**

INCOME STATEMENT	FY2015A	FY2016A	FY2017A	FY2018B	FY2018P	FY2019B	2018B - 2018P	2018B - 2019B	2018P - 2019B
							% Chg	% Chg	% Chg
Revenues									
Gross Patient Care Revenue	295,170,198	315,410,037	329,824,876	350,066,035	349,173,259	361,207,293	-0.3%	3.2%	3.4%
Disproportionate Share Payments	2,645,546	1,627,431	806,253	1,043,610	1,038,062	1,021,412	-0.5%	-2.1%	-1.6%
Bad Debt	(5,112,025)	(4,601,465)	(4,985,696)	(4,800,000)	(6,183,143)	(6,100,000)	28.8%	27.1%	-1.3%
Free Care	(1,236,277)	(1,623,587)	(2,371,913)	(2,100,000)	(2,350,000)	(2,350,000)	11.9%	11.9%	0.0%
Deductions from Revenue	(148,698,274)	(158,889,662)	(170,670,618)	(184,712,141)	(187,782,785)	(195,354,821)	1.7%	5.8%	4.0%
Graduate Medical Education	0	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!
Net Patient Care Revenue	142,769,168	151,922,754	152,602,902	159,497,504	153,895,393	158,423,884	-3.5%	-0.7%	2.9%
Fixed Prospective Payments & Reserves	0	0	0	0	5,388,099	6,777,492	#DIV/0!	#DIV/0!	25.8%
Net Patient Care Revenue & Fixed Payments & Reserves	142,769,168	151,922,754	152,602,902	159,497,504	159,283,492	165,201,376	-0.1%	3.6%	3.7%
Other Operating Revenue	2,743,411	2,730,803	4,564,357	3,963,786	5,027,206	5,127,206	26.8%	29.4%	2.0%
Total Operating Revenue	145,512,579	154,653,557	157,167,259	163,461,290	164,310,698	170,328,582	0.5%	4.2%	3.7%
Expenses									
Salaries Non MD	43,589,323	44,549,054	45,524,815	47,791,012	47,554,246	49,318,033	-0.5%	3.2%	3.7%
Fringe Benefits Non MD	12,420,231	11,836,099	12,335,213	14,146,717	12,575,974	14,610,440	-11.1%	3.3%	16.2%
Fringe Benefits MD	0	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!
Physician Fees, Salaries, Contracts	26,507,613	28,092,615	28,753,247	30,180,285	29,255,726	29,954,394	-3.1%	-0.7%	2.4%
Health Care Provider Tax	8,181,116	8,745,616	9,056,992	9,311,076	9,285,922	9,618,532	-0.3%	3.3%	3.6%
Depreciation & Amortization	5,429,133	5,550,510	6,042,316	6,531,292	6,179,474	6,309,783	-5.4%	-3.4%	2.1%
Interest - Long Term & Short Term	404,612	531,342	524,284	521,014	520,866	544,462	0.0%	4.5%	4.5%
Other Operating Expense	43,773,358	50,049,511	49,154,502	48,651,517	53,205,266	53,855,921	9.4%	10.7%	1.2%
Total Operating Expense	140,305,386	149,354,747	151,391,369	157,132,913	158,577,474	164,211,565	0.9%	4.5%	3.6%
Net Operating Income (Loss)	5,207,193	5,298,810	5,775,890	6,328,377	5,733,224	6,117,017	-9.4%	-3.3%	6.7%
Non-Operating Revenue	(5,187)	618,918	2,034,841	685,862	834,867	649,214	21.7%	-5.3%	-22.2%
Excess (Deficit) of Rev Over Exp	5,202,006	5,917,728	7,810,731	7,014,239	6,568,091	6,766,231	-6.4%	-3.5%	3.0%

Benchmarks-Hospital

Operating Margin%	3.6%	3.4%	3.7%	3.9%	3.5%	3.6%
Total Margin %	3.6%	3.8%	4.9%	4.3%	4.0%	4.0%
Cost per Adjusted Admission	9,339	8,705	9,037	9,422	9,005	9,589

OBSERVATIONS: SVMC included the Dental Home CON in their FY2018 budget that was approved after FY2018 budget submission; as a result, NPR increases by \$581,310 to \$160,078,864 and Expenses increase \$603,717 to \$157,736,630. (see narrative and Bridges). The NPR increase with these changes is 3.2%. Other Operating Revenue is increasing mainly due to an increase in 340B Retail Pharmacy Programs.

QUESTIONS: Please provide more information about what is included in Other Operating Expense in addition to drug costs. In particular, please provide more specificity about what is included in Other Operating Expense for FY2017 Actuals, FY2018 Budget and Projections, and FY2019 Budget, and explain the variation from year to year.

Fiscal Year 2019 Budget Analysis **Southwestern VT Medical Center**

NET PAYER REVENUE CHANGE - PAYERS		FY2018B	FY2018P	FY2019B	2018B - 2018P % Chg	2018B - 2019B % Chg	2018P - 2019B % Chg	Change due to Rate	Change due to Non-Rate Items
All Payers	Gross Patient Care Revenue	\$350,066,035	\$349,173,259	\$361,207,293	-0.3%	3.2%	3.4%		
	Contractual Allowances	(\$184,712,141)	(\$187,782,785)	(\$195,354,821)	1.7%	5.8%	4.0%		
	Bad Debt	(\$4,800,000)	(\$6,183,143)	(\$6,100,000)	28.8%	27.1%	-1.3%		
	Free Care	(\$2,100,000)	(\$2,350,000)	(\$2,350,000)	11.9%	11.9%	0.0%		
	Graduate Medical Education Payments	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!		
	Disproportionate Share Payments	\$1,043,610	\$1,038,062	\$1,021,412	-0.5%	-2.1%	-1.6%		
	Net Payer Revenue	\$159,497,504	\$153,895,393	\$158,423,884	-3.5%	-0.7%	2.9%		
Fixed Prospective Payments & Reserves	\$0	\$5,388,099	\$6,777,492	#DIV/0!	#DIV/0!	25.8%			
Net Patient Care Rev & Fixed Payments & Reserves	\$159,497,504	\$159,283,492	\$165,201,376	-0.1%	3.6%	3.7%	\$2,595,766	\$3,108,106	
Commercial	Gross Patient Care Revenue	\$113,324,675	\$111,658,161	\$115,202,210	-1.5%	1.7%	3.2%		
	Contractual Allowances	(\$24,365,046)	(\$24,427,773)	(\$23,533,547)	0.3%	-3.4%	-3.7%		
	Bad Debt	(\$4,800,000)	(\$6,183,143)	(\$6,100,000)	28.8%	27.1%	-1.3%		
	Free Care	(\$2,100,000)	(\$2,350,000)	(\$2,350,000)	11.9%	11.9%	0.0%		
	NPR	\$82,059,629	\$78,697,245	\$83,218,663	-4.1%	1.4%	5.7%		
	Fixed Prospective Payment & Reserves	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!		
	Total Net Payer Revenue & Fixed Prospective Payment	\$82,059,629	\$78,697,245	\$83,218,663	-4.1%	1.4%	5.7%	\$2,202,495	(\$1,043,461)
Medicaid	Gross Patient Care Revenue	\$63,105,511	\$62,275,024	\$65,098,405	-1.3%	3.2%	4.5%		
	Contractual Allowances	(\$45,477,096)	(\$50,401,573)	(\$53,228,635)	10.8%	17.0%	5.6%		
	Bad Debt	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!		
	Free Care	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!		
	Graduate Medical Education Payments	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!		
	NPR	\$17,628,415	\$11,873,451	\$11,869,770	-32.6%	-32.7%	0.0%		
	Fixed Prospective Payment & Reserves	\$0	\$5,388,099	\$6,777,492	#DIV/0!	#DIV/0!	25.8%		
Total Net Payer Revenue & Fixed Prospective Payment	\$17,628,415	\$17,261,550	\$18,647,262	-2.1%	5.8%	8.0%	\$0	\$1,018,847	
Medicare	Gross Patient Care Revenue	\$173,635,849	\$175,240,074	\$180,906,678	0.9%	4.2%	3.2%		
	Contractual Allowances	(\$114,869,999)	(\$112,953,439)	(\$118,592,639)	-1.7%	3.2%	5.0%		
	Bad Debt	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!		
	Free Care	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!		
	NPR	\$58,765,850	\$62,286,635	\$62,314,039	6.0%	6.0%	0.0%		
	Fixed Prospective Payment & Reserves	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!		
	Total Net Payer Revenue & Fixed Prospective Payment	\$58,765,850	\$62,286,635	\$62,314,039	6.0%	6.0%	0.0%	\$393,271	\$3,154,918
Disproportionate Share Payments	\$1,043,610	\$1,038,062	\$1,021,412	-0.5%	-2.1%	-1.6%		(\$22,198)	
NPR to Gross Commercial (no dsh)	72.4%	70.5%	72.2%						
NPR to Gross Medicaid (no dsh)	27.9%	27.7%	28.6%						
NPR to Gross Medicare (no dsh)	33.8%	35.5%	34.4%						
NPR to Gross All (no dsh)	45.3%	45.3%	45.5%						

OBSERVATIONS: The hospital is participating in the Medicaid program of the ACO APM and is budgeting \$6.8 million in FPP. NPR to Gross for Commercial is budgeted similar to FY2018 Budget, while Medicare and Medicaid have increased. The ACO FPP accounts may affect these reimbursement percentages. The increase in rate affects Commercial and Medicare. Bad Debt and Free Care show increases, affecting Commercial NPR by \$1.5 million. Utilization has increased across all payers. The Dental Home CON approved for FY2018 increases Medicaid NPR by \$581,310. Disproportionate Share Payments have decreased by 2.1%.

Southwestern VT Medical Center

RATE AND NET PATIENT REVENUE INCREASE

Rate is the average change in price for services provided.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Weighted Average Approved Rate (all hospitals)	6.82%	4.37%	1.67%	2.04%	
Weighted Average Submitted Rate (all hospitals)	6.82%	4.40%	2.21%	2.34%	3.12%
Southwestern VT Medical Center Approved Rate	4.50%	3.80%	3.40%	2.85%	
Southwestern VT Medical Center Submitted Rate	4.50%	3.80%	3.90%	2.85%	3.20%

Hospital Inpatient Gross Revenue	0.0%
Hospital Outpatient Gross Revenue	0.0%
Physician Outpatient Gross Revenue	0.0%
Chronic/SNF Gross Revenue	0.0%
Swing Gross Revenue	0.0%

Net Patient Revenue Change Due to Rate Request		
	Commercial	\$ 2,202,495
	Medicaid	\$ -
	Medicare	\$ 393,271
	Disproportionate Share	\$ -
	Total Change Due to Rate Request	\$ 2,595,766

Value of 1% Rate - Calculated by GMCB	\$ 811,177
Value of 1% Rate - Calculated by SVMC	\$ 677,691
	Variance \$ 133,486

OBSERVATIONS: SVMC has a rate/price request of 3.20%. The 3.20% will result in increased NPR of \$2.6 million. Rate/price increases are not proposed for physician services, drugs sold, and medical surgical supplies. For SVMC, every 1% increase in rate/price is worth approximately \$811,177 in net patient revenue. This estimate calculated by GMCB staff does not match the estimated value of a 1% increase calculated by the hospital.

QUESTIONS: Please explain the calculation of the estimated value of a 1% rate/price increase; the hospital's estimate varies from the GMCB staff estimate.

Fiscal Year 2019 Budget Analysis	Southwestern VT Medical Center					
DASHBOARD	FY2015A	FY2016A	FY2017A	FY2018B	FY2018P	FY2019B
Net Patient Care Revenue	142,769,168	151,922,754	152,602,902	159,497,504	153,895,393	158,423,884
Net Patient Care Rev & Fixed Payments & Reserves	142,769,168	151,922,754	152,602,902	159,497,504	159,283,492	165,201,376
NPR & FPP % Variance		6.4%	0.4%	4.5%	-0.1%	3.6%
Three Year NPR & FPP CAGR* (FY16A - FY19B)						2.8%
Operating Expense	140,305,386	149,354,747	151,391,369	157,132,913	158,577,474	164,211,565
Oper Exp % Variance		6.4%	1.4%	3.8%	0.9%	4.5%
Three Year Oper. Exp. CAGR* (FY16A - FY19B)						3.2%
Revenue						
Operating Margin %	3.6%	3.4%	3.7%	3.9%	3.5%	3.6%
Total Margin %	3.6%	3.8%	4.9%	4.3%	4.0%	4.0%
Bad Debt %	1.7%	1.5%	1.5%	1.4%	1.8%	1.7%
Free Care %	0.4%	0.5%	0.7%	0.6%	0.7%	0.7%
Cost						
Cost per Adjusted Admission	9,339	8,705	9,037	9,422	9,005	9,589
Overhead Exp. as a % of Total Operating Exp.	27.8%	28.3%	25.6%	25.4%	26.9%	26.9%
Productivity & Utilization						
Acute Admissions	3,411	3,387	3,383	3,398	3,462	3,498
Adjusted Admissions	15,024	17,157	16,753	16,678	17,609	17,126
Average Length of Stay	4	3	3	3	3	3
FTEs Per Adjusted Occupied Bed	5	5	5	5	5	5
FTEs per 100 Adj Discharges	5	4	5	5	4	4
Cash						
Days Cash on Hand	65.6	59.4	44.0	41.6	37.2	46.3
Current Ratio	1.8	1.7	1.5	1.6	1.4	1.6
Capital						
Age of Plant	17.3	17.1	16.7	16.5	17.3	18.0
Long Term Debt to Capitalization				19.6%	20.1%	17.3%
Debt Service Coverage Ratio	12.31	11.62	12.51	14.46	13.11	13.67
*CAGR = Compounded Annual Growth Rate						

Fiscal Year 2019 Budget Analysis		Southwestern VT Medical Center								
UTILIZATION & STAFFING	FY2015A	FY2016A	FY2017A	FY2018B	FY2018P	FY2019B	2018B-2018P	2018B-2019B	2018P-2019B	
UTILIZATION										
Adjusted Admissions	15,024	17,157	16,753	16,678	17,609	17,126	5.6%	2.7%	-2.7%	
Acute Admissions	3,411	3,387	3,383	3,398	3,462	3,498	1.9%	2.9%	1.0%	
Acute Average Length Of Stay	3.8	3.3	3.5	3.4	3.4	3.5	-0.8%	1.8%	2.7%	
All Operating Room Procedure	3,187	2,922	2,996	3,327	3,332	2,882	0.2%	-13.4%	-13.5%	
Tests	379,841	391,283	401,336	396,215	387,344	403,915	-2.2%	1.9%	4.3%	
Emergency Room Visits	24,070	23,744	23,231	23,484	23,076	23,216	-1.7%	-1.1%	0.6%	
CT Scan, Radiology - Diagnostic	52,496	51,924	46,222	47,519	47,565	48,301	0.1%	1.6%	1.5%	
Exams	3,365	3,774	3,552	3,289	3,306	3,452	0.5%	5.0%	4.4%	
Provider Work RVU	0	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	
Physician Office Visits	133,068	146,942	144,043	142,527	132,890	145,313	-6.8%	2.0%	9.3%	
Clinic Visits	0	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	
STAFFING										
FT Equivalents (Heads)	748	749	755	752	758	764	6	11	5	
Travelers, Travelers MD	0	0	0	0	0	0	0	0	0	
Residents & Fellows	0	0	0	0	0	0	0	0	0	
MLPs	0	0	0	0	0	0	0	0	0	
Physician FTEs	70	83	86	97	94	96	(3)	(1)	1	
Total FTEs	818	832	841	850	853	859	3	10	7	
Benchmarks-Hospital										
Salary per FTE - Non-MD	\$ 58,282	\$ 59,508	\$ 60,275	\$ 63,527	\$ 62,712	\$ 64,586	-1.3%	1.7%	3.0%	
Salary & Benefits per FTE - Non-MD	\$ 74,889	\$ 75,319	\$ 76,607	\$ 82,331	\$ 79,296	\$ 83,720	-3.7%	1.7%	5.6%	
FTEs Per Adjusted Occupied Bed	5	5	5	5	5	5	-3.7%	-2.9%	0.8%	
FTEs per 100 Adj Discharges	5	4	5	5	4	4	-4.5%	-1.2%	3.5%	
Benchmarks-Vermont System Averages										
Salary per FTE - Non-MD	\$ 61,326	\$ 63,250	\$ 65,422	\$ 65,917	\$ 67,055	\$ 67,424	1.7%	2.3%	0.5%	
Salary & Benefits per FTE - Non-MD	\$ 80,704	\$ 81,921	\$ 85,211	\$ 84,856	\$ 86,361	\$ 86,812	1.8%	2.3%	0.5%	
FTEs Per Adjusted Occupied Bed	6	6	6	6	6	6	-0.7%	2.8%	3.6%	
FTEs per 100 Adj Discharges	7	7	7	8	8	8	-1.1%	1.3%	2.4%	

OBSERVATIONS: Overall utilization as measured by Adjusted Admissions is fairly steady. Operating Room Procedures have declined in the general surgery and orthopedic areas. The hospital is showing 8 fewer physician FTEs. The narrative indicates that 5 FTEs are added to clinical areas; is this assumption based on FY2018 Budget or Projections? Please explain what has changed between FY2018 Projections and FY2019 Budget to support a 5.6% increase in Salary & Benefits per FTE-Non MDs. Productivity measure results are below Vermont System Averages.

QUESTIONS: What has changed in Physician FTEs to show a decline of 8 physicians? What areas of the hospital are increasing in Non-MD FTEs from budget (the hospital mentions only 5 in its narrative)? Please explain the variation from FY2018 Projections to FY2019 Budget in Salary & Benefits per FTE-Non MDs. Please explain why FTEs per Adjusted Occupied Bed and FTEs per 100 Adjusted Discharges are lower than the Vermont System Average, and describe any efforts to address these productivity measures.

Fiscal Year 2019 Budget Analysis		Southwestern VT Medical Center					
BALANCE SHEET	FY2015A	FY2016A	FY2017A	FY2018B	FY2018P	FY2019B	
Cash & Investments	\$ 18,607,027	\$ 17,335,232	\$ 10,804,832	\$ 10,316,790	\$ 8,545,341	\$ 12,719,872	
Risk Reserve for Fixed Reform Payments	-	-	-	-	-	-	
Other Current Assets	19,874,428	19,251,834	18,919,928	19,572,302	18,568,270	20,366,154	
Current Assets	38,481,455	36,587,066	29,724,760	29,889,092	27,113,611	33,086,026	
Board Designated Assets	5,635,403	6,072,156	6,708,725	6,839,091	6,984,271	7,329,335	
Net, Property, Plant And Equipment	27,644,649	35,053,506	39,864,038	42,346,334	39,211,798	38,902,015	
Other Long-Term Assets	3,097,189	3,470,204	6,951,651	5,468,261	11,196,400	12,727,579	
Assets	\$ 74,858,696	\$ 81,182,932	\$ 83,249,174	\$ 84,542,778	\$ 84,506,080	\$ 92,044,955	
Current Liabilities	\$ 24,970,663	\$ 25,422,204	\$ 25,036,331	\$ 23,362,572	\$ 24,462,594	\$ 25,115,108	
Long Term Liabilities	9,155,212	10,328,151	9,991,779	9,510,254	9,622,365	9,377,032	
Other Noncurrent Liabilities	25,376,819	27,286,284	16,576,780	12,567,195	12,208,747	12,574,209	
Fund Balance	15,356,002	18,146,293	31,644,285	39,102,757	38,212,374	44,978,606	
Liabilities and Equities	\$ 74,858,696	\$ 81,182,932	\$ 83,249,175	\$ 84,542,778	\$ 84,506,080	\$ 92,044,955	
Benchmarks-Hospital							
Days Cash on Hand	65.6	59.4	44.0	41.6	37.2	46.3	
Long Term Debt to Capitalization	37.4%	36.3%	24.0%	19.6%	20.1%	17.3%	
Debt Service Coverage Ratio	12.3	11.6	12.5	14.5	13.1	13.7	
Benchmarks-Vermont System Averages							
Days Cash on Hand	178.5	183.3	193.6	167.3	178.2	173.4	
Long Term Debt to Capitalization	27.6%	30.5%	29.0%	29.6%	26.7%	25.4%	
Debt Service Coverage Ratio	3.7	5.0	3.9	3.7	3.7	3.7	
<p>OBSERVATIONS: Cash and Investments have declined from FY2017 Actuals to FY2018 Projections by \$2.3 million, but are expected to increase \$4.2 million for FY2019 budget. Other Long-term Assets have doubled from FY2017 and FY2018 budget. The narrative includes a high level cash flow which may explain some of this activity. Days Cash on Hand for the hospital is much lower than the Vermont System Average. The hospital states that its DCOH is 29.4, but that it consolidates with its parent organization's cash and investments. The consolidated DCOH is 180 or 189 days, depending on pension funding. The hospital's debt levels are fairly steady, as is its fund balance.</p> <p>QUESTIONS: What types of assets are reported in other long term assets to cause the increased in FY2018 Projections and FY2019 Budget?</p>							

Fiscal Year 2019 Budget Analysis

Southwestern VT Medical Center

CAPITAL BUDGET	2015A	FY2016A	FY2017A	FY2018B	FY2018P	FY2019B	2020 Plan	2021 Plan	2022 Plan
Non-Certificate of Need Capital Plans Total				\$ 7,250,000	\$ 6,250,000	\$ 6,000,000	\$ 6,000,000	\$ 7,000,000	\$ 7,000,000
Certificate of Need Capital Plans				\$ -	\$ -	\$ 20,000,000	\$ 48,600,000	\$ -	\$ -
Total Capital Purchases				\$ 7,250,000	\$ 6,250,000	\$ 26,000,000	\$ 54,600,000	\$ 7,000,000	\$ 7,000,000

Southwestern VT Medical Center									
Age of Plant	17.3	17.1	16.7	16.5	17.3	18.0			
Capital Expenditures to Depreciation	142.6%	72.4%	123.2%	111.0%	101.1%	95.1%			
Capital Cost % of Total Expense	4.2%	4.1%	4.3%	4.5%	4.2%	4.2%			

Benchmarks-Vermont System Averages									
Age of Plant	11.4	11.8	12.5	13.0	13.2	13.5	-	-	-
Capital Expenditures to Depreciation				116.6%	116.5%	145.7%	-	-	-
Capital Cost % of Total Expense				5.3%	5.3%	5.0%	-	-	-

OBSERVATIONS: The hospital's Non-CON expenditures of \$6 million are for equipment replacements and building improvements as stated in the narrative. The CONs included in the budget are for the Dartmouth Hitchcock IT system for \$20 million in FY2019, and modernization and renovation projects and the Ambulatory Care Pavilion for \$48.6 million in FY2020. As stated in previous budget analyses, this hospital's Age of Plant is older than the 75th percentile of all Vermont Hospitals.