

**UVMHN - UVMHC + CVMC**

Analysis of Fiscal Year 2016 Actuals

Income Statement	Approved FY 2016B w/Physician Transfer	FY-2016A	\$ Change FY-2016B w/Phys Transfer -FY-2016A higher/lower	% Change FY-2016B w/Phys Transfer - FY-2016A higher/lo	Over/Under Explained								Total of Explained Variance
					Utilization (change in services)	Reimb/Payer Mix	Changes in Bad Debt/Free Care	Other Physician Revenue Transfers not Captured in Phys Trans	Pharmacy	Change in Accounting for Employee Health Plan	Changes in DSH	Other	
<b>Revenues</b>													
Gross Patient Care Revenue	2,818,450,426	2,905,854,841	87,404,415										
Disproportionate Share Pay	19,838,995	21,404,677	1,565,682										
Bad Debt	(32,680,099)	(27,801,239)	4,878,860										
Free Care	(21,332,060)	(15,983,217)	5,348,842										
Deductions from Revenue	(1,513,506,052)	(1,565,388,461)	(51,882,410)										
Graduate Medical Education	30,000,000	30,000,000	0										
Net Patient Care Revenue	1,306,557,671	1,348,086,600	41,528,928	3.2%	28,448,357	6,373,818	8,883,047	3,692,825	2,099,034	(9,533,835)	1,565,682	-	41,528,928
Other Operating Revenue	103,160,138	101,785,582	(1,374,556)	-1.3%	-	-	-	-	-	-	-	(1,374,556)	(1,374,556)
Total Operating Revenue	1,409,717,810	1,449,872,182	40,154,372	2.8%	28,448,357	6,373,818	8,883,047	3,692,825	2,099,034	(9,533,835)	1,565,682	(1,374,556)	40,154,372
<b>Expenses</b>													
Salaries Non MD	456,269,996	464,746,107	8,476,111										
Fringe Benefits Non MD	150,230,541	137,767,733	(12,462,808)										
Fringe Benefits MD	29,498,172	29,613,456	115,284										
Physician Fees Salaries Cont	163,891,132	176,693,990	12,802,858										
All Other Expenses	552,601,281	564,950,793	12,349,512										
Total Operating Expense	1,356,725,125	1,373,772,079	17,046,954	1.3%	17,335,757	-	-	1,153,198	2,000,367	(9,533,835)	-	6,091,467	17,046,954
Net Operating Income (Loss)	52,992,685	76,100,103	23,107,418	43.6%	11,112,600	6,373,818	8,883,047	2,539,627	98,667	-	1,565,682	(7,466,023)	23,107,418
Non-Operating Revenue	15,595,738	12,825,054	(2,770,684)	-17.8%	-	-	-	-	-	-	-	(2,770,684)	(2,770,684)
Excess (Deficit) of Revenue	68,588,422	88,925,156	20,336,734	29.7%	11,112,600	6,373,818	8,883,047	2,539,627	98,667	-	1,565,682	(10,236,707)	20,336,734

**Central Vermont Medical Center**  
 Analysis of Fiscal Year 2016 Actuals

Income Statement	FY-2016B	Physician Transfer during FY 2016	Approved FY 2016B w/Physician Transfer	FY-2016A	\$ Change FY-2016B w/Phys Transfer -FY-2016A higher/lower	% Change FY-2016B-FY-2016A higher/lower
<b>Revenues</b>						
Gross Patient Care Revenue	349,042,779		349,042,779	376,366,499	27,323,720	7.8%
Disproportionate Share Payments	3,113,501		3,113,501	2,680,286	(433,215)	-13.9%
Bad Debt	(6,270,000)		(6,270,000)	(5,191,108)	1,078,892	-17.2%
Free Care	(3,883,000)		(3,883,000)	(2,552,818)	1,330,182	-34.3%
Deductions from Revenue	(168,006,994)		(168,006,994)	(179,762,913)	(11,755,919)	7.0%
<b>Net Patient Care Revenue</b>	<b>173,996,286</b>	<b>1,402,035</b>	<b>175,398,321</b>	<b>191,539,946</b>	<b>16,141,625</b>	<b>9.2%</b>
Other Operating Revenue	11,630,699		11,630,699	12,479,881	849,182	7.3%
Total Operating Revenue	185,626,985	1,402,035	187,029,020	204,019,827	16,990,807	9.1%
<b>Expenses</b>						
Salaries Non MD	69,625,339		69,625,339	77,876,535	8,251,196	11.9%
Fringe Benefits Non MD	21,640,607		21,640,607	24,803,597	3,162,990	14.6%
Physician Fees Salaries Contracts & Fr	22,597,526		22,597,526	25,798,463	3,200,937	14.2%
All Other Expenses	62,945,178		62,945,178	69,453,481	6,508,303	10.3%
Total Operating Expense	180,331,539	1,225,284	181,556,823	201,969,871	20,413,048	11.2%
Net Operating Income (Loss)	5,295,446	176,751	5,472,197	2,049,956	(3,422,241)	-62.5%
Non-Operating Revenue	1,850,334		1,850,334	1,762,757	(87,577)	-4.7%
Excess (Deficit) of Revenue Over Expe	7,145,780	176,751	7,322,531	3,812,713	(3,509,818)	-47.9%

Payer Schedule - Net Payer Revenue	FY-2016B	Physician Transfer during FY 2016	Approved FY 2016B w/Physician Transfer	FY-2016A	\$ Change FY-2016B - FY-2016A higher/lower	% Change FY-2016B-FY-2016A higher/lower
Commercial NPR	82,708,181	666,450	83,374,631	91,044,579	7,669,948	10.1%
Medicaid NPR	31,526,665	254,037	31,780,702	33,924,367	2,143,665	7.6%
Medicare NPR	59,761,440	481,548	60,242,988	66,571,000	6,328,012	11.4%
<b>Total NPR</b>	<b>173,996,286</b>	<b>1,402,035</b>	<b>175,398,321</b>	<b>191,539,946</b>	<b>16,141,625</b>	<b>9.2%</b>

Income Statement	FY-2016B	Physician Transfer during FY 2016	Approved FY 2016B w/Physician Transfer	FY-2016A	\$ Change FY-2016B w/Phys Transfer -FY-2016A higher/lower	% Change FY-2016B w/Phys	Over/Under Explained						Total of Explained Variance	
							Utilization (change in services)	Reimbursement/Payer Mix	Changes in Bad Debt/Free Care	Other Physician Revenue Transfers not Captured in	Pharmacy	Changes in DSH		Other
<b>Revenues</b>														
Gross Patient Care Revenue	349,042,779		349,042,779	376,366,499	27,323,720									
Disproportionate Share Payment	3,113,501		3,113,501	2,680,286	(433,215)									
Bad Debt	(6,270,000)		(6,270,000)	(5,191,108)	1,078,892									
Free Care	(3,883,000)		(3,883,000)	(2,552,818)	1,330,182									
Deductions from Revenue	(168,006,994)		(168,006,994)	(179,762,913)	(11,755,919)									
Net Patient Care Revenue	173,996,286	1,402,035	175,398,321	191,539,946	16,141,625	9.2%	6,448,065	3,270,498	1,064,418	3,692,825	2,099,034	(433,215)		16,141,625
Other Operating Revenue	11,630,699		11,630,699	12,479,881	849,182								849,182	849,182
Total Operating Revenue	185,626,985	1,402,035	187,029,020	204,019,827	16,990,807		6,448,065	3,270,498	1,064,418	3,692,825	2,099,034	(433,215)	849,182	16,990,807
<b>Expenses</b>														
Salaries Non MD	69,625,339		69,625,339	77,876,535	8,251,196									
Fringe Benefits Non MD	21,640,607		21,640,607	24,803,597	3,162,990									
Physician Fees Salaries Contracts	22,597,526		22,597,526	25,798,463	3,200,937									
All Other Expenses	62,945,178		62,945,178	69,453,481	6,508,303									
Total Operating Expense	180,331,539	1,225,284	181,556,823	201,969,871	20,413,048	11.2%	7,710,414			1,153,198	2,000,367		9,549,069	20,413,048
Net Operating Income (Loss)	5,295,446	176,751	5,472,197	2,049,956	(3,422,241)		(1,262,349)	3,270,498	1,064,418	2,539,627	98,667	(433,215)	(8,699,887)	(3,422,241)
Non-Operating Revenue	1,850,334		1,850,334	1,762,757	(87,577)								(87,577)	(87,577)
Excess (Deficit) of Revenue Over	7,145,780	176,751	7,322,531	3,812,713	(3,509,818)		(1,262,349)	3,270,498	1,064,418	2,539,627	98,667	(433,215)	(8,787,464)	(3,509,818)

Central Vermont Medical Center

Decision Dashboard

	FY-2013A	FY-2014A	FY-2015A	FY-2016B	FY-2016A	FY-2017B	FY-2016A Vermont 25th Percentile	FY-2016A Vermont 50th Percentile	FY-2016A Vermont 75th Percentile	FY - 2015A Northeast Region	FY - 2015A Teaching Hospitals	FY - 2015A US Not for Profit
Net Patient Care Revenue	153,969,087	161,353,760	173,990,659	175,398,321	191,539,946	191,831,143						
Budget to Actual NPR %					9.2%							
Actual to Actual NPR Growth Rate	3.0%	4.8%	7.8%		10.1%	9.4%	1.7%	4.9%	7.6%			
Three Year NPR CAGR (FY14 - FY16)					7.5%	6.2%	2.8%	3.9%	4.8%			
Three Year NPR CAGR (FY13 - FY15)					5.2%	4.1%	1.3%	4.0%	5.1%			
Operating Expense	162,655,005	167,297,972	180,875,428	181,556,823	201,969,871	199,521,392						
Budget to Actual OE %					11.2%							
Actual to Actual OE Growth Rate	5.7%	2.9%	8.1%		11.7%		0.8%	4.8%	8.9%			
Three Year OE CAGR (FY14-FY16)					7.5%		2.5%	3.7%	5.0%			
Three Year OE CAGR (FY13-FY15)					5.5%		1.1%	3.6%	5.4%			5.5%
Operating Margin %	0.5%	2.8%	2.9%	2.9%	1.0%	1.8%	0.2%	1.4%	3.4%	0.5%	3.3%	3.4%
Total Margin %	1.4%	4.9%	3.5%	3.8%	1.9%	2.7%	2.0%	2.9%	6.1%	2.4%	4.2%	6.1%
Long Term Debt to Capitalization	21.2%	18.5%	18.1%	15.5%	17.9%	16.2%	20.5%	25.7%	30.3%	28.2%	35.3%	33.7%
Current Ratio	3.4	3.1	2.9	3.7	2.5	3.3	2.5	3.1	4.1	1.6	1.8	2.0
Debt Service Coverage Ratio	2.0	4.1	4.4	4.6	3.4	4.5	3.4	4.4	6.2	3.0	5.3	4.8
Capital Expenditures to Depreciation	72%	61%	95%	131%	133%	140%	73%	90%	110%			
Cost per Adjusted Admission	10,679	11,085	11,217	10,894	11,405	11,032	8,714	9,948	11,857			
Days Cash on Hand	106	120	110	129	99	124	99	135	199	113	116	212
Days Receivable	37	36	36	34	43	38	34	41	45	42	43	48
Days Payable	47	55	55	47	63	53	47	60	67	70	66	64
Age of Plant	8.4	9.0	9.0	10.4	9.7	10.6	10.6	11.9	13.1	12.3	11.2	11.0

Note: The NPR and OE for FY2016B includes the physician acquisition which became effective during FY2016.

CVMC has exceeded the enforcement budget trigger of 0.5%. Review of CVMC information finds that increased hospital and physician utilization and higher pharmaceutical costs explains a large portion of the variance. The balance of the NPR variance is explained by improved bad debt and free care levels, a reduction in disproportionate share, and more favorable reimbursement than budgeted. The effect of both NPR and expense variances was an operating surplus that was \$3.4 million lower than budget.

The three year growth in NPR and expenses are greater than the state median. Through February of FY 2017, NPR is currently 0.3% less than the YTD approved budget. CVMC was not asked to explain this as part of our monthly reporting process.

The operating margin has been consistent but below the 50th percentile as is the non-operating margin. Cash on hand remains steady and is at the 25th percentile. The age of plant is below the state 25th percentile (favorable) as is the long term debt as a % of capitalization. Cost per adjusted admission shows values just below the 75th percentile and close to 2016 budget levels.

Analysis of Fiscal Year 2016 Actuals

Income Statement	FY-2016B	Physician Transfer during FY 2016	Approved FY 2016B w/Physician Transfer	FY-2016A	\$ Change FY-2016B w/Phys Transfer -FY-2016A higher/lower	% Change FY-2016B-FY-2016A higher/lower
<b>Revenues</b>						
Gross Patient Care Revenue	2,469,407,647		2,469,407,647	2,529,488,342	60,080,695	2.4%
Disproportionate Share Payments	16,725,494		16,725,494	18,724,391	1,998,897	12.0%
Bad Debt	(26,410,099)		(26,410,099)	(22,610,131)	3,799,968	-14.4%
Free Care	(17,449,060)		(17,449,060)	(13,430,399)	4,018,660	-23.0%
Deductions from Revenue	(1,345,499,058)		(1,345,499,058)	(1,385,625,548)	(40,126,491)	3.0%
Graduate Medical Education	30,000,000		30,000,000	30,000,000	0	0.0%
<b>Net Patient Care Revenue</b>	<b>1,126,774,924</b>	<b>4,384,426</b>	<b>1,131,159,350</b>	<b>1,156,546,653</b>	<b>25,387,303</b>	<b>2.2%</b>
Other Operating Revenue	91,529,439		91,529,439	89,305,701	(2,223,738)	-2.4%
<b>Total Operating Revenue</b>	<b>1,218,304,364</b>	<b>4,384,426</b>	<b>1,222,688,790</b>	<b>1,245,852,354</b>	<b>23,163,565</b>	<b>1.9%</b>
<b>Expenses</b>						
Salaries Non MD	386,644,657		386,644,657	386,869,572	224,915	0.1%
Fringe Benefits Non MD	128,589,934		128,589,934	112,964,136	(15,625,798)	-12.2%
Fringe Benefits MD	25,975,283		25,975,283	25,575,661	(399,622)	-1.5%
Physician Fees Salaries Contracts & Fr	141,293,606		141,293,606	150,895,527	9,601,921	6.8%
All Other Expenses	489,656,103		489,656,103	495,497,312	5,841,208	1.2%
<b>Total Operating Expense</b>	<b>1,172,159,584</b>	<b>3,008,718</b>	<b>1,175,168,302</b>	<b>1,171,802,207</b>	<b>(3,366,095)</b>	<b>-0.3%</b>
<b>Net Operating Income (Loss)</b>	<b>46,144,780</b>	<b>1,375,708</b>	<b>47,520,488</b>	<b>74,050,147</b>	<b>26,529,659</b>	<b>55.8%</b>
Non-Operating Revenue	13,745,404		13,745,404	11,062,297	(2,683,107)	-19.5%
<b>Excess (Deficit) of Revenue Over Expense</b>	<b>59,890,183</b>	<b>1,375,708</b>	<b>61,265,891</b>	<b>85,112,444</b>	<b>23,846,552</b>	<b>38.9%</b>

Payer Schedule - Net Payer Revenue	FY-2016B	Physician Transfer during FY 2016	Approved FY 2016B w/Physician Transfer	FY-2016A	\$ Change FY-2016B - FY-2016A higher/lower	% Change FY-2016B-FY-2016A higher/lower
Commercial NPR	680,291,340	2,647,101	682,938,441	683,204,358	265,917	0.4%
Medicaid NPR	138,699,103	539,696	139,238,799	144,631,757	5,392,958	4.3%
Medicare NPR	307,784,481	1,197,629	308,982,110	328,710,538	19,728,428	6.8%
<b>Total NPR</b>	<b>1,126,774,924</b>	<b>4,384,426</b>	<b>1,131,159,350</b>	<b>1,156,546,653</b>	<b>25,387,303</b>	<b>2.2%</b>

Income Statement	FY-2016B	Physician Transfer during FY 2016	Approved FY 2016B w/Physician Transfer	FY-2016A	\$ Change FY-2016B w/Phys Transfer -FY-2016A higher/lower	% Change FY-2016B w/Phys Transfer -FY-2016A higher/lower	Over/Under Explained					Total of Explained Variance
							Utilization (change in services)	Reimburse ment/Payer Mix	Changes in Bad Debt/Free Care	Change in Accounting for Employee Health Plan	Changes in DSH	
<b>Revenues</b>												
Gross Patient Care Revenue	2,469,407,647		2,469,407,647	2,529,488,342	60,080,695							
Disproportionate Share Paymen	16,725,494		16,725,494	18,724,391	1,998,897							
Bad Debt	(26,410,099)		(26,410,099)	(22,610,131)	3,799,968							
Free Care	(17,449,060)		(17,449,060)	(13,430,399)	4,018,660							
Deductions from Revenue	(1,345,499,058)		(1,345,499,058)	(1,385,625,548)	(40,126,491)							
Graduate Medical Education	30,000,000		30,000,000	30,000,000	0							
Net Patient Care Revenue	1,126,774,924	4,384,426	1,131,159,350	1,156,546,653	25,387,303	2.2%	22,000,292	3,103,320	7,818,629	(9,533,835)	1,998,897	25,387,303
Other Operating Revenue	91,529,439		91,529,439	89,305,701	(2,223,738)							(2,223,738)
Total Operating Revenue	1,218,304,364	4,384,426	1,222,688,790	1,245,852,354	23,163,565		22,000,292	3,103,320	7,818,629	(9,533,835)	1,998,897	(2,223,738)
<b>Expenses</b>												
Salaries Non MD	386,644,657		386,644,657	386,869,572	224,915							
Fringe Benefits Non MD	128,589,934		128,589,934	112,964,136	(15,625,798)							
Fringe Benefits MD	25,975,283		25,975,283	25,575,661	(399,622)							
Physician Fees Salaries Contracts	141,293,606		141,293,606	150,895,527	9,601,921							
All Other Expenses	489,656,103		489,656,103	495,497,312	5,841,208							
Total Operating Expense	1,172,159,584	3,008,718	1,175,168,302	1,171,802,207	(3,366,095)	-0.3%	9,625,343			(9,533,835)		(3,457,603)
Net Operating Income (Loss)	46,144,780	1,375,708	47,520,488	74,050,147	26,529,659		12,374,949	3,103,320	7,818,629		1,998,897	1,233,864
Non-Operating Revenue	13,745,404		13,745,404	11,062,297	(2,683,107)							(2,683,107)
Excess (Deficit) of Revenue Over	59,890,183	1,375,708	61,265,891	85,112,444	23,846,552		12,374,949	3,103,320	7,818,629		1,998,897	(1,449,243)

The University of Vermont Medical Center

Decision Dashboard

2017 Almanac of Hospital Financial and Operating Indicators (Optum)

US Not for Profit Hospital 2015 Medians (Moody's)

	FY-2013A	FY-2014A	FY-2015A	FY-2016B	FY-2016A	FY-2017B	FY-2016A Vermont 25th Percentile	FY-2016A Vermont 50th Percentile	FY-2016A Vermont 75th Percentile	FY - 2015A Northeast Region	FY - 2015A Teaching Hospitals	FY - 2015A US Not for Profit
Net Patient Care Revenue	1,052,541,455	1,055,675,894	1,115,357,666	1,131,159,350	1,156,546,653	1,172,785,845						
Budget to Actual NPR %					2.2%							
Actual to Actual NPR Growth Rate	10.3%	0.3%	5.7%		3.7%		1.7%	4.9%	7.6%			
Three Year NPR CAGR (FY14 - FY16)					3.2%		2.8%	3.9%	4.8%			
Three Year NPR CAGR (FY13 - FY15)					5.3%		1.3%	4.0%	5.1%			
Operating Expense	1,057,293,303	1,072,296,197	1,127,327,647	1,175,168,302	1,171,802,207	1,217,011,600						
Budget to Actual OE %					-0.3%							
Actual to Actual OE Growth Rate	10.4%	1.4%	5.1%		3.9%		0.8%	4.8%	8.9%			
Three Year OE CAGR (FY14-FY16)					3.5%		2.5%	3.7%	5.0%			
Three Year OE CAGR (FY13-FY15)					5.6%		1.1%	3.6%	5.4%			5.5%
Operating Margin %	3.9%	4.6%	6.3%	3.8%	5.9%	3.8%	0.2%	1.4%	3.4%	0.5%	3.3%	3.4%
Total Margin %	6.8%	6.1%	4.4%	4.9%	6.8%	4.9%	2.0%	2.9%	6.1%	2.4%	4.2%	6.1%
Long Term Debt to Capitalization	39.6%	35.9%	32.5%	38.9%	35.8%	34.5%	20.5%	25.7%	30.3%	28.2%	35.3%	33.7%
Current Ratio	3.7	3.9	3.9	3.7	4.5	3.7	2.5	3.1	4.1	1.6	1.8	2.0
Debt Service Coverage Ratio	4.0	4.2	5.2	3.4	5.4	4.4	3.4	4.4	6.2	3.0	5.3	4.8
Capital Expenditures to Depreciation	87%	79%	92%	77%	96%	127%	73%	90%	110%			
Cost per Adjusted Admission	14,294	15,842	17,036	18,188	16,897	18,978	8,714	9,948	11,857			
Days Cash on Hand	183	197	201	197	214	176	99	135	199	113	116	212
Days Receivable	40	43	42	42	46	42	34	41	45	42	43	48
Days Payable	62	64	62	65	62	61	47	60	67	70	66	64
Age of Plant	9.7	10.3	12.0	11.7	11.9	11.8	10.6	11.9	13.1	12.3	11.2	11.0

CAGR = Compounded Annual Growth Rate

Note: The NPR and OE for FY2016B includes the physician acquisition which became effective during FY2016

UVMC has exceeded the enforcement budget trigger of 0.5%. Review of UVMC information finds that increased hospital and physician utilization explains over 85% of the variance. Other changes occurred including improved bad debt and free care levels, an increase in disproportionate share, and more favorable reimbursement than was budgeted. Offsetting much of these variances was an accounting change that has the effect of lowering the NPR increase and expenses. The effect of both NPR and expense variances was an operating surplus that was \$26.5 million higher than budget.

The three year growth in NPR and expenses are close to the state median. Through February of FY 2017, NPR is currently 0.4% higher than the YTD approved budget. UVMC was not asked to explain this as part of our monthly reporting process.

The operating margin and the non operating margin are both above the 75th percentile. Cash on hand improved in 2016 and is above the 75th percentile for Vermont. The age of plant is right at the median while long term debt as a % of capitalization is above the 75th percentile (unfavorable). Cost per adjusted admission shows values above the 75th percentile as expected since UVMC is a major teaching hospital.

(Note: Major teaching hospital KPI benchmarks are a better peer comparison for UVMC - see above.)