

# Southwestern VT Medical Center

FY 2019 Actual Audited Financial Results Analysis

Report Date: 2/18/2020

**FY 2019 Actual Audited Financial Results Analysis Southwestern VT Medical Center**

INCOME STATEMENT	FY2018A	FY2019B	FY2019A	FY2020B	2019B -	2019B - 2019A	2018A - 2019A	2019B - 2020B	2019A - 2020B
					2020B \$ Chg	% Chg	% Chg	% Chg	% Chg
<b>Revenues</b>									
<b>Gross Patient Care Revenue</b>	<b>343,147,360</b>	<b>361,207,293</b>	<b>361,468,556</b>	<b>381,229,035</b>	<b>20,021,742</b>	<b>0.1%</b>	<b>5.3%</b>	<b>5.5%</b>	<b>5.5%</b>
Disproportionate Share Payments	1,038,062	1,021,412	976,320	839,000	(182,412)	-4.4%	-5.9%	-17.9%	-14.1%
Bad Debt	(5,741,603)	(6,100,000)	(6,109,855)	(6,400,000)	(300,000)	0.2%	6.4%	4.9%	4.7%
Free Care	(2,148,512)	(2,350,000)	(2,145,969)	(2,250,000)	100,000	-8.7%	-0.1%	-4.3%	4.8%
Deductions from Revenue	(180,434,160)	(195,354,821)	(214,012,377)	(237,633,390)	(42,278,569)	9.6%	18.6%	21.6%	11.0%
Graduate Medical Education	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
<b>Net Patient Care Revenue</b>	<b>155,861,147</b>	<b>158,423,884</b>	<b>140,176,675</b>	<b>135,784,645</b>	<b>(22,639,239)</b>	<b>-11.5%</b>	<b>-10.1%</b>	<b>-14.3%</b>	<b>-3.1%</b>
Fixed Prospective Payments	5,254,618	6,777,492	23,775,895	36,500,000	29,722,508	250.8%	352.5%	438.5%	53.5%
Reserves	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Other Reform Payments	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
<b>Fixed Prospective Payments and Reserves</b>	<b>5,254,618</b>	<b>6,777,492</b>	<b>23,775,895</b>	<b>36,500,000</b>		<b>250.8%</b>	<b>352.5%</b>	<b>438.5%</b>	<b>53.5%</b>
<b>Net Patient Care Revenue &amp; Fixed Payments &amp; Reserves</b>	<b>161,115,765</b>	<b>165,201,376</b>	<b>163,952,570</b>	<b>172,284,645</b>	<b>7,083,269</b>	<b>-0.8%</b>	<b>1.8%</b>	<b>4.3%</b>	<b>5.1%</b>
Other Operating Revenue	5,058,629	5,127,206	7,408,575	5,722,145	594,939	44.5%	46.5%	11.6%	-22.8%
<b>Total Operating Revenue</b>	<b>166,174,394</b>	<b>170,328,582</b>	<b>171,361,145</b>	<b>178,006,790</b>	<b>7,678,208</b>	<b>0.6%</b>	<b>3.1%</b>	<b>4.5%</b>	<b>3.9%</b>
<b>Expenses</b>									
Salaries Non MD	48,060,225	49,318,033	49,447,982	51,600,043	2,282,010	0.3%	2.9%	4.6%	4.4%
Fringe Benefits Non MD	12,862,407	14,610,440	15,116,839	15,032,690	422,250	3.5%	17.5%	2.9%	-0.6%
Physician Fees, Salaries, Contracts	30,234,817	29,954,394	31,336,600	32,705,402	2,751,008	4.6%	3.6%	9.2%	4.4%
Fringe Benefits MD	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Health Care Provider Tax	9,261,317	9,618,532	9,766,182	9,981,590	363,058	1.5%	5.5%	3.8%	2.2%
Depreciation & Amortization	6,161,823	6,309,783	6,155,238	6,500,000	190,217	-2.4%	-0.1%	3.0%	5.6%
Interest - Long Term & Short Term	520,068	544,462	499,629	750,000	205,538	-8.2%	-3.9%	37.8%	50.1%
Other Operating Expense	51,455,618	53,855,921	53,455,631	55,384,591	1,528,670	-0.7%	3.9%	2.8%	3.6%
<b>Total Operating Expense</b>	<b>158,556,275</b>	<b>164,211,565</b>	<b>165,778,101</b>	<b>171,954,316</b>	<b>7,742,751</b>	<b>1.0%</b>	<b>4.6%</b>	<b>4.7%</b>	<b>3.7%</b>
<b>Net Operating Income (Loss)</b>	<b>7,618,119</b>	<b>6,117,017</b>	<b>5,583,044</b>	<b>6,052,474</b>	<b>(64,543)</b>	<b>-8.7%</b>	<b>-26.7%</b>	<b>-1.1%</b>	<b>8.4%</b>
Non-Operating Revenue	2,084,454	649,214	413,312	600,000	(49,214)	-36.3%	-80.2%	-7.6%	45.2%
<b>Excess (Deficit) of Rev Over Exp</b>	<b>9,702,573</b>	<b>6,766,231</b>	<b>5,996,356</b>	<b>6,652,474</b>	<b>(113,757)</b>	<b>-11.4%</b>	<b>-38.2%</b>	<b>-1.7%</b>	<b>10.9%</b>

**Benchmarks-Hospital**

Operating Margin%	4.6%	3.6%	3.3%	3.4%
Total Margin %	5.8%	4.0%	3.5%	3.7%
EBIDA %	8.6%	7.6%	7.1%	7.5%
Cost per Adjusted Admission	8,937	9,589	9,056	9,529

**OBSERVATIONS :**

Fiscal Year 2020 Budget Analysis		Southwestern VT Medical Center							
BALANCE SHEET	FY2018A	FY2019B	FY2019A	FY2020B	2018A-2019A	2019B-2019A	2019A-2020B	2018A-2020B	
<b>Cash &amp; Investments</b>	<b>8,811,592</b>	<b>12,719,872</b>	<b>10,308,114</b>	<b>8,361,018</b>	<b>17.0%</b>	<b>-19.0%</b>	<b>-18.9%</b>	<b>-5.1%</b>	
Risk Reserve for Fixed Reform Payments	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Other Current Assets	19,917,677	20,366,154	19,617,445	19,777,938	-1.5%	-3.7%	0.8%	-0.7%	
<b>Current Assets</b>	<b>28,729,269</b>	<b>33,086,026</b>	<b>29,925,559</b>	<b>28,138,956</b>	<b>4.2%</b>	<b>-9.6%</b>	<b>-6.0%</b>	<b>-2.1%</b>	
Board Designated Assets	7,062,598	7,329,335	7,492,748	7,842,968	6.1%	2.2%	4.7%	11.0%	
Net, Property, Plant And Equipment	39,367,273	38,902,015	37,707,493	35,881,067	-4.2%	-3.1%	-4.8%	-8.9%	
Other Long-Term Assets	5,846,288	12,727,579	10,547,004	7,025,590	80.4%	-17.1%	-33.4%	20.2%	
<b>Assets</b>	<b>81,005,428</b>	<b>92,044,955</b>	<b>85,672,804</b>	<b>78,888,581</b>	<b>5.8%</b>	<b>-6.9%</b>	<b>-7.9%</b>	<b>-2.6%</b>	
<b>Current Liabilities</b>	<b>22,696,656</b>	<b>25,115,108</b>	<b>24,370,949</b>	<b>21,723,526</b>	<b>7.4%</b>	<b>-3.0%</b>	<b>-10.9%</b>	<b>-4.3%</b>	
Long Term Liabilities	9,568,084	9,377,032	9,277,545	8,978,406	-3.0%	-1.1%	-3.2%	-6.2%	
Other Noncurrent Liabilities	9,866,618	12,574,209	16,168,095	7,030,072	63.9%	28.6%	-56.5%	-28.7%	
Fund Balance	38,874,070	44,978,606	35,856,215	41,156,577	-7.8%	-20.3%	14.8%	5.9%	
<b>Liabilities and Equities</b>	<b>81,005,428</b>	<b>92,044,955</b>	<b>85,672,804</b>	<b>78,888,581</b>	<b>5.8%</b>	<b>-6.9%</b>	<b>-7.9%</b>	<b>-2.6%</b>	
<b>Benchmarks-Hospital</b>					<b>Change in Points</b>				
<b>Days Cash on Hand</b>	<b>38.02</b>	<b>46.35</b>	<b>40.70</b>	<b>35.75</b>	<b>2.68</b>	<b>(5.64)</b>	<b>(4.96)</b>	<b>(2.27)</b>	
Days Receivable	34.21	35.45	35.64	38.55	1.43	0.18	2.91	4.34	
Days Payable	54.36	58.06	55.73	47.92	1.37	(2.33)	(7.80)	(6.44)	
Long Term Debt to Capitalization	0.20	0.17	0.21	0.18					
Debt Service Coverage Ratio	15.1	13.7	13.4	11.5	(1.7)	(0.3)	(1.9)	(3.5)	
<b>Benchmarks-Vermont System Averages</b>					<b>Change in Points</b>				
Days Cash on Hand	176	172	158	164	(18)	(14)	6	(12)	
Days Receivable	43	44	46	47	3	2	1	4	
Days Payable	63	54	54	54	(10)	(1)	1	(9)	
Long Term Debt to Capitalization	0	0	0	0					
Debt Service Coverage Ratio	2.4	3.6	3.1	3.4	0.7	(0.5)	0.3	1.0	
<b>OBSERVATIONS:</b>									

Fiscal Year 2020 Budget Analysis									Southwestern VT Medical Center			
NET PAYER REVENUE CHANGES - PAYERS		FY2018A	FY2019B	FY2019A	FY2020B	2018A - 2019A % Chg	2019B - 2019A % Chg	2019B - 2020B % Chg	2019A - 2020B % Chg			
<b>All Payers</b>	<b>Gross Patient Care Revenue</b>	343,147,360	361,207,293	361,468,556	381,229,035	5.3%	0.1%	5.5%	5.5%			
	Contractual Allowances	-180,434,160	-195,354,821	-214,012,377	-237,633,390	18.6%	9.6%	21.6%	11.0%			
	Bad Debt	-5,741,603	-6,100,000	-6,109,855	-6,400,000	6.4%	0.2%	4.9%	4.7%			
	Free Care	-2,148,512	-2,350,000	-2,145,969	-2,250,000	-0.1%	-8.7%	-4.3%	4.8%			
	Graduate Medical Education Payments	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			
	Disproportionate Share Payments	1,038,062	1,021,412	976,320	839,000	-5.9%	-4.4%	-17.9%	-14.1%			
	<b>Net Payer Revenue</b>	<b>155,861,147</b>	<b>158,423,884</b>	<b>140,176,675</b>	<b>135,784,645</b>	<b>-10.1%</b>	<b>-11.5%</b>	<b>-14.3%</b>	<b>-3.1%</b>			
	Fixed Prospective Payments	5,254,618	6,777,492	23,775,895	36,500,000	352.5%	250.8%	438.5%	53.5%			
	Reserves - Risk Portion	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			
	Other Reform Payments	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			
	<b>Fixed Prospective Payment &amp; Reserves</b>	<b>5,254,618</b>	<b>6,777,492</b>	<b>23,775,895</b>	<b>36,500,000</b>	<b>352.5%</b>	<b>250.8%</b>	<b>438.5%</b>	<b>53.5%</b>			
	<b>Net Payer Revenue &amp; Fixed Prospective Payments</b>	<b>161,115,765</b>	<b>165,201,376</b>	<b>163,952,570</b>	<b>172,284,645</b>	<b>1.8%</b>	<b>-0.8%</b>	<b>4.3%</b>	<b>5.1%</b>			
<b>Commercial</b>	<b>Gross Patient Care Revenue</b>	109,387,103	115,202,210	112,668,144	119,556,254	3.0%	-2.2%	3.8%	6.1%			
	Contractual Allowances	-23,018,357	-23,533,547	-25,767,228	-31,144,630	11.9%	9.5%	32.3%	20.9%			
	Bad Debt	-5,741,603	-6,100,000	-6,109,855	-6,400,000	6.4%	0.2%	4.9%	4.7%			
	Free Care	-2,148,512	-2,350,000	-2,145,969	-2,250,000	-0.1%	-8.7%	-4.3%	4.8%			
	Graduate Medical Education Payments	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			
	<b>Net Payer Revenue</b>	<b>78,478,631</b>	<b>83,218,663</b>	<b>78,645,092</b>	<b>79,761,624</b>	<b>0.2%</b>	<b>-5.5%</b>	<b>-4.2%</b>	<b>1.4%</b>			
	Fixed Prospective Payments	0	0	-1,909	7,000,000	#DIV/0!	#DIV/0!	#DIV/0!	-366784.1%			
	Reserves - Risk Portion	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			
	Other Reform Payments	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			
	<b>Fixed Prospective Payment &amp; Reserves</b>	<b>0</b>	<b>0</b>	<b>-1,909</b>	<b>7,000,000</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>-366784.1%</b>			
	<b>Net Payer Revenue &amp; Fixed Prospective Payments</b>	<b>78,478,631</b>	<b>83,218,663</b>	<b>78,643,183</b>	<b>86,761,624</b>	<b>0.2%</b>	<b>-5.5%</b>	<b>4.3%</b>	<b>10.3%</b>			
<b>Percentage of total</b>		49%	50%	48%	50%							
<b>Medicaid</b>	<b>Gross Patient Care Revenue</b>	58,852,475	65,098,405	61,480,359	65,066,988	4.5%	-5.6%	0.0%	5.8%			
	Contractual Allowances	-45,172,082	-53,228,635	-50,379,201	-53,562,426	11.5%	-5.4%	0.6%	6.3%			
	Bad Debt	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			
	Free Care	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			
	Graduate Medical Education Payments	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			
	<b>Net Payer Revenue</b>	<b>13,680,393</b>	<b>11,869,770</b>	<b>11,101,158</b>	<b>11,504,562</b>	<b>-18.9%</b>	<b>-6.5%</b>	<b>-3.1%</b>	<b>3.6%</b>			
	Fixed Prospective Payments	5,254,618	6,777,492	7,743,411	7,200,000	47.4%	14.3%	6.2%	-7.0%			
	Reserves - Risk Portion	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			
	Other Reform Payments	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			
	<b>Fixed Prospective Payment &amp; Reserves</b>	<b>5,254,618</b>	<b>6,777,492</b>	<b>7,743,411</b>	<b>7,200,000</b>	<b>47.4%</b>	<b>14.3%</b>	<b>6.2%</b>	<b>-7.0%</b>			
	<b>Net Payer Revenue &amp; Fixed Prospective Payments</b>	<b>18,935,011</b>	<b>18,647,262</b>	<b>18,844,569</b>	<b>18,704,562</b>	<b>-0.5%</b>	<b>1.1%</b>	<b>0.3%</b>	<b>-0.7%</b>			
<b>Percentage of total</b>		12%	11%	11%	11%							
<b>Medicare</b>	<b>Gross Patient Care Revenue</b>	174,907,783	180,906,678	187,320,053	196,605,793	7.1%	3.5%	8.7%	5.0%			
	Contractual Allowances	-112,243,721	-118,592,639	-137,865,948	-152,926,334	22.8%	16.3%	29.0%	10.9%			
	Bad Debt	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			
	Free Care	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			
	Graduate Medical Education Payments	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			
	<b>Net Payer Revenue</b>	<b>62,664,062</b>	<b>62,314,039</b>	<b>49,454,105</b>	<b>43,679,459</b>	<b>-21.1%</b>	<b>-20.6%</b>	<b>-29.9%</b>	<b>-11.7%</b>			
	Fixed Prospective Payments	0	0	16,034,393	22,300,000	#DIV/0!	#DIV/0!	#DIV/0!	39.1%			
	Reserves - Risk Portion	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			
	Other Reform Payments	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			
	<b>Fixed Prospective Payment &amp; Reserves</b>	<b>0</b>	<b>0</b>	<b>16,034,393</b>	<b>22,300,000</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>39.1%</b>			
	<b>Net Payer Revenue &amp; Fixed Prospective Payments</b>	<b>62,664,062</b>	<b>62,314,039</b>	<b>65,488,498</b>	<b>65,979,459</b>	<b>4.5%</b>	<b>5.1%</b>	<b>5.9%</b>	<b>0.7%</b>			
<b>Percentage of total</b>		39%	38%	40%	38%							
	<b>Disproportionate Share Payments</b>	<b>1,038,062</b>	<b>1,021,412</b>	<b>976,320</b>	<b>839,000</b>	<b>-5.9%</b>	<b>-4.4%</b>	<b>-17.9%</b>	<b>-14.1%</b>			
<b>Percentage of total</b>												
	<b>NPR &amp; FPP to Gross Commercial (no dsh)</b>	<b>72%</b>	<b>72%</b>	<b>70%</b>	<b>73%</b>							
	<b>NPR &amp; FPP to Gross Medicaid (no dsh)</b>	<b>32%</b>	<b>29%</b>	<b>31%</b>	<b>29%</b>							
	<b>NPR &amp; FPP to Gross Medicare (no dsh)</b>	<b>36%</b>	<b>34%</b>	<b>35%</b>	<b>34%</b>							
	<b>NPR &amp; FPP to Gross All (no dsh)</b>	<b>47%</b>	<b>45%</b>	<b>45%</b>	<b>45%</b>							
<b>Observations:</b>												

FY 2019 Actual Audited Financial Results Analysis					Southwestern VT Medical Center				
UTILIZATION & STAFFING	FY2018A	FY2019B	FY2019A	FY2020B	2018A-2019A	2019B-2019A	2019B-2020B	2019A-2020B	
<b>UTILIZATION</b>									
Adjusted Admissions	17,741	17,126	18,306	18,046	3.2%	6.9%	5.4%	-1.4%	
Acute Admissions	3,419	3,498	3,401	3,425	-0.5%	-2.8%	-2.1%	0.7%	
Acute Average Length Of Stay	3.4	3.5	3.4	3.5	1.7%	-1.6%	0.1%	1.8%	
All Operating Room Procedure	2,264	2,146	2,303	2,358	1.7%	7.3%	9.9%	2.4%	
Tests	392,577	403,915	395,621	387,336	0.8%	-2.1%	-4.1%	-2.1%	
Emergency Room Visits	23,517	23,216	24,239	24,100	3.1%	4.4%	3.8%	-0.6%	
CT Scan, Radiology - Diagnostic	45,006	48,301	46,231	48,853	2.7%	-4.3%	1.1%	5.7%	
Exams	15,158	15,428	15,244	15,267	0.6%	-1.2%	-1.0%	0.2%	
Provider Work RVU	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Physician Office Visits	133,586	145,313	144,803	166,104	8.4%	-0.4%	14.3%	14.7%	
Clinic Visits	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
<b>STAFFING</b>									
Non-MD FTEs	767	764	781	783	13.3	16.9	19.2	2.3	
Travelers, Travelers MD	0	0	0	0	0.0	0.0	0.0	0.0	
Residents & Fellows	0	0	0	0	0.0	0.0	0.0	0.0	
MLPs	0	0	0	0	0.0	0.0	0.0	0.0	
Physician FTEs	94	90	95	104	1.0	5.9	14.8	8.9	
<b>Total FTEs</b>	<b>862</b>	<b>853</b>	<b>876</b>	<b>887</b>	<b>14.3</b>	<b>22.8</b>	<b>34.0</b>	<b>11.2</b>	
<b>Benchmark-Central Vermont Medical Center</b>									
Salary per FTE - Non-MD	62,642	64,586	63,352	65,917	1.1%	-1.9%	2.1%	4.0%	
Salary & Benefits per FTE - Non-MD	79,407	83,720	82,719	85,121	4.2%	-1.2%	1.7%	2.9%	
FTEs Per Adjusted Occupied Bed	5	5	5	5	-3.1%	-2.8%	-2.9%	0.0%	
FTEs per 100 Adj Discharges	4	4	4	4	-1.4%	-4.4%	-2.7%	1.7%	
<b>Benchmarks-Vermont System Averages</b>									
Salary per FTE - Non-MD	66,067	67,435	70,572	70,085	6.8%	4.7%	3.9%	-0.7%	
Salary & Benefits per FTE - Non-MD	84,930	86,796	90,767	89,722	6.9%	4.6%	3.4%	-1.2%	
FTEs Per Adjusted Occupied Bed	6	6	6	6	-2.7%	-6.5%	1.7%	8.8%	
FTEs per 100 Adj Discharges	7	8	7	8	-0.6%	-4.5%	2.1%	7.0%	

**OBSERVATIONS:**