

# Southwestern VT 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. SVMC'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 SVMC made to facilitate this?
4. What is the value of 1 day of Days Cash on Hand for the hospital as well as Southwestern Vermont Health Care Corp.?
5. What is the value of 1% of SVMC's change in charge request? If there is a variance between SVMC'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 including Disproportionate Share Payments?
7. Pinnacle Healthcare Consulting has been retained for \$500,000 in FY20 with a goal of achieving \$1 million of operating expense reductions. Please explain the impact on FY20 operating expenses, future engagement with Pinnacle and future savings.
8. SVMC's narrative discrepancies with Adaptive- please clarify:  
Narrative indicates a 1.0% increase in Medicare and Medicaid, however Appendix VI Bridges table includes \$0  
Narrative FTE is 792, Adaptive FTE is 887
9. Narrative states Days Cash on Hand at 20.3; budget documents indicate it is closer to 36, please explain discrepancy.
10. Consolidated Cash on Hand Days are 'projected' to be 161; what are the 'Actual' days and are the parent company's cash reserves easily accessible to the Medical Center should the need arise? Additionally, is the 161 projected days cash on hand based/calculated upon the daily need of the Medical Center or the Parent Company? E.G. if it the parent company only spends \$10,000/day compared to \$471,000/day for the Medical Center projected days cash on hand would be significantly less for the M.C.
11. In Appendix V-Participation in Health Reform, SVMC stated the risk for CY20 had not been determined. We understand OneCare provided some risk mitigation for CY19. If you have a risk estimate without the backstop for CY20, please provide it, along with any update on any OneCare (or other entity) provided risk mitigation you may consider for CY20.
12. Would not receiving any risk mitigation force SVMC to reconsider participating in the three major OneCare payer programs in CY20?

**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. Why was Budget in FY19 \$0 for pension funding with forecast now at \$3.8 million? An additional \$4.5 million forecasted for FY20 and FY18 had \$3.5 million. What is the status of pension funding for the future?
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** **Southwestern VT Medical Center**

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>										
Gross Patient Care Revenue	351,136,888	343,147,360	361,207,293	361,165,297	381,229,035	-2.3%	0.0%	5.3%	5.5%	5.6%
Disproportionate Share Payments	1,043,610	1,038,062	1,021,412	1,021,412	839,000	-0.5%	0.0%	-1.6%	-17.9%	-17.9%
Bad Debt	(4,829,000)	(5,741,603)	(6,100,000)	(6,183,143)	(6,400,000)	18.9%	1.4%	7.7%	4.9%	3.5%
Free Care	(2,100,000)	(2,148,512)	(2,350,000)	(2,024,851)	(2,250,000)	2.3%	-13.8%	-5.8%	-4.3%	11.1%
Deductions from Revenue	(185,172,634)	(180,434,160)	(195,354,821)	(217,821,576)	(237,633,390)	-2.6%	11.5%	20.7%	21.6%	9.1%
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>160,078,864</b>	<b>155,861,147</b>	<b>158,423,884</b>	<b>136,157,139</b>	<b>135,784,645</b>					
Fixed Prospective Payments	0	5,254,618	6,777,492	28,752,492	36,500,000	#DIV/0!	324.2%	447.2%	438.5%	26.9%
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>5,254,618</b>	<b>6,777,492</b>	<b>28,752,492</b>	<b>36,500,000</b>					
<b>Net Patient Care Revenue &amp; Fixed Payments &amp; Reserves</b>	<b>160,078,864</b>	<b>161,115,765</b>	<b>165,201,376</b>	<b>164,909,631</b>	<b>172,284,645</b>	<b>0.6%</b>	<b>-0.2%</b>	<b>2.4%</b>	<b>4.3%</b>	<b>4.5%</b>
Other Operating Revenue	3,963,786	5,058,629	5,127,206	6,069,620	5,722,145	27.6%	18.4%	20.0%	11.6%	-5.7%
<b>Total Operating Revenue</b>	<b>164,042,650</b>	<b>166,174,394</b>	<b>170,328,582</b>	<b>170,979,251</b>	<b>178,006,790</b>	<b>1.3%</b>	<b>0.4%</b>	<b>2.9%</b>	<b>4.5%</b>	<b>4.1%</b>
<b>Expenses</b>										
Salaries Non MD	48,017,212	48,060,225	49,318,033	50,652,369	51,600,043	0.1%	2.7%	5.4%	4.6%	1.9%
Fringe Benefits Non MD	14,209,171	12,862,407	14,610,440	14,509,874	15,032,690	-9.5%	-0.7%	12.8%	2.9%	3.6%
Physician Fees, Salaries, Contracts	30,383,966	30,234,817	29,954,394	30,849,102	32,705,402	-0.5%	3.0%	2.0%	9.2%	6.0%
Fringe Benefits MD	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Health Care Provider Tax	9,311,076	9,261,317	9,618,532	9,652,381	9,981,590	-0.5%	0.4%	4.2%	3.8%	3.4%
Depreciation & Amortization	6,576,292	6,161,823	6,309,783	6,224,070	6,500,000	-6.3%	-1.4%	1.0%	3.0%	4.4%
Interest - Long Term & Short Term	521,014	520,068	544,462	507,015	750,000	-0.2%	-6.9%	-2.5%	37.8%	47.9%
Other Operating Expense	48,717,899	51,455,618	53,855,921	52,860,756	55,384,591	5.6%	-1.8%	2.7%	2.8%	4.8%
<b>Total Operating Expense</b>	<b>157,736,630</b>	<b>158,556,275</b>	<b>164,211,565</b>	<b>165,255,567</b>	<b>171,954,316</b>	<b>0.5%</b>	<b>0.6%</b>	<b>4.2%</b>	<b>4.7%</b>	<b>4.1%</b>
<b>Net Operating Income (Loss)</b>	<b>6,306,020</b>	<b>7,618,119</b>	<b>6,117,017</b>	<b>5,723,684</b>	<b>6,052,474</b>	<b>20.8%</b>	<b>-6.4%</b>	<b>-24.9%</b>	<b>-1.1%</b>	<b>5.7%</b>
Non-Operating Revenue	685,862	2,084,454	649,214	388,297	600,000	203.9%	-40.2%	-81.4%	-7.6%	54.5%
<b>Excess (Deficit) of Rev Over Exp</b>	<b>6,991,882</b>	<b>9,702,573</b>	<b>6,766,231</b>	<b>6,111,981</b>	<b>6,652,474</b>	<b>38.8%</b>	<b>-9.7%</b>	<b>-37.0%</b>	<b>-1.7%</b>	<b>8.8%</b>

<b>Benchmarks-Hospital</b>										
Operating Margin%	3.8%	4.6%	3.6%	3.3%	3.4%					
Total Margin %	4.2%	5.8%	4.0%	3.6%	3.7%					
EBIDA %	8.2%	8.6%	7.6%	7.3%	7.5%					
Cost per Adjusted Admission	9,429	8,937	9,589	9,448	9,529					

**OBSERVATIONS:** SVMC's FY2020 budget for NPR/FPP is an increase of \$7.1 million (4.3%) over FY2019 budget, and 4.5% over projection. A main driver of NPR/FPP is increased utilization (\$3.7 million), specifically in the service areas of Orthopedic, Neurology and Gastroenterology. Charge assumptions account for an additional \$2.8 million in NPR/FPP increases. SVMC did not determine an upside/downside FPP risk as part of the FY20 budget. SVMC's FY2020 budget for Operating Expenses is an increase of \$7.7 million (4.7%) over FY2019 budget, and 4.1% over projection. SVMC attributes this increase in Operating Expenses to a 3% salary increase, additional FTEs and investments in operational improvements (\$500,000 to hire Pinnacle Healthcare Consulting). SVMC plans to acquire an anesthesia practice effective 1/1/2020 with an estimated impact on NPR/FPP of \$1.3 million and Operating Expenses of \$3 million. When taking into account the anesthesia acquisition, SVMC's FY2020 NPR/FPP request is reduced from 4.3% to 3.5% and their Operating Expense request is reduced from 4.7% to 2.9%.

Fiscal Year 2020 Budget Analysis										
Southwestern VT Medical Center										
NET PAYER REVENUE CHANGES - PAYERS										
		FY2018B	FY2018A	FY2019B	FY2019P	FY2020B	2018A - 2019P % Chg	2019B - 2019P % Chg	2019B - 2020B % Chg	2019P - 2020B % Chg
<b>All Payers</b>	<b>Gross Patient Care Revenue</b>	343,813,155	343,147,361	361,207,293	361,165,297	381,229,035	5.3%	0.0%	5.5%	5.6%
	Contractual Allowances	-180,829,033	-180,434,160	-195,354,821	-217,821,576	-237,633,390	20.7%	11.5%	21.6%	9.1%
	Bad Debt	-5,665,553	-5,741,603	-6,100,000	-6,183,143	-6,400,000	7.7%	1.4%	4.9%	3.5%
	Free Care	-2,144,469	-2,148,512	-2,350,000	-2,024,851	-2,250,000	-5.8%	-13.8%	-4.3%	11.1%
	Graduate Medical Education Payments	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Disproportionate Share Payments	1,038,524	1,038,062	1,021,412	1,021,412	839,000	-1.6%	0.0%	-17.9%	-17.9%
	<b>Net Payer Revenue</b>	<b>156,212,624</b>	<b>155,861,148</b>	<b>158,423,884</b>	<b>136,157,139</b>	<b>135,784,645</b>	<b>-12.6%</b>	<b>-14.1%</b>	<b>-14.3%</b>	<b>-0.3%</b>
	Fixed Prospective Payments	4,816,733	5,254,618	6,777,492	28,752,492	36,500,000	447.2%	324.2%	438.5%	26.9%
	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>4,816,733</b>	<b>5,254,618</b>	<b>6,777,492</b>	<b>28,752,492</b>	<b>36,500,000</b>	<b>447.2%</b>	<b>324.2%</b>	<b>438.5%</b>	<b>26.9%</b>
	<b>Net Payer Revenue &amp; Fixed Prospective Payments</b>	<b>161,029,358</b>	<b>161,115,766</b>	<b>165,201,376</b>	<b>164,909,631</b>	<b>172,284,645</b>	<b>2.4%</b>	<b>-0.2%</b>	<b>4.3%</b>	<b>4.5%</b>
<b>Commercial</b>	<b>Gross Patient Care Revenue</b>	109,715,234	109,387,103	115,202,210	113,067,204	119,556,254	3.4%	-1.9%	3.8%	5.7%
	Contractual Allowances	-23,130,581	-23,018,357	-23,533,547	-26,251,502	-31,144,630	14.0%	11.5%	32.3%	18.6%
	Bad Debt	-5,665,553	-5,741,603	-6,100,000	-6,183,143	-6,400,000	7.7%	1.4%	4.9%	3.5%
	Free Care	-2,144,469	-2,148,512	-2,350,000	-2,024,851	-2,250,000	-5.8%	-13.8%	-4.3%	11.1%
	Graduate Medical Education Payments	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	<b>Net Payer Revenue</b>	<b>78,774,631</b>	<b>78,478,631</b>	<b>83,218,663</b>	<b>78,607,708</b>	<b>79,761,624</b>	<b>0.2%</b>	<b>-5.5%</b>	<b>-4.2%</b>	<b>1.5%</b>
	Fixed Prospective Payments	0	0	0	5,250,000	7,000,000	#DIV/0!	#DIV/0!	#DIV/0!	33.3%
	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>5,250,000</b>	<b>7,000,000</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>33.3%</b>
	<b>Net Payer Revenue &amp; Fixed Prospective Payments</b>	<b>78,774,631</b>	<b>78,478,631</b>	<b>83,218,663</b>	<b>83,857,708</b>	<b>86,761,624</b>	<b>6.9%</b>	<b>0.8%</b>	<b>4.3%</b>	<b>3.5%</b>
	<b>Percentage of total</b>	49%	49%	50%	51%	50%				
<b>Medicaid</b>	<b>Gross Patient Care Revenue</b>	59,296,132	58,852,475	65,098,405	62,530,219	65,066,988	6.2%	-3.9%	0.0%	4.1%
	Contractual Allowances	-45,235,874	-45,172,082	-53,228,635	-50,986,966	-53,562,426	12.9%	-4.2%	0.6%	5.1%
	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!
	<b>Net Payer Revenue</b>	<b>14,060,258</b>	<b>13,680,393</b>	<b>11,869,770</b>	<b>11,543,253</b>	<b>11,504,562</b>	<b>-15.6%</b>	<b>-2.8%</b>	<b>-3.1%</b>	<b>-0.3%</b>
	Fixed Prospective Payments	4,816,733	5,254,618	6,777,492	6,777,492	7,200,000	29.0%	0.0%	6.2%	6.2%
	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>4,816,733</b>	<b>5,254,618</b>	<b>6,777,492</b>	<b>6,777,492</b>	<b>7,200,000</b>	<b>29.0%</b>	<b>0.0%</b>	<b>6.2%</b>	<b>6.2%</b>
	<b>Net Payer Revenue &amp; Fixed Prospective Payments</b>	<b>18,876,991</b>	<b>18,935,011</b>	<b>18,647,262</b>	<b>18,320,745</b>	<b>18,704,562</b>	<b>-3.2%</b>	<b>-1.8%</b>	<b>0.3%</b>	<b>2.1%</b>
	<b>Percentage of total</b>	12%	12%	11%	11%	11%				
<b>Medicare</b>	<b>Gross Patient Care Revenue</b>	174,801,789	174,907,783	180,906,678	185,567,874	196,605,793	6.1%	2.6%	8.7%	5.9%
	Contractual Allowances	-112,462,578	-112,243,721	-118,592,639	-140,583,108	-152,926,334	25.2%	18.5%	29.0%	8.8%
	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!
	<b>Net Payer Revenue</b>	<b>62,339,211</b>	<b>62,664,062</b>	<b>62,314,039</b>	<b>44,984,766</b>	<b>43,679,459</b>	<b>-28.2%</b>	<b>-27.8%</b>	<b>-29.9%</b>	<b>-2.9%</b>
	Fixed Prospective Payments	0	0	0	16,725,000	22,300,000	#DIV/0!	#DIV/0!	#DIV/0!	33.3%
	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>16,725,000</b>	<b>22,300,000</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>33.3%</b>
	<b>Net Payer Revenue &amp; Fixed Prospective Payments</b>	<b>62,339,211</b>	<b>62,664,062</b>	<b>62,314,039</b>	<b>61,709,766</b>	<b>65,979,459</b>	<b>-1.5%</b>	<b>-1.0%</b>	<b>5.9%</b>	<b>6.9%</b>
	<b>Percentage of total</b>	39%	39%	38%	37%	38%				
	<b>Disproportionate Share Payments</b>	<b>1,038,524</b>	<b>1,038,062</b>	<b>1,021,412</b>	<b>1,021,412</b>	<b>839,000</b>	<b>-1.6%</b>	<b>0.0%</b>	<b>-17.9%</b>	<b>-17.9%</b>
	<b>Percentage of total</b>									
	<b>NPR &amp; FPP to Gross Commercial (no dsh)</b>	<b>72%</b>	<b>72%</b>	<b>72%</b>	<b>74%</b>	<b>73%</b>				
	<b>NPR &amp; FPP to Gross Medicaid (no dsh)</b>	<b>32%</b>	<b>32%</b>	<b>29%</b>	<b>29%</b>	<b>29%</b>				
	<b>NPR &amp; FPP to Gross Medicare (no dsh)</b>	<b>36%</b>	<b>36%</b>	<b>34%</b>	<b>33%</b>	<b>34%</b>				
	<b>NPR &amp; FPP to Gross All (no dsh)</b>	<b>47%</b>	<b>47%</b>	<b>45%</b>	<b>45%</b>	<b>45%</b>				
<b>Observations:</b> SVMC is participating in four OCV programs: BCBSVT (1,500 lives; \$7 million), Medicaid (3,7000 lives; \$7.2 million) Medicare (3,900 lives; \$22.3 million) and the UVM self-funded plan. In FY19, SVMC participated only in the Medicaid program. The FY20 FPP budget of \$36 million represents a \$30 million (439%) increase over FY2019 FPP budget. SVMC expects that 33% of healthcare spending of their attributed lives will occur outside of the OCV network, creating substantial risk for the hospital. SVMC does not reserve for risk related to FPP. SVMC's payer mix and NPR/FPP to Gross shows little change from previous budget.										

**Fiscal Year 2020 Budget Analysis**

**Southwestern VT 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
<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>	3.4%	2.9%	3.0%	0.0%
<b>Commercial Approved % Change in Charge</b>	3.4%	2.9%	3.0%	0.0%
<b>Submitted % Change in Charge</b>	3.9%	2.9%	3.2%	2.8%
<b>Commercial Submitted % Change in Charge</b>	3.9%	2.9%	3.2%	2.8%

Hospital Inpatient Change in Gross Charges	4.7%
Hospital Outpatient Change in Gross Charges	4.7%
Professional Services Change in Gross Charges	0.0%
Primary Care Change in Gross Charges	0.0%
Specialty Care Change in Gross Charges	0.0%
Skilled Nursing Facility Change in Gross Charges	
Other (please specify)	
Other (please specify)	

<b>Net Patient Revenue Change Due to Charge Request</b>	
Commercial	\$ 2,776,170
Medicaid	\$ -
Medicare	\$ -
Disproportionate Share	\$ (111,785)
<b>Total Change Due to Charge Request</b>	<b>\$ 2,664,385</b>
<b>Value of 1% Charge - Calculated by GMCB</b>	<b>\$ 951,566</b>

**OBSERVATIONS:** SVMC requests a 2.8% increase in Gross charges. It appears that SVMC assumed no increases in Medicare or Medicaid reimbursement rates.

**Fiscal Year 2020 Budget Analysis** **Southwestern VT Medical Center**

UTILIZATION & STAFFING	FY2018B	FY2018A	FY2019B	FY2019P	FY2020B	2018B-2018A	2018A-2019P	2019B-2019P	2019B-2020B	2019P-2020B
------------------------	---------	---------	---------	---------	---------	-------------	-------------	-------------	-------------	-------------

**UTILIZATION**

Adjusted Admissions	17,651	17,741	17,126	17,492	18,046	0.5%	-1.4%	2.1%	5.4%	3.2%
Acute Admissions	3,417	3,419	3,498	3,406	3,425	0.1%	-0.4%	-2.6%	-2.1%	0.6%
Acute Average Length Of Stay	3.4	3.4	3.5	3.5	3.5	-0.1%	5.1%	1.7%	0.1%	-1.5%
All Operating Room Procedure	2,960	2,927	2,882	2,851	2,956	-1.1%	-2.6%	-1.1%	2.6%	3.7%
Tests	392,880	392,577	403,915	378,789	387,336	-0.1%	-3.5%	-6.2%	-4.1%	2.3%
Emergency Room Visits	23,514	23,517	23,216	23,929	24,100	0.0%	1.8%	3.1%	3.8%	0.7%
CT Scan, Radiology - Diagnostic	45,215	45,006	48,301	43,164	48,853	-0.5%	-4.1%	-10.6%	1.1%	13.2%
Exams	3,273	3,271	3,452	3,374	3,393	0.0%	3.1%	-2.3%	-1.7%	0.6%
Provider Work RVU	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Physician Office Visits	134,438	133,586	145,313	145,954	166,104	-0.6%	9.3%	0.4%	14.3%	13.8%
Clinic Visits	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

**STAFFING**

Non-MD FTEs	766	767	764	777	783	0.8	9.3	12.9	19.2	6.3
Travelers, Travelers MD	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0
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	95	94	90	97	104	(0.4)	2.7	7.6	14.8	7.2
<b>Total FTEs</b>	<b>861</b>	<b>862</b>	<b>853</b>	<b>874</b>	<b>887</b>	<b>0.5</b>	<b>12.0</b>	<b>20.5</b>	<b>34.0</b>	<b>13.5</b>

**Benchmark-Southwestern VT Medical Center**

Salary per FTE - Non-MD	62,705	62,642	64,586	65,232	65,917	-0.1%	4.1%	1.0%	2.1%	1.1%
Salary & Benefits per FTE - Non-MD	79,634	79,407	83,720	83,918	85,121	-0.3%	5.7%	0.2%	1.7%	1.4%
FTEs Per Adjusted Occupied Bed	5	5	5	5	5	-0.3%	-2.4%	-2.1%	-2.9%	-0.8%
FTEs per 100 Adj Discharges	4	4	4	4	4	-0.4%	2.7%	-0.4%	-2.7%	-2.3%

**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:** Overall utilization as measured by adjusted admissions shows an increase of 5.4% over FY19 budget. \$3.7 million of SVMC's requested \$7.7 million NPR/FPP increase is attributed to increased utilization. Acute admissions are -2.1% below FY19 budget while office visits are over 14.3%. This trend is supported by SVMC's 11 new FTEs in the ER to address increasing behavioral health patient load.

**Fiscal Year 2020 Budget Analysis Southwestern VT Medical Center**

BALANCE SHEET	FY2018A	FY2019B	FY2019P	FY2020B	2018A-2019P	2019B-2019P	2019P-2020B	2018A-2020B
<b>Cash &amp; Investments</b>	<b>8,811,592</b>	<b>12,719,872</b>	<b>7,689,325</b>	<b>8,361,018</b>	<b>-12.7%</b>	<b>-39.5%</b>	<b>8.7%</b>	<b>-5.1%</b>
Risk Reserve for Fixed Reform Payments	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Other Current Assets	19,917,677	20,366,154	19,015,183	19,777,938	-4.5%	-6.6%	4.0%	-0.7%
<b>Current Assets</b>	<b>28,729,269</b>	<b>33,086,026</b>	<b>26,704,508</b>	<b>28,138,956</b>	<b>-7.0%</b>	<b>-19.3%</b>	<b>5.4%</b>	<b>-2.1%</b>
Board Designated Assets	7,062,598	7,329,335	7,473,446	7,842,968	5.8%	2.0%	4.9%	11.0%
Net, Property, Plant And Equipment	39,367,273	38,902,015	36,381,067	35,881,067	-7.6%	-6.5%	-1.4%	-8.9%
Other Long-Term Assets	5,846,288	12,727,579	5,494,411	7,025,590	-6.0%	-56.8%	27.9%	20.2%
<b>Assets</b>	<b>81,005,428</b>	<b>92,044,955</b>	<b>76,053,432</b>	<b>78,888,581</b>	<b>-6.1%</b>	<b>-17.4%</b>	<b>3.7%</b>	<b>-2.6%</b>
<b>Current Liabilities</b>	<b>22,696,656</b>	<b>25,115,108</b>	<b>21,126,354</b>	<b>21,723,526</b>	<b>-6.9%</b>	<b>-15.9%</b>	<b>2.8%</b>	<b>-4.3%</b>
Long Term Liabilities	9,568,084	9,377,032	9,223,739	8,978,406	-3.6%	-1.6%	-2.7%	-6.2%
Other Noncurrent Liabilities	9,866,618	12,574,209	11,199,234	7,030,072	13.5%	-10.9%	-37.2%	-28.7%
Fund Balance	38,874,070	44,978,606	34,504,105	41,156,577	-11.2%	-23.3%	19.3%	5.9%
<b>Liabilities and Equities</b>	<b>81,005,428</b>	<b>92,044,955</b>	<b>76,053,432</b>	<b>78,888,581</b>	<b>-6.1%</b>	<b>-17.4%</b>	<b>3.7%</b>	<b>-2.6%</b>

Benchmarks-Hospital					Change in Points			
Days Cash on Hand	38.02	46.35	34.80	35.75	(3.22)	(11.54)	0.95	(2.27)
Days Receivable	34.21	35.45	36.82	38.55	2.61	1.37	1.73	4.34
Long Term Debt to Capitalization	20%	17%	21%	18%	1%	4%	-3%	-2%
Days Payable	54.36	58.06	48.49	47.92	(5.87)	(9.57)	(0.56)	(6.44)
Debt Service Coverage Ratio	15.1	13.7	14.0	11.5	(1.1)	0.3	(2.4)	(3.5)

Benchmarks-Vermont System Averages					Change in Points			
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:** Assets/Liabilities have correspondingly decreased by \$16 million (-17.4%) from FY19 budget-to-projection. Cash and Investments are budgeted to decrease \$4.4 million under FY19 budget. Days Cash on Hand is budgeted at 161 when factoring in SVMC's parent company.

Fiscal Year 2020 Budget Analysis		Southwestern VT Medical Center					
CAPITAL BUDGET	FY2018A	FY2019B	FY2019P	FY2020B	2021 Plan	2022 Plan	2023 Plan
Non-Certificate of Need Capital Plans Total	5,614,656	6,000,000	6,000,000	6,000,000	7,000,000	7,000,000	7,000,000
Certificate of Need Capital Plans	0	0	0	500,000	23,000,000	8,100,000	0
Total Capital Purchases	5,614,656	6,000,000	6,000,000	6,500,000	30,000,000	15,100,000	7,000,000
<b>Southwestern VT Medical Center</b>							
Age of Plant	17.4	18.0	18.2	18.4	0.0	0.0	0.0
Capital Expenditures to Depreciation	91%	95%	96%	92%	0%	0%	0%
Capital Cost % of Total Expense	4.2%	4.2%	4.1%	4.2%	0.0%	0.0%	0.0%
<b>Benchmarks-Vermont System Averages</b>							
Age of Plant	13.1	13.5	13.4	12.8	0.0	0.0	0.0
Capital Expenditures to Depreciation	79%	111%	105%	77%	0%	0%	0%
Capital Cost % of Total Expense	4.8%	5.0%	4.8%	5.3%	0.0%	0.0%	0.0%
<p><b>OBSERVATIONS:</b> SVMC's age of plant is higher than the Vermont System Average. SVMC's consistent operating margin would be significantly lower in order to bring age of plant to system average. SVMC plans significant future changes to the physical plant including \$23 million in FY21 to modernize the ER and front entrance and \$8.1 million in FY22 to renovate the Regional Cancer Center.</p>							

Fiscal Year 2020 Budget Analysis	Southwestern VT 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
<b>DASHBOARD</b>											
<b>Net Patient Care Rev &amp; Fixed Payments &amp; Reserves</b>	151,922,754	152,602,902	160,078,864	161,115,765	165,201,376	164,909,631	172,284,645				
Budget to Budget % Change NPR & FPP					3.2%		4.3%				
Budget to Actual/Projection % Change NPR & FPP				0.6%		-0.2%	4.5%				
Three Year NPR & FPP CAGR* (FY18A - FY20B)							3.4%				
Five Year NPR & FPP CAGR* (FY16A - FY20B)							3.2%				
<b>Operating Expense</b>	149,354,747	151,391,369	157,736,630	158,556,275	164,211,565	165,255,567	171,954,316				
Budget to Budget % Change Oper Exp					4.1%		4.7%				
Budget to Actual/Projection % Change Oper Exp				0.5%		0.6%	4.1%				
Three Year NPR & FPP CAGR* (FY18A - FY20B)							4.1%				
Five Year NPR & FPP CAGR* (FY16A - FY20B)							3.6%				
<b>Profitability</b>											
<b>Operating Margin</b>	5,298,810	5,775,890	6,306,020	7,618,119	6,117,017	5,723,684	6,052,474				
Three Year NPR & FPP CAGR* (FY18A - FY20B)							-10.9%				
Five Year NPR & FPP CAGR* (FY16A - FY20B)							3.4%				
EBIDA Margin%	-86.0%	7.9%	8.2%	8.6%	7.6%	7.3%	7.5%				
Operating Margin %	3.4%	3.7%	3.8%	4.6%	3.6%	3.3%	3.4%	-1.48%	0.93%	0.8%	0.8%
<b>Total Margin</b>	5,917,728	7,810,731	6,991,882	9,702,573	6,766,231	6,111,981	6,652,474				
Three Year NPR & FPP CAGR* (FY17A - FY20B)							(0.17)				
Five Year NPR & FPP CAGR* (FY16A - FY20B)							3.0%				
Total Margin %	3.8%	4.9%	4.2%	5.8%	4.0%	3.6%	3.7%	2.47%	1.79%	3.5%	4.5%
Return On Assets	7.3%	9.4%	8.3%	12.0%	7.4%	8.0%	8.4%				
<b>Costs</b>											
Cost per Adjusted Admission	13,611	14,022	15,254	13,836	14,236	14,194	14,439				
Salary per FTE - Non-MD	59,508	60,275	63,406	62,642	64,586	65,232	65,917	77,782	57,928	65,605	66,657
<b>Five Year Salary per FTE CAGR* (FY16A - FY20B)</b>							2.6%				
Overhead Exp. as a % of Total Operating Exp.**	28.3%	25.6%	25.3%	25.8%	26.9%	27.7%	27.0%				
<b>Liquidity</b>											
<b>Cash &amp; Investments</b>	17,335,232	10,804,832	9,475,652	8,811,592	12,719,872	7,689,325	8,361,018				
Days Cash on Hand	59	44	39	38	46	35	36	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**	409,191	414,771	432,155	434,401	449,895	452,755	471,108			0	0
Days Receivable**	36	33	34	34	35	37	39	43	51	42	49
Days Payable**	65	63	56	54	58	48	48				
<b>Capital</b>											
Age of Plant**	17	17	16	17	18	18	18	13	11	15	11
Long Term Debt to Capitalization**	36.3%	24.0%	19.6%	19.8%	17.3%	21.1%	17.9%	30.6%	31.3%	31%	31%
Debt Service Coverage Ratio	11.62	12.51	14.49	15.07	13.67	13.97	11.53	8.01	3.74	6.6	2.6
Cash to Long Term Debt	2.27	1.75	1.72	1.66	2.14	1.64	1.80				
*CAGR = Compounded Annual Growth Rate											
**Denotes metric is favorable if lower											