

# Copley Hospital

Fiscal Year 2020 Budget Analysis

Report Date: 7/31/2019

**Copley Hospital**

**Fiscal Year 2020 Budget Analysis**

**QUESTIONS**

**QUESTIONS:**

1. Have the hospital's projections for FY2019 changed?
2. Copley'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 Copley made to facilitate this?
3. What is the value of 1 day of Days Cash on Hand?
4. What is the value of 1% of Copley's change in charge request? If there is a variance between Copley's calculation and the calculation provided by GMCB staff above, please include the steps to your calculation.
5. Are Medicaid and Medicare reimbursement assumptions still valid including Disproportionate Share Payments?
6. The sleep study program is actively recruiting and \$716k in NPR is related to the program reopening in late summer or fall of 2019. How is this going?
7. Please explain how Copley plans to achieve NPR growth of 6.3% above FY19 projections and positive operating margin in FY20.
8. FTEs are budgeted as increases from both FY2019 budget and FY2019 projections. Is this feasible?
9. In Appendix VI-Bridges, Table 2, Copley listed funds under "Other (please label)". Please describe what these funds are.
10. Why did you not renew your pharmacy support agreement with the Vermont State Psychiatric Hospital?
11. You state in the narrative that unfavorable health insurance claims drove up expenses; was FY19 a one-time claims event? If not, what measures are being taken towards employee health to assist in lessening the likelihood of future financially burdensome claims and to improve the overall health of the employees, thus lowering future premiums?

**BOARD MEMBER QUESTIONS:**

12. For FY19 projections what departments are expenses exceeding revenues?
13. 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?
14. What is the impact of the now known Medicaid reimbursement increases? Any update on inpatient Medicaid reimbursement changes?
15. If you assumed Medicare increases, what is the value and what would a reduction in commercial be to maintain your NPR?
16. Has Copley discussed with the ACO risk protection similar to what the ACO offered to a few other hospitals?

**Fiscal Year 2020 Budget Analysis Copley Hospital**

INCOME STATEMENT	FY2018B	FY2018A	FY2019B	FY2019P	FY2020B	2018B - 2018A	2019B - 2019P	2018A - 2019P	2019B - 2020B	2019P - 2020B
						% Chg	% Chg	% Chg	% Chg	% Chg
<b>Revenues</b>										
<b>Gross Patient Care Revenue</b>	<b>113,713,725</b>	<b>107,028,308</b>	<b>114,694,934</b>	<b>113,513,806</b>	<b>124,871,420</b>	<b>-5.9%</b>	<b>-1.0%</b>	<b>6.1%</b>	<b>8.9%</b>	<b>10.0%</b>
Disproportionate Share Payments	758,102	758,102	458,368	458,368	454,323	0.0%	0.0%	-39.5%	-0.9%	-0.9%
Bad Debt	(1,591,990)	(1,877,838)	(1,720,426)	(1,816,221)	(1,997,944)	18.0%	5.6%	-3.3%	16.1%	10.0%
Free Care	(795,996)	(619,710)	(573,475)	(681,084)	(749,229)	-22.1%	18.8%	9.9%	30.6%	10.0%
Deductions from Revenue	(44,059,310)	(39,062,414)	(42,658,085)	(43,129,970)	(49,920,208)	-11.3%	1.1%	10.4%	17.0%	15.7%
Graduate Medical Education	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
<b>Net Patient Care Revenue</b>	<b>68,024,531</b>	<b>66,226,448</b>	<b>70,201,316</b>	<b>68,344,899</b>	<b>72,658,362</b>	<b>-2.6%</b>	<b>-2.6%</b>	<b>3.2%</b>	<b>3.5%</b>	<b>6.3%</b>
Fixed Prospective Payments	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Reserves	0	0	0	0	0	#DIV/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!	#DIV/0!
<b>Fixed Prospective Payments and Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
<b>Net Patient Care Revenue &amp; Fixed Payments &amp; Reserves</b>	<b>68,024,531</b>	<b>66,226,448</b>	<b>70,201,316</b>	<b>68,344,899</b>	<b>72,658,362</b>	<b>-2.6%</b>	<b>-2.6%</b>	<b>3.2%</b>	<b>3.5%</b>	<b>6.3%</b>
Other Operating Revenue	1,348,615	1,234,776	1,188,760	994,300	813,681	-8.4%	-16.4%	-19.5%	-31.6%	-18.2%
<b>Total Operating Revenue</b>	<b>69,373,146</b>	<b>67,461,224</b>	<b>71,390,076</b>	<b>69,339,199</b>	<b>73,472,043</b>	<b>-2.8%</b>	<b>-2.9%</b>	<b>2.8%</b>	<b>2.9%</b>	<b>6.0%</b>
<b>Expenses</b>										
Salaries Non MD	23,635,205	23,673,062	24,019,847	23,871,066	25,149,537	0.2%	-0.6%	0.8%	4.7%	5.4%
Fringe Benefits Non MD	5,576,778	5,357,066	5,688,256	6,063,765	6,280,364	-3.9%	6.6%	13.2%	10.4%	3.6%
Physician Fees, Salaries, Contracts	9,547,525	9,378,369	9,410,931	8,611,523	9,159,999	-1.8%	-8.5%	-8.2%	-2.7%	6.4%
Fringe Benefits MD	652,595	469,878	656,441	675,753	745,761	-28.0%	2.9%	43.8%	13.6%	10.4%
Health Care Provider Tax	4,015,272	3,852,435	3,882,632	3,899,903	3,954,800	-4.1%	0.4%	1.2%	1.9%	1.4%
Depreciation & Amortization	2,972,162	2,911,048	2,867,023	2,690,205	2,894,873	-2.1%	-6.2%	-7.6%	1.0%	7.6%
Interest - Long Term & Short Term	116,013	117,927	111,325	110,937	105,448	1.6%	-0.3%	-5.9%	-5.3%	-4.9%
Other Operating Expense	22,781,103	23,923,872	24,521,080	24,680,396	24,176,642	5.0%	0.6%	3.2%	-1.4%	-2.0%
<b>Total Operating Expense</b>	<b>69,296,653</b>	<b>69,683,657</b>	<b>71,157,535</b>	<b>70,603,548</b>	<b>72,467,424</b>	<b>0.6%</b>	<b>-0.8%</b>	<b>1.3%</b>	<b>1.8%</b>	<b>2.6%</b>
	3.8%	0.6%	2.1%	-0.8%	2.6%					
<b>Net Operating Income (Loss)</b>	<b>76,493</b>	<b>(2,222,433)</b>	<b>232,541</b>	<b>(1,264,349)</b>	<b>1,004,619</b>	<b>-3005.4%</b>	<b>-643.7%</b>	<b>-43.1%</b>	<b>332.0%</b>	<b>-179.5%</b>
Non-Operating Revenue	370,900	570,103	376,900	403,288	317,200	53.7%	7.0%	-29.3%	-15.8%	-21.3%
<b>Excess (Deficit) of Rev Over Exp</b>	<b>447,393</b>	<b>(1,652,330)</b>	<b>609,441</b>	<b>(861,061)</b>	<b>1,321,819</b>	<b>-469.3%</b>	<b>-241.3%</b>	<b>-47.9%</b>	<b>116.9%</b>	<b>-253.5%</b>

**Benchmarks-Hospital**

Operating Margin%	0.1%	-3.3%	0.3%	-1.8%	1.4%
Total Margin %	0.6%	-2.4%	0.8%	-1.2%	1.8%
EBIDA %	4.6%	1.2%	4.5%	2.2%	5.5%
Cost per Adjusted Admission	13,590	13,561	13,647	14,208	14,221

**OBSERVATIONS :** Copley's submitted increase in NPR/FPP of \$72.7 million is 3.5% over the 2019 budget. Copley has signed a letter of intent to participate in OneCare for Medicaid only. The decision to participate will be made in August after a review of OneCare's financial modeling is complete. Copley's FY18B to FY18A and FY19B to FY19P variances are both more than 2% under the budget target, triggering the 5% rule. Copley attributes the negative NPR/FPP variance to payer mix and decreased utilization due to the medical leave of an orthopedic surgeon, retirement of pediatric surgeon and slow ramp up of surgeons hired in 2018. Copley's submitted growth from FY19P to FY20B is 6.3%, which is higher than allowed. Expenses continue to increase year over year at a low rate of growth. Copley experienced high health insurance claims in FY19, contributing to the large increase in Fringe Benefits. Copley recently joined NEAH to continue this trend. Copley did not have any changes that would effect the FY2019 budget such as physician transfers, a rebase, or any CONs.

Fiscal Year 2020 Budget Analysis											
Copley Hospital											
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	107,585,426	107,028,308	114,694,934	113,513,806	124,871,420	6.1%		-1.0%	8.9%	10.0%
	Contractual Allowances	-39,478,822	-39,062,414	-42,658,085	-43,129,970	-49,920,208	10.4%		1.1%	17.0%	15.7%
	Bad Debt	-1,854,017	-1,877,838	-1,720,426	-1,816,221	-1,997,944	-3.3%		5.6%	16.1%	10.0%
	Free Care	-634,401	-619,710	-573,475	-681,084	-749,229	9.9%		18.8%	30.6%	10.0%
	Graduate Medical Education Payments	0	0	0	0	0	#DIV/0!		#DIV/0!	#DIV/0!	#DIV/0!
	Disproportionate Share Payments	758,102	758,102	458,368	458,368	454,323	-39.5%		0.0%	-0.9%	-0.9%
	<b>Net Payer Revenue</b>	<b>66,376,288</b>	<b>66,226,448</b>	<b>70,201,316</b>	<b>68,344,899</b>	<b>72,658,362</b>	<b>3.2%</b>		<b>-2.6%</b>	<b>3.5%</b>	<b>6.3%</b>
	Fixed Prospective Payments	0	0	0	0	0	#DIV/0!		#DIV/0!	#DIV/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!
<b>Fixed Prospective Payment &amp; Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>		<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	
<b>Net Payer Revenue &amp; Fixed Prospective Payments</b>	<b>66,376,288</b>	<b>66,226,448</b>	<b>70,201,316</b>	<b>68,344,899</b>	<b>72,658,362</b>	<b>3.2%</b>		<b>-2.6%</b>	<b>3.5%</b>	<b>6.3%</b>	
Commercial	Gross Patient Care Revenue	51,767,420	51,669,164	57,322,863	52,508,784	57,920,724	1.6%		-8.4%	1.0%	10.3%
	Contractual Allowances	-11,446,658	-11,429,322	-12,506,790	-11,490,555	-13,107,458	0.5%		-8.1%	4.8%	14.1%
	Bad Debt	-1,605,760	-1,630,761	-1,500,055	-1,580,112	-1,738,212	-3.1%		5.3%	15.9%	10.0%
	Free Care	-366,436	-353,605	-352,229	-381,408	-419,569	7.9%		8.3%	19.1%	10.0%
	Graduate Medical Education Payments	0	0	0	0	0	#DIV/0!		#DIV/0!	#DIV/0!	#DIV/0!
	<b>Net Payer Revenue</b>	<b>38,348,566</b>	<b>38,255,476</b>	<b>42,963,789</b>	<b>39,056,709</b>	<b>42,655,485</b>	<b>2.1%</b>		<b>-9.1%</b>	<b>-0.7%</b>	<b>9.2%</b>
	Fixed Prospective Payments	0	0	0	0	0	#DIV/0!		#DIV/0!	#DIV/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!
	<b>Fixed Prospective Payment &amp; Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>		<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
<b>Net Payer Revenue &amp; Fixed Prospective Payments</b>	<b>38,348,566</b>	<b>38,255,476</b>	<b>42,963,789</b>	<b>39,056,709</b>	<b>42,655,485</b>	<b>2.1%</b>		<b>-9.1%</b>	<b>-0.7%</b>	<b>9.2%</b>	
<b>Percentage of total</b>	<b>58%</b>	<b>58%</b>	<b>61%</b>	<b>57%</b>	<b>59%</b>						
Medicaid	Gross Patient Care Revenue	15,503,207	15,204,478	15,953,325	15,337,687	17,049,944	0.9%		-3.9%	6.9%	11.2%
	Contractual Allowances	-9,101,384	-8,829,657	-10,201,926	-9,022,962	-10,701,074	2.2%		-11.6%	4.9%	18.6%
	Bad Debt	-71,044	-72,595	-42,838	-54,487	-59,938	-24.9%		27.2%	39.9%	10.0%
	Free Care	-7,741	-8,210	-3,526	-6,810	-7,492	-17.1%		93.1%	112.5%	10.0%
	Graduate Medical Education Payments	0	0	0	0	0	#DIV/0!		#DIV/0!	#DIV/0!	#DIV/0!
	<b>Net Payer Revenue</b>	<b>6,323,038</b>	<b>6,294,016</b>	<b>5,705,035</b>	<b>6,253,428</b>	<b>6,281,440</b>	<b>-0.6%</b>		<b>9.6%</b>	<b>10.1%</b>	<b>0.4%</b>
	Fixed Prospective Payments	0	0	0	0	0	#DIV/0!		#DIV/0!	#DIV/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!
	<b>Fixed Prospective Payment &amp; Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>		<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
<b>Net Payer Revenue &amp; Fixed Prospective Payments</b>	<b>6,323,038</b>	<b>6,294,016</b>	<b>5,705,035</b>	<b>6,253,428</b>	<b>6,281,440</b>	<b>-0.6%</b>		<b>9.6%</b>	<b>10.1%</b>	<b>0.4%</b>	
<b>Percentage of total</b>	<b>10%</b>	<b>10%</b>	<b>8%</b>	<b>9%</b>	<b>9%</b>						
Medicare	Gross Patient Care Revenue	40,314,800	40,154,666	41,418,746	45,667,335	49,900,752	13.7%		10.3%	20.5%	9.3%
	Contractual Allowances	-18,930,780	-18,803,435	-19,949,369	-22,616,453	-26,111,676	20.3%		13.4%	30.9%	15.5%
	Bad Debt	-177,214	-174,482	-177,533	-181,622	-199,794	4.1%		2.3%	12.5%	10.0%
	Free Care	-260,224	-257,895	-217,720	-292,866	-322,168	13.6%		34.5%	48.0%	10.0%
	Graduate Medical Education Payments	0	0	0	0	0	#DIV/0!		#DIV/0!	#DIV/0!	#DIV/0!
	<b>Net Payer Revenue</b>	<b>20,946,582</b>	<b>20,918,854</b>	<b>21,074,124</b>	<b>22,576,394</b>	<b>23,267,114</b>	<b>7.9%</b>		<b>7.1%</b>	<b>10.4%</b>	<b>3.1%</b>
	Fixed Prospective Payments	0	0	0	0	0	#DIV/0!		#DIV/0!	#DIV/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!
	<b>Fixed Prospective Payment &amp; Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>		<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
<b>Net Payer Revenue &amp; Fixed Prospective Payments</b>	<b>20,946,582</b>	<b>20,918,854</b>	<b>21,074,124</b>	<b>22,576,394</b>	<b>23,267,114</b>	<b>7.9%</b>		<b>7.1%</b>	<b>10.4%</b>	<b>3.1%</b>	
<b>Percentage of total</b>	<b>32%</b>	<b>32%</b>	<b>30%</b>	<b>33%</b>	<b>32%</b>						
<b>Disproportionate Share Payments</b>	<b>758,102</b>	<b>758,102</b>	<b>458,368</b>	<b>458,368</b>	<b>454,323</b>	<b>-39.5%</b>		<b>0.0%</b>	<b>-0.9%</b>	<b>-0.9%</b>	
<b>Percentage of total</b>											
<b>NPR &amp; FPP to Gross Commercial (no dsh)</b>	<b>74%</b>	<b>74%</b>	<b>75%</b>	<b>74%</b>	<b>74%</b>						
<b>NPR &amp; FPP to Gross Medicaid (no dsh)</b>	<b>41%</b>	<b>41%</b>	<b>36%</b>	<b>41%</b>	<b>37%</b>						
<b>NPR &amp; FPP to Gross Medicare (no dsh)</b>	<b>52%</b>	<b>52%</b>	<b>51%</b>	<b>49%</b>	<b>47%</b>						
<b>NPR &amp; FPP to Gross All (no dsh)</b>	<b>61%</b>	<b>61%</b>	<b>61%</b>	<b>60%</b>	<b>58%</b>						

**Observations:** Copley reported a shift to Medicare from Commercial. There are no significant prior year settlement adjustments impacting Copley's Medicare NPR for FY20. Medicaid reimbursement is based on current trends. Copley is requesting a 9.8% increase in average gross charges, which will increase gross revenue from Commercial payers the most. Copley has assumed no changes to its fixed fee schedule for professional fees.

**Fiscal Year 2020 Budget Analysis**

**Copley Hospital**

**CHANGE IN CHARGE AND NET PATIENT REVENUE INCREASE**

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

	FY2017	FY2018	FY2019	FY2020
<b>Weighted Average Approved Rate (all hospitals)</b>	1.8%	2.0%	2.9%	
<b>Weighted Average Submitted Rate (all hospitals)</b>	2.2%	2.3%	3.9%	3.2%
<b>Approved % Change in Charge</b>	-3.7%	-3.4%	4.5%	n/a
<b>Commercial Approved % Change in Charge</b>	-3.7%	-3.4%	4.5%	n/a
<b>Submitted % Change in Charge</b>	0.0%	0.0%	7.9%	9.8%
<b>Commercial Submitted % Change in Charge</b>	0.0%	0.0%	7.9%	9.8%

Hospital Inpatient Change in Gross Charges	9.8%
Hospital Outpatient Change in Gross Charges	9.8%
Professional Services Change in Gross Charges	
Primary Care Change in Gross Charges	
Specialty Care Change in Gross Charges	n/a
Skilled Nursing Facility Change in Gross Charges	9.8%
Other (specify) Change in Gross Charges	
Other (specify) Change in Gross Charges	

<b>Net Patient Revenue Change Due to Charge Request</b>	
Commercial	\$ 3,636,748
Medicaid	\$ -
Medicare	\$ -
Disproportionate Share	\$ (4,045)
<b>Total Change Due to Charge Request</b>	<b>\$ 3,632,703</b>

<b>Value of 1% Charge - Calculated by GMCB</b>	<b>\$ 370,684</b>
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**OBSERVATIONS:** Copley is requesting an overall change in gross charges of 9.8%. The effective commercial rate increase is proposed to be 8.5%. Copley's 5-year (FY16-FY20) cumulative increase in change in average gross charges is 3.2%. Copley states that the 9.8% charge increase is proposed to attain a 3.5% growth in NPR and achieve a positive operating margin in FY20. Copley did not assume any reimbursement increases for Medicare and Medicaid.

Fiscal Year 2020 Budget Analysis		Copley Hospital									
UTILIZATION & STAFFING	FY2018B	FY2018A	FY2019B	FY2019P	FY2020B	2018B-2018A	2018A-2019P	2019B-2019P	2019B-2020B	2019P-2020B	
<b>UTILIZATION</b>											
Adjusted Admissions	5,134	5,139	5,214	4,969	5,096	0.1%	-3.3%	-4.7%	-2.3%	2.5%	
Acute Admissions	1,805	1,802	1,907	1,851	1,824	-0.2%	2.7%	-2.9%	-4.4%	-1.5%	
Acute Average Length Of Stay	2.6	2.6	2.6	2.4	2.4	-0.7%	-5.8%	-7.6%	-7.5%	0.1%	
All Operating Room Procedure	2,157	2,145	2,201	2,094	2,061	-0.5%	-2.4%	-4.9%	-6.4%	-1.6%	
Tests	333,498	333,292	334,527	327,355	330,912	-0.1%	-1.8%	-2.1%	-1.1%	1.1%	
Emergency Room Visits	13,163	13,112	12,628	12,654	12,742	-0.4%	-3.5%	0.2%	0.9%	0.7%	
CT Scan, Radiology - Diagnostic	27,279	27,201	28,674	27,280	27,493	-0.3%	0.3%	-4.9%	-4.1%	0.8%	
Exams	1,114	1,111	1,123	1,011	1,067	-0.2%	-9.0%	-10.0%	-5.0%	5.5%	
Provider Work RVU	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Physician Office Visits	24,616	24,417	22,387	19,951	20,398	-0.8%	-18.3%	-10.9%	-8.9%	2.2%	
Clinic Visits	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
<b>STAFFING</b>											
Non-MD FTEs	349	348	353	348	363	(1.0)	0.2	(5.1)	9.4	14.5	
Travelers, Travelers MD	14	15	13	11	12	0.4	(3.3)	(1.9)	(1.4)	0.5	
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	15	15	16	15	15	(0.1)	(0.3)	(1.2)	(1.3)	(0.1)	
<b>Total FTEs</b>	<b>379</b>	<b>378</b>	<b>383</b>	<b>375</b>	<b>390</b>	<b>(0.7)</b>	<b>(3.4)</b>	<b>(8.2)</b>	<b>6.7</b>	<b>14.9</b>	
<b>Benchmark-Copley Hospital</b>											
Salary per FTE - Non-MD	67,799	68,006	67,968	68,536	69,321	0.3%	0.8%	0.8%	2.0%	1.1%	
Salary & Benefits per FTE - Non-MD	83,196	83,396	84,064	85,946	86,631	0.2%	3.1%	2.2%	3.1%	0.8%	
FTEs Per Adjusted Occupied Bed	10	10	9	11	11	0.3%	9.8%	11.9%	13.5%	1.4%	
FTEs per 100 Adj Discharges	7	7	7	7	7	-0.4%	3.5%	3.4%	5.0%	1.6%	
<b>Benchmarks-Vermont System Averages</b>											
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:** Copley's utilization measured by adjusted admissions is budgeted to decrease -2.3%. This proposed utilization assumes their orthopedic surgeon will return on a non-surgical basis initially. Inpatient operating room cases are budgeted to decrease as more orthopedic procedures are performed on an outpatient basis.

**Fiscal Year 2020 Budget Analysis** **Copley Hospital**

<b>BALANCE SHEET</b>	<b>FY2018A</b>	<b>FY2019B</b>	<b>FY2019P</b>	<b>FY2020B</b>	<b>2018A-2019P</b>	<b>2019B-2019P</b>	<b>2019P-2020B</b>	<b>2018A-2020B</b>
<b>Cash &amp; Investments</b>	<b>8,788,404</b>	<b>9,426,582</b>	<b>8,466,221</b>	<b>8,969,488</b>	<b>-3.7%</b>	<b>-10.2%</b>	<b>5.9%</b>	<b>2.1%</b>
Risk Reserve for Fixed Reform Payments	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Other Current Assets	10,559,441	10,577,000	10,430,000	10,773,000	-1.2%	-1.4%	3.3%	2.0%
<b>Current Assets</b>	<b>19,347,845</b>	<b>20,003,582</b>	<b>18,896,221</b>	<b>19,742,488</b>	<b>-2.3%</b>	<b>-5.5%</b>	<b>4.5%</b>	<b>2.0%</b>
Board Designated Assets	2,911,343	2,709,564	4,023,350	4,771,447	38.2%	48.5%	18.6%	63.9%
Net, Property, Plant And Equipment	27,109,456	27,524,543	26,237,449	25,734,353	-3.2%	-4.7%	-1.9%	-5.1%
Other Long-Term Assets	2,543,461	2,750,000	2,500,000	2,600,000	-1.7%	-9.1%	4.0%	2.2%
<b>Assets</b>	<b>51,912,105</b>	<b>52,987,689</b>	<b>51,657,020</b>	<b>52,848,288</b>	<b>-0.5%</b>	<b>-2.5%</b>	<b>2.3%</b>	<b>1.8%</b>
<b>Current Liabilities</b>	<b>6,606,803</b>	<b>7,673,114</b>	<b>7,844,552</b>	<b>8,115,655</b>	<b>18.7%</b>	<b>2.2%</b>	<b>3.5%</b>	<b>22.8%</b>
Long Term Liabilities	10,546,943	10,123,074	9,915,170	9,513,516	-6.0%	-2.1%	-4.1%	-9.8%
Other Noncurrent Liabilities	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Fund Balance	34,758,359	35,191,501	33,897,298	35,219,117	-2.5%	-3.7%	3.9%	1.3%
<b>Liabilities and Equities</b>	<b>51,912,105</b>	<b>52,987,689</b>	<b>51,657,020</b>	<b>52,848,288</b>	<b>-0.5%</b>	<b>-2.5%</b>	<b>2.3%</b>	<b>1.8%</b>
<b>Benchmarks-Hospital</b>					<b>Change in Points</b>			
<b>Days Cash on Hand</b>	<b>63.95</b>	<b>64.87</b>	<b>67.13</b>	<b>72.09</b>	<b>3.17</b>	<b>2.26</b>	<b>4.96</b>	<b>8.13</b>
Days Receivable	29.18	29.00	29.00	29.00	(0.18)	0.00	0.00	(0.18)
Long Term Debt to Capitalization	23%	22%	23%	21%	-1%	0%	-1%	-2%
Days Payable	36.11	41.01	42.16	42.58	6.05	1.15	0.42	6.46
Debt Service Coverage Ratio	1.6	5.3	2.5	6.6	1.0	(2.8)	4.1	5.0
<b>Benchmarks-Vermont System Averages</b>					<b>Change in Points</b>			
Days Cash on Hand	176	172	167	166	(9)	(5)	(1)	(10)
Days Receivable	43	44	47	46	4	3	(0)	4
Long Term Debt to Capitalization	27%	25%	26%	24%	-1%	1%	-2%	-3%
Days Payable	63	54	54	55	(9)	(0)	1	(9)
Debt Service Coverage Ratio	2.4	3.6	3.0	3.5	0.6	(0.7)	0.6	1.1

**OBSERVATIONS:** Copley's Days Cash on Hand are significantly lower than the Vermont system average, though are projected and budgeted to increase. Copley has deferred several projects as a result of their depleted cash position, including an integrated health information system and an MRI upgrade. Its Days Receivable and Days Payable remain stronger than the system average.

CAPITAL BUDGET	FY2018A	FY2019B	FY2019P	FY2020B	2021 Plan	2022 Plan	2023 Plan
Non-Certificate of Need Capital Plans Total	1,970,657	2,814,850	1,818,198	3,071,776	11,019,775	2,624,936	12,677,100
Certificate of Need Capital Plans	0	0	0	0	0	0	0
Total Capital Purchases	1,970,657	2,814,850	1,818,198	3,071,776	11,019,775	2,624,936	12,677,100

Copley Hospital							
Age of Plant	9.8	11.6	11.6	11.7			
Capital Expenditures to Depreciation	68%	98%	68%	106%			
Capital Cost % of Total Expense	4.3%	4.2%	4.0%	4.1%			

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%			

**OBSERVATIONS:** Copley has no proposed CONs in FY20. It's non-CON capital plans include just under \$800k in building and building improvements and \$2.3 million in Major movable equipment. Plans in 2021 include upgrades to Copley's EMR, MRI and MRI space, buildings, as well as the replacement of a CT scanner. Their narrative addresses the difficulty in prioritizing with Copley's limited cash.

