

# Central Vermont Medical Center

Fiscal Year 2020 Budget Analysis

Report Date: 7/31/2019

**QUESTIONS**

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1. Have the hospital's projections for FY2019 changed?
2. CVMC's FY19 Budget Order states the "Hospital shall consult with Vermont Information Technology Leaders (VITL) to facilitate patients' ability to electronically consent to adding their clinical data to the Vermont Health Information Exchange (VHIE)." What kind of headway has CVMC made to facilitate this?
3. What is the value of 1 day of Days Cash on Hand?
4. What is the value of 1% of CVMC's change in charge request? If there is a variance between CVMC's calculation and the calculation provided by GMCB staff above, please include the steps to your calculation.
5. There is an inconsistency in the narrative regarding Medicaid reimbursement assumptions- page 17 indicates 0%, page 30 indicates 1.2%- please clarify. Based on this clarification, please calculate the impact of Medicaid's proposed reimbursement rate. Are Medicare reimbursement assumptions still valid. Are Disproportionate Share Payments assumptions still valid?
6. Explain why the hospital didn't budget conservatively for upside or downside risk as they have estimates per Appendix V?
7. Is the hospital budgeting enough for Bad debt and Free Care?
8. Explain the provider acquisition/transfers as the Dermatologist was in last year's budget effective for 10/1/18, the Pulmonary Practice was effective for 4/1/18 and Oncology is an existing service. The provider transfers are existing services within the hospital, wouldn't these providers be accounted for in the FTE schedules? Please provide a copy of the letter sent to patients pursuant to Act 143 of 2016 requiring notice of the transfer.
9. What are CVMC's expectation for Fringe Benefits for MDs as this expense is expected to increase to 39% from FY19P to FY20B.
10. Explain the Physician fees and salaries increase of 3.6% budget to budget and the decrease of 4.4% projection to budget.
11. Explain the variance between FY19P and FY20B for the Non-Operating Revenue "All Other account".
12. Address the Operating and Total Margin for CVMC as the UVMHN narrative does not mention this hospital.
13. Address the changes in utilization considering the hospital is budgeting at FY16-FY17 levels for Adjusted Admissions, Tests, CT scans and others.
14. Explain the strategy for the reduction in force from FY19P to FY20B.
15. Explain the large increase for Salary & Benefits per FTE - Non MD from FY18 to FY19P.
16. In Appendix VI-Bridges, Table 2, CVMC listed funds under "Other Expense". Please describe what these funds are. Also, please explain the row titled "Rate Difference" in Table 1.
17. Please further explain the accounting adjustment represented in Appendix VI Bridges Table, specifically the -\$1.5 million from Expenses and -\$2.3 million from NPR.

**BOARD MEMBER QUESTIONS:**

18. For FY19 projections what departments are expenses exceeding revenues?
19. Please suggest a statistic the GMCB can monitor to better understand the trends in the total number of staffed beds in the hospital versus the number of beds available for use, and how full or empty those beds are from month to month?
20. What is the impact of the now known Medicaid reimbursement increases? Any update on inpatient Medicaid reimbursement changes?
21. If you assumed Medicare increases, what is the value and what would a reduction in commercial be to maintain your NPR?

**Fiscal Year 2020 Budget Analysis Central Vermont Medical Center**

INCOME STATEMENT						2018B - 2018A	2019B - 2019P	2018A - 2019P	2019B - 2020B	2019P - 2020B
	FY2018B	FY2018A	FY2019B	FY2019P	FY2020B	% Chg	% Chg	% Chg	% Chg	% Chg
<b>Revenues</b>										
<b>Gross Patient Care Revenue</b>	<b>381,366,132</b>	<b>389,142,484</b>	<b>412,507,360</b>	<b>414,104,948</b>	<b>430,983,508</b>	<b>2.0%</b>	<b>0.4%</b>	<b>6.4%</b>	<b>4.5%</b>	<b>4.1%</b>
Disproportionate Share Payments	1,628,175	1,628,175	1,493,005	1,441,012	1,329,351	0.0%	-3.5%	-11.5%	-11.0%	-7.7%
Bad Debt	(4,469,802)	(3,052,588)	(5,081,726)	(4,580,139)	(4,070,804)	-31.7%	-9.9%	50.0%	-19.9%	-11.1%
Free Care	(4,195,027)	(4,383,140)	(4,112,828)	(5,056,677)	(3,994,075)	4.5%	22.9%	15.4%	-2.9%	-21.0%
Deductions from Revenue	(219,696,022)	(217,439,742)	(244,252,888)	(235,392,871)	(254,112,523)	-1.0%	-3.6%	8.3%	4.0%	8.0%
Graduate Medical Education	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
<b>Net Patient Care Revenue</b>	<b>154,633,456</b>	<b>165,895,188</b>	<b>160,552,922</b>	<b>170,516,272</b>	<b>170,135,457</b>	<b>7.3%</b>	<b>6.2%</b>	<b>2.8%</b>	<b>6.0%</b>	<b>-0.2%</b>
Fixed Prospective Payments	43,111,883	28,690,947	48,962,113	37,713,539	50,196,317	-33.5%	-23.0%	31.4%	2.5%	33.1%
Reserves	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Other Reform Payments	707,220	0	1,871,986	1,419,860	1,692,911	-100.0%	-24.2%	#DIV/0!	-9.6%	19.2%
<b>Fixed Prospective Payments and Reserves</b>	<b>43,819,104</b>	<b>28,690,947</b>	<b>50,834,099</b>	<b>39,133,400</b>	<b>51,889,229</b>	<b>-34.5%</b>	<b>-23.0%</b>	<b>36.4%</b>	<b>2.1%</b>	<b>32.6%</b>
<b>Net Patient Care Revenue &amp; Fixed Payments &amp; Reserves</b>	<b>198,452,560</b>	<b>194,586,135</b>	<b>211,387,021</b>	<b>209,649,672</b>	<b>222,024,685</b>	<b>-1.9%</b>	<b>-0.8%</b>	<b>7.7%</b>	<b>5.0%</b>	<b>5.9%</b>
Other Operating Revenue	13,620,034	13,579,338	13,831,969	15,446,011	16,199,991	-0.3%	11.7%	13.7%	17.1%	4.9%
<b>Total Operating Revenue</b>	<b>212,072,595</b>	<b>208,165,473</b>	<b>225,218,990</b>	<b>225,095,683</b>	<b>238,224,677</b>	<b>-1.8%</b>	<b>-0.1%</b>	<b>8.1%</b>	<b>5.8%</b>	<b>5.8%</b>
<b>Expenses</b>										
Salaries Non MD	81,636,720	81,232,684	87,532,906	84,308,538	84,995,242	-0.5%	-3.7%	3.8%	-2.9%	0.8%
Fringe Benefits Non MD	24,005,625	21,458,524	21,816,604	25,996,717	26,463,356	-10.6%	19.2%	21.1%	21.3%	1.8%
Physician Fees, Salaries, Contracts	26,701,573	29,304,577	26,425,939	28,637,870	27,376,597	9.7%	8.4%	-2.3%	3.6%	-4.4%
Fringe Benefits MD	3,907,892	5,708,890	6,060,375	2,896,030	4,021,522	46.1%	-52.2%	-49.3%	-33.6%	38.9%
Health Care Provider Tax	11,663,639	11,510,964	12,343,107	11,511,271	13,092,010	-1.3%	-6.7%	0.0%	6.1%	13.7%
Depreciation & Amortization	9,953,950	9,828,730	9,825,661	9,467,460	9,718,767	-1.3%	-3.6%	-3.7%	-1.1%	2.7%
Interest - Long Term & Short Term	500,019	490,157	393,821	474,974	294,583	-2.0%	20.6%	-3.1%	-25.2%	-38.0%
Other Operating Expense	49,929,290	56,499,404	57,564,537	61,124,358	68,094,059	13.2%	6.2%	8.2%	18.3%	11.4%
<b>Total Operating Expense</b>	<b>208,298,707</b>	<b>216,033,931</b>	<b>221,962,950</b>	<b>224,417,219</b>	<b>234,056,135</b>	<b>3.7%</b>	<b>1.1%</b>	<b>3.9%</b>	<b>5.4%</b>	<b>4.3%</b>
<b>Net Operating Income (Loss)</b>	<b>3,773,887</b>	<b>(7,868,458)</b>	<b>3,256,040</b>	<b>678,464</b>	<b>4,168,541</b>	<b>-308.5%</b>	<b>-79.2%</b>	<b>-108.6%</b>	<b>28.0%</b>	<b>514.4%</b>
Non-Operating Revenue	1,871,035	9,757,603	4,246,649	2,457,983	3,972,546	421.5%	-42.1%	-74.8%	-6.5%	61.6%
<b>Excess (Deficit) of Rev Over Exp</b>	<b>5,644,922</b>	<b>1,889,145</b>	<b>7,502,689</b>	<b>3,136,447</b>	<b>8,141,087</b>	<b>-66.5%</b>	<b>-58.2%</b>	<b>66.0%</b>	<b>8.5%</b>	<b>159.6%</b>

**Benchmarks-Hospital**

Operating Margin%	1.8%	-3.8%	1.4%	0.3%	1.7%
Total Margin %	2.6%	0.9%	3.3%	1.4%	3.4%
EBIDA %	6.7%	1.2%	6.0%	4.7%	6.0%
Cost per Adjusted Admission	11,884	11,892	12,144	13,244	13,391

**OBSERVATIONS :** CVMC's FY20 budget for NPR/FPP is an increase of \$10.6 million (5.0%) over the FY19 budget, and \$12.3 million (5.9%) over projection.

CVMC narrative states that they are assuming \$5,128,897 for upside and downside risk but have not budgeted for this amount as it is unknown which type of risk. They currently have \$3.5 million for CY 2018 and 2019 combined.

The hospital mentions accounting changes for collection agency fees reclassified to expenses from NPR and population health payments reclassified from expenses to deductions from NPR.

The hospital expects to have approved provider acquisition/transfers for expanded services for another (no name) Dermatologist for 9/1/19, for Oncology (no date) and (no name), and Pulmonary Practice for 9/1/19. These provider transfers are included in CVMC's FY20 budget and if approved, would bring their requested 5.0% NPR/FPP increase down to 4.2%.

Bad debt and Free Care have increased 30% from FY18 to FY19 projections but decreased 16% from FY19 projection to FY20 budget.

Appendix VI-Bridges reports over an \$8 million increase in NPR/FPP related to Commercial and non- Commercial change in charge and a decrease of \$889,345 in change in charge difference. The Charge request is explained in the narrative and CVMC says the \$4.7 million from commercial payers is needed to offset Medicaid and Medicare cost shift.

Salaries are expected to decrease 2.9% FY19B to FY20B but increase less than 1% projection to budget. Physician fees and salaries are to increase 3.6% FY19B to FY20B but decrease 4.4% projection to budget.

Fringe Benefits for MDs has shifted growth back and forth between FY18 to FY19P to FY20B, \$5.7 million, \$2.9 million to \$4 million. Other Operating Expenses has increased 11.4% from FY19P to FY20B, this account includes Pharmaceuticals which has increased 8.9% The Net Operating Income is expected to swing from -\$7.9 million FY18 to \$678 thousand FY19P to \$4.2 million FY20. The Non-Operating Revenue is expected to increase 61.6% from FY19P to FY20B, this line item includes an account titled "All Other" which has for FY19P \$583 thousand and FY20B \$3.4 million.

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NET PAYER REVENUE CHANGES - PAYERS						2018A - 2019P	2019B - 2019P	2019B - 2020B	2019P - 2020B	
	FY2018B	FY2018A	FY2019B	FY2019P	FY2020B	% Chg	% Chg	% Chg	% Chg	
<b>All Payers</b>	<b>Gross Patient Care Revenue</b>	<b>388,482,460</b>	<b>389,142,484</b>	<b>412,507,360</b>	<b>414,104,948</b>	<b>430,983,508</b>	<b>6.4%</b>	<b>0.4%</b>	<b>4.5%</b>	<b>4.1%</b>
	Contractual Allowances	-218,661,043	-217,439,742	-244,252,888	-235,392,871	-254,112,523	8.3%	-3.6%	4.0%	8.0%
	Bad Debt	-3,194,728	-3,052,588	-5,081,726	-4,580,139	-4,070,804	50.0%	-9.9%	-19.9%	-11.1%
	Free Care	-4,318,105	-4,383,140	-4,112,828	-5,056,677	-3,994,075	15.4%	22.9%	-2.9%	-21.0%
	Graduate Medical Education Payments	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Disproportionate Share Payments	1,628,175	1,628,175	1,493,005	1,441,012	1,329,351	-11.5%	-3.5%	-11.0%	-7.7%
	<b>Net Payer Revenue</b>	<b>163,936,759</b>	<b>165,895,188</b>	<b>160,552,922</b>	<b>170,516,272</b>	<b>170,135,457</b>	<b>2.8%</b>	<b>6.2%</b>	<b>6.0%</b>	<b>-0.2%</b>
	Fixed Prospective Payments	34,369,198	28,690,947	48,962,113	37,713,539	50,196,317	31.4%	-23.0%	2.5%	33.1%
	Reserves - Risk Portion	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Other Reform Payments	76,031	0	1,871,986	1,419,860	1,692,911	#DIV/0!	-24.2%	-9.6%	19.2%
	<b>Fixed Prospective Payment &amp; Reserves</b>	<b>34,445,228</b>	<b>28,690,947</b>	<b>50,834,099</b>	<b>39,133,400</b>	<b>51,889,229</b>	<b>36.4%</b>	<b>-23.0%</b>	<b>2.1%</b>	<b>32.6%</b>
	<b>Net Payer Revenue &amp; Fixed Prospective Payments</b>	<b>198,381,987</b>	<b>194,586,135</b>	<b>211,387,021</b>	<b>209,649,672</b>	<b>222,024,685</b>	<b>7.7%</b>	<b>-0.8%</b>	<b>5.0%</b>	<b>5.9%</b>
<b>Commercial</b>	<b>Gross Patient Care Revenue</b>	<b>146,178,735</b>	<b>146,195,456</b>	<b>154,134,877</b>	<b>156,798,450</b>	<b>166,589,470</b>	<b>7.3%</b>	<b>1.7%</b>	<b>8.1%</b>	<b>6.2%</b>
	Contractual Allowances	-43,323,349	-42,785,457	-54,212,693	-44,327,384	-50,217,403	3.6%	-18.2%	-7.4%	13.3%
	Bad Debt	-3,194,728	-3,052,588	-4,514,370	-4,092,916	-3,640,691	34.1%	-9.3%	-19.4%	-11.0%
	Free Care	-4,318,105	-4,383,140	-3,197,116	-3,914,028	-3,177,846	-10.7%	22.4%	-0.6%	-18.8%
	Graduate Medical Education Payments	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	<b>Net Payer Revenue</b>	<b>95,342,552</b>	<b>95,974,271</b>	<b>92,210,697</b>	<b>104,464,123</b>	<b>109,553,530</b>	<b>8.8%</b>	<b>13.3%</b>	<b>18.8%</b>	<b>4.9%</b>
	Fixed Prospective Payments	846,579	116,852	9,065,065	-293,000	5,189,370	-350.7%	-103.2%	-42.8%	-1871.1%
	Reserves - Risk Portion	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Other Reform Payments	9,219	0	234,856	115,405	166,479	#DIV/0!	-50.9%	-29.1%	44.3%
	<b>Fixed Prospective Payment &amp; Reserves</b>	<b>855,797</b>	<b>116,852</b>	<b>9,299,921</b>	<b>-177,595</b>	<b>5,355,849</b>	<b>-252.0%</b>	<b>-101.9%</b>	<b>-42.4%</b>	<b>-3115.8%</b>
	<b>Net Payer Revenue &amp; Fixed Prospective Payments</b>	<b>96,198,350</b>	<b>96,091,123</b>	<b>101,510,618</b>	<b>105,727,540</b>	<b>114,909,378</b>	<b>10.0%</b>	<b>4.2%</b>	<b>13.2%</b>	<b>8.7%</b>
						<b>4,216,922</b>				
	<b>Percentage of total</b>	<b>48%</b>	<b>49%</b>	<b>48%</b>	<b>50%</b>	<b>52%</b>				
<b>Medicaid</b>	<b>Gross Patient Care Revenue</b>	<b>69,987,082</b>	<b>69,712,360</b>	<b>73,800,686</b>	<b>70,826,992</b>	<b>73,592,900</b>	<b>1.6%</b>	<b>-4.0%</b>	<b>-0.3%</b>	<b>3.9%</b>
	Contractual Allowances	-51,482,971	-51,841,523	-54,693,966	-52,602,141	-56,807,652	1.5%	-3.8%	3.9%	8.0%
	Bad Debt	0	0	-15,249	-13,095	-11,560	#DIV/0!	-14.1%	-24.2%	-11.7%
	Free Care	0	0	-282,991	-353,123	-252,247	#DIV/0!	24.8%	-10.9%	-28.6%
	Graduate Medical Education Payments	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	<b>Net Payer Revenue</b>	<b>18,504,111</b>	<b>17,870,837</b>	<b>18,808,481</b>	<b>17,858,632</b>	<b>16,521,441</b>	<b>-0.1%</b>	<b>-5.1%</b>	<b>-12.2%</b>	<b>-7.5%</b>
	Fixed Prospective Payments	9,921,710	9,310,359	8,828,447	8,921,235	11,737,557	-4.2%	1.1%	33.0%	31.6%
	Reserves - Risk Portion	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Other Reform Payments	7,648	0	577,316	418,169	756,464	#DIV/0!	-27.6%	31.0%	80.9%
	<b>Fixed Prospective Payment &amp; Reserves</b>	<b>9,929,358</b>	<b>9,310,359</b>	<b>9,405,763</b>	<b>9,339,404</b>	<b>12,494,021</b>	<b>0.3%</b>	<b>-0.7%</b>	<b>32.8%</b>	<b>33.8%</b>
	<b>Net Payer Revenue &amp; Fixed Prospective Payments</b>	<b>28,433,469</b>	<b>27,181,196</b>	<b>28,214,244</b>	<b>27,198,037</b>	<b>29,015,462</b>	<b>0.1%</b>	<b>-3.6%</b>	<b>2.8%</b>	<b>6.7%</b>
	<b>Percentage of total</b>	<b>14%</b>	<b>14%</b>	<b>13%</b>	<b>13%</b>	<b>13%</b>				
<b>Medicare</b>	<b>Gross Patient Care Revenue</b>	<b>172,316,643</b>	<b>173,234,668</b>	<b>184,571,797</b>	<b>186,479,505</b>	<b>190,801,138</b>	<b>7.6%</b>	<b>1.0%</b>	<b>3.4%</b>	<b>2.3%</b>
	Contractual Allowances	-123,854,722	-122,812,762	-135,346,229	-138,463,346	-147,087,468	12.7%	2.3%	8.7%	6.2%
	Bad Debt	0	0	-552,107	-474,128	-418,553	#DIV/0!	-14.1%	-24.2%	-11.7%
	Free Care	0	0	-632,721	-789,526	-563,983	#DIV/0!	24.8%	-10.9%	-28.6%
	Graduate Medical Education Payments	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	<b>Net Payer Revenue</b>	<b>48,461,920</b>	<b>50,421,906</b>	<b>48,040,739</b>	<b>46,752,505</b>	<b>42,731,135</b>	<b>-7.3%</b>	<b>-2.7%</b>	<b>-11.1%</b>	<b>-8.6%</b>
	Fixed Prospective Payments	23,600,909	19,263,736	31,068,601	29,085,304	33,269,391	51.0%	-6.4%	7.1%	14.4%
	Reserves - Risk Portion	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Other Reform Payments	59,164	0	1,059,815	886,286	769,968	#DIV/0!	-16.4%	-27.3%	-13.1%
	<b>Fixed Prospective Payment &amp; Reserves</b>	<b>23,660,073</b>	<b>19,263,736</b>	<b>32,128,416</b>	<b>29,971,590</b>	<b>34,039,359</b>	<b>55.6%</b>	<b>-6.7%</b>	<b>5.9%</b>	<b>13.6%</b>
	<b>Net Payer Revenue &amp; Fixed Prospective Payments</b>	<b>72,121,994</b>	<b>69,685,641</b>	<b>80,169,155</b>	<b>76,724,095</b>	<b>76,770,494</b>	<b>10.1%</b>	<b>-4.3%</b>	<b>-4.2%</b>	<b>0.1%</b>
	<b>Percentage of total</b>	<b>36%</b>	<b>36%</b>	<b>38%</b>	<b>37%</b>	<b>35%</b>				
	<b>Disproportionate Share Payments</b>	<b>1,628,175</b>	<b>1,628,175</b>	<b>1,493,005</b>	<b>1,441,012</b>	<b>1,329,351</b>	<b>-11.5%</b>	<b>-3.5%</b>	<b>-11.0%</b>	<b>-7.7%</b>
	<b>Percentage of total</b>									
	<b>NPR &amp; FPP to Gross Commercial (no dsh)</b>	<b>66%</b>	<b>66%</b>	<b>66%</b>	<b>67%</b>	<b>69%</b>				
	<b>NPR &amp; FPP to Gross Medicaid (no dsh)</b>	<b>41%</b>	<b>39%</b>	<b>38%</b>	<b>38%</b>	<b>39%</b>				
	<b>NPR &amp; FPP to Gross Medicare (no dsh)</b>	<b>42%</b>	<b>40%</b>	<b>43%</b>	<b>41%</b>	<b>40%</b>				
	<b>NPR &amp; FPP to Gross All (no dsh)</b>	<b>51%</b>	<b>50%</b>	<b>51%</b>	<b>50%</b>	<b>51%</b>				
<b>Observations:</b>										
For FY19 and FY20 the hospital's Net Payer Revenue is shifting from Medicare to Commercial. The Bridges document and narrative explains these changes. The change in NPR due to Change in Charge is \$4,703,823 or 5.9% for Commercial (includes self-insured and workers comp) and 3% or \$3,381,770 for Non-Commercial. The rate difference from the previous budget is a-\$889,345 or -\$5.1 million for Medicare, \$1.3 million for Medicaid, and \$2.9 million for Commercial. Reimbursement/Payer Mix is \$1,631,653 or Medicare is -\$859,600, Medicaid -\$1.3 million and Commercial is \$3.8 million. Utilization is -\$10.5 thousand. The hospital is expecting the provider acquisition/transfer to generate \$3.2 million.										

**CHANGE IN CHARGE AND NET PATIENT REVENUE INCREASE**

Change in charge is the average change in price for services provided.

	FY2017	FY2018	FY2019	FY2020
<b>Weighted Average Approved Rate (all hospitals)</b>	1.8%	2.0%	2.9%	
<b>Weighted Average Submitted Rate (all hospitals)</b>	2.2%	2.3%	3.9%	3.2%
<b>Approved % Change in Charge</b>	2.45%	0.7%	2.3%	n/a
<b>Commercial Approved % Change in Charge</b>	2.45%	0.7%	2.3%	n/a
<b>Submitted % Change in Charge</b>	3.0%	0.7%	2.8%	3.0%
<b>Commercial Submitted % Change in Charge</b>	3.0%	0.7%	2.8%	5.9%

Hospital Inpatient Change in Gross Charges	3.0%
Hospital Outpatient Change in Gross Charges	3.0%
Professional Services Change in Gross Charges	3.0%
Primary Care Change in Gross Charges	
Specialty Care Change in Gross Charges	
Skilled Nursing Facility Change in Gross Charges	3.0%
Other (specify) Change in Gross Charges	
Other (specify) Change in Gross Charges	

<b>Net Patient Revenue Change Due to Charge Request</b>	
Commercial (includes Self-Insured and Workers Comp)	\$ 4,703,823
Medicaid	\$ 1,222,929
Medicare	\$ 2,158,842
Disproportionate Share	\$ (163,654)
<b>Total Change Due to Rate Request</b>	<b>\$ 7,921,939</b>

<b>Value of 1% Charge - Calculated by GMCB (based on submitted charge 3.0%)</b>	<b>2,640,646.33</b>
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**OBSERVATIONS:** CVMC assumes Medicare reimbursement for inpatient to increase 1.1% and outpatient to decrease -3.6%. At the time of budget submission, CVMC assumed Medicaid rates to be flat but has since received information that Medicaid proposes a 1% increase to outpatient and 3.4% for professional (inpatient rates will not be known until August).

Fiscal Year 2020 Budget Analysis						Central Vermont Medical Center				
UTILIZATION & STAFFING	FY2018B	FY2018A	FY2019B	FY2019P	FY2020B	2018B-2018A	2018A-2019P	2019B-2019P	2019B-2020B	2019P-2020B
<b>UTILIZATION</b>										
Adjusted Admissions	18,207	18,166	18,277	16,945	17,478	-0.2%	-6.7%	-7.3%	-4.4%	3.1%
Acute Admissions	3,989	3,949	4,124	3,866	3,851	-1.0%	-2.1%	-6.3%	-6.6%	-0.4%
Acute Average Length Of Stay	4.6	4.6	4.5	5.3	5.2	0.7%	14.7%	17.3%	15.3%	-1.6%
All Operating Room Procedure	3,407	3,430	3,762	3,720	3,810	0.7%	8.5%	-1.1%	1.3%	2.4%
Tests	468,618	469,983	469,683	466,245	449,122	0.3%	-0.8%	-0.7%	-4.4%	-3.7%
Emergency Room Visits	24,842	24,329	24,444	25,130	24,272	-2.1%	3.3%	2.8%	-0.7%	-3.4%
CT Scan, Radiology - Diagnostic	61,175	61,630	60,648	60,603	59,372	0.7%	-1.7%	-0.1%	-2.1%	-2.0%
Exams	3,516	3,540	3,673	3,732	3,634	0.7%	5.4%	1.6%	-1.1%	-2.6%
Provider Work RVU	302,394	326,789	350,129	300,596	330,142	8.1%	-8.0%	-14.1%	-5.7%	9.8%
Physician Office Visits	236,931	226,404	284,937	224,338	239,747	-4.4%	-0.9%	-21.3%	-15.9%	6.9%
Clinic Visits	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
<b>STAFFING</b>										
Non-MD FTEs	1,197	1,197	1,237	1,199	1,178	0.5	2.1	(37.4)	(58.9)	(21.5)
Travelers, Travelers MD	7	7	3	5	2	0.4	(2.2)	1.7	(1.7)	(3.4)
Residents & Fellows	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0
MLPs	42	42	47	42	52	0.4	(0.8)	(5.5)	4.6	10.1
Physician FTEs	90	90	95	91	90	0.2	1.4	(3.7)	(4.8)	(1.1)
<b>Total FTEs</b>	<b>1,335</b>	<b>1,337</b>	<b>1,382</b>	<b>1,337</b>	<b>1,321</b>	<b>1.5</b>	<b>0.5</b>	<b>(44.9)</b>	<b>(60.8)</b>	<b>(15.9)</b>
<b>Benchmark-Central Vermont Medical Center</b>										
Salary per FTE - Non-MD	65,400	65,538	68,192	67,951	69,142	0.2%	3.7%	-0.4%	1.4%	1.8%
Salary & Benefits per FTE - Non-MD	82,875	82,851	85,188	88,904	90,670	0.0%	7.3%	4.4%	6.4%	2.0%
FTEs Per Adjusted Occupied Bed	5	5	6	5	5	-0.3%	-6.8%	-11.3%	-13.3%	-2.2%
FTEs per 100 Adj Discharges	7	7	7	7	7	0.3%	7.3%	4.3%	0.1%	-3.9%
<b>Benchmarks-Vermont System Averages</b>										
Salary per FTE - Non-MD	66,011	66,067	67,435	68,152	70,075	0.1%	3.2%	1.1%	3.9%	2.8%
Salary & Benefits per FTE - Non-MD	84,936	84,930	86,796	87,678	89,716	0.0%	3.2%	1.0%	3.4%	2.3%
FTEs Per Adjusted Occupied Bed	6	6	6	6	6	0.1%	-1.7%	-3.5%	1.5%	5.1%
FTEs per 100 Adj Discharges	8	8	8	8	8	0.1%	-0.9%	-1.1%	2.3%	3.4%

**OBSERVATIONS:**

Utilization has decreased in all categories except Acute Average Length of Stay and Operating Room Procedures from FY19B to FY20B but FY19P to FY20B every category decreased except Provider RVUs and Office Visits.

The hospital's utilization for Tests, CT Scans, Diagnostic Radiology and adjusted admissions are budgeted at FY16 and FY17 levels.

The hospital is adjusting staff levels against benchmarks established by Vizient's productivity analysis for FY20 Budget, also noted is the challenges with recruitment for their FY19 projection. The hospital is budgeting at less than FY17 levels. Salary & Benefits per FTE have increased 6.4% FY19B to FY20B and 2% FY19P to FY20B, the hospital is experiencing higher employee health claims.

Fiscal Year 2020 Budget Analysis										
Central Vermont Medical Center										
BALANCE SHEET	FY2016A	FY2017A	FY2018A	FY2019B	FY2019P	FY2020B	2018A-2019P	2019B-2019P	2019P-2020B	2018A-2020B
<b>Cash &amp; Investments</b>	<b>6,742,732</b>	<b>13,064,236</b>	<b>8,886,320</b>	<b>14,202,229</b>	<b>9,921,288</b>	<b>10,000,000</b>	<b>11.6%</b>	<b>-30.1%</b>	<b>0.8%</b>	<b>12.5%</b>
Risk Reserve for Fixed Reform Payments	0	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Other Current Assets	29,312,794	33,098,248	29,582,363	28,663,224	31,744,637	31,874,404	7.3%	10.8%	0.4%	7.7%
<b>Current Assets</b>	<b>36,055,526</b>	<b>46,162,484</b>	<b>38,468,683</b>	<b>42,865,453</b>	<b>41,665,925</b>	<b>41,874,404</b>	<b>8.3%</b>	<b>-2.8%</b>	<b>0.5%</b>	<b>8.9%</b>
Board Designated Assets	45,195,101	50,356,223	62,493,097	60,865,808	56,835,779	53,773,713	-9.1%	-6.6%	-5.4%	-14.0%
Net, Property, Plant And Equipment	74,623,674	71,396,584	68,582,663	71,549,716	68,219,365	75,785,919	-0.5%	-4.7%	11.1%	10.5%
Other Long-Term Assets	11,069,306	12,247,377	3,271,190	5,423,898	495,954	969,734	-84.8%	-90.9%	95.5%	-70.4%
<b>Assets</b>	<b>166,943,607</b>	<b>180,162,668</b>	<b>172,815,633</b>	<b>180,704,875</b>	<b>167,217,022</b>	<b>172,403,770</b>	<b>-3.2%</b>	<b>-7.5%</b>	<b>3.1%</b>	<b>-0.2%</b>
<b>Current Liabilities</b>	<b>32,935,560</b>	<b>37,882,305</b>	<b>43,623,891</b>	<b>28,080,952</b>	<b>37,318,688</b>	<b>38,257,960</b>	<b>-14.5%</b>	<b>32.9%</b>	<b>2.5%</b>	<b>-12.3%</b>
Long Term Liabilities	16,315,849	18,261,434	12,855,717	12,682,885	9,472,932	6,088,325	-26.3%	-25.3%	-35.7%	-52.6%
Other Noncurrent Liabilities	42,903,233	33,795,663	24,286,665	45,037,437	18,509,574	18,000,000	-23.8%	-58.9%	-2.8%	-25.9%
Fund Balance	74,788,965	90,223,266	92,049,360	94,903,601	101,915,828	110,057,485	10.7%	7.4%	8.0%	19.6%
<b>Liabilities and Equities</b>	<b>166,943,607</b>	<b>180,162,668</b>	<b>172,815,633</b>	<b>180,704,875</b>	<b>167,217,022</b>	<b>172,403,770</b>	<b>-3.2%</b>	<b>-7.5%</b>	<b>3.1%</b>	<b>-0.2%</b>
<b>Benchmarks-Hospital</b>							<b>Change in Points</b>			
Days Cash on Hand	98.61	115.58	109.83	112.65	96.27	89.12	(13.56)	(16.38)	(7.15)	(20.71)
Days Receivable	43.04	48.94	45.26	47.51	49.44	49.31	4.18	1.94	(0.14)	4.05
Long Term Debt to Capitalization	18%	17%	12%	12%	9%	5%	-4%	-3%	-3%	-7%
Days Payable	62.53	69.04	77.22	48.32	63.37	62.25	(13.85)	15.05	(1.12)	(14.97)
Debt Service Coverage Ratio	3.4	2.2	0.4	3.8	2.8	3.9	2.4	(1.0)	1.1	3.4
<b>Benchmarks-Vermont System Averages</b>							<b>Change in Points</b>			
Days Cash on Hand	182	192	176	172	167	166	(9)	(5)	(1)	(10)
Days Receivable	42	43	43	44	47	46	4	3	(0)	4
Long Term Debt to Capitalization	30%	29%	27%	25%	26%	24%	-1%	1%	-2%	-3%
Days Payable	60	58	63	54	54	55	(9)	(0)	1	(9)
Debt Service Coverage Ratio	5.0	3.9	2.4	3.6	3.0	3.5	0.6	(0.7)	0.6	1.1
<b>OBSERVATIONS:</b> Days Cash on Hand has been lower than the Vermont system average for many years and is budgeted to be lower then FY16 for FY20.										

Fiscal Year 2020 Budget Analysis		Central Vermont Medical Center						
CAPITAL BUDGET	FY2018A	FY2019B	FY2019P	FY2020B	2021 Plan	2022 Plan	2023 Plan	
Non-Certificate of Need Capital Plans Total	8,714,985	13,118,579	15,937,215	11,002,488	6,000,000	6,000,000	6,000,000	
Certificate of Need Capital Plans	0	0	0	7,100,000	44,500,000	40,000,000	20,000,000	
Total Capital Purchases	8,714,985	13,118,579	15,937,215	18,102,488	50,500,000	46,000,000	26,000,000	
Central Vermont Medical Center								
Age of Plant	10.8	12.2	12.2	12.9	0.0	0.0	0.0	
Capital Expenditures to Depreciation	89%	134%	168%	113%	0%	0%	0%	
Capital Cost % of Total Expense	4.8%	4.6%	4.4%	4.3%	0.0%	0.0%	0.0%	
Benchmarks-Vermont System Averages								
Age of Plant	13.1	13.5	13.4	12.8	0.0	0.0	0.0	
Capital Expenditures to Depreciation	79%	111%	105%	77%	0%	0%	0%	
Capital Cost % of Total Expense	4.8%	5.0%	4.8%	5.3%	0.0%	0.0%	0.0%	
<p><b>OBSERVATIONS:</b> The narrative states that CVMC has CON plans for updates to the Woodridge Post Acute Facility for \$7.1 million for FY20. For FY21-23 the Hospital plans to submit a Master Facility Plan for \$79 million and \$21 million for IP Psych Master Facility Plan. The hospital's financial health may affect its borrowing as Debt Service Coverage ratio for FY18A was 0.42 and they project 2.78 for FY19. The hospital's capital expenditures to depreciation has been higher than the Vermont system average.</p>								



Fiscal Year 2020 Budget Analysis	Central Vermont Medical Center							Flex Monitoring Team 2017 CAH Medians		2019 Flex Monitoring Team FY2017	2019 Almanac of Hospital Indicators (Optum)
	FY2016A	FY2017A	FY2018B	FY2018A	FY2019B	FY2019P	FY2020B	Vermont--8 Hospitals	U.S.--1317 Hospitals	Northeast CAH	Teaching Hospitals
<b>DASHBOARD</b>											
<b>Net Patient Care Rev &amp; Fixed Payments &amp; Reserves</b>	191,539,946	195,237,530	198,452,560	194,586,135	211,387,021	209,649,672	222,024,685				
Budget to Budget % Change NPR & FPP					6.5%		5.0%				
Budget to Actual/Projection % Change NPR & FPP				-1.9%		-0.8%	5.9%				
Three Year NPR & FPP CAGR* (FY18A - FY20B)							6.8%				
Five Year NPR & FPP CAGR* (FY16A - FY20B)							3.8%				
<b>Operating Expense</b>	201,969,871	210,065,504	208,298,707	216,033,931	221,962,950	224,417,219	234,056,135				
Budget to Budget % Change Oper Exp					6.6%		5.4%				
Budget to Actual/Projection % Change Oper Exp				3.7%		1.1%	4.3%				
Three Year NPR & FPP CAGR* (FY18A - FY20B)							4.1%				
Five Year NPR & FPP CAGR* (FY16A - FY20B)							3.8%				
<b>Profitability</b>											
<b>Operating Margin</b>	2,049,956	(1,902,075)	3,773,887	(7,868,458)	3,256,040	678,464	4,168,541				
Three Year NPR & FPP CAGR* (FY18A - FY20B)							#NUM!				
Five Year NPR & FPP CAGR* (FY16A - FY20B)							19.4%				
EBIDA Margin%	-148.6%	4.1%	6.7%	1.2%	6.0%	4.7%	6.0%				
Operating Margin %	1.0%	-0.9%	1.8%	-3.8%	1.4%	0.3%	1.7%	-1.48%	0.93%	0.8%	0.8%
<b>Total Margin</b>	3,812,713	15,124,352	5,644,922	1,889,145	7,502,689	3,136,447	8,141,087				
Three Year NPR & FPP CAGR* (FY17A - FY20B)							1.0%				
Five Year NPR & FPP CAGR* (FY16A - FY20B)							20.9%				
Total Margin %	1.9%	6.7%	2.6%	0.9%	3.3%	1.4%	3.4%	2.47%	1.79%	3.5%	4.5%
Return On Assets	2.3%	8.4%	3.1%	1.1%	4.2%	1.9%	4.7%				
<b>Costs</b>											
Cost per Adjusted Admission	13,611	14,022	15,254	13,836	14,236	14,194	14,439				
Salary per FTE - Non-MD	64,066	66,578	66,436	65,538	68,192	67,951	69,142	77,782	57,928	65,605	66,657
<b>Five Year Salary per FTE CAGR* (FY16A - FY20B)</b>							1.9%				
Overhead Exp. as a % of Total Operating Exp.**	20.0%	22.2%	23.9%	23.0%	22.2%	29.3%	30.6%				
<b>Liquidity</b>											
<b>Cash &amp; Investments</b>	6,742,732	13,064,236	13,560,268	8,886,320	14,202,229	9,921,288	10,000,000				
Days Cash on Hand	99	116	139	110	113	96	89	133	78	114	137
Current Ratio	3.70	4.52	5.72	5.38	4.88	6.53	7.38	1.57	2.54	0	2
Expense Per Day**	553,342	575,522	570,681	591,874	608,118	614,842	641,250				
Days Receivable**	43	49	67	45	48	49	49	43	51	42	49
Days Payable**	63	69	47	77	48	63	62				
<b>Capital</b>											
Age of Plant**	10	10	11	11	12	12	13	13	11	15	11
Long Term Debt to Capitalization**	17.9%	16.8%	18.1%	12.3%	11.8%	8.5%	5.2%	30.6%	31.3%	31%	31%
Debt Service Coverage Ratio	3.44	2.24	4.02	0.42	3.75	2.78	3.86	8.01	3.74	6.6	2.6
Cash to Long Term Debt	3.18	3.47	4.22	4.83	5.16	5.98	9.00				
*CAGR = Compounded Annual Growth Rate											
**Denotes metric is favorable if lower											