

# Porter Medical Center

Fiscal Year 2019 Budget Analysis

Report Date: 8/21/2018

**HIGH-LEVEL OBSERVATIONS:**

1. The GMCB approved a rebase of Porter's NPR for calculating the NPR growth rate from FY2018 to FY2019. However, no other financial metrics were rebased accordingly. As a result, there are limitations in comparing FY2018 Budget to FY2019 Budget for those other metrics; it may be more useful to compare FY2018 Projections to FY2019 Budget.
2. Porter made adjustments (i.e., increases) to the rebased FY2018 NPR for ACO accounting changes that resulted in a lower NPR growth rate in the narrative. This staff analysis reflects the board-approved FY2018 base, not the Porter-adjusted base.

**QUESTIONS:**

1. Have the hospital's projections for FY2018 changed?
2. Please explain what is included in Deductions from Revenue, and why there is substantial variation between FY2019 Budget and previous years.
3. Please explain the increase from FY2018 Projections to FY2019 Budget in Provider Work RVU.
4. Please explain why the narrative indicates there are increases in certain services (e.g., general surgeries, imaging) while the submitted schedule indicates that there might be decreases in categories related to those services (e.g., All Operating Room Procedures; CT Scan, Radiology - Diagnostic).
5. Please explain why Salary & Benefits per FTE has increased for FY2018 Projections and FY2019 Budget.
6. Where is risk from the hospital's ACO APM arrangements recorded on the balance sheet, they record the risk associated with the revenue?
7. If not addressed in the narrative, please explain any factors contributing to changes in bad debt and free care, including policy changes if any.
8. 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.
9. Please complete the table that has been provided to clarify accounting of ACO-related revenue and expenses.

**FY2018 BUDGET FOR NPR HAS BEEN REBASED, ALL OTHER ACCOUNTS HAVE NOT BEEN REBASED**

INCOME STATEMENT	FY2015A	FY2016A	FY2017A	FY2018B	Rebased		2019B - 2018B	2018B - 2018P	2018 Rebased -	2018P - 2019B
					FY2018B	FY2018P	FY2019B	\$ Chg	% Chg	2019B % Chg
<b>Revenues</b>										
Gross Patient Care Revenue	141,734,183	155,530,473	166,216,172	167,256,350		169,389,242	171,658,662	4,402,312	1.3%	1.3%
Disproportionate Share Payments	847,106	489,898	536,826	813,664		813,660	439,130	(374,534)	0.0%	-46.0%
Bad Debt	(3,256,656)	(2,626,449)	(3,658,767)	(3,136,779)		(3,708,637)	(3,733,610)	(596,831)	18.2%	0.7%
Free Care	(1,171,520)	(1,438,965)	(1,622,357)	(1,829,936)		(1,662,203)	(1,682,255)	147,681	-9.2%	1.2%
Deductions from Revenue	(67,556,843)	(76,893,461)	(85,787,802)	(101,464,312)		(93,604,973)	(99,140,975)	2,323,337	-7.7%	5.9%
Graduate Medical Education	0	0	0	0		0	0	0	#DIV/0!	#DIV/0!
<b>Net Patient Care Revenue</b>	<b>70,596,270</b>	<b>75,061,496</b>	<b>75,684,072</b>	<b>61,638,987</b>		<b>71,227,089</b>	<b>67,540,952</b>	<b>5,901,965</b>	<b>15.6%</b>	<b>-5.2%</b>
Fixed Prospective Payments & Reserves	0	0	2,519,146	16,709,512		11,004,241	16,989,563	280,050	-34.1%	54.4%
<b>Net Patient Care Revenue &amp; Fixed Payments &amp; Reserves</b>	<b>70,596,270</b>	<b>75,061,496</b>	<b>78,203,218</b>	<b>78,348,499</b>	<b>80,862,127</b>	<b>82,231,330</b>	<b>84,530,515</b>	<b>6,182,016</b>	<b>5.0%</b>	<b>4.5%</b>
Other Operating Revenue	2,672,651	1,966,684	2,868,001	2,510,934		5,086,892	4,954,509	2,443,575	102.6%	-2.6%
<b>Total Operating Revenue</b>	<b>73,268,921</b>	<b>77,028,180</b>	<b>81,071,219</b>	<b>80,859,433</b>		<b>87,318,222</b>	<b>89,485,024</b>	<b>8,625,591</b>	<b>8.0%</b>	<b>2.5%</b>
<b>Expenses</b>										
Salaries Non MD	25,255,889	23,709,508	25,411,092	27,629,889		28,804,776	29,623,574	1,993,685	4.3%	2.8%
Fringe Benefits Non MD	6,784,569	6,100,340	6,629,307	6,944,531		7,068,832	7,349,268	404,737	1.8%	4.0%
Fringe Benefits MD	2,171,711	2,344,447	2,498,582	2,647,134		2,616,235	2,718,945	71,811	-1.2%	3.9%
Physician Fees, Salaries, Contracts	8,686,845	10,921,261	12,087,442	10,726,723		11,523,316	12,245,768	1,519,045	7.4%	6.3%
Health Care Provider Tax	4,046,886	4,214,165	4,489,107	4,720,371		4,724,376	4,720,371	0	0.1%	-0.1%
Depreciation & Amortization	3,174,882	2,871,627	2,852,122	3,163,598		2,858,676	3,020,880	(142,718)	-9.6%	5.7%
Interest - Long Term & Short Term	296,891	386,132	359,436	336,971		346,076	319,531	(17,440)	2.7%	-7.7%
Other Operating Expense	24,599,826	25,029,795	24,547,801	24,893,661		23,975,491	26,195,236	1,301,575	-3.7%	9.3%
<b>Total Operating Expense</b>	<b>75,017,499</b>	<b>75,577,275</b>	<b>78,874,889</b>	<b>81,062,878</b>		<b>81,917,777</b>	<b>86,193,573</b>	<b>5,130,695</b>	<b>1.1%</b>	<b>5.2%</b>
<b>Net Operating Income (Loss)</b>	<b>(1,748,578)</b>	<b>1,450,905</b>	<b>2,196,330</b>	<b>(203,445)</b>		<b>5,400,445</b>	<b>3,291,451</b>	<b>3,494,896</b>	<b>-275.5%</b>	<b>-39.1%</b>
Non-Operating Revenue	3,610,111	3,270,135	3,838,238	2,935,182		530,269	399,455	(2,535,727)	-81.9%	-24.7%
<b>Excess (Deficit) of Rev Over Exp</b>	<b>1,861,533</b>	<b>4,721,040</b>	<b>6,034,568</b>	<b>2,731,737</b>		<b>5,930,714</b>	<b>3,690,906</b>	<b>959,169</b>	<b>117.1%</b>	<b>-37.8%</b>
<b>Benchmarks-Hospital</b>										
Operating Margin%	-2.4%	1.9%	2.7%	-0.3%		6.2%	3.7%			
Total Margin %	2.4%	5.9%	7.1%	3.3%		6.8%	4.1%			
Cost per Adjusted Admission	11,791	12,172	12,535	12,844		13,478	13,113			
<p><b>OBSERVATIONS:</b> The GMCB-approved FY2018 NPR Rebase of \$ 80,862,127 is calculated by applying a 3.4% growth rate (the growth target in the "FY 2018 HOSPITAL BUDGET SUBMISSIONS REPORTING REQUIREMENTS" when health reform investments are included) to the hospital's FY2017 Actuals results. Porter is requesting an accounting adjustment of \$1,067,391 for ACO participation fees to the rebased FY2018 NPR. This staff analysis reflects the board-approved FY2018 base from which to calculate NPR growth rate, not the Porter-adjusted base. Porter's 340B Retail Pharmacy Program revenues have been reclassified to Other Operating Revenue from Non-Operating Revenue; this reclassification affects FY2018 Projections and FY2019 Budget. Cost per Adjusted Admission for FY2019 Budget shows a slight decrease from FY2018 Projections. There is a large decrease in Disproportionate Share Payments.</p> <p><b>QUESTIONS:</b> Please explain what is included in Deductions from Revenue, and why there is substantial variation between FY2019 Budget and previous years.</p>										

**FY2018 BUDGET FOR NPR HAS BEEN REBASED, ALL OTHER ACCOUNTS HAVE NOT BEEN REBASED**

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
<b>All Payers</b>	<b>Gross Patient Care Revenue</b>	\$167,256,350	\$169,389,242	\$171,658,662	1.3%	2.6%	1.3%		
	Contractual Allowances	(\$101,464,312)	(\$93,604,973)	(\$99,140,975)	-7.7%	-2.3%	5.9%		
	Bad Debt	(\$3,136,779)	(\$3,708,637)	(\$3,733,610)	18.2%	19.0%	0.7%		
	Free Care	(\$1,829,936)	(\$1,662,203)	(\$1,682,255)	-9.2%	-8.1%	1.2%		
	Graduate Medical Education Payments	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!		
	Disproportionate Share Payments	\$813,664	\$813,660	\$439,130	0.0%	-46.0%	-46.0%		
	<b>Net Payer Revenue</b>	<b>\$61,638,987</b>	<b>\$71,227,089</b>	<b>\$67,540,952</b>	<b>15.6%</b>	<b>9.6%</b>	<b>-5.2%</b>		
	Fixed Prospective Payments & Reserves	\$16,709,512	\$11,004,241	\$16,989,563	-34.1%	1.7%	54.4%		
	<b>Net Patient Care Rev &amp; Fixed Payments &amp; Reserves</b>	<b>\$78,348,499</b>	<b>\$82,231,330</b>	<b>\$84,530,515</b>	<b>5.0%</b>	<b>7.9%</b>	<b>2.8%</b>	<b>\$611,502</b>	<b>\$5,570,514</b>
	<b>Commercial</b>	<b>Gross Patient Care Revenue</b>	\$72,423,249	\$70,608,512	\$72,193,800	-2.5%	-0.3%	2.2%	
Contractual Allowances		(\$29,237,150)	(\$25,086,908)	(\$24,491,561)	-14.2%	-16.2%	-2.4%		
Bad Debt		(\$3,136,779)	(\$3,708,637)	(\$3,733,610)	18.2%	19.0%	0.7%		
Free Care		(\$1,829,936)	(\$1,662,203)	(\$1,682,255)	-9.2%	-8.1%	1.2%		
<b>NPR</b>		<b>\$38,219,384</b>	<b>\$40,150,764</b>	<b>\$42,286,374</b>	<b>5.1%</b>	<b>10.6%</b>	<b>5.3%</b>		
Fixed Prospective Payment & Reserves		\$3,753,696	\$37,378	\$3,259,345	-99.0%	-13.2%	8619.9%		
<b>Total Net Payer Revenue &amp; Fixed Prospective Payment</b>		<b>\$41,973,080</b>	<b>\$40,188,142</b>	<b>\$45,545,720</b>	<b>-4.3%</b>	<b>8.5%</b>	<b>13.3%</b>	<b>\$826,994</b>	<b>\$2,745,645</b>
<b>Medicaid</b>	<b>Gross Patient Care Revenue</b>	\$26,572,404	\$26,217,161	\$26,673,951	-1.3%	0.4%	1.7%		
	Contractual Allowances	(\$22,971,632)	(\$22,209,964)	(\$23,365,675)	-3.3%	1.7%	5.2%		
	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!		
	<b>NPR</b>	<b>\$3,600,772</b>	<b>\$4,007,197</b>	<b>\$3,308,276</b>	<b>11.3%</b>	<b>-8.1%</b>	<b>-17.4%</b>		
	Fixed Prospective Payment & Reserves	\$3,685,957	\$3,898,462	\$4,055,828	5.8%	10.0%	4.0%		
<b>Total Net Payer Revenue &amp; Fixed Prospective Payment</b>	<b>\$7,286,729</b>	<b>\$7,905,659</b>	<b>\$7,364,104</b>	<b>8.5%</b>	<b>1.1%</b>	<b>-6.9%</b>	<b>\$47,080</b>	<b>\$30,295</b>	
<b>Medicare</b>	<b>Gross Patient Care Revenue</b>	\$68,260,697	\$72,563,569	\$72,790,911	6.3%	6.6%	0.3%		
	Contractual Allowances	(\$49,255,530)	(\$46,308,101)	(\$51,283,739)	-6.0%	4.1%	10.7%		
	Bad Debt	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!		
	Free Care	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!		
	<b>NPR</b>	<b>\$19,005,167</b>	<b>\$26,255,468</b>	<b>\$21,507,172</b>	<b>38.1%</b>	<b>13.2%</b>	<b>-18.1%</b>		
	Fixed Prospective Payment & Reserves	\$9,269,859	\$7,068,400	\$9,674,390	-23.7%	4.4%	36.9%		
	<b>Total Net Payer Revenue &amp; Fixed Prospective Payment</b>	<b>\$28,275,026</b>	<b>\$33,323,869</b>	<b>\$31,181,562</b>	<b>17.9%</b>	<b>10.3%</b>	<b>-6.4%</b>	<b>(\$262,572)</b>	<b>\$3,169,108</b>
<b>Disproportionate Share Payments</b>	<b>\$813,664</b>	<b>\$813,660</b>	<b>\$439,130</b>	<b>0.0%</b>	<b>-46.0%</b>	<b>-46.0%</b>		<b>(\$374,534)</b>	
<b>NPR to Gross Commercial (no dsh)</b>	<b>58.0%</b>	<b>56.9%</b>	<b>63.1%</b>						
<b>NPR to Gross Medicaid (no dsh)</b>	<b>27.4%</b>	<b>30.2%</b>	<b>27.6%</b>						
<b>NPR to Gross Medicare (no dsh)</b>	<b>41.4%</b>	<b>45.9%</b>	<b>42.8%</b>						
<b>NPR to Gross All (no dsh)</b>	<b>46.4%</b>	<b>48.1%</b>	<b>49.0%</b>						

**OBSERVATIONS:** Care should be taken in reviewing these Payer changes as FY2018 does not reflect the Rebased budget for the Hospital. PMC is requesting a 2.8% rate/price increase for commercial and -1.0% rate/price overall for FY2019. The ratio of NPR to Gross Revenue for Medicaid, Medicare and Commercial is increasing from budget to budget, perhaps due to accounting changes related to Gross Revenue associated with Fixed Prospective Payments.

## Porter 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
<b>Weighted Average Approved Rate (all hospitals)</b>	6.82%	4.37%	1.67%	2.04%	
<b>Weighted Average Submitted Rate (all hospitals)</b>	6.82%	4.40%	2.21%	2.34%	3.12%
<b>Porter Medical Center Approved Rate</b>	5.00%	5.30%	5.30%	3.00%	
<b>Porter Medical Center Submitted Rate</b>	5.00%	5.30%	3.70%	3.00%	2.80%

Hospital Inpatient Gross Revenue	-0.1%
Hospital Outpatient Gross Revenue	-0.2%
Physician Outpatient Gross Revenue	-5.0%
Chronic/SNF Gross Revenue	0.0%
Swing Gross Revenue	0.0%

Net Patient Revenue Change Due to Rate Request		
	Commercial	\$ 826,994
	Medicaid	\$ 47,080
	Medicare	\$ (262,572)
	Disproportionate Share	\$ -
	<b>Total Change Due to Rate Request</b>	<b>\$ 611,502</b>

<b>Value of 1% Rate - Calculated by GMCB</b>	\$ 295,318
<b>Value of 1% Rate - Calculated by Porter</b>	\$ 295,318
	Variance \$ -

Porter has a commercial rate/price request of 2.80%.

The 2.80% will result in increased NPR of \$1.1 million.

For Porter, every 1% increase in commercial rate is worth approximately \$295,318 in net patient revenue. This estimate calculated by GMCB staff matches the estimated value of a 1% increase calculated by the hospital.

Fiscal Year 2019 Budget Analysis		Porter Medical Center				
DASHBOARD	FY2015A	FY2016A	FY2017A	FY2018B	FY2018P	FY2019B
Net Patient Care Revenue	70,596,270	75,061,496	75,684,072	61,638,987	71,227,089	67,540,952
Net Patient Care Rev & Fixed Payments & Reserves	70,596,270	75,061,496	78,203,218	78,348,499	82,231,330	84,530,515
NPR & FPP % Variance		6.3%	4.2%	0.2%	5.0%	7.9%
Three Year NPR & FPP CAGR* (FY16A - FY19B)						4.0%
Net Patient Care Revenue	REBASED FY 2018			80,862,127	82,231,330	84,530,515
NPR & FPP % Variance						4.5%
THE BELOW STATISTICS HAVE NOT BEEN REBASED FOR FY2018						
Operating Expense	75,017,499	75,577,275	78,874,889	81,062,878	81,917,777	86,193,573
Oper Exp % Variance		0.7%	4.4%	2.8%	1.1%	6.3%
Three Year Oper. Exp. CAGR* (FY16A - FY19B)						4.5%
<b>Revenue</b>						
Operating Margin %	-2.4%	1.9%	2.7%	-0.3%	6.2%	3.7%
Total Margin %	2.4%	5.9%	7.1%	3.3%	6.8%	4.1%
Bad Debt %	2.3%	1.7%	2.2%	1.9%	2.2%	2.2%
Free Care %	0.8%	0.9%	1.0%	1.1%	1.0%	1.0%
<b>Cost</b>						
Cost per Adjusted Admission	11,791	12,172	12,535	12,844	13,478	13,113
Overhead Exp. as a % of Total Operating Exp.	28.2%	29.8%	28.4%	29.8%	38.2%	39.4%
<b>Productivity &amp; Utilization</b>						
Acute Admissions	1,536	1,454	1,438	1,529	1,448	1,507
Adjusted Admissions	6,362	6,209	6,292	6,311	6,078	6,587
Average Length of Stay	3	3	3	3	3	3
FTEs Per Adjusted Occupied Bed	8	7	7	8	7	8
FTEs per 100 Adj Discharges	7	6	7	7	7	7
<b>Cash</b>						
Days Cash on Hand	85.8	101.5	119.5	109.8	130.0	133.0
Current Ratio	2.6	2.8	2.8	2.0	2.7	2.9
<b>Capital</b>						
Age of Plant	10.8	11.1	12.3	12.0	12.7	13.1
Long Term Debt to Capitalization				27.7%	22.0%	19.9%
Debt Service Coverage Ratio	1.79	4.09	4.82	2.91	7.76	6.13
*CAGR = Compounded Annual Growth Rate						

**FY2018 BUDGET ACCOUNTS HAVE NOT BEEN REBASED**

UTILIZATION & STAFFING	FY2015A	FY2016A	FY2017A	FY2018B	FY2018P	FY2019B	2018B-2018P	2018B-2019B	2018P-2019B
<b>UTILIZATION</b>									
Adjusted Admissions	6,362	6,209	6,292	6,311	6,078	6,573	-3.7%	4.1%	8.2%
Acute Admissions	1,536	1,454	1,438	1,529	1,448	1,507	-5.3%	-1.4%	4.1%
Acute Average Length Of Stay	3.2	3.4	3.2	3.3	3.6	3.2	9.2%	-2.8%	-11.0%
All Operating Room Procedure	3,686	3,862	3,807	4,248	3,770	3,885	-11.3%	-8.5%	3.1%
Tests	209,023	195,860	193,389	184,774	177,010	185,363	-4.2%	0.3%	4.7%
Emergency Room Visits	15,374	15,018	14,100	14,902	12,450	13,313	-16.5%	-10.7%	6.9%
CT Scan, Radiology - Diagnostic	30,155	30,672	30,672	31,257	30,332	30,842	-3.0%	-1.3%	1.7%
Exams	1,021	1,021	1,067	1,158	1,120	1,092	-3.3%	-5.7%	-2.5%
Provider Work RVU	0	0	0	0	147,081	155,341	#DIV/0!	#DIV/0!	5.6%
Physician Office Visits	99,287	102,068	98,580	100,683	101,498	104,933	0.8%	4.2%	3.4%
Clinic Visits	0	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!
<b>STAFFING</b>									
FT Equivalents (Heads)	424	379	396	424	413	424	(12)	(0)	11
Travelers, Travelers MD	2	11	15	1	5	4	4	3	(1)
Residents & Fellows	0	0	0	0	0	0	0	0	0
MLPs	0	14	15	20	20	23	(0)	3	3
Physician FTEs	34	35	33	37	35	36	(2)	(1)	1
<b>Total FTEs</b>	<b>460</b>	<b>439</b>	<b>459</b>	<b>482</b>	<b>472</b>	<b>487</b>	<b>(10)</b>	<b>5</b>	<b>15</b>
<b>Benchmarks-Hospital</b>									
Salary per FTE - Non-MD	\$ 57,620	\$ 60,314	\$ 61,800	\$ 62,190	\$ 66,810	\$ 66,239	7.4%	6.5%	-0.9%
Salary & Benefits per FTE - Non-MD	\$ 75,653	\$ 75,833	\$ 77,923	\$ 77,821	\$ 82,916	\$ 82,686	6.5%	6.3%	-0.3%
FTEs Per Adjusted Occupied Bed	8	7	7	8	7	8	-7.4%	-0.7%	7.3%
FTEs per 100 Adj Discharges	7	6	7	7	7	7	1.1%	-3.4%	-4.4%
<b>Benchmarks-Vermont System Averages</b>									
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 reflected in adjusted admissions is showing an increase for FY 2019 compared to recent years. Provider Work RVU is a new metric the GMCB is tracking this year; it relates to the Physician Office Visits metric used in the past. Provider Work RVU appears to be increasing at a higher rate than Physician Office Visits. Porter's narrative indicates that the FY2019 Budget anticipates more general surgeries, Express Care visits, infusion, imaging, Cardiology and Otorhinolaryngology (ENT) services. However, in the table above some categories related to these services have decreased from FY2018 Budget to FY2019 Budget (non-rebased); they have increased when compared to FY2018 Projections. FY2019 Budget FTEs are similar to FY2018 Budget and Projected levels. Salary & Benefits per FTE has increased significantly from FY2018 Budget but has decreased from FY2018 Projections. Productivity per FTE has remained steady but is higher than the average of the hospital's Vermont peers.

**QUESTIONS:** Please explain the increase in Provider Work RVU. Please explain the why the narrative indicates there are increases in certain services (e.g., general surgeries, imaging) while the submitted schedule indicates that there might be decreases in categories related to those services (e.g., All Operating Room Procedures; CT Scan, Radiology - Diagnostic). Please explain why Salary & Benefits per FTE has increased for FY2018 Projections and FY2019 Budget.

**Fiscal Year 2019 Budget Analysis**

**Porter Medical Center**

**FY2018 BUDGET ACCOUNTS HAVE NOT BEEN REBASED**

<b>BALANCE SHEET</b>	<b>FY2015A</b>	<b>FY2016A</b>	<b>FY2017A</b>	<b>FY2018B</b>	<b>FY2018P</b>	<b>FY2019B</b>
Cash & Investments	\$ 11,950,916	\$ 14,497,053	\$ 18,692,243	\$ 17,711,057	\$ 21,894,304	\$ 24,475,433
Risk Reserve for Fixed Reform Payments	-	-	-	-	-	-
Other Current Assets	14,192,808	13,791,309	16,018,786	14,542,131	14,964,039	15,279,916
Current Assets	26,143,724	28,288,362	34,711,029	32,253,188	36,858,343	39,755,350
Board Designated Assets	4,941,998	5,718,274	6,187,870	5,720,011	10,859,876	10,859,875
Net, Property, Plant And Equipment	20,947,612	19,849,135	19,087,179	20,371,807	20,797,875	21,557,128
Other Long-Term Assets	3,682,969	3,336,075	3,565,387	3,363,544	656,044	656,044
<b>Assets</b>	<b>\$ 55,716,303</b>	<b>\$ 57,191,846</b>	<b>\$ 63,551,465</b>	<b>\$ 61,708,550</b>	<b>\$ 69,172,137</b>	<b>\$ 72,828,397</b>
Current Liabilities	\$ 10,192,884	\$ 10,021,493	\$ 12,183,991	\$ 15,940,456	\$ 13,622,116	\$ 13,947,880
Long Term Liabilities	13,016,798	12,025,825	11,371,435	10,867,147	11,011,023	10,650,612
Other Noncurrent Liabilities	6,010,209	6,943,114	5,670,012	6,422,318	5,245,601	5,245,601
Fund Balance	26,496,412	28,201,414	34,326,027	28,478,629	39,293,397	42,984,303
<b>Liabilities and Equities</b>	<b>\$ 55,716,303</b>	<b>\$ 57,191,846</b>	<b>\$ 63,551,465</b>	<b>\$ 61,708,550</b>	<b>\$ 69,172,137</b>	<b>\$ 72,828,397</b>

**Benchmarks-Hospital**

Days Cash on Hand	85.8	101.5	119.5	109.8	130.0	133.0
Long Term Debt to Capitalization	33.9%	30.5%	25.0%	27.7%	22.0%	19.9%
Debt Service Coverage Ratio	1.8	4.1	4.8	2.9	7.8	6.1

**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

**OBSERVATIONS:** The Balance Sheet is steadily improving in all areas. Days Cash on Hand is increasing but is lower than the state median.

**QUESTIONS:** Where is risk from the hospital's ACO APM arrangements recorded on the balance sheet, they record the risk associated with the revenue?



## Fiscal Year 2019 Budget Analysis

## Porter Medical Center

CAPITAL BUDGET	2015A	FY2016A	FY2017A	FY2018B	FY2018P	FY2019B	2020 Plan	2021 Plan	2022 Plan
Non-Certificate of Need Capital Plans Total				\$ 4,428,704	\$ 4,428,704	\$ 3,780,133	\$ 3,951,143	\$ 3,375,714	\$ 1,517,833
Certificate of Need Capital Plans				\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000
Total Capital Purchases				\$ 4,428,704	\$ 4,428,704	\$ 3,780,133	\$ 3,951,143	\$ 3,375,714	\$ 3,017,833

Porter Medical Center									
Age of Plant	10.8	11.1	12.3	12.0	12.7	13.1			
Capital Expenditures to Depreciation	95.1%	83.2%	81.5%	140.0%	154.9%	125.1%			
Capital Cost % of Total Expense	4.6%	4.3%	4.1%	4.3%	3.9%	3.9%			

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:** Porter has no planned CONs until 2022; non-CON capital plans include a laboratory upgrade and new ER mental health rooms.