

Grace Cottage Hospital

Fiscal Year 2017 Budget Analysis

Report Date: 8/5/2016

Grace Cottage Hospital

CEO: Roger Allbee

CFO: Stephen Brown

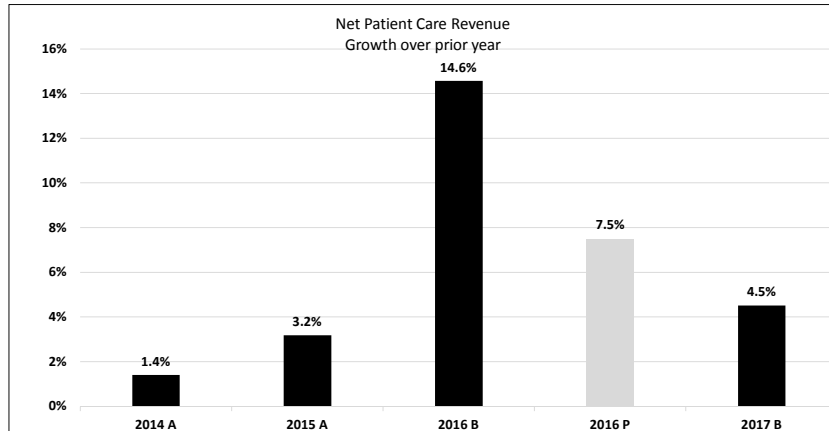
SUMMARY OF BUDGET

| | 2015 A | 2016 B | 2017 B | B16-B17 Change \$ | B16-B17 Change % | B16-B17 Change \$ All Hospitals | B16-B17 Change % All Hospitals |
|---|-----------------------|----------------------|----------------------|-------------------|------------------|---------------------------------|--------------------------------|
| Gross Patient Care Revenue | \$ 22,650,537 | \$ 25,772,227 | \$ 28,407,778 | \$ 2,635,551 | 10.2% | \$ 134,233,796 | 2.7% |
| Net Patient Care Revenue | \$ 16,038,766 | \$ 18,375,041 | \$ 19,205,503 | 830,462 | 4.5% | 114,474,070 | 5.0% |
| Other Operating Revenue | \$ 920,058 | \$ 1,062,338 | \$ 1,186,377 | 124,039 | 11.7% | 6,477,684 | 4.7% |
| Total Operating Revenue | \$ 16,958,824 | \$ 19,437,379 | \$ 20,391,880 | 954,501 | 4.9% | 120,951,754 | 4.9% |
| Operating Expense | \$ 18,614,414 | \$ 19,846,438 | \$ 20,591,302 | 744,864 | 3.8% | 119,502,747 | 5.0% |
| Net Operating Income (loss) | \$ (1,655,590) | \$ (409,059) | \$ (199,422) | 209,637 | -51.2% | 1,449,007 | 2.1% |
| Non Operating Revenue | \$ 943,756 | \$ 564,157 | \$ 743,534 | 179,377 | 31.8% | 4,835,590 | 15.7% |
| Excess (Deficit) of Rev over Exp | \$ (711,834) | \$ 155,098 | \$ 544,112 | 389,014 | 250.8% | 6,284,597 | 6.3% |
| Operating Margin % | -9.8% | -2.1% | -1.0% | | | | |
| Total Margin % | -4.0% | 0.8% | 2.6% | | | | |

The hospital has prepared a budget with a net patient revenues (NPR) increase of 4.5%. The increase over 3.4% is directly related to trying to improve the hospital's operating income which historically has been a loss. Other operating revenues such as meaningful use (\$76,000) and 340B funds (\$722,000) also contribute to the hospital's **operating income (loss)**.

The overall **total surplus** is higher as the hospital expects to get contributions from the community to support the hospital. The hospital historically has relied on the community to achieve an overall positive operating income.

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



Note: The 2016 projected change is measured from Actual 2015.

Grace Cottage Hospital

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% |
| Grace Cottage Hospital Rate Request | 6.5% | 6.0% | 5.0% | 5.0% | 5.0% |
| Hospital Inpatient | | | | | 5.3% |
| Hospital Outpatient | | | | | 5.3% |
| Professional Services | | | | | 4.0% |
| Nursing Home | | | | | 0.0% |
| Home Health | | | | | 5.3% |
| Other | | | | | 0.0% |

The 5% rate increase is not across the board as the hospital has 5.3% increases budgeted for inpatient, outpatient, and home health and 4.0% increase for physician services. The rate increase will generate \$433,617 of the \$830,462 NPR increase. The balance will be earned by higher utilization and reduced costs related to bad debt and free care.

The hospital's NPR is projected to be lower in 2016 because they were not successful in negotiating the approved rate with commercial payers.

| | 2016 Approved | 2017 Submitted | B16-B17 Change | B16-B17 Change |
|------------------------------------|---------------|----------------|-------------------|---|
| Net Patient Revenue change | \$ 18,375,041 | \$ 19,205,503 | \$ 830,462 | 4.5% |
| NPR changes due to: | | | | |
| Rate request | | | \$ 433,617 | 5.0% The estimated effect of the 2017 rate request. |
| Commercial Ask Negotiations | | | \$ (317,302) | Negotiations in 2016 rate request that were unsuccessful. |
| Utilization | | | \$ 499,836 | Medicare and medicaid patients. |
| Other major program change | | | \$ - | |
| Physician Acquisition or reduction | | | \$ - | |
| Free care | | | \$ 66,608 | Reduction in patient cases and/or services. |
| Bad debt | | | \$ 147,703 | Some savings from better collection efforts. |
| Dispro share change | | | \$ - | |
| Other NPR changes | | | \$ - | |
| Total NPR changes | | | \$ 830,462 | |

Grace Cottage Hospital

| NET PAYER REVENUE CHANGE | | Projection | | | B16-B17 \$Change | B16-B17 % change | NPR From Rate | NPR From All Other |
|---------------------------|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------------|-----------------------|
| | | FY2016 | FY2016 | FY2017 | | | | |
| All Payers | Gross Revenue | \$25,772,227 | \$25,180,563 | \$28,407,778 | \$2,635,551 | 10.2% | | |
| | Allowances | (\$6,512,017) | (\$7,348,116) | (\$8,531,417) | (\$2,019,400) | 31.0% | | |
| | Bad Debt | (\$623,933) | (\$417,708) | (\$476,230) | \$147,703 | -23.7% | | |
| | Free Care | (\$261,236) | (\$172,010) | (\$194,628) | \$66,608 | -25.5% | | |
| | Disproportionate Share Payments | \$0 | \$0 | \$0 | \$0 | 0.0% | | |
| | Graduate Medical Education Payments | \$0 | \$0 | \$0 | \$0 | 0.0% | | |
| | Net Payer Revenue | \$18,375,041 | \$17,242,729 | \$19,205,503 | \$830,462 | 4.5% | \$433,617 | \$396,845 |
| Commercial | Gross Revenue | \$8,079,739 | \$7,431,547 | \$8,515,247 | \$435,508 | 5.4% | | |
| | Allowances | (\$2,053,340) | (\$2,196,821) | (\$2,558,442) | (\$505,102) | 24.6% | | |
| | 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 Payments | \$0 | \$0 | \$0 | \$0 | 0.0% | | |
| | Net Payer Revenue | \$6,026,399 | \$5,234,726 | \$5,956,805 | (\$69,594) | -1.2% | \$302,314 | -\$371,908 |
| Medicaid | Gross Revenue | \$4,132,565 | \$4,364,852 | \$5,009,268 | \$876,703 | 21.2% | | |
| | Allowances | (\$2,340,659) | (\$2,531,860) | (\$2,940,979) | (\$600,320) | 25.6% | | |
| | 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 Payments | \$0 | \$0 | \$0 | \$0 | 0.0% | | |
| | Net Payer Revenue | \$1,791,906 | \$1,832,992 | \$2,068,289 | \$276,383 | 15.4% | \$0 | \$276,383 |
| Medicare | Gross Revenue | \$13,559,923 | \$13,384,164 | \$14,883,263 | \$1,323,340 | 9.8% | | |
| | Allowances | (\$2,118,018) | (\$2,619,435) | (\$3,031,996) | (\$913,978) | 43.2% | | |
| | 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 Payments | \$0 | \$0 | \$0 | \$0 | 0.0% | | |
| | Net Payer Revenue | \$11,441,905 | \$10,764,729 | \$11,851,267 | \$409,362 | 3.6% | \$131,303 | \$278,059 |
| Bad Debt/Free Care | Gross Revenue | | | | \$0 | 0.0% | | |
| | Allowances | | | | \$0 | 0.0% | | |
| | Bad Debt | (\$623,933) | (\$417,708) | (\$476,230) | \$147,703 | -23.7% | | |
| | Free Care | (\$261,236) | (\$172,010) | (\$194,628) | \$66,608 | -25.5% | | |
| | Disproportionate Share Payments | | | | \$0 | 0.0% | | |
| | Graduate Medical Education Payments | | | | \$0 | 0.0% | | |
| | Net Payer Revenue | (\$885,169) | (\$589,718) | (\$670,858) | \$214,311 | -24.2% | \$0 | \$214,311 |

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 this year ('17) offset by rate dollars the hospital was unable to negotiate last year ('16).

The hospital expects NOT to receive increases in Medicaid revenues with their rate increase.

As a critical care hospital, Medicare rate dollars will increase some as a function of costs.

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 major operational items that increase the NPR.

- 1) The hospital's net patient revenues (NPR) are increasing 4.5% over 2016 budget. This exceeds the target by \$205,711. The hospital explains that they are over in this submission because they do not expect to meet the NPR level in 2016 and already operate with a low total operating margin.
 - a) Explain your NPR changes at the budget hearing using the payer schedule provided in the staff's analysis. The GMCB is interested in understanding the changes occurring from budget to budget by payer.
- 2) The hospital is requesting a 5.0% overall rate increase that will be applied to hospital services at 5.25% and physician services at 4%. Is this the rate that is negotiated with commercial payers? Describe the strategy and basis for this increase.
- 3) Describe the changes the hospital is seeing in overall utilization. Is the change across all payers? Are the types (DRGs) of acute admissions the hospital is experiencing changing over the last few years? What information is available that explains the increased ER visits?
- 4) The hospital narrative notes that the Holt Fund grant will help support the budget. Discuss the status of the application for the 2nd four-year grant.
- 5) The hospital notes that it is receiving low reimbursement from both Medicaid and Blue Cross. Is the Holt Grant an opportunity to begin to shift services and reimbursement in a way that will support the hospital going forward?
- 6) Provide a brief update on your re-certification as a Patient Centered Medical Home (PCMH).
- 7) The hospital quantifies the amount that Medicaid is underpaying them (\$1.3 million) based upon an analysis of cost of services. Describe how Grace Cottage calculates or records costs for each of its payers.
- 8) Briefly describe and discuss the critical role the hospital has identified as part of its Community Health Needs Assessment plan. Discuss the hospital's plans to spend \$3.6 million in capital for physician office space in FY 2018.
- 9) The hospital explains that bad debt is lower because of improved collection efforts. Free care also shows a decline as a % of overall gross revenue. Describe the changes the hospital is seeing with free care services and/or patients.
- 10) Are the FY 16 projections for net revenues, expenditures, and surplus as reported still valid? If not, describe any material changes.
- 11) 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.

| Grace Cottage Hospital | | | | | | | Vt Median | Northeast CAH | Other Non-Profit | 100 - 199 Beds | All Teaching |
|---|-----------|-------------|-------------|--------------|--------|-------------|-----------|------------------------|------------------|----------------|--------------|
| KEY INDICATORS | 2013 A | 2014 A | 2015 A | 2016 B | 2016 P | 2017 B | 2017 B | U.S. Benchmarks FY2014 | | | |
| Net Patient Revenue Change | | 1.4% | 3.2% | 14.6% | | 4.5% | | | | | |
| Overall Rates | 7% | 6% | 5% | 5% | | 5.0% | | | | | |
| Utilization | | | | | | | | | | | |
| Total Average Daily Census | 10 | 10 | 10 | 10 | 10 | 10 | 23.2 | - | 80 | 72 | 192 |
| Acute ALOS | 3.0 | 3.1 | 3.1 | 3.2 | 2.9 | 2.9 | 3.3 | - | - | - | - |
| Acute Admissions | 169 | 179 | 130 | 142 | 142 | 142 | 1,626 | - | - | - | - |
| Adjusted Admissions | 3,089 | 2,933 | 2,477 | 2,586 | 2,536 | 2,727 | 8,261 | - | - | - | - |
| Capital | | | | | | | | | | | |
| Age of Plant | 6.7 | 7.7 | 10.4 | 16.0 | 17.7 | 20.1 | 12.0 | 11.3 | 11.3 | 11.2 | 11.2 |
| Long Term Debt to Capitalization | 27.7% | 25.7% | 29.0% | 21.9% | 31.9% | 27.0% | 26.9% | 27.1% | 31.2% | 23.5% | 30.6% |
| Capital Expenditures to Depreciation | 27.8% | 12.5% | 83.5% | 161.7% | 81.2% | 135.3% | 131.2% | - | - | - | - |
| Debt Service Coverage Ratio | 1.1 | 1.6 | (1.3) | 0.6 | (0.3) | 0.8 | 4.2 | 4.4 | 2.8 | 3.0 | 5.0 |
| Revenue | | | | | | | | | | | |
| Bad Debt % | 3.5% | 2.7% | 2.3% | 2.4% | 1.7% | 1.7% | 1.6% | 5.6% | 5.5% | 6.7% | 4.1% |
| Free Care % | 1.5% | 1.4% | 0.9% | 1.0% | 0.7% | 0.7% | 0.7% | - | - | - | - |
| Operating Margin % | -6.4% | -6.9% | -9.8% | -2.1% | -5.9% | -1.0% | 1.9% | -2.4% | 0.7% | 2.8% | 3.0% |
| Total Margin % | -0.5% | -2.7% | -4.0% | 0.8% | 0.5% | 2.6% | 3.2% | 3.2% | 3.7% | 5.7% | 5.6% |
| Productivity & Staffing | | | | | | | | | | | |
| FTEs per 100 Adj Discharges | 4.3 | 4.3 | 5.3 | 5.4 | 5.4 | 5.2 | 5.6 | - | - | - | - |
| Overhead Expense w/ fringe, as a % of Total Operating Exp | 32.5% | 33.7% | 34.3% | 34.0% | 32.6% | 33.2% | 26.1% | - | - | - | - |
| Non MD FTEs | 133 | 126 | 131 | 141 | 136 | 140 | | - | - | - | - |
| Physician FTEs | 6.8 | 8.1 | 8.9 | 9.7 | 9.4 | 9.6 | | - | - | - | - |
| Cost & Revenue Unit of Measure | | | | | | | | | | | |
| Cost per Adjusted Admission | 5,644 | 5,960 | 7,514 | 7,674 | 7,617 | 7,552 | 10,264 | - | 7,557 | 7,453 | 7,645 |
| Salary & Benefits per FTE - Non-MD | 74,169 | 74,803 | 77,843 | 81,316 | 81,023 | 85,261 | 79,628 | - | - | - | - |
| Gross Revenue per Adj Admission | 6,607 | 7,836 | 9,143 | 9,966 | 9,928 | 10,419 | 20,280 | - | - | - | - |
| Liquidity | | | | | | | | | | | |
| Current Ratio | 1.8 | 1.7 | 1.3 | 1.1 | 1.4 | 1.3 | 2.9 | 1.4 | 2.3 | 1.7 | 1.8 |
| Days Cash on Hand | 72 | 81 | 76 | 81 | 81 | 77 | 129 | 99 | 74 | 75 | 110 |
| Cash to Long Term Debt | 117% | 155% | 160% | 235% | 157% | 183% | 183% | - | - | - | - |
| Payer | | | | | | | | | | | |
| Medicare Gross as % of Tot Gross Rev | 52% | 53% | 54% | 53% | 53% | 52% | 41% | - | - | - | - |
| Medicaid Gross as % of Tot Gross Rev | 15% | 15% | 16% | 16% | 17% | 18% | 19% | - | - | - | - |
| Comm/self Gross as % of Tot Gross Rev | 33% | 31% | 30% | 31% | 30% | 30% | 36% | - | - | - | - |
| Medicare % of Net Rev (incl DSH) | 63% | 62% | 66% | 62% | 62% | 62% | 35% | - | - | - | - |
| Medicaid % of Net Rev (incl DSH) | 9% | 9% | 9% | 10% | 11% | 11% | 12% | - | - | - | - |
| Comm/self % of Net Rev (incl DSH) | 28% | 29% | 26% | 28% | 27% | 28% | 50% | - | - | - | - |

Grace Cottage Hospital

| PROFIT & LOSS STATEMENT | 2014 A | 2015 A | 2016 B | 2016 P | 2017 B | B16-B17 Change | B16-B17 Change % |
|---|----------------|----------------|---------------|----------------|---------------|-----------------------|-------------------------|
| Revenues | | | | | | | |
| Gross Patient Care Revenue | \$ 22,980,699 | \$ 22,650,537 | \$ 25,772,227 | \$ 25,180,563 | \$ 28,407,778 | \$ 2,635,551 | 10.2% |
| Disproportionate Share Payments | - | - | - | - | - | - | |
| Bad Debt | (623,521) | (525,606) | (623,933) | (417,708) | (476,230) | 147,703 | -23.7% |
| Free Care | (331,918) | (196,472) | (261,236) | (172,010) | (194,628) | 66,608 | -25.5% |
| Graduate Medical Education | - | - | - | - | - | - | |
| Deductions from Revenue | (6,481,973) | (5,889,693) | (6,512,017) | (7,348,116) | (8,531,417) | (2,019,400) | 31.0% |
| Net Patient Care Revenue | \$ 15,543,287 | \$ 16,038,766 | \$ 18,375,041 | \$ 17,242,729 | \$ 19,205,503 | \$ 830,462 | 4.5% |
| | 1.4% | 3.2% | 14.6% | 7.5% | 4.5% | | |
| Other Operating Revenue | \$ 800,262 | \$ 920,058 | \$ 1,062,338 | \$ 994,920 | \$ 1,186,377 | \$ 124,039 | 11.7% |
| Total Operating Revenue | \$ 16,343,549 | \$ 16,958,824 | \$ 19,437,379 | \$ 18,237,649 | \$ 20,391,880 | \$ 954,501 | 4.9% |
| Operating Expense | | | | | | | |
| Salaries Non MD | 7,417,769 | 7,907,721 | 8,695,517 | 8,342,005 | 8,932,279 | 236,762 | 2.7% |
| Fringe Benefits Non MD | 1,986,443 | 2,326,337 | 2,756,180 | 2,681,191 | 3,044,319 | 288,139 | 10.5% |
| Fringe Benefits MD | 336,227 | 345,204 | 423,280 | 419,019 | 443,884 | 20,604 | 4.9% |
| Physician Fees Salaries Contracts & Fringes | 1,781,788 | 2,040,342 | 2,306,546 | 2,265,617 | 2,253,780 | (52,766) | -2.3% |
| Health Care Provider Tax | 623,191 | 536,205 | 622,551 | 621,492 | 618,577 | (3,974) | -0.6% |
| Depreciation Amortization | 1,391,853 | 1,134,712 | 786,377 | 708,941 | 656,184 | (130,193) | -16.6% |
| Interest - Short Term | - | - | - | - | - | - | |
| Interest - Long Term | 66,220 | 139,854 | 150,912 | 158,626 | 143,906 | (7,006) | -4.6% |
| Other Operating Expense | 3,875,863 | 4,184,039 | 4,105,075 | 4,123,720 | 4,498,373 | 393,298 | 9.6% |
| Total Operating Expense | \$ 17,479,354 | \$ 18,614,414 | \$ 19,846,438 | \$ 19,320,611 | \$ 20,591,302 | \$ 744,864 | 3.8% |
| Year over Year Change | 0.2% | 6.5% | 6.6% | - | 3.8% | | |
| Net Operating Income (Loss) | \$ (1,135,805) | \$ (1,655,590) | \$ (409,059) | \$ (1,082,962) | \$ (199,422) | \$ 209,637 | -51.2% |
| Non-Operating Revenue | \$ 670,524 | \$ 943,756 | \$ 564,157 | \$ 1,178,581 | \$ 743,534 | \$ - | 0.0% |
| Excess (Deficit) Of Revenue Over Expense | \$ (465,281) | \$ (711,834) | \$ 155,098 | \$ 95,619 | \$ 544,112 | \$ 389,014 | 250.8% |

The hospital does not receive any disproportionate share payments because it does not meet DVHA's requirements.

Bad debt and free care are estimated to have lower costs and/or cases.

Over \$721,000 of "other operating revenue" is made up of 340B pharmacy funds.

Fringe and other operating costs make the largest increase in expenses.

The hospital has budgeted a smaller operating loss than recent experience as it attempts to slowly build in an ongoing operating surplus.

Grace Cottage Hospital

| UTILIZATION & STAFFING | 2014 A | 2015 A | 2016 B | 2016 P | 2017 B | B16-B17 Change |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------------|
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------------|

UTILIZATION

| | | | | | | |
|---|--------|--------|--------|--------|--------|-------|
| Adjusted Admissions | 2,933 | 2,477 | 2,586 | 2,536 | 2,727 | 5.4% |
| Acute Admissions | 179 | 130 | 142 | 142 | 142 | 0.0% |
| Acute Average Length Of Stay | 3.1 | 3.1 | 3.2 | 2.9 | 2.9 | -8.4% |
| Operating Room Procedure | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Operating Room Cases | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Laboratory Tests | 63,332 | 56,945 | 63,574 | 58,016 | 63,123 | -0.7% |
| Emergency Room Visits | 2,536 | 2,736 | 2,546 | 2,733 | 3,006 | 18.1% |
| Cat Scan, Radiology - Diagnostic Procedur | 4,257 | 4,012 | 4,662 | 4,067 | 4,468 | -4.2% |
| Magnetic Resonance Image Exams | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Physician Office Visits | 20,007 | 17,948 | 22,274 | 19,541 | 22,477 | 0.9% |
| Clinics Visits | 0 | 0 | 0 | 0 | 0 | 0.0% |

STAFFING

| | | | | | | |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-------|
| Non-MD FTEs | 126 | 131 | 141 | 136 | 140 | 0 |
| Travelers | 3 | 4 | 2 | 2 | 3 | 1 |
| Residents & Fellows | 0 | 0 | 0 | 0 | 0 | 0 |
| Mid Level Providers | 0 | 0 | 0 | 0 | 0 | 0 |
| Physician FTEs | 8 | 9 | 10 | 9 | 10 | 0 |
| Total MD and Non MD FTEs | 137 | 144 | 153 | 148 | 153 | 0 |
| Salary & Benefits per FTE - Non-MD | \$ 74,803 | \$ 77,843 | \$ 81,316 | \$ 81,023 | \$ 85,261 | 4.9% |
| FTEs Per Adjusted Occupied Bed | 5.0 | 6.3 | 6.2 | 6.7 | 6.4 | 3.3% |
| FTEs per 100 Adj Discharges | 4.3 | 5.3 | 5.4 | 5.4 | 5.2 | -5.4% |

Comparative Benchmarks

Vermont System Averages

| | | | | | | |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-------|
| Salary & Benefits per FTE - Non-MD | \$ 78,162 | \$ 80,704 | \$ 82,457 | \$ 83,286 | \$ 83,856 | 1.7% |
| FTEs Per Adjusted Occupied Bed | 5.5 | 5.7 | 5.8 | 5.8 | 6.1 | 4.5% |
| FTEs per 100 Adj Discharges | 7.0 | 7.2 | 7.5 | 7.2 | 7.5 | -0.2% |

U.S. Benchmarks

| | | | | | | |
|---------------------------------------|------|---|---|---|---|--|
| FTEs Per Adjusted Occupied Bed | | | | | | |
| Northeast Critical Access Hospital | 0.00 | - | - | - | - | |
| Other Non-Profit | 3.60 | - | - | - | - | |
| 100 - 199 Beds | 3.45 | - | - | - | - | |
| All Teaching | 3.45 | - | - | - | - | |

The only areas showing significant change over budget are ER visits. The hospital is reviewing why this is occurring.

No significant shifts are being reflected for FTE or physicians.

This benchmark does not exist for NE critical access hospitals.

Grace Cottage Hospital

| BALANCE SHEET | 2014 A | 2015 A | 2016 B | 2016 P | 2017 B |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Cash & Investments | \$ 220,593 | \$ 195,899 | \$ 506,590 | \$ 256,529 | \$ 261,660 |
| Total Current Assets | \$ 3,970,737 | \$ 4,361,068 | \$ 4,479,551 | \$ 4,129,585 | \$ 4,220,597 |
| Board Designated Assets | \$ 3,433,017 | \$ 3,537,806 | \$ 3,783,725 | \$ 3,937,072 | \$ 4,010,101 |
| Net, Property, Plant And Equipment | \$ 3,880,812 | \$ 3,658,528 | \$ 4,114,032 | \$ 3,525,306 | \$ 3,756,642 |
| Other Long-Term Assets | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Assets | \$ 11,284,566 | \$ 11,557,402 | \$ 12,377,308 | \$ 11,591,963 | \$ 11,987,340 |
| Current Liabilities | \$ 2,338,782 | \$ 3,352,552 | \$ 3,910,161 | \$ 2,948,988 | \$ 3,139,831 |
| Long Term Liabilities | \$ 2,293,625 | \$ 2,282,126 | \$ 1,785,895 | \$ 2,624,632 | \$ 2,285,054 |
| Other Noncurrent Liabilities | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fund Balance | \$ 6,652,159 | \$ 5,922,724 | \$ 6,681,252 | \$ 6,018,343 | \$ 6,562,455 |
| Total Liabilities and Equities | \$ 11,284,566 | \$ 11,557,402 | \$ 12,377,308 | \$ 11,591,963 | \$ 11,987,340 |

The balance sheet shows no significant variances over the last several years. The Board Designated Assets are over \$3 million and slowly increasing.

| Grace Cottage Hospital | | | | | |
|----------------------------------|-------------|-------------|------------|-----------|--------------|
| Net Increase/(Decrease) in Cash | \$ (64,309) | \$ (24,694) | \$ 310,691 | \$ 60,630 | \$ (244,930) |
| Days Cash on Hand | 80.8 | 76.1 | 80.5 | 80.6 | 76.7 |
| Long Term Debt to Capitalization | 25.7% | 29.0% | 21.9% | 31.9% | 27.0% |
| Debt Service Coverage Ratio | 1.6 | (1.3) | 0.6 | (0.3) | 0.8 |

The hospital's debt position compares favorable with both the Vermont hospital median and NE critical access peers. However, the days cash on hand to "cover" this debt is less favorable when compared to the same peers.

| Comparative Benchmarks | | | | | |
|---|---------------|-----------------|--------------|----------------|--------------|
| Vermont System Averages | | | | | |
| 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 |
| U.S. Benchmarks | | | | | |
| Northeast Critical Access Hospital | | | | | |
| Days Cash on Hand-Peers | 99.3 | - | - | - | - |
| Long Term Debt to Capitalization-Peers | 27% | - | - | - | - |
| Debt Service Coverage Ratio-Peers | 4.4 | - | - | - | - |

Grace Cottage Hospital

| 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 | \$ 173,772 | \$ 947,065 | \$ 1,271,738 | \$ 575,719 | \$ 887,520 | \$ 3,604,380 | \$ 256,614 | \$ 1,200,494 |
| Certificate of Need Capital Plans | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Capital Purchases | \$ 173,772 | \$ 947,065 | \$ 1,271,738 | \$ 575,719 | \$ 887,520 | \$ 3,604,380 | \$ 256,614 | \$ 1,200,494 |

Grace Cottage Hospital

| | | | | | |
|--------------------------------------|-------|-------|--------|-------|--------|
| Age of Plant | 7.7 | 10.4 | 16.0 | 17.7 | 20.1 |
| Capital Expenditures to Depreciation | 12.5% | 83.5% | 161.7% | 81.2% | 135.3% |
| Capital Cost % of Total Expense | 8.3% | 6.8% | 4.7% | 4.5% | 3.9% |

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% | 122.8% |
| Capital Cost % of Total Expense | 5.9% | 5.4% | 5.8% | 5.6% | 5.3% |

U.S. Benchmarks

Northeast Critical Access Hospital

| | | | | | | | | |
|--|------|---|---|---|---|---|---|---|
| Age of Plant-Peers | 11.3 | - | - | - | - | - | - | - |
| Capital Expenditures to Depreciation-Peers | 0.0% | - | - | - | - | - | - | - |
| Capital Cost % of Total Expense-Peers | 5.8% | - | - | - | - | - | - | - |

The hospital's capital costs are low compared to Vermont peers and the age of plant reflects this, showing much older physical plant and equipment compared to Vermont peers. The recent slowing of capital investments is shown by increase in AOP from 8 years to 20.

When compared nationally, the most recent data shows a different perspective. However, that comparison is three years old and shows how dramatically the numbers can change for a small hospital.