

Northwestern Medical Center

Fiscal Year 2020 Budget Analysis

Report Date: 7/31/2019

QUESTIONS

QUESTIONS:

1. Have the hospital's projections for FY2019 changed?
 2. What is the total ACO reserve on the balance sheet for Projected FY19 and Budget FY20? If you have a pending settlement, please report the estimated amount of the settlement and which fiscal year it will effect. Are Other Reform Payments recorded in deduction from NPR, if not, where are they recorded?
 3. NMC's FY19 Budget Order states the "Hospital shall consult with Vermont Information Technology Leaders (VITL) to facilitate patients' ability to electronically consent to adding their clinical data to the Vermont Health Information Exchange (VHIE)." What kind of headway has NMC made to facilitate this?
 4. What is the value of 1 day of Days Cash on Hand?
 5. What is the value of 1% of NMC's change in charge request? If there is a variance between NMC's calculation and the calculation provided by GMCB staff above, please include the steps to your calculation.
 6. Are Medicaid and Medicare reimbursement assumptions still valid include Disproportionate Share Payments?
 7. NMC budgeted positive operating margins in both 2018 and 2019 but missed those budgets significantly with negative operating margins. Please explain why this year's budgeted positive operating margin is realistic.
 8. NMC triggers the 5% lever as described in the Net Patient Revenue and Fixed Prospective Payments section of the FY20 Budget Guidance. Please explain why this year's budgeted 3.7% increase in NPR/FPP is a realistic target.
 9. The letter submitted with the narrative from NMC's Board Chair indicates a decline in staff during FY19 and additional staff cuts in FY20. The numbers submitted in Adaptive and in the reconciliation section of the narrative indicate an increase in staff during FY19, and, when comparing staffing levels to FY18 actuals, FY19 budget and FY19 projections, the only decrease in staffing can be seen from projections to FY20 budget. Please explain this discrepancy.
 10. In Appendix VI-Bridges, Table 1, NMC listed funds under "Other (please label)". Please describe what these funds are.
 11. In Appendix VI-Bridges, Table 2, the amount of total expenses listed for FY20 budget are approximately \$1 million less than was submitted in Adaptive. Please provide detail on the remaining change in expenses from FY19 to FY20.
 12. Are the projections provided in Schedule A of the Cold Hollow Primary Care acquisition for a full year? Please provide a copy of the letter sent to Cold Hollow Family Practice patients pursuant to Act 143 of 2016 requiring notice of the transfer.
- In Appendix V-Participation in Health Reform, the budgeted number (monthly average) of attributed lives for CY2020 with the BCBSVT program is 0. We understand claims associated with the BCBSVT program through the ACO are still paid as fee for service from BCBSVT. What is the monthly average number of attributed lives in your BCBSVT ACO program?

BOARD MEMBER QUESTIONS:

13. For FY19 projections what departments are expenses exceeding revenues?
14. Please suggest a statistic the GMCB can monitor to better understand the trends in the total number of staffed beds in the hospital versus the number of beds available for use, and how full or empty those beds are from month to month?
15. What is the impact of Medicare 2018 issues reflected in 2019 projection?
16. If you assumed Medicare increases, what is the value and what would a reduction in commercial be to maintain your NPR?

Fiscal Year 2020 Budget Analysis Northwestern Medical Center

INCOME STATEMENT						2018B - 2018A	2019B - 2019P	2018A - 2019P	2019B - 2020B	2019P - 2020B
	FY2018B	FY2018A	FY2019B	FY2019P	FY2020B	% Chg	% Chg	% Chg	% Chg	% Chg
Revenues										
Gross Patient Care Revenue	203,187,845	197,719,112	210,649,546	214,938,804	223,749,944	-2.7%	2.0%	8.7%	6.2%	4.1%
Disproportionate Share Payments	1,278,056	1,194,679	944,549	944,549	934,355	-6.5%	0.0%	-20.9%	-1.1%	-1.1%
Bad Debt	(5,554,532)	(6,322,818)	(5,769,549)	(6,964,925)	(7,099,149)	13.8%	20.7%	10.2%	23.0%	1.9%
Free Care	(1,326,726)	(1,056,665)	(1,112,446)	(935,724)	(1,196,174)	-20.4%	-15.9%	-11.4%	7.5%	27.8%
Deductions from Revenue	(114,224,902)	(102,608,415)	(123,235,251)	(116,167,548)	(124,052,177)	-10.2%	-5.7%	13.2%	0.7%	6.8%
Graduate Medical Education	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Net Patient Care Revenue	83,359,741	88,925,893	81,476,849	91,815,156	92,336,799	6.7%	12.7%	3.2%	13.3%	0.6%
Fixed Prospective Payments	22,768,482	15,431,100	31,297,131	18,623,296	24,589,780	-32.2%	-40.5%	20.7%	-21.4%	32.0%
Reserves	0	(1,039,225)	0	0	0	#DIV/0!	#DIV/0!	-100.0%	#DIV/0!	#DIV/0!
Other Reform Payments	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Fixed Prospective Payments and Reserves	22,768,482	14,391,875	31,297,131	18,623,296	24,589,780	-36.8%	-40.5%	29.4%	-21.4%	32.0%
Net Patient Care Revenue & Fixed Payments & Reserves	106,128,223	103,317,768	112,773,980	110,438,452	116,926,579	-2.6%	-2.1%	6.9%	3.7%	5.9%
Other Operating Revenue	5,841,987	6,527,916	6,166,078	5,182,889	5,213,346	11.7%	-15.9%	-20.6%	-15.5%	0.6%
Total Operating Revenue	111,970,210	109,845,684	118,940,058	115,621,341	122,139,925	-1.9%	-2.8%	5.3%	2.7%	5.6%
Expenses										
Salaries Non MD	39,116,212	40,078,144	41,985,554	43,301,341	43,527,306	2.5%	3.1%	8.0%	3.7%	0.5%
Fringe Benefits Non MD	10,684,073	10,996,812	10,817,875	12,285,490	11,039,032	2.9%	13.6%	11.7%	2.0%	-10.1%
Physician Fees, Salaries, Contracts	16,009,275	17,618,115	17,654,647	17,469,802	18,491,986	10.0%	-1.0%	-0.8%	4.7%	5.9%
Fringe Benefits MD	1,372,541	1,141,538	1,404,109	1,621,112	1,564,905	-16.8%	15.5%	42.0%	11.5%	-3.5%
Health Care Provider Tax	6,116,156	6,169,059	6,419,916	6,293,443	7,288,305	0.9%	-2.0%	2.0%	13.5%	15.8%
Depreciation & Amortization	6,042,151	5,067,273	6,100,000	6,100,000	6,702,192	-16.1%	0.0%	20.4%	9.9%	9.9%
Interest - Long Term & Short Term	1,157,186	702,852	800,000	770,462	961,816	-39.3%	-3.7%	9.6%	20.2%	24.8%
Other Operating Expense	30,660,282	31,801,511	31,061,246	32,510,575	31,289,968	3.7%	4.7%	2.2%	0.7%	-3.8%
Total Operating Expense	111,157,876	113,575,304	116,243,347	120,352,225	120,865,510	2.2%	3.5%	6.0%	4.0%	0.4%
Net Operating Income (Loss)	812,334	(3,729,620)	2,696,711	(4,730,884)	1,274,415	-559.1%	-275.4%	26.8%	-52.7%	-126.9%
Non-Operating Revenue	752,188	4,348,314	1,151,419	1,151,420	1,706,318	478.1%	0.0%	-73.5%	48.2%	48.2%
Excess (Deficit) of Rev Over Exp	1,564,522	618,694	3,848,130	(3,579,464)	2,980,733	-60.5%	-193.0%	-678.6%	-22.5%	-183.3%

Benchmarks-Hospital										
Operating Margin%	0.7%	-3.4%	2.3%	-4.1%	1.0%					
Total Margin %	1.4%	0.5%	3.2%	-3.1%	2.4%					
EBIDA %	7.2%	1.9%	8.1%	1.9%	7.3%					
Cost per Adjusted Admission	9,256	9,814	9,956	10,055	10,281					

OBSERVATIONS : NMC's submitted increase in NPR/FPP of \$4.2 million is 3.7% over the 2019 budget, and 5.9% over projection. While NMC did not acquire any physician practices this year, it did have a formerly hospital-owned practice, Northwestern Dermatology, leave the hospital to operate independently. When this is considered, the effect on the FY19 budget would have decreased the NPR/FPP by -\$711,015, making the FY19 Budget to FY20 Budget change 4.3% which is over the GMCB growth target. NMC has stated in its narrative it has budgeted for and anticipates the acquisition of an existing primary care practice which would increase NPR by \$940k. When this acquisition is considered along with the loss of the dermatology practice, the NPR growth from FY19 Budget to FY20 Budget is 3.5%. The GMCB has not received any official notice to this acquisition via the required schedules or indication through the monthly YTD reports. NMC has a signed contract for all three payer programs for FY20. NMC's budget assumes the same amount of risk in FY20 and therefore has no impact on the P&L. 340(b) did not achieve the scale it was seeking in FY19. NMC's has incurred operating losses for the last 3 consecutive years and has budgeted a positive 1.0% operating margin for FY20. NMC assumed to break even on ACO risk components and has not budgeted FPP reserves.

Fiscal Year 2020 Budget Analysis										
Northwestern Medical Center										
NET PAYER REVENUE CHANGES - PAYERS										
	FY2018B	FY2018A	FY2019B	FY2019P	FY2020B	2018A - 2019P % Chg	2019B - 2019P % Chg	2019B - 2020B % Chg	2019P - 2020B % Chg	
All Payers	Gross Patient Care Revenue	198,174,840	197,719,112	210,649,546	214,938,804	223,749,944	8.7%	2.0%	6.2%	4.1%
	Contractual Allowances	-103,576,456	-102,608,415	-123,235,251	-116,167,548	-124,052,177	13.2%	-5.7%	0.7%	6.8%
	Bad Debt	-6,258,794	-6,322,818	-5,769,549	-6,964,925	-7,099,149	10.2%	20.7%	23.0%	1.9%
	Free Care	-1,079,170	-1,056,665	-1,112,446	-935,724	-1,196,174	-11.4%	-15.9%	7.5%	27.8%
	Graduate Medical Education Payments	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Disproportionate Share Payments	1,201,627	1,194,679	944,549	944,549	934,355	-20.9%	0.0%	-1.1%	-1.1%
	Net Payer Revenue	88,462,047	88,925,893	81,476,849	91,815,156	92,336,799	3.2%	12.7%	13.3%	0.6%
	Fixed Prospective Payments	16,042,549	15,431,100	31,297,131	18,623,296	24,589,780	20.7%	-40.5%	-21.4%	32.0%
	Reserves - Risk Portion	-952,623	-1,039,225	0	0	0	-100.0%	#DIV/0!	#DIV/0!	#DIV/0!
	Other Reform Payments	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Fixed Prospective Payment & Reserves	15,089,926	14,391,875	31,297,131	18,623,296	24,589,780	29.4%	-40.5%	-21.4%	32.0%
	Net Payer Revenue & Fixed Prospective Payments	103,551,973	103,317,768	112,773,980	110,438,452	116,926,579	6.9%	-2.1%	3.7%	5.9%
Commercial	Gross Patient Care Revenue	85,229,512	85,281,226	91,262,312	95,395,603	98,425,443	11.9%	4.5%	7.8%	3.2%
	Contractual Allowances	-28,497,618	-28,446,350	-33,424,839	-32,378,973	-32,054,182	13.8%	-3.1%	-4.1%	-1.0%
	Bad Debt	-6,258,794	-6,322,818	-5,769,549	-6,964,925	-7,099,149	10.2%	20.7%	23.0%	1.9%
	Free Care	-1,079,170	-1,056,665	-1,112,446	-935,724	-1,196,174	-11.4%	-15.9%	7.5%	27.8%
	Graduate Medical Education Payments	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Net Payer Revenue	49,393,929	49,455,393	50,955,478	55,115,981	58,075,938	11.4%	8.2%	14.0%	5.4%
	Fixed Prospective Payments	546,642	20,810	3,622,038	0	0	-100.0%	-100.0%	-100.0%	#DIV/0!
	Reserves - Risk Portion	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!
	Fixed Prospective Payment & Reserves	546,642	20,810	3,622,038	0	0	-100.0%	-100.0%	-100.0%	#DIV/0!
	Net Payer Revenue & Fixed Prospective Payments	49,940,572	49,476,203	54,577,516	55,115,981	58,075,938	11.4%	1.0%	6.4%	5.4%
	Percentage of total	48%	48%	48%	50%	50%				
Medicaid	Gross Patient Care Revenue	43,744,668	43,579,810	45,902,110	45,632,359	46,111,835	4.7%	-0.6%	0.5%	1.1%
	Contractual Allowances	-31,799,573	-31,599,151	-35,158,594	-36,566,813	-36,805,790	15.7%	4.0%	4.7%	0.7%
	Bad Debt	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Free Care	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Graduate Medical Education Payments	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Net Payer Revenue	11,945,095	11,980,659	10,743,516	9,065,546	9,306,045	-24.3%	-15.6%	-13.4%	2.7%
	Fixed Prospective Payments	6,982,656	7,049,497	9,150,864	8,124,877	11,194,326	15.3%	-11.2%	22.3%	37.8%
	Reserves - Risk Portion	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!
	Fixed Prospective Payment & Reserves	6,982,656	7,049,497	9,150,864	8,124,877	11,194,326	15.3%	-11.2%	22.3%	37.8%
	Net Payer Revenue & Fixed Prospective Payments	18,927,751	19,030,156	19,894,380	17,190,423	20,500,371	-9.7%	-13.6%	3.0%	19.3%
	Percentage of total	18%	18%	18%	16%	18%				
Medicare	Gross Patient Care Revenue	69,200,660	68,858,076	73,485,124	73,910,842	79,212,666	7.3%	0.6%	7.8%	7.2%
	Contractual Allowances	-43,279,265	-42,562,914	-54,651,818	-47,221,762	-55,192,205	10.9%	-13.6%	1.0%	16.9%
	Bad Debt	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Free Care	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Graduate Medical Education Payments	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Net Payer Revenue	25,921,396	26,295,162	18,833,306	26,689,080	24,020,461	1.5%	41.7%	27.5%	-10.0%
	Fixed Prospective Payments	8,513,250	8,360,793	18,524,229	10,498,419	13,395,454	25.6%	-43.3%	-27.7%	27.6%
	Reserves - Risk Portion	-952,623	-1,039,225	0	0	0	-100.0%	#DIV/0!	#DIV/0!	#DIV/0!
	Other Reform Payments	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Fixed Prospective Payment & Reserves	7,560,627	7,321,568	18,524,229	10,498,419	13,395,454	43.4%	-43.3%	-27.7%	27.6%
	Net Payer Revenue & Fixed Prospective Payments	33,482,023	33,616,730	37,357,535	37,187,499	37,415,915	10.6%	-0.5%	0.2%	0.6%
	Percentage of total	32%	33%	33%	34%	32%				
	Disproportionate Share Payments	1,201,627	1,194,679	944,549	944,549	934,355	-20.9%	0.0%	-1.1%	-1.1%
	Percentage of total									
	NPR & FPP to Gross Commercial (no dsh)	59%	58%	60%	58%	59%				
	NPR & FPP to Gross Medicaid (no dsh)	43%	44%	43%	38%	44%				
	NPR & FPP to Gross Medicare (no dsh)	48%	49%	51%	50%	47%				
	NPR & FPP to Gross All (no dsh)	52%	52%	53%	51%	52%				
Observations: Commercial assumptions follow the submitted change in charge request and will increase NPR by \$3.4 million. The budget assumes no change in reimbursement rates for non-ACO attributed Medicaid patients and a 0.5% increase in reimbursement rates for ACO-attributed Medicaid patients. For Medicare assumptions, NMC has assumed the PMPM increase for calendar year (CY) 2020 to be 3.9% for the more than 50% ACO-attributed patients. For the non-ACO attributed Medicare patients, a total increase of 2.7% for inpatient payment rates and a net increase of 2.7% for outpatient payment rates are proposed beginning on October 1 and January 1 respectively. DSH is budgeted at \$10k less than FY2019.										

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Northwestern Medical Center

CHANGE IN CHARGE AND NET PATIENT REVENUE INCREASE

Change in charge is the average change in price for services provided.

	FY2017	FY2018	FY2019	FY2020
Weighted Average Approved Rate (all hospitals)	1.8%	2.0%	2.9%	n/a
Weighted Average Submitted Rate (all hospitals)	2.2%	2.3%	3.9%	3.2%
Approved % Change in Charge	0.0%	3.5%	2.0%	n/a
Commercial Approved % Change in Charge	0.0%	3.5%	2.0%	n/a
Submitted % Change in Charge	2.9%	6.0%	2.0%	5.9%
Commercial Submitted % Change in Charge	2.9%	6.0%	2.0%	5.9%

Hospital Inpatient Change in Gross Charges	7.6%
Hospital Outpatient Change in Gross Charges	7.6%
Professional Services Change in Gross Charges	0.0%
Primary Care Change in Gross Charges	
Specialty Care Change in Gross Charges	
Skilled Nursing Facility Change in Gross Charges	
Other (please specify)	
Other (please specify)	

Net Patient Revenue Change Due to Charge Request	
Commercial	\$ 3,395,863
Medicaid	\$ -
Medicare	\$ -
Disproportionate Share	
Total Change Due to Charge Request	\$ 3,395,863
Value of 1% Charge - Calculated by GMCB	\$ 575,570

OBSERVATIONS: NMC is requesting an overall change in gross charges of 5.9%. This includes a hospital-based charge increase of 7.63% and 0% increase for professional fees. It appears NMC assumed no reimbursement increases in Medicare or Medicaid in FY20. NMC plans to achieve their 1.0% operating margin with the 5.9% charge request.

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UTILIZATION & STAFFING	FY2018B	FY2018A	FY2019B	FY2019P	FY2020B	2018B-2018A	2018A-2019P	2019B-2019P	2019B-2020B	2019P-2020B
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UTILIZATION										
Adjusted Admissions	11,609	11,572	11,676	11,969	11,757	-0.3%	3.4%	2.5%	0.7%	-1.8%
Acute Admissions	2,455	2,441	2,522	2,370	2,374	-0.6%	-2.9%	-6.0%	-5.9%	0.2%
Acute Average Length Of Stay	3.2	3.2	3.2	3.0	3.0	0.3%	-6.0%	-5.5%	-5.1%	0.4%
All Operating Room Procedure	2,963	2,974	2,978	3,141	3,112	0.4%	5.6%	5.5%	4.5%	-0.9%
Tests	366,436	371,072	370,786	384,633	369,928	1.3%	3.7%	3.7%	-0.2%	-3.8%
Emergency Room Visits	24,733	24,536	26,920	25,114	24,000	-0.8%	2.4%	-6.7%	-10.8%	-4.4%
CT Scan, Radiology - Diagnostic	38,148	38,059	39,342	46,741	45,779	-0.2%	22.8%	18.8%	16.4%	-2.1%
Exams	2,613	2,617	2,599	2,759	2,670	0.1%	5.4%	6.2%	2.7%	-3.2%
Provider Work RVU	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Physician Office Visits	128,376	127,675	121,911	136,425	136,284	-0.5%	6.9%	11.9%	11.8%	-0.1%
Clinic Visits	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

STAFFING										
Non-MD FTEs	635	636	647	670	657	0.8	33.8	23.4	10.4	(13.0)
Travelers, Travelers MD	2	2	1	1	2	0.1	(1.4)	0.0	1.1	1.1
Residents & Fellows	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0
MLPs	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0
Physician FTEs	37	37	41	36	42	(0.2)	(1.0)	(5.5)	0.9	6.4
Total FTEs	675	676	689	707	702	0.7	31.4	17.9	12.4	(5.5)

Benchmark-Northwestern Medical Center										
Salary per FTE - Non-MD	62,942	62,986	64,922	64,620	66,245	0.1%	2.6%	-0.5%	2.0%	2.5%
Salary & Benefits per FTE - Non-MD	80,206	80,269	81,649	82,954	83,045	0.1%	3.3%	1.6%	1.7%	0.1%
FTEs Per Adjusted Occupied Bed	6	6	6	6	6	0.2%	8.1%	6.7%	6.3%	-0.4%
FTEs per 100 Adj Discharges	5	5	6	6	6	0.4%	1.8%	1.1%	0.9%	-0.2%

Benchmarks-Vermont System Averages										
Salary per FTE - Non-MD	66,011	66,067	67,435	68,152	70,075	0.1%	3.2%	1.1%	3.9%	2.8%
Salary & Benefits per FTE - Non-MD	84,936	84,930	86,796	87,678	89,716	0.0%	3.2%	1.0%	3.4%	2.3%
FTEs Per Adjusted Occupied Bed	6	6	6	6	6	0.1%	-1.7%	-3.5%	1.5%	5.1%
FTEs per 100 Adj Discharges	8	8	8	8	8	0.1%	-0.9%	-1.1%	2.3%	3.4%

OBSERVATIONS: NMC is budgeting an additional 12 FTEs in FY20. Most of these positions were budgeted to address concerns raised by nursing staff, including additional personnel in environmental services. A movement from higher cost visits, such as emergency department and inpatient visits, to lower cost visits, such as outpatient surgical visits can be seen in the numbers above. The financial gains in these lower cost areas, have been partially offset by decreases in higher cost areas.

Fiscal Year 2020 Budget Analysis		Northwestern Medical Center						
BALANCE SHEET	FY2018A	FY2019B	FY2019P	FY2020B	2018A-2019P	2019B-2019P	2019P-2020B	2018A-2020B
Cash & Investments	65,594,524	69,000,000	65,175,844	66,000,000	-0.6%	-5.5%	1.3%	0.6%
Risk Reserve for Fixed Reform Payments	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Other Current Assets	14,376,216	16,000,000	15,047,500	17,000,000	4.7%	-6.0%	13.0%	18.3%
Current Assets	79,970,740	85,000,000	80,223,344	83,000,000	0.3%	-5.6%	3.5%	3.8%
Board Designated Assets	23,450,309	23,500,000	23,750,565	24,000,000	1.3%	1.1%	1.1%	2.3%
Net, Property, Plant And Equipment	67,626,140	68,000,000	68,112,546	67,800,000	0.7%	0.2%	-0.5%	0.3%
Other Long-Term Assets	2,547,776	1,300,000	1,695,929	1,963,167	-33.4%	30.5%	15.8%	-22.9%
Assets	173,594,965	177,800,000	173,782,384	176,763,167	0.1%	-2.3%	1.7%	1.8%
Current Liabilities	13,296,349	12,086,726	17,282,821	15,266,415	30.0%	43.0%	-11.7%	14.8%
Long Term Liabilities	31,231,573	31,000,000	30,248,503	28,349,024	-3.1%	-2.4%	-6.3%	-9.2%
Other Noncurrent Liabilities	2,830,852	1,350,000	2,857,996	1,500,000	1.0%	111.7%	-47.5%	-47.0%
Fund Balance	126,236,191	133,363,274	123,393,064	131,647,728	-2.3%	-7.5%	6.7%	4.3%
Liabilities and Equities	173,594,965	177,800,000	173,782,384	176,763,167	0.1%	-2.3%	1.7%	1.8%
Benchmarks-Hospital					Change in Points			
Days Cash on Hand	299.5	306.5	284.1	287.7	(15.4)	(22.4)	3.7	(11.8)
Days Receivable	36.96	40.32	36.57	39.53	(0.39)	(3.75)	2.96	2.57
Long Term Debt to Capitalization	20%	19%	20%	18%	0%	1%	-2%	-2%
Days Payable	44.73	40.05	55.21	48.81	10.49	15.16	(6.40)	4.08
Debt Service Coverage Ratio	0.9	5.5	0.9	3.5	0.0	(4.5)	2.6	2.6
Benchmarks-Vermont System Averages					Change in Points			
Days Cash on Hand	175.8	171.8	166.9	166.0	(9.0)	(4.9)	(0.9)	(9.8)
Days Receivable	42.93	43.89	46.76	46.44	3.84	2.88	(0.32)	3.51
Long Term Debt to Capitalization	27%	25%	26%	24%	-1%	1%	-2%	-3%
Days Payable	63.38	54.39	54.04	54.56	(9.34)	(0.34)	0.52	(8.82)
Debt Service Coverage Ratio	2.4	3.6	3.0	3.5	0.6	(0.7)	0.6	1.1
<p>OBSERVATIONS: NMC's Days Cash on Hand has been generally consistent, with the decrease seen in FY20 budget coming from the ED Renovation CON currently being considered by the Board. As the letter from NMC's board chair submitted with the narrative indicates, NMC is out of compliance with its bond covenants with a debt service coverage ratio that is too low. The submitted FY20 Budget shows a return to generally healthy balance sheet statistics, including the debt service coverage ratio.</p>								

Fiscal Year 2020 Budget Analysis		Northwestern Medical Center					
CAPITAL BUDGET	FY2018A	FY2019B	FY2019P	FY2020B	2021 Plan	2022 Plan	2023 Plan
Non-Certificate of Need Capital Plans Total	8,788,654	9,067,355	7,310,887	10,676,103	0	0	0
Certificate of Need Capital Plans	3,412,283	1,333,000	301,743	3,962,701	3,251,754	0	0
Total Capital Purchases	12,200,937	10,400,355	7,612,630	14,638,804	3,251,754	0	0
Northwestern Medical Center							
Age of Plant	11.3	10.1	10.1	10.1			
Capital Expenditures to Depreciation	173%	149%	120%	159%			
Capital Cost % of Total Expense	5.1%	5.9%	5.7%	6.3%			
Benchmarks-Vermont System Averages							
Age of Plant	13.1	13.5	13.4	12.8			
Capital Expenditures to Depreciation	79%	111%	105%	77%			
Capital Cost % of Total Expense	4.8%	5.0%	4.8%	5.3%			
<p>OBSERVATIONS: The only CON related capital planning included in the budget is related to NMC's ED renovation for which the hospital submitted an application in June of 2019. Non-CON capital plans primarily include renovations and replacement of current equipment.</p>							

Fiscal Year 2020 Budget Analysis	Northwestern Medical Center							Flex Monitoring Team 2017 CAH Medians		2019 Flex Monitoring Team FY2017	2019 Almanac of Hospital Indicators (Optum)
	FY2016A	FY2017A	FY2018B	FY2018A	FY2019B	FY2019P	FY2020B	Vermont--8 Hospitals	U.S.--1317 Hospitals	Northeast CAH	Teaching Hospitals
DASHBOARD											
Net Patient Care Rev & Fixed Payments & Reserves	99,895,760	101,110,424	106,128,223	103,317,768	112,773,980	110,438,452	116,926,579				
Budget to Budget % Change NPR & FPP					6.3%		3.7%				
Budget to Actual/Projection % Change NPR & FPP				-2.6%		-2.1%	5.9%				
Three Year NPR & FPP CAGR* (FY18A - FY20B)							6.4%				
Five Year NPR & FPP CAGR* (FY16A - FY20B)							4.0%				
Operating Expense	102,319,706	107,683,791	111,157,876	113,575,304	116,243,347	120,352,225	120,865,510				
Budget to Budget % Change Oper Exp					4.6%		4.0%				
Budget to Actual/Projection % Change Oper Exp				2.2%		3.5%	0.4%				
Three Year NPR & FPP CAGR* (FY18A - FY20B)							3.2%				
Five Year NPR & FPP CAGR* (FY16A - FY20B)							4.3%				
Profitability											
Operating Margin	3,655,142	(1,259,824)	812,334	(3,729,620)	2,696,711	(4,730,884)	1,274,415				
Three Year NPR & FPP CAGR* (FY18A - FY20B)							#NUM!				
Five Year NPR & FPP CAGR* (FY16A - FY20B)							-23.2%				
EBIDA Margin%	-26.2%	3.8%	7.2%	1.9%	8.1%	1.9%	7.3%				
Operating Margin %	3.4%	-1.2%	0.7%	-3.4%	2.3%	-4.1%	1.0%	-1.48%	0.93%	0.8%	0.8%
Total Margin	6,731,753	7,890,152	1,564,522	618,694	3,848,130	(3,579,464)	2,980,733				
Three Year NPR & FPP CAGR* (FY17A - FY20B)							1.19				
Five Year NPR & FPP CAGR* (FY16A - FY20B)							-18.4%				
Total Margin %	6.2%	6.8%	1.4%	0.5%	3.2%	-3.1%	2.4%	2.47%	1.79%	3.5%	4.5%
Return On Assets	4.1%	4.6%	1.0%	0.4%	2.2%	-2.1%	1.7%				
Costs											
Cost per Adjusted Admission	13,611	14,022	15,254	13,836	14,236	14,194	14,439				
Salary per FTE - Non-MD	64,534	61,654	62,447	62,986	64,922	64,620	66,245	77,782	57,928	65,605	66,657
Five Year Salary per FTE CAGR* (FY16A - FY20B)							0.7%				
Overhead Exp. as a % of Total Operating Exp.**	25.9%	25.5%	23.6%	24.9%	23.5%	25.4%	23.1%				
Liquidity											
Cash & Investments	67,086,851	63,385,539	54,458,618	65,594,524	69,000,000	65,175,844	66,000,000				
Days Cash on Hand	351	331	257	300	307	284	288	133	78	114	137
Current Ratio	3.70	4.52	5.72	5.38	4.88	6.53	7.38	1.57	2.54	0	2
Expense Per Day**	280,328	295,024	304,542	311,165	318,475	329,732	331,138			0	0
Days Receivable**	34	38	57	37	40	37	40	43	51	42	49
Days Payable**	40	41	44	45	40	55	49				
Capital											
Age of Plant**	11	11	10	11	10	10	10	13	11	15	11
Long Term Debt to Capitalization**	22.3%	20.6%	20.8%	19.8%	18.9%	19.7%	17.7%	30.6%	31.3%	31%	31%
Debt Service Coverage Ratio	6.46	2.52	3.03	0.93	5.47	0.95	3.54	8.01	3.74	6.6	2.6
Cash to Long Term Debt	2.79	2.86	2.35	2.85	2.98	2.94	3.17				
*CAGR = Compounded Annual Growth Rate											
**Denotes metric is favorable if lower											