

# Gifford Medical Center

Fiscal Year 2019 Budget Analysis

Report Date: 8/2/2018

QUESTIONS

1. Have the hospital's projections for FY2018 changed?
2. Please explain factors driving changes in Bad Debt and Free Care from FY2018 Budget to FY2018 Projections and FY2019 Budget (including policy changes if any).
3. 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.
4. Please indicate where the Due to and Due from Affiliate entries are for Gifford Health Care, Inc. which includes the Gifford Retirement Community's Independent Living Facility, related to the most recent CON. These entries were included in the Gifford Health Care, Inc. FY2017 Audited Financials from BKD.
5. Please provide more detail on Gifford's quality improvement activities (either within the hospital or in conjunction with community partners) related to the following All-Payer Model quality measures: Controlling High Blood Pressure, 30-Day Follow-Up after Discharge from ED for Mental Health, and 30-Day Follow-Up for Alcohol and Other Drug Dependence.

Fiscal Year 2019 Budget Analysis									
Gifford Medical Center									
INCOME STATEMENT	FY2015A	FY2016A	FY2017A	FY2018B	FY2018P	FY2019B	2018B - 2018P	2018B - 2019B	2018P - 2019B
							% Chg	% Chg	% Chg
<b>Revenues</b>									
Gross Patient Care Revenue	110,199,633	115,924,550	114,244,392	125,207,806	110,853,808	122,031,338	-11.5%	-2.5%	10.1%
Disproportionate Share Payments	842,693	982,684	858,641	645,999	645,996	554,798	0.0%	-14.1%	-14.1%
Bad Debt	(2,213,420)	(2,992,658)	(2,904,150)	(3,316,988)	(2,481,922)	(2,915,932)	-25.2%	-12.1%	17.5%
Free Care	(360,486)	(420,372)	(383,228)	(558,851)	(423,792)	(480,167)	-24.2%	-14.1%	13.3%
Deductions from Revenue	(54,571,693)	(58,706,318)	(57,508,283)	(62,463,956)	(57,695,380)	(63,295,385)	-7.6%	1.3%	9.7%
<b>Net Patient Care Revenue</b>	<b>53,896,728</b>	<b>54,787,886</b>	<b>54,307,372</b>	<b>59,514,010</b>	<b>50,898,710</b>	<b>55,894,653</b>	<b>-14.5%</b>	<b>-6.1%</b>	<b>9.8%</b>
Fixed Prospective Payments & Reserves	0	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!
<b>Net Patient Care Revenue &amp; Fixed Payments &amp; Reserves</b>	<b>53,896,728</b>	<b>54,787,886</b>	<b>54,307,372</b>	<b>59,514,010</b>	<b>50,898,710</b>	<b>55,894,653</b>	<b>-14.5%</b>	<b>-6.1%</b>	<b>9.8%</b>
Other Operating Revenue	3,036,891	2,234,075	1,516,475	909,288	1,092,806	866,476	20.2%	-4.7%	-20.7%
<b>Total Operating Revenue</b>	<b>56,933,619</b>	<b>57,021,961</b>	<b>55,823,847</b>	<b>60,423,298</b>	<b>51,991,516</b>	<b>56,761,129</b>	<b>-14.0%</b>	<b>-6.1%</b>	<b>9.2%</b>
<b>Expenses</b>									
Salaries Non MD	19,179,972	18,216,052	17,820,045	18,765,491	17,492,874	17,824,017	-6.8%	-5.0%	1.9%
Fringe Benefits Non MD	6,146,224	5,759,763	4,939,549	5,172,627	5,450,488	5,444,194	5.4%	5.3%	-0.1%
Fringe Benefits MD	1,469,416	1,648,699	1,485,066	2,155,729	1,641,958	1,601,433	-23.8%	-25.7%	-2.5%
Physician Fees, Salaries, Contracts	7,152,467	8,090,904	8,895,542	7,455,319	8,834,874	7,737,667	18.5%	3.8%	-12.4%
Health Care Provider Tax	3,089,203	2,873,372	3,164,988	3,186,753	3,249,372	3,186,753	2.0%	0.0%	-1.9%
Depreciation & Amortization	3,307,912	3,135,617	3,120,162	3,091,633	2,838,740	2,816,700	-8.2%	-8.9%	-0.8%
Interest - Long Term & Short Term	873,919	740,573	767,781	794,710	756,748	777,455	-4.8%	-2.2%	2.7%
Other Operating Expense	14,149,071	14,347,302	16,505,007	18,431,082	18,020,662	15,957,897	-2.2%	-13.4%	-11.4%
<b>Total Operating Expense</b>	<b>55,368,184</b>	<b>54,812,282</b>	<b>56,698,140</b>	<b>59,053,344</b>	<b>58,285,716</b>	<b>55,346,116</b>	<b>-1.3%</b>	<b>-6.3%</b>	<b>-5.0%</b>
<b>Net Operating Income (Loss)</b>	<b>1,565,435</b>	<b>2,209,679</b>	<b>(874,293)</b>	<b>1,369,954</b>	<b>(6,294,200)</b>	<b>1,415,013</b>	<b>-559.4%</b>	<b>3.3%</b>	<b>-122.5%</b>
Non-Operating Revenue	3,192,123	2,435,112	1,032,308	850,000	2,338,672	849,996	175.1%	0.0%	-63.7%
<b>Excess (Deficit) of Rev Over Exp</b>	<b>4,757,558</b>	<b>4,644,791</b>	<b>158,015</b>	<b>2,219,954</b>	<b>(3,955,528)</b>	<b>2,265,009</b>	<b>-278.2%</b>	<b>2.0%</b>	<b>-157.3%</b>
<b>Benchmarks-Hospital</b>									
Operating Margin%	2.7%	3.9%	-1.6%	2.3%	-12.1%	2.5%			
Total Margin %	7.9%	7.8%	0.3%	3.6%	-7.3%	3.9%			
Cost per Adjusted Admission	10,386	10,611	11,049	11,387	11,614	10,736			
<p><b>Observations:</b> The NPR decrease of \$3.6 million is 6.1% under the FY2018 Budget. The primary reason for the decrease in NPR is a decrease in inpatient services. Cost per Adjusted Admission shows a decrease of 5.7%. Expenses are budgeted for a decrease of 6.3% from the FY2018 Budget. Expense decreases are by a staffing decline of 9.5 FTEs; reduced expenses associated with the low census across all departments; cost-savings initiatives; and depreciation, which is decreasing due to moving to cloud-based applications for IT and software needs. These reductions are offset by 3% increases in both health and dental benefits, as well as an inflationary increase of 3-4%. Gifford's FY2018 Budget to Projections shows a (559.4)% difference in its operating income (loss) for FY2018. Operating revenue has declined \$4 million; expenses increased \$2 million.</p> <p><b>Questions:</b> Is the FY2019 Budget realistic compared to FY2018 Projections? The hospital has indicated success in recruiting general surgeons and primary care providers; what is the anticipated timeframe for them to begin providing services?</p>									

**Fiscal Year 2019 Budget Analysis** **Gifford Medical Center**

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>	\$125,207,806	\$110,853,808	\$122,031,337	-11.5%	-2.5%	10.1%		
	Contractual Allowances	(\$62,463,956)	(\$57,695,380)	(\$63,295,385)	-7.6%	1.3%	9.7%		
	Bad Debt	(\$3,316,988)	(\$2,481,922)	(\$2,915,932)	-25.2%	-12.1%	17.5%		
	Free Care	(\$558,851)	(\$423,792)	(\$480,167)	-24.2%	-14.1%	13.3%		
	Graduate Medical Education Payments	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!		
	Disproportionate Share Payments	\$645,999	\$645,996	\$554,798	0.0%	-14.1%	-14.1%		
	<b>Net Payer Revenue</b>	<b>\$59,514,010</b>	<b>\$50,898,710</b>	<b>\$55,894,652</b>	<b>-14.5%</b>	<b>-6.1%</b>	<b>9.8%</b>		
Fixed Prospective Payments & Reserves	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!			
<b>Net Patient Care Rev &amp; Fixed Payments &amp; Reserves</b>	<b>\$59,514,010</b>	<b>\$50,898,710</b>	<b>\$55,894,652</b>	<b>-14.5%</b>	<b>-6.1%</b>	<b>9.8%</b>	<b>\$1,606,679</b>	<b>(\$5,209,419)</b>	
<b>Commercial</b>	<b>Gross Patient Care Revenue</b>	\$49,653,566	\$44,149,375	\$48,835,095	-11.1%	-1.6%	10.6%		
	Contractual Allowances	(\$12,676,907)	(\$12,351,461)	(\$13,767,891)	-2.6%	8.6%	11.5%		
	Bad Debt	(\$3,316,988)	(\$2,481,922)	(\$2,915,932)	-25.2%	-12.1%	17.5%		
	Free Care	(\$558,851)	(\$423,792)	(\$480,167)	-24.2%	-14.1%	13.3%		
	<b>NPR</b>	<b>\$33,100,820</b>	<b>\$28,892,201</b>	<b>\$31,671,105</b>	<b>-12.7%</b>	<b>-4.3%</b>	<b>9.6%</b>		
	Fixed Prospective Payment & Reserves	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!		
	<b>Total Net Payer Revenue &amp; Fixed Prospective Payment</b>	<b>\$33,100,820</b>	<b>\$28,892,201</b>	<b>\$31,671,105</b>	<b>-12.7%</b>	<b>-4.3%</b>	<b>9.6%</b>	<b>\$904,731</b>	<b>(\$2,334,446)</b>
<b>Medicaid</b>	<b>Gross Patient Care Revenue</b>	\$22,228,018	\$18,995,720	\$21,051,554	-14.5%	-5.3%	10.8%		
	Contractual Allowances	(\$17,366,310)	(\$15,492,715)	(\$17,007,010)	-10.8%	-2.1%	9.8%		
	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>\$4,861,708</b>	<b>\$3,503,005</b>	<b>\$4,044,543</b>	<b>-27.9%</b>	<b>-16.8%</b>	<b>15.5%</b>		
	Fixed Prospective Payment & Reserves	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!		
<b>Total Net Payer Revenue &amp; Fixed Prospective Payment</b>	<b>\$4,861,708</b>	<b>\$3,503,005</b>	<b>\$4,044,543</b>	<b>-27.9%</b>	<b>-16.8%</b>	<b>15.5%</b>	<b>\$0</b>	<b>(\$817,165)</b>	
<b>Medicare</b>	<b>Gross Patient Care Revenue</b>	\$53,326,222	\$47,708,713	\$52,144,689	-10.5%	-2.2%	9.3%		
	Contractual Allowances	(\$32,420,739)	(\$29,851,204)	(\$32,520,483)	-7.9%	0.3%	8.9%		
	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>\$20,905,483</b>	<b>\$17,857,509</b>	<b>\$19,624,206</b>	<b>-14.6%</b>	<b>-6.1%</b>	<b>9.9%</b>		
	Fixed Prospective Payment & Reserves	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!		
	<b>Total Net Payer Revenue &amp; Fixed Prospective Payment</b>	<b>\$20,905,483</b>	<b>\$17,857,509</b>	<b>\$19,624,206</b>	<b>-14.6%</b>	<b>-6.1%</b>	<b>9.9%</b>	<b>\$701,948</b>	<b>(\$1,983,226)</b>
<b>Disproportionate Share Payments</b>	<b>\$645,999</b>	<b>\$645,996</b>	<b>\$554,798</b>	<b>0.0%</b>	<b>-14.1%</b>	<b>-14.1%</b>		<b>(\$74,582)</b>	
<b>NPR to Gross Commercial (no dsh)</b>	<b>66.7%</b>	<b>65.4%</b>	<b>64.9%</b>						
<b>NPR to Gross Medicaid (no dsh)</b>	<b>21.9%</b>	<b>18.4%</b>	<b>19.2%</b>						
<b>NPR to Gross Medicare (no dsh)</b>	<b>39.2%</b>	<b>37.4%</b>	<b>37.6%</b>						
<b>NPR to Gross All (no dsh)</b>	<b>47.0%</b>	<b>45.3%</b>	<b>45.3%</b>						

**Observations:** The NPR decrease is primarily due to the decrease in utilization of inpatient services and offset by the rate/price request of a 4% increase. According to the narrative, Gifford expects a slight shift in payer mix from Medicaid to Medicare and Commercial payers as seen in the NPR to Gross ratios. Disproportionate Share Payments are budgeted to decrease by \$74,582.

## Gifford 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>Gifford Medical Center Approved Rate</b>	5.60%	5.75%	3.94%	4.00%	
<b>Gifford Medical Center Submitted Rate</b>	5.60%	5.75%	3.94%	4.00%	4.00%

Hospital Inpatient Gross Revenue	4.0%
Hospital Outpatient Gross Revenue	4.0%
Physician Outpatient Gross Revenue	4.0%
Chronic/SNF Gross Revenue	0.0%
Swing Gross Revenue	4.0%

<b>Net Patient Revenue Change Due to Rate Request</b>		
	Commercial	\$ 904,731
	Medicaid	\$ -
	Medicare	\$ 701,948
	Disproportionate Share	\$ -
	<b>Total Change Due to Rate Request</b>	<b>\$ 1,606,679</b>

<b>Value of 1% Rate - Calculated by GMCB</b>	\$ 401,670
<b>Value of 1% Rate - Calculated by Gifford</b>	\$ 401,670
	Variance \$ -

Gifford has a rate/price request of 4.0%.

The 4.0% will result in increased NPR of \$1.6 million.

For Gifford, every 1% increase in rate/price is worth approximately \$401,670 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	Gifford Medical Center					
DASHBOARD	FY2015A	FY2016A	FY2017A	FY2018B	FY2018P	FY2019B
Net Patient Care Revenue	53,896,728	54,787,886	54,307,372	59,514,010	50,898,710	55,894,653
Net Patient Care Rev & Fixed Payments & Reserves	53,896,728	54,787,886	54,307,372	59,514,010	50,898,710	55,894,653
NPR & FPP % Variance		1.7%	-0.9%	9.6%	-14.5%	-6.1%
Three Year NPR & FPP CAGR* (FY16A - FY19B)						0.7%
Operating Expense	55,368,184	54,812,282	56,698,140	59,053,344	58,285,716	55,346,116
Oper Exp % Variance		-1.0%	3.4%	4.2%	-1.3%	-6.3%
Three Year Oper. Exp. CAGR* (FY16A - FY19B)						0.3%
<b>Revenue</b>						
Operating Margin %	2.7%	3.9%	-1.6%	2.3%	-12.1%	2.5%
Total Margin %	7.9%	7.8%	0.3%	3.6%	-7.3%	3.9%
Bad Debt %	2.0%	2.6%	2.5%	2.6%	2.2%	2.4%
Free Care %	0.3%	0.4%	0.3%	0.4%	0.4%	0.4%
<b>Cost</b>						
Cost per Adjusted Admission	10,386	10,611	11,049	11,387	11,614	10,736
Overhead Exp. as a % of Total Operating Exp.	25.3%	24.7%	26.7%	29.9%	29.4%	27.7%
<b>Productivity &amp; Utilization</b>						
Acute Admissions	1,318	1,303	1,257	1,328	1,160	1,172
Adjusted Admissions	5,331	5,166	5,132	5,186	5,019	5,155
Average Length of Stay	11	4	4	4	4	4
FTEs Per Adjusted Occupied Bed	6	6	6	6	6	6
FTEs per 100 Adj Discharges	7	6	6	6	6	6
<b>Cash</b>						
Days Cash on Hand	188.4	181.0	209.0	152.1	197.6	177.5
Current Ratio	4.0	5.9	4.6	2.4	4.7	4.0
<b>Capital</b>						
Age of Plant	11.4	13.1	14.1	14.1	16.3	18.3
Long Term Debt to Capitalization				23.9%	24.2%	23.3%
Debt Service Coverage Ratio	3.81	4.56	2.17	2.13	-1.92	3.30
*CAGR = Compounded Annual Growth Rate						

Fiscal Year 2019 Budget Analysis		Gifford Medical Center								
UTILIZATION & STAFFING	FY2015A	FY2016A	FY2017A	FY2018B	FY2018P	FY2019B	2018B-2018P	2018B-2019B	2018P-2019B	
<b>UTILIZATION</b>										
Adjusted Admissions	5,331	5,166	5,132	5,186	5,019	5,155	-3.2%	-0.6%	2.7%	
Acute Admissions	1,318	1,303	1,257	1,328	1,160	1,172	-12.7%	-11.7%	1.0%	
Acute Average Length Of Stay	3.8	3.8	3.6	3.7	3.5	3.5	-5.0%	-4.4%	0.6%	
All Operating Room Procedure	2,821	2,985	2,595	2,505	2,310	1,865	-7.8%	-25.5%	-19.3%	
Tests	162,436	158,526	154,591	160,500	147,480	153,500	-8.1%	-4.4%	4.1%	
Emergency Room Visits	7,780	7,855	7,191	7,351	6,716	6,866	-8.6%	-6.6%	2.2%	
CT Scan, Radiology - Diagnostic	21,692	26,951	27,854	26,416	26,530	28,405	0.4%	7.5%	7.1%	
Exams	1,327	1,460	1,368	1,441	1,140	1,271	-20.9%	-11.8%	11.5%	
Provider Work RVU	0	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	
Physician Office Visits	24,065	34,992	35,063	35,150	26,888	30,570	-23.5%	-13.0%	13.7%	
Visits	0	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	
<b>STAFFING</b>										
FT Equivalents (Heads)	363	321	311	299	286	289	(12)	(10)	3	
Travelers, Travelers MD	0	0	0	0	0	0	0	0	0	
Residents & Fellows	0	0	0	0	0	0	0	0	0	
MLPs	0	0	0	0	0	0	0	0	0	
Physician FTEs	19	26	25	24	24	24	0	0	0	
Total FTEs	382	346	335	322	310	313	(12)	(10)	3	
<b>Benchmarks-Hospital</b>										
Salary per FTE - Non-MD	\$ 52,845	\$ 56,812	\$ 57,384	\$ 62,864	\$ 61,098	\$ 61,713	-2.8%	-1.8%	1.0%	
Salary & Benefits per FTE - Non-MD	\$ 69,779	\$ 74,775	\$ 73,290	\$ 80,192	\$ 80,135	\$ 80,563	-0.1%	0.5%	0.5%	
FTEs Per Adjusted Occupied Bed	6	6	6	6	6	6	4.3%	1.9%	-2.4%	
FTEs per 100 Adj Discharges	7	6	6	6	6	6	-0.9%	-2.7%	-1.8%	
<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 measured by Adjusted Admissions shows a slight decrease from FY2018 Budget. Acute Admissions shows an 11.7% decrease which is consistent with the decrease in inpatient services mentioned in the narrative. With the exception of CT Scan, Radiology - Diagnostic, which is up 7.5%, the components of utilization in the FY2019 Budget are lower than FY2018 Budget but are higher than FY2018 Projections.

Decreases in FTEs, Salary per FTE - Non-MD, and Salary & Benefits per FTE-Non-MD are explained in the narrative, and corresponding P&L accounts are affected appropriately. Gifford's results for these measures are less than the 25th percentile of their Vermont peers. Productivity has remained steady.

Fiscal Year 2019 Budget Analysis		Gifford Medical Center					
BALANCE SHEET	FY2015A	FY2016A	FY2017A	FY2018B	FY2018P	FY2019B	
Cash & Investments	\$ 3,840,325	\$ 4,862,410	\$ 3,312,949	\$ 5,455,037	\$ 3,285,250	\$ 2,706,318	
Risk Reserve for Fixed Reform Payments	-	-	-	-	-	-	
Other Current Assets	8,342,320	8,392,275	10,367,142	10,669,655	7,828,803	9,866,348	
Current Assets	12,182,645	13,254,685	13,680,092	16,124,692	11,114,053	12,572,666	
Board Designated Assets	23,252,190	21,104,664	27,361,797	17,868,278	26,728,057	22,843,159	
Net, Property, Plant And Equipment	38,075,279	40,463,546	39,329,212	43,539,875	37,914,451	39,066,281	
Other Long-Term Assets	8,186,420	8,962,413	9,027,454	9,058,000	9,325,676	9,161,000	
<b>Assets</b>	<b>\$ 81,696,534</b>	<b>\$ 83,785,307</b>	<b>\$ 89,398,555</b>	<b>\$ 86,590,845</b>	<b>\$ 85,082,236</b>	<b>\$ 83,643,106</b>	
Current Liabilities	\$ 8,889,877	\$ 5,790,842	\$ 7,866,484	\$ 13,707,269	\$ 7,020,037	\$ 7,610,450	
Long Term Liabilities	20,600,159	19,948,292	19,140,710	17,407,619	18,697,061	17,677,568	
Other Noncurrent Liabilities	-	-	543,771	-	679,242	108,772	
Fund Balance	52,206,498	58,046,174	61,847,590	55,475,957	58,685,895	58,246,316	
<b>Liabilities and Equities</b>	<b>\$ 81,696,534</b>	<b>\$ 83,785,308</b>	<b>\$ 89,398,555</b>	<b>\$ 86,590,845</b>	<b>\$ 85,082,236</b>	<b>\$ 83,643,106</b>	
<b>Benchmarks-Hospital</b>							
Days Cash on Hand	188.4	181.0	209.0	152.1	197.6	177.5	
Long Term Debt to Capitalization	28.3%	25.6%	23.6%	23.9%	24.2%	23.3%	
Debt Service Coverage Ratio	3.8	4.6	2.2	2.1	(1.9)	3.3	
<b>Benchmarks-Vermont System Averages</b>							
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	
<p><b>Observations:</b> Days Cash on Hand is budgeted slightly above the Vermont System Average. Cash and Investments have declined \$3 million since 2014. Long Term Debt is budgeted to decrease from the 2018 projection.</p> <p><b>Questions:</b> Please indicate where the Due to and Due from Affiliate entries are for Gifford Health Care, Inc. which includes the Gifford Retirement Community's Independent Living Facility, related to the most recent CON. These entries were included in the Gifford Health Care, Inc. FY2017 Audited Financials from BKD.</p>							



CAPITAL BUDGET	2015A	FY2016A	FY2017A	FY2018B	FY2018P	FY2019B	2020 Plan	2021 Plan	2022 Plan
Non-Certificate of Need Capital Plans Total				\$ 5,474,996	\$ 2,525,769	\$ 5,449,205	\$ 3,055,111	\$ 7,184,499	\$ 4,264,144
Certificate of Need Capital Plans				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital Purchases				\$ 5,474,996	\$ 2,525,769	\$ 5,449,205	\$ 3,055,111	\$ 7,184,499	\$ 4,264,144

Gifford Medical Center									
Age of Plant	11.4	13.1	14.1	14.1	16.3	18.3			
Capital Expenditures to Depreciation	59.9%	64.7%	99.5%	177.1%	89.0%	193.5%			
Capital Cost % of Total Expense	7.6%	7.1%	6.9%	6.6%	6.2%	6.5%			

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:** The overall capital budget of \$5.4 million shows a slight decrease from last year. Age of plant shows a budgeted increase of 4.2 years above the 2018 approved budget. This is 4.8 years higher than the Vermont system average. Non CON expenditures in the 2019 budget include general building upgrades and replacements, and equipment replacement.

There are no planned CONs at this time.