

# Rutland Regional Medical Center

Fiscal Year 2019 Budget Analysis

Report Date: 7/30/2018

**QUESTIONS:**

1. Have the hospital's projections for FY2018 changed?
2. Bad Debt is increasing while Free Care is decreasing; please explain the factors contributing to those changes, 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 explain the calculation of the estimated value of a 1% rate/price increase; the hospital's estimate varies from the GMCB staff estimate.
5. Please explain whether the CONs approved in the past year and/or other factors account for the increase in Long Term Debt to Capitalization.
6. Please specify the positions and discretionary spending that are eliminated.
7. Please complete the most recent table in Appendix V of the FY2019 hospital budget guidance and reporting requirements for proposed 2019 Health Care Reform Investments. Provide information about APM Quality Measures and summarize the evidence and/or rationale for each investment; identify Population Health Goals impacted by the last four investments.
8. Please complete the table that has been provided to clarify accounting of ACO-related revenue and expenses.

Fiscal Year 2019 Budget Analysis							Rutland Regional 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	493,394,512	528,854,315	511,529,874	530,938,307	551,322,958	564,314,703	3.8%	6.3%	2.4%
Disproportionate Share Payments	4,576,163	4,573,554	5,269,069	3,995,289	3,995,289	3,090,930	0.0%	-22.6%	-22.6%
Bad Debt	(5,520,297)	(4,183,690)	(7,056,413)	(5,309,383)	(9,553,196)	(8,803,309)	79.9%	65.8%	-7.8%
Free Care	(4,167,120)	(5,838,729)	(5,753,971)	(6,121,719)	(3,969,525)	(4,063,066)	-35.2%	-33.6%	2.4%
Deductions from Revenue	(259,954,621)	(277,582,498)	(261,795,128)	(272,539,164)	(288,174,594)	(321,114,147)	5.7%	17.8%	11.4%
<b>Net Patient Care Revenue</b>	<b>228,328,637</b>	<b>245,822,952</b>	<b>242,193,431</b>	<b>250,963,330</b>	<b>253,620,932</b>	<b>233,425,111</b>	<b>1.1%</b>	<b>-7.0%</b>	<b>-8.0%</b>
Fixed Prospective Payments & Reserves	0	0	0	0	0	25,500,000	#DIV/0!	#DIV/0!	#DIV/0!
<b>Net Patient Care Revenue &amp; Fixed Payments &amp; Reserves</b>	<b>228,328,637</b>	<b>245,822,952</b>	<b>242,193,431</b>	<b>250,963,330</b>	<b>253,620,932</b>	<b>258,925,111</b>	<b>1.1%</b>	<b>3.2%</b>	<b>2.1%</b>
Other Operating Revenue	9,275,938	8,598,283	12,083,366	12,290,310	13,363,394	15,699,404	8.7%	27.7%	17.5%
<b>Total Operating Revenue</b>	<b>237,604,575</b>	<b>254,421,235</b>	<b>254,276,797</b>	<b>263,253,640</b>	<b>266,984,326</b>	<b>274,624,515</b>	<b>1.4%</b>	<b>4.3%</b>	<b>2.9%</b>
<b>Expenses</b>									
Salaries Non MD	70,594,783	78,446,783	81,623,868	86,033,134	85,495,640	89,707,829	-0.6%	4.3%	4.9%
Fringe Benefits Non MD	27,728,540	25,172,851	24,176,644	26,970,680	27,009,847	29,001,380	0.1%	7.5%	7.4%
Fringe Benefits MD	2,101,246	1,375,451	1,332,753	1,475,722	1,509,169	1,565,999	2.3%	6.1%	3.8%
Physician Fees, Salaries, Contracts	30,053,013	30,000,115	32,106,201	31,552,125	32,928,897	31,716,662	4.4%	0.5%	-3.7%
Health Care Provider Tax	13,002,474	14,052,304	14,644,716	14,810,108	14,736,369	15,396,699	-0.5%	4.0%	4.5%
Depreciation & Amortization	12,433,769	13,596,263	12,784,354	12,728,164	12,231,805	12,904,769	-3.9%	1.4%	5.5%
Interest - Long Term & Short Term	1,897,138	1,803,469	1,549,155	1,688,565	1,382,431	1,532,255	-18.1%	-9.3%	10.8%
Other Operating Expense	75,385,579	79,195,624	81,895,722	82,290,825	89,640,927	86,395,202	8.9%	5.0%	-3.6%
<b>Total Operating Expense</b>	<b>233,196,542</b>	<b>243,642,860</b>	<b>250,113,413</b>	<b>257,549,323</b>	<b>264,935,085</b>	<b>268,220,795</b>	<b>2.9%</b>	<b>4.1%</b>	<b>1.2%</b>
<b>Net Operating Income (Loss)</b>	<b>4,408,033</b>	<b>10,778,375</b>	<b>4,163,384</b>	<b>5,704,317</b>	<b>2,049,241</b>	<b>6,403,720</b>	<b>-64.1%</b>	<b>12.3%</b>	<b>212.5%</b>
Non-Operating Revenue	(492,377)	11,380,794	16,154,020	8,794,172	6,443,603	5,939,237	-26.7%	-32.5%	-7.8%
<b>Excess (Deficit) of Rev Over Exp</b>	<b>3,915,656</b>	<b>22,159,169</b>	<b>20,317,404</b>	<b>14,498,489</b>	<b>8,492,844</b>	<b>12,342,957</b>	<b>-41.4%</b>	<b>-14.9%</b>	<b>45.3%</b>
<b>Benchmarks-Hospital</b>									
Operating Margin%	1.9%	4.2%	1.6%	2.2%	0.8%	2.3%			
Total Margin %	1.7%	8.3%	7.5%	5.3%	3.1%	4.4%			
Cost per Adjusted Admission	13,552	13,611	14,022	15,254	14,295	14,194			
<p><b>OBSERVATIONS:</b> RPMC's FY2019 budget for NPR &amp; FPP is an increase of \$8 million or 3.2% over the FY2018 budget, and 2.1% over the FY2018 Projections. The largest cost-saving initiative the hospital has projected and budgeted is for position eliminations; see narrative. Cost per Adjusted Admission is similar to FY2018 Projections and lower than FY2018 Budget.</p> <p><b>QUESTIONS:</b> Bad Debt is increasing while Free Care is decreasing; please explain the factors contributing to those changes. Please provide more specificity about what is included in Other Operating Expense.</p>									

**Fiscal Year 2019 Budget Analysis Rutland Regional 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>	\$530,938,307	\$551,322,958	\$564,314,703	3.8%	6.3%	2.4%		
	Contractual Allowances	(\$272,539,164)	(\$288,174,594)	(\$321,114,147)	5.7%	17.8%	11.4%		
	Bad Debt	(\$5,309,383)	(\$9,553,196)	(\$8,803,309)	79.9%	65.8%	-7.8%		
	Free Care	(\$6,121,719)	(\$3,969,525)	(\$4,063,066)	-35.2%	-33.6%	2.4%		
	Graduate Medical Education Payments	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!		
	Disproportionate Share Payments	\$3,995,289	\$3,995,289	\$3,090,930	0.0%	-22.6%	-22.6%		
	<b>Net Payer Revenue</b>	<b>\$250,963,330</b>	<b>\$253,620,932</b>	<b>\$233,425,111</b>	<b>1.1%</b>	<b>-7.0%</b>	<b>-8.0%</b>		
Fixed Prospective Payments & Reserves	\$0	\$0	\$25,500,000	#DIV/0!	#DIV/0!	#DIV/0!			
<b>Net Patient Care Rev &amp; Fixed Payments &amp; Reserves</b>	<b>\$250,963,330</b>	<b>\$253,620,932</b>	<b>\$258,925,111</b>	<b>1.1%</b>	<b>3.2%</b>	<b>2.1%</b>	<b>\$2,488,953</b>	<b>\$5,469,708</b>	
<b>Commercial</b>	<b>Gross Patient Care Revenue</b>	\$164,990,822	\$167,366,693	\$172,245,408	1.4%	4.4%	2.9%		
	Contractual Allowances	(\$23,308,594)	(\$31,875,923)	(\$30,444,994)	36.8%	30.6%	-4.5%		
	Bad Debt	(\$5,309,383)	(\$9,553,196)	(\$8,803,309)	79.9%	65.8%	-7.8%		
	Free Care	(\$6,121,719)	(\$3,969,525)	(\$4,063,066)	-35.2%	-33.6%	2.4%		
	<b>NPR</b>	<b>\$130,251,126</b>	<b>\$121,968,049</b>	<b>\$128,934,039</b>	<b>-6.4%</b>	<b>-1.0%</b>	<b>5.7%</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>\$130,251,126</b>	<b>\$121,968,049</b>	<b>\$128,934,039</b>	<b>-6.4%</b>	<b>-1.0%</b>	<b>5.7%</b>	<b>\$2,488,953</b>	<b>(\$5,089,089)</b>
<b>Medicaid</b>	<b>Gross Patient Care Revenue</b>	\$88,506,925	\$92,759,032	\$95,202,239	4.8%	7.6%	2.6%		
	Contractual Allowances	(\$63,817,904)	(\$65,727,019)	(\$94,624,599)	3.0%	48.3%	44.0%		
	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>\$24,689,021</b>	<b>\$27,032,013</b>	<b>\$577,640</b>	<b>9.5%</b>	<b>-97.7%</b>	<b>-97.9%</b>		
	Fixed Prospective Payment & Reserves	\$0	\$0	\$25,500,000	#DIV/0!	#DIV/0!	#DIV/0!		
<b>Total Net Payer Revenue &amp; Fixed Prospective Payment</b>	<b>\$24,689,021</b>	<b>\$27,032,013</b>	<b>\$26,077,640</b>	<b>9.5%</b>	<b>5.6%</b>	<b>-3.5%</b>	<b>\$0</b>	<b>\$2,272,267</b>	
<b>Medicare</b>	<b>Gross Patient Care Revenue</b>	\$277,440,560	\$291,197,233	\$296,867,056	5.0%	7.0%	1.9%		
	Contractual Allowances	(\$185,412,666)	(\$190,571,652)	(\$196,044,554)	2.8%	5.7%	2.9%		
	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>\$92,027,894</b>	<b>\$100,625,581</b>	<b>\$100,822,502</b>	<b>9.3%</b>	<b>9.6%</b>	<b>0.2%</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>\$92,027,894</b>	<b>\$100,625,581</b>	<b>\$100,822,502</b>	<b>9.3%</b>	<b>9.6%</b>	<b>0.2%</b>	<b>\$0</b>	<b>\$9,190,889</b>
<b>Disproportionate Share Payments</b>	<b>\$3,995,289</b>	<b>\$3,995,289</b>	<b>\$3,090,930</b>	<b>0.0%</b>	<b>-22.6%</b>	<b>-22.6%</b>		<b>(\$904,359)</b>	
<b>NPR to Gross Commercial (no dsh)</b>	<b>78.9%</b>	<b>72.9%</b>	<b>74.9%</b>						
<b>NPR to Gross Medicaid (no dsh)</b>	<b>27.9%</b>	<b>29.1%</b>	<b>27.4%</b>						
<b>NPR to Gross Medicare (no dsh)</b>	<b>33.2%</b>	<b>34.6%</b>	<b>34.0%</b>						
<b>NPR to Gross All (no dsh)</b>	<b>46.5%</b>	<b>45.3%</b>	<b>45.3%</b>						

**Observations:**

The hospital is participating in the Medicaid portion of the ACO APM and is budgeting \$25.5 million. NPR to Gross for Commercial has declined while Medicare and Medicaid have improved. Utilization has increased across all payers. Program changes reducing NPR are reported in Medicaid (\$682,440) and Commercial (\$545,494). Disproportionate Share Payments have decreased more than 22%.

## Rutland Regional 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
Weighted Average Approved Rate (all hospitals)	6.82%	4.37%	1.67%	2.04%	
Weighted Average Submitted Rate (all hospitals)	6.82%	4.40%	2.21%	2.34%	3.12%
Rutland Regional Medical Center Approved Rate	8.40%	3.71%	-5.10%	4.90%	
Rutland Regional Medical Center Submitted Rate	8.40%	3.71%	-5.10%	4.94%	3.00%

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

Net Patient Revenue Change Due to Rate Request		
	Commercial	\$ 2,488,953
	Medicaid	\$ (0)
	Medicare	\$ 0
	Disproportionate Share	\$ -
	<b>Total Change Due to Rate Request</b>	<b>\$ 2,488,954</b>

Value of 1% Rate - Calculated by GMCB	\$ 829,651
Value of 1% Rate - Calculated by RRMC	\$ 912,381
Variance	\$ (82,729)

**OBSERVATIONS:** RRMC has a rate/price request of 3.00%.

The 3.00% rate/price increase will result in increased NPR of \$2.5 million. The narrative indicates that the rate/price request is related to payment reductions in Medicare and Medicaid and increased reserves for Bad Debt and Free Care combined. For RRMC, every 1% increase in rate/price is worth approximately \$829,651 in net patient revenue. This estimate calculated by GMCB staff does not match the estimated value of a 1% increase calculated by the hospital.

**QUESTIONS:** Please explain the calculation of the estimated value of a 1% rate/price increase.

Fiscal Year 2019 Budget Analysis	Rutland Regional Medical Center					
DASHBOARD	FY2015A	FY2016A	FY2017A	FY2018B	FY2018P	FY2019B
Net Patient Care Revenue	228,328,637	245,822,952	242,193,431	250,963,330	253,620,932	233,425,111
Net Patient Care Rev & Fixed Payments & Reserves	228,328,637	245,822,952	242,193,431	250,963,330	253,620,932	258,925,111
NPR & FPP % Variance		7.7%	-1.5%	3.6%	1.1%	3.2%
Three Year NPR & FPP CAGR* (FY16A - FY19B)						1.7%
Operating Expense	233,196,542	243,642,860	250,113,413	257,549,323	264,935,085	268,220,795
Oper Exp % Variance		4.5%	2.7%	3.0%	2.9%	4.1%
Three Year Oper. Exp. CAGR* (FY16A - FY19B)						3.3%
<b>Revenue</b>						
Operating Margin %	1.9%	4.2%	1.6%	2.2%	0.8%	2.3%
Total Margin %	1.7%	8.3%	7.5%	5.3%	3.1%	4.4%
Bad Debt %	1.1%	0.8%	1.4%	1.0%	1.7%	1.6%
Free Care %	0.8%	1.1%	1.1%	1.2%	0.7%	0.7%
<b>Cost</b>						
Cost per Adjusted Admission	13,552	13,611	14,022	15,254	14,295	14,194
Overhead Exp. as a % of Total Operating Exp.	27.9%	26.6%	27.3%	28.3%	27.9%	29.4%
<b>Productivity &amp; Utilization</b>						
Acute Admissions	5,941	6,495	6,525	6,279	6,908	6,908
Adjusted Admissions	17,208	17,901	17,837	16,884	18,533	18,897
Average Length of Stay	5	5	5	5	5	5
FTEs Per Adjusted Occupied Bed	5	5	5	6	5	5
FTEs per 100 Adj Discharges	7	7	7	8	7	7
<b>Cash</b>						
Days Cash on Hand	195.1	204.5	216.1	223.9	206.3	205.7
Current Ratio	3.2	3.7	4.5	5.7	4.3	4.9
<b>Capital</b>						
Age of Plant	11.5	11.8	13.3	14.7	14.9	15.1
Long Term Debt to Capitalization				15.7%	15.1%	18.8%
Debt Service Coverage Ratio	4.48	7.11	5.53	5.66	4.82	6.00
*CAGR = Compounded Annual Growth Rate						

Fiscal Year 2019 Budget Analysis		Rutland Regional Medical Center								
UTILIZATION & STAFFING	FY2015A	FY2016A	FY2017A	FY2018B	FY2018P	FY2019B	2018B-2018P	2018B-2019B	2018P-2019B	
<b>UTILIZATION</b>										
Adjusted Admissions	17,208	17,901	17,837	16,884	18,533	18,897	9.8%	11.9%	2.0%	
Acute Admissions	5,941	6,495	6,525	6,279	6,908	6,908	10.0%	10.0%	0.0%	
Acute Average Length Of Stay	4.6	4.7	4.8	5.0	4.7	4.7	-6.2%	-6.2%	0.0%	
All Operating Room Procedure	4,539	4,885	4,964	5,037	5,128	5,128	1.8%	1.8%	0.0%	
Tests	505,126	510,930	524,029	519,824	570,006	574,620	9.7%	10.5%	0.8%	
Emergency Room Visits	34,067	33,831	33,872	32,218	32,722	32,722	1.6%	1.6%	0.0%	
CT Scan, Radiology - Diagnostic	54,203	54,762	55,415	53,694	57,362	57,226	6.8%	6.6%	-0.2%	
Exams	4,694	5,085	4,987	4,941	5,101	5,101	3.2%	3.2%	0.0%	
Provider Work RVU	0	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	
Physician Office Visits	0	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	
Clinic Visits	357,686	396,746	396,055	391,090	407,110	408,845	4.1%	4.5%	0.4%	
<b>STAFFING</b>										
FT Equivalents (Heads)	1,166	1,243	1,265	1,301	1,284	1,316	(17)	15	32	
Travelers, Travelers MD	93	92	100	78	110	75	32	(3)	(35)	
Residents & Fellows	0	0	0	0	0	0	0	0	0	
MLPs	0	0	0	0	0	0	0	0	0	
Physician FTEs	88	68	70	73	72	71	(1)	(2)	(1)	
Total FTEs	1,347	1,403	1,435	1,452	1,466	1,462	14	10	(4)	
<b>Benchmarks-Hospital</b>										
Salary per FTE - Non-MD	\$ 60,554	\$ 63,124	\$ 64,519	\$ 66,110	\$ 66,560	\$ 68,147	0.7%	3.1%	2.4%	
Salary & Benefits per FTE - Non-MD	\$ 84,339	\$ 83,379	\$ 83,629	\$ 86,835	\$ 87,588	\$ 90,178	0.9%	3.9%	3.0%	
FTEs Per Adjusted Occupied Bed	5	5	5	6	5	5	-4.1%	-3.6%	0.5%	
FTEs per 100 Adj Discharges	7	7	7	8	7	7	-10.1%	-9.6%	0.5%	
<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 FY2019 Budget Adjusted Admissions is projected to increase 9.8% over FY2018 budget and 2% from FY2018 Projections to FY2019 Budget. Acute Average Length of Stay is the only utilization metric showing a decrease. See narrative for additional information on utilization changes and FTE changes such as the Registered Nurse Hiring Program. The hospital's productivity metrics are steady.

Fiscal Year 2019 Budget Analysis		Rutland Regional Medical Center					
BALANCE SHEET	FY2015A	FY2016A	FY2017A	FY2018B	FY2018P	FY2019B	
Cash & Investments	\$ 12,803,315	\$ 12,941,834	\$ 9,725,785	\$ 14,576,141	\$ 8,611,862	\$ 7,770,719	
Risk Reserve for Fixed Reform Payments	-	-	-	-	-	-	
Other Current Assets	30,391,479	33,126,002	37,223,376	38,386,003	27,549,094	28,590,069	
Current Assets	43,194,794	46,067,836	46,949,161	52,962,144	36,160,956	36,360,788	
Board Designated Assets	106,222,958	117,001,552	130,876,603	135,634,258	134,310,334	136,214,205	
Net, Property, Plant And Equipment	73,717,869	81,726,125	81,137,226	87,915,866	90,358,909	110,729,023	
Other Long-Term Assets	9,289,915	10,526,690	10,512,958	5,266,692	10,350,358	10,392,859	
<b>Assets</b>	<b>\$ 232,425,536</b>	<b>\$ 255,322,203</b>	<b>\$ 269,475,948</b>	<b>\$ 281,778,960</b>	<b>\$ 271,180,557</b>	<b>\$ 293,696,875</b>	
Current Liabilities	\$ 32,967,019	\$ 31,942,436	\$ 32,287,405	\$ 31,888,810	\$ 29,340,210	\$ 28,805,833	
Long Term Liabilities	39,991,232	38,264,159	36,469,183	34,603,702	34,603,731	47,926,995	
Other Noncurrent Liabilities	30,961,803	31,844,814	15,040,693	30,183,617	13,065,110	10,449,585	
Fund Balance	128,505,482	153,270,796	185,678,667	185,102,831	194,171,506	206,514,463	
<b>Liabilities and Equities</b>	<b>\$ 232,425,536</b>	<b>\$ 255,322,205</b>	<b>\$ 269,475,948</b>	<b>\$ 281,778,960</b>	<b>\$ 271,180,557</b>	<b>\$ 293,696,876</b>	
<b>Benchmarks-Hospital</b>							
Days Cash on Hand	195.1	204.5	216.1	223.9	206.3	205.7	
Long Term Debt to Capitalization	23.7%	20.0%	16.4%	15.7%	15.1%	18.8%	
Debt Service Coverage Ratio	4.5	7.1	5.5	5.7	4.8	6.0	
<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> RRMC'S Days Cash on Hand has been higher than the Vermont System median for several years. The hospital's Board Designated Assets have shown a steady increase. Long Term Debt to Capitalization is budgeted to increase for FY2019 Budget; the hospital has had multiple CONs approved in the past year which may account for this change.</p> <p><b>QUESTIONS:</b> Please explain whether the CONs approved in the past year and/or other factors account for the increase in Long Term Debt to Capitalization.</p>							



CAPITAL BUDGET	2015A	FY2016A	FY2017A	FY2018B	FY2018P	FY2019B	2020 Plan	2021 Plan	2022 Plan
Non-Certificate of Need Capital Plans Total				\$ 15,190,782	\$ 12,052,650	\$ 16,707,852	\$ 19,442,362	\$ 6,031,000	\$ 4,835,249
Certificate of Need Capital Plans				\$ 24,532,665	\$ 26,724,165	\$ 13,026,998	\$ 8,497,080	\$ -	\$ -
Total Capital Purchases				\$ 39,723,447	\$ 38,776,815	\$ 29,734,850	\$ 27,939,442	\$ 6,031,000	\$ 4,835,249

Rutland Regional Medical Center									
Age of Plant	11.5	11.8	13.3	14.7	14.9	15.1			
Capital Expenditures to Depreciation	102.2%	113.3%	58.8%	119.3%	98.5%	129.5%			
Capital Cost % of Total Expense	6.1%	6.3%	5.7%	5.6%	5.1%	5.4%			

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:** See the hospital's narrative for planned CONs. Non-CON Capital Plans include FCC waiting room expansion, AHU-3 and window replacements. The hospital's age of plant is higher than the Vermont System Average but Capital Expenditures to Depreciation is lower than the Vermont System Average. Capital Cost % of Total Expense is increasing due to approved CON costs included in the budget.