

# Porter Medical Center

Fiscal Year 2020 Budget Analysis

Report Date: 7/31/2019

**QUESTIONS**

**QUESTIONS:**

1. Have the hospital's projections for FY2019 changed?
2. PMC'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 PMC 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 PMC's change in charge request? If there is a variance between PMC's calculation and the calculation provided by GMCB staff above, please include the steps to your calculation.
5. Are Medicare reimbursement assumptions still valid? Are your Disproportionate Share Payments valid?
6. What is causing the increase in Fringe Benefits for Non-MD if your FTEs are budgeted to be even with FY19 budget but more than your projections?
7. Does the FY2020 CAH Medicare Settlement Rate relate to the withholds by CMS due to the unknown factors of the APM?
8. How would the increase reimbursements for Medicaid affect your budget as these were not known at the time of budget submission?
9. What type of physicians does the hospital expect to hire for FY20? Also with reduced utilization in FY19 what are the assumptions for hiring the additional FTEs for the FY20 budget?
10. Please further explain the \$1 million accounting adjustment.
11. What is the full-year impact on NPR/FPP and Operating Expenses for the acquired Radiology and General Surgery practices? Please provide a copy of the letter sent to patients pursuant to Act 143 of 2016 requiring notice of the transfer.
12. In Appendix VI-Bridges, Table 2, Porter listed funds under "Other (please label)". Please describe what these funds are.

**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 the now known Medicaid reimbursement increases? Any update on inpatient Medicaid reimbursement changes?
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 Porter 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	167,256,350	167,523,162	171,658,662	169,665,204	169,510,951	0.2%	-1.2%	1.3%	-1.3%	-0.1%
Disproportionate Share Payments	813,664	738,988	439,130	514,956	497,840	-9.2%	17.3%	-30.3%	13.4%	-3.3%
Bad Debt	(3,136,779)	(4,231,055)	(3,733,610)	(3,990,642)	(4,275,135)	34.9%	6.9%	-5.7%	14.5%	7.1%
Free Care	(1,829,936)	(1,496,308)	(1,682,255)	(1,608,847)	(1,486,321)	-18.2%	-4.4%	7.5%	-11.6%	-7.6%
Deductions from Revenue	(101,464,312)	(93,110,937)	(99,140,975)	(97,342,234)	(96,939,496)	-8.2%	-1.8%	4.5%	-2.2%	-0.4%
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>61,638,987</b>	<b>69,423,850</b>	<b>67,540,952</b>	<b>67,238,438</b>	<b>67,307,839</b>	<b>12.6%</b>	<b>-0.4%</b>	<b>-3.1%</b>	<b>-0.3%</b>	<b>0.1%</b>
Fixed Prospective Payments	17,507,455	11,462,703	18,342,324	15,808,616	20,661,081	-34.5%	-13.8%	37.9%	12.6%	30.7%
Reserves	(1,612,597)	(1,057,233)	(2,191,379)	317,864	(1,000,000)	-34.4%	-114.5%	-130.1%	-54.4%	-414.6%
Other Reform Payments	814,654	517,081	838,618	462,590	518,620	-36.5%	-44.8%	-10.5%	-38.2%	12.1%
<b>Fixed Prospective Payments and Reserves</b>	<b>16,709,512</b>	<b>10,922,551</b>	<b>16,989,563</b>	<b>16,589,070</b>	<b>20,179,700</b>	<b>-34.6%</b>	<b>-2.4%</b>	<b>51.9%</b>	<b>18.8%</b>	<b>21.6%</b>
<b>Net Patient Care Revenue &amp; Fixed Payments &amp; Reserves</b>	<b>78,348,499</b>	<b>80,346,401</b>	<b>84,530,515</b>	<b>83,827,507</b>	<b>87,487,539</b>	<b>2.6%</b>	<b>-0.8%</b>	<b>4.3%</b>	<b>3.5%</b>	<b>4.4%</b>
Other Operating Revenue	2,510,934	2,379,128	4,954,509	5,782,118	6,380,326	-5.2%	16.7%	143.0%	28.8%	10.3%
<b>Total Operating Revenue</b>	<b>80,859,433</b>	<b>82,725,529</b>	<b>89,485,024</b>	<b>89,609,626</b>	<b>93,867,865</b>	<b>2.3%</b>	<b>0.1%</b>	<b>8.3%</b>	<b>4.9%</b>	<b>4.8%</b>
<b>Expenses</b>										
Salaries Non MD	27,629,889	27,240,177	29,623,574	30,056,695	29,694,330	-1.4%	1.5%	10.3%	0.2%	-1.2%
Fringe Benefits Non MD	6,944,531	7,175,748	7,349,268	7,578,832	8,817,848	3.3%	3.1%	5.6%	20.0%	16.3%
Physician Fees, Salaries, Contracts	10,726,723	11,931,540	12,245,768	13,228,950	14,698,939	11.2%	8.0%	10.9%	20.0%	11.1%
Fringe Benefits MD	2,647,134	2,691,475	2,718,945	2,733,230	2,405,856	1.7%	0.5%	1.6%	-11.5%	-12.0%
Health Care Provider Tax	4,720,371	4,703,348	4,720,371	4,672,299	4,784,372	-0.4%	-1.0%	0.7%	1.4%	2.4%
Depreciation & Amortization	3,163,598	2,858,520	3,020,880	3,020,879	3,501,544	-9.6%	0.0%	5.7%	15.9%	15.9%
Interest - Long Term & Short Term	336,971	337,421	319,531	322,717	299,873	0.1%	0.0%	-4.4%	-6.2%	-7.1%
Other Operating Expense	24,893,661	24,295,093	26,195,236	24,815,359	26,074,579	-2.4%	-5.3%	2.1%	-0.5%	5.1%
<b>Total Operating Expense</b>	<b>81,062,878</b>	<b>81,233,322</b>	<b>86,193,573</b>	<b>86,428,960</b>	<b>90,277,341</b>	<b>0.2%</b>	<b>0.3%</b>	<b>6.4%</b>	<b>4.7%</b>	<b>4.5%</b>
<b>Net Operating Income (Loss)</b>	<b>(203,445)</b>	<b>1,492,207</b>	<b>3,291,451</b>	<b>3,180,665</b>	<b>3,590,524</b>	<b>-833.5%</b>	<b>-3.4%</b>	<b>113.2%</b>	<b>9.1%</b>	<b>12.9%</b>
Non-Operating Revenue	2,935,182	3,769,246	399,455	517,633	526,723	28.4%	29.6%	-86.3%	31.9%	1.8%
<b>Excess (Deficit) of Rev Over Exp</b>	<b>2,731,737</b>	<b>5,261,453</b>	<b>3,690,906</b>	<b>3,698,298</b>	<b>4,117,247</b>	<b>92.6%</b>	<b>0.2%</b>	<b>-29.7%</b>	<b>11.6%</b>	<b>11.3%</b>
<b>Benchmarks-Hospital</b>										
Operating Margin%	-0.3%	1.8%	3.7%	3.5%	3.8%					
Total Margin %	3.3%	6.1%	4.1%	4.1%	4.4%					
EBIDA %	4.1%	5.7%	7.4%	7.3%	7.9%					
Cost per Adjusted Admission	12,844	12,911	13,113	12,957	13,623					
<p><b>OBSERVATIONS:</b> Porter's FY20 NPR/FPP is budgeted at \$2.9 million (3.5%) over FY19 budget, and 4.4% over projection. PMC narrative states that they are assuming \$2.2 million for maximum risk. The \$1 million reserve recorded in FY2020 is net of their CY2018 settlement with OneCare, which is recorded as a liability on the balance sheet. Also mentioned in their Bridges NPR document is -\$350,000 for FY2020 CAH Medicare Settlement Rate.</p> <p>The hospital is budgeting to have a NPR/FPP increase of 3.5% budget to budget before any adjustments. The hospital mentions accounting changes for population health payments reclassified from expenses to deductions from NPR, which will bring the increase to 4.8%.</p> <p>The hospital also expects to have approved provider acquisition/transfers effective 6/1/19 for Middlebury Radiologists (\$750,000 NPR), and for Carl Petri (\$361,000 NPR), MD-General Surgery while an independent surgeon is waiting to be replaced. These adjustments are expected to show a 3.4% increase budget to budget for NPR/FPP. Other Operating Revenue has multiple revenue accounts which make up this total, there is a change of \$1.4 million, the hospital has mentioned that they are budgeting an increase in their 340B program.</p> <p>Porter's FY20 Operating Expenses are budget at \$4.1 million (4.7%) over FY19 budget, and 4.5% over projection. Increases in Operating Expenses are partly attributed to acquisition of radiology and general surgery practices, first year Epic operating expenses incurred (\$1.1 million), non-labor inflation (\$316K) and labor related adjustments (\$975K).</p> <p>The Physician Fees and Salaries reflect a full year of the Radiologists and General Surgeon. Fringe Benefits for Non-MD is expected to increase 20% from budget to budget and 16.3% projection to budget.</p>										

**Fiscal Year 2020 Budget Analysis Porter 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>	167,500,928	167,523,162	171,658,662	169,665,204	169,510,951	1.3%	-1.2%	-1.3%	-0.1%
	Contractual Allowances	-93,807,052	-93,110,937	-99,140,975	-97,342,234	-96,939,496	4.5%	-1.8%	-2.2%	-0.4%
	Bad Debt	-4,139,865	-4,231,055	-3,733,610	-3,990,642	-4,275,135	-5.7%	6.9%	14.5%	7.1%
	Free Care	-1,524,110	-1,496,308	-1,682,255	-1,608,847	-1,486,321	7.5%	-4.4%	-11.6%	-7.6%
	Graduate Medical Education Payments	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Disproportionate Share Payments	745,211	738,988	439,130	514,956	497,840	-30.3%	17.3%	13.4%	-3.3%
	<b>Net Payer Revenue</b>	<b>68,775,111</b>	<b>69,423,850</b>	<b>67,540,952</b>	<b>67,238,437</b>	<b>67,307,839</b>	<b>-3.1%</b>	<b>-0.4%</b>	<b>-0.3%</b>	<b>0.1%</b>
	Fixed Prospective Payments	11,966,432	11,462,703	18,342,324	15,808,616	20,661,081	37.9%	-13.8%	12.6%	30.7%
	Reserves - Risk Portion	-1,103,513	-1,057,233	-2,191,379	317,864	-1,000,000	-130.1%	-114.5%	-54.4%	-414.6%
	Other Reform Payments	541,879	517,081	838,618	462,590	518,620	-10.5%	-44.8%	-38.2%	12.1%
	<b>Fixed Prospective Payment &amp; Reserves</b>	<b>11,404,798</b>	<b>10,922,551</b>	<b>16,989,563</b>	<b>16,589,070</b>	<b>20,179,700</b>	<b>51.9%</b>	<b>-2.4%</b>	<b>18.8%</b>	<b>21.6%</b>
	<b>Net Payer Revenue &amp; Fixed Prospective Payments</b>	<b>80,179,909</b>	<b>80,346,401</b>	<b>84,530,515</b>	<b>83,827,507</b>	<b>87,487,539</b>	<b>4.3%</b>	<b>-0.8%</b>	<b>3.5%</b>	<b>4.4%</b>
<b>Commercial</b>	<b>Gross Patient Care Revenue</b>	70,043,171	69,826,800	72,193,800	71,722,302	71,933,113	2.7%	-0.7%	-0.4%	0.3%
	Contractual Allowances	-24,411,273	-23,972,557	-24,491,561	-23,577,274	-22,901,091	-1.6%	-3.7%	-6.5%	-2.9%
	Bad Debt	-4,139,865	-4,231,055	-3,733,610	-3,990,642	-4,275,135	-5.7%	6.9%	14.5%	7.1%
	Free Care	-1,524,110	-1,496,308	-1,682,255	-1,608,847	-1,486,321	7.5%	-4.4%	-11.6%	-7.6%
	Graduate Medical Education Payments	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	<b>Net Payer Revenue</b>	<b>39,967,922</b>	<b>40,126,880</b>	<b>42,286,374</b>	<b>42,545,539</b>	<b>43,270,566</b>	<b>6.0%</b>	<b>0.6%</b>	<b>2.3%</b>	<b>1.7%</b>
	Fixed Prospective Payments	314,872	0	3,426,274	0	2,903,465	#DIV/0!	-100.0%	-15.3%	#DIV/0!
	Reserves - Risk Portion	-14,263	0	-233,060	-13,522	-106,353	#DIV/0!	#DIV/0!	-94.2%	686.5%
	Other Reform Payments	50,787	42,097	66,131	50,637	69,974	20.3%	-23.4%	5.8%	38.2%
	<b>Fixed Prospective Payment &amp; Reserves</b>	<b>351,397</b>	<b>42,097</b>	<b>3,259,345</b>	<b>37,115</b>	<b>2,867,085</b>	<b>-11.8%</b>	<b>-98.9%</b>	<b>-12.0%</b>	<b>7624.8%</b>
	<b>Net Payer Revenue &amp; Fixed Prospective Payments</b>	<b>40,319,319</b>	<b>40,168,977</b>	<b>45,545,720</b>	<b>42,582,654</b>	<b>46,137,651</b>	<b>6.0%</b>	<b>-6.5%</b>	<b>1.3%</b>	<b>8.3%</b>
	<b>Percentage of total</b>	50%	50%	54%	51%	53%				
<b>Medicaid</b>	<b>Gross Patient Care Revenue</b>	26,768,950	26,786,818	26,673,951	26,796,679	27,244,712	0.0%	0.5%	2.1%	1.7%
	Contractual Allowances	-21,842,173	-21,739,495	-23,365,675	-23,054,845	-21,808,938	6.1%	-1.3%	-6.7%	-5.4%
	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>4,926,777</b>	<b>5,047,323</b>	<b>3,308,276</b>	<b>3,741,833</b>	<b>5,435,773</b>	<b>-25.9%</b>	<b>13.1%</b>	<b>64.3%</b>	<b>45.3%</b>
	Fixed Prospective Payments	3,622,127	3,612,230	4,184,939	4,299,135	4,812,107	19.0%	2.7%	15.0%	11.9%
	Reserves - Risk Portion	-141,017	-129,549	-391,387	261,137	-178,603	-301.6%	-166.7%	-54.4%	-168.4%
	Other Reform Payments	245,737	247,884	262,275	181,918	200,589	-26.6%	-30.6%	-23.5%	10.3%
	<b>Fixed Prospective Payment &amp; Reserves</b>	<b>3,726,848</b>	<b>3,730,565</b>	<b>4,055,828</b>	<b>4,742,190</b>	<b>4,834,093</b>	<b>27.1%</b>	<b>16.9%</b>	<b>19.2%</b>	<b>1.9%</b>
	<b>Net Payer Revenue &amp; Fixed Prospective Payments</b>	<b>8,653,625</b>	<b>8,777,888</b>	<b>7,364,104</b>	<b>8,484,023</b>	<b>10,269,866</b>	<b>-3.3%</b>	<b>15.2%</b>	<b>39.5%</b>	<b>21.0%</b>
	<b>Percentage of total</b>	11%	11%	9%	10%	12%				
<b>Medicare</b>	<b>Gross Patient Care Revenue</b>	70,688,807	70,909,544	72,790,911	71,146,223	70,333,127	0.3%	-2.3%	-3.4%	-1.1%
	Contractual Allowances	-47,553,605	-47,398,885	-51,283,739	-50,710,115	-52,229,467	7.0%	-1.1%	1.8%	3.0%
	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>23,135,201</b>	<b>23,510,659</b>	<b>21,507,172</b>	<b>20,436,108</b>	<b>18,103,660</b>	<b>-13.1%</b>	<b>-5.0%</b>	<b>-15.8%</b>	<b>-11.4%</b>
	Fixed Prospective Payments	8,029,433	7,850,473	10,731,110	11,509,481	12,945,510	46.6%	7.3%	20.6%	12.5%
	Reserves - Risk Portion	-948,234	-927,684	-1,566,932	70,249	-715,044	-107.6%	-104.5%	-54.4%	-1117.9%
	Other Reform Payments	245,354	227,100	510,211	230,034	248,057	1.3%	-54.9%	-51.4%	7.8%
	<b>Fixed Prospective Payment &amp; Reserves</b>	<b>7,326,553</b>	<b>7,149,889</b>	<b>9,674,390</b>	<b>11,809,764</b>	<b>12,478,522</b>	<b>65.2%</b>	<b>22.1%</b>	<b>29.0%</b>	<b>5.7%</b>
	<b>Net Payer Revenue &amp; Fixed Prospective Payments</b>	<b>30,461,754</b>	<b>30,660,548</b>	<b>31,181,562</b>	<b>32,245,873</b>	<b>30,582,182</b>	<b>5.2%</b>	<b>3.4%</b>	<b>-1.9%</b>	<b>-5.2%</b>
	<b>Percentage of total</b>	38%	38%	37%	38%	35%				
	<b>Disproportionate Share Payments</b>	<b>745,211</b>	<b>738,988</b>	<b>439,130</b>	<b>514,956</b>	<b>497,840</b>	<b>-30.3%</b>	<b>17.3%</b>	<b>13.4%</b>	<b>-3.3%</b>
	<b>Percentage of total</b>									
	<b>NPR &amp; FPP to Gross Commercial (no dsh)</b>	<b>58%</b>	<b>58%</b>	<b>63%</b>	<b>59%</b>	<b>64%</b>				
	<b>NPR &amp; FPP to Gross Medicaid (no dsh)</b>	<b>32%</b>	<b>33%</b>	<b>28%</b>	<b>32%</b>	<b>38%</b>				
	<b>NPR &amp; FPP to Gross Medicare (no dsh)</b>	<b>43%</b>	<b>43%</b>	<b>43%</b>	<b>45%</b>	<b>43%</b>				
	<b>NPR &amp; FPP to Gross All (no dsh)</b>	<b>47%</b>	<b>48%</b>	<b>49%</b>	<b>49%</b>	<b>51%</b>				

**Observations:** The hospital is not implementing an increase in charges but is requesting a 2.6% Commercial rate request, needed to offset Medicaid and Medicare cost shift. FPP revenue and reserves have increased \$3.2 million from FY19B, Medicaid and Medicare combined are budgeted to increase \$3.6 million but Commercial is budgeted to decrease \$0.4 million. The hospital's narrative states the Medicare cost settlement has had portions withheld by CMS as the APM is in its infancy due to unknown factors. The hospital's bridges also notes a rate difference from the previous budget is approximately \$1 million. The timing of the budget process did not allow Porter Medical Center to implement the proposed Medicaid increase in reimbursement.

**Fiscal Year 2020 Budget Analysis Porter Medical Center**

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

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

	FY2017	0.00	0.00	0.00
<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%	0.0%	2.8%	n/a
<b>Commercial Approved % Change in Charge</b>	5.3%	3.0%	2.8%	n/a
<b>Submitted % Change in Charge</b>	3.7%	0.0%	-1.0%	0.0%
<b>Commercial Submitted % Change in Charge</b>	0.0%	3.0%	2.8%	2.6%

Hospital Inpatient Change in Gross Charges	0.1%
Hospital Outpatient Change in Gross Charges	4.1%
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	0.0%
Other (please specify)	
Other (please specify)	

<b>Net Patient Revenue Change Due to Charge Request</b>	
Commercial	1,264,439
Medicaid	(0)
Medicare	(350,001)
Disproportionate Share	58,710
<b>Total Change Due to Charge Request</b>	<b>973,148</b>

**Value of 1% Charge - Calculated by GMCB** \$ 374,288

**OBSERVATIONS:** At the time of submission, Porter did not assume a reimbursement rate increase for Medicaid, however, Medicaid has since proposed an increase. Porter included \$350,000 in Critical Access Medicare Settlement in their FY20 Medicare rate assumptions.

**Fiscal Year 2020 Budget Analysis** **Porter Medical Center**

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

<b>UTILIZATION</b>										
Adjusted Admissions	6,294	6,292	6,573	6,671	6,627	0.0%	6.0%	1.5%	0.8%	-0.7%
Acute Admissions	1,441	1,433	1,507	1,523	1,488	-0.6%	6.3%	1.1%	-1.3%	-2.3%
Acute Average Length Of Stay	3.3	3.3	3.2	3.3	3.2	0.1%	-1.5%	2.9%	1.1%	-1.7%
All Operating Room Procedure	4,004	3,982	3,885	3,965	3,880	-0.6%	-0.4%	2.1%	-0.1%	-2.1%
Tests	177,109	176,412	185,363	169,771	175,128	-0.4%	-3.8%	-8.4%	-5.5%	3.2%
Emergency Room Visits	12,781	12,588	13,313	12,248	12,034	-1.5%	-2.7%	-8.0%	-9.6%	-1.7%
CT Scan, Radiology - Diagnostic	29,964	29,846	30,842	30,355	29,870	-0.4%	1.7%	-1.6%	-3.2%	-1.6%
Exams	1,094	1,088	1,092	1,102	1,084	-0.5%	1.3%	0.9%	-0.7%	-1.6%
Provider Work RVU	0	0	155,341	153,444	165,356	#DIV/0!	#DIV/0!	-1.2%	6.4%	7.8%
Physician Office Visits	103,385	103,631	104,933	0	105,222	0.2%	-100.0%	-100.0%	0.3%	#DIV/0!
Clinic Visits	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

<b>STAFFING</b>										
Non-MD FTEs	406	404	424	409	425	(1.7)	5.3	(14.7)	0.6	15.2
Travelers, Travelers MD	12	13	4	10	3	1.0	(2.9)	6.1	(1.1)	(7.1)
Residents & Fellows	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0
MLPs	20	20	23	20	22	0.0	(0.6)	(3.2)	(0.8)	2.5
Physician FTEs	34	33	36	39	43	(0.3)	6.0	3.3	6.6	3.3
<b>Total FTEs</b>	<b>472</b>	<b>471</b>	<b>487</b>	<b>479</b>	<b>493</b>	<b>(0.9)</b>	<b>7.8</b>	<b>(8.5)</b>	<b>5.4</b>	<b>13.9</b>

<b>Benchmark-Porter Medical Center</b>										
Salary per FTE - Non-MD	63,990	64,161	66,239	67,974	66,433	0.3%	5.9%	2.6%	0.3%	-2.3%
Salary & Benefits per FTE - Non-MD	80,781	81,063	82,686	87,675	86,161	0.3%	8.2%	6.0%	4.2%	-1.7%
FTEs Per Adjusted Occupied Bed	7	7	8	7	8	-0.5%	-3.1%	-8.0%	-1.9%	6.6%
FTEs per 100 Adj Discharges	7	7	7	6	7	-0.4%	-4.6%	-5.4%	-0.8%	4.8%

<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:** The hospital is budgeting for a reduction in utilization across all categories except physician visits and RVUs, also see their Bridges as they are budgeting negative change in utilization revenue across all payers.

The hospital is budgeting Non-MD FTEs at FY19 levels- the hospital increased staff in specialty practices and case management and reduced staff in other areas, resulting in staffing levels similar to FY19. Some of the increase of MD FTEs is related to the acquisition of the general surgery and radiology practices but the hospital doesn't mention the additional FTEs for FY20. The hospital is not expected to need the services of as many travels as seen in their FY18 and projected FY19.

Productivity is mixed between the FTE's per adjusted bed and per 100 Adj discharges compared to the system average.

Fiscal Year 2020 Budget Analysis				Porter Medical Center				
BALANCE SHEET	FY2018A	FY2019B	FY2019P	FY2020B	2018A-2019P	2019B-2019P	2019P-2020B	2018A-2020B
<b>Cash &amp; Investments</b>	<b>21,047,087</b>	<b>24,475,433</b>	<b>20,676,646</b>	<b>23,399,355</b>	<b>-1.8%</b>	<b>-15.5%</b>	<b>13.2%</b>	<b>11.2%</b>
Risk Reserve for Fixed Reform Payments	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Other Current Assets	16,566,848	16,312,688	15,022,455	15,172,985	-9.3%	-7.9%	1.0%	-8.4%
<b>Current Assets</b>	<b>37,613,935</b>	<b>40,788,122</b>	<b>35,699,101</b>	<b>38,572,341</b>	<b>-5.1%</b>	<b>-12.5%</b>	<b>8.0%</b>	<b>2.5%</b>
Board Designated Assets	6,322,911	6,259,217	11,693,632	11,965,901	84.9%	86.8%	2.3%	89.2%
Net, Property, Plant And Equipment	18,977,447	21,557,128	19,736,698	19,696,843	4.0%	-8.4%	-0.2%	3.8%
Other Long-Term Assets	5,697,839	4,223,930	1,846,219	1,899,913	-67.6%	-56.3%	2.9%	-66.7%
<b>Assets</b>	<b>68,612,132</b>	<b>72,828,397</b>	<b>68,975,651</b>	<b>72,134,998</b>	<b>0.5%</b>	<b>-5.3%</b>	<b>4.6%</b>	<b>5.1%</b>
<b>Current Liabilities</b>	<b>13,772,796</b>	<b>13,947,880</b>	<b>12,727,353</b>	<b>14,233,259</b>	<b>-7.6%</b>	<b>-8.8%</b>	<b>11.8%</b>	<b>3.3%</b>
Long Term Liabilities	10,780,847	10,650,612	10,038,371	9,486,771	-6.9%	-5.7%	-5.5%	-12.0%
Other Noncurrent Liabilities	4,784,578	5,245,601	4,366,532	4,453,131	-8.7%	-16.8%	2.0%	-6.9%
Fund Balance	39,273,911	42,984,303	41,843,395	43,961,837	6.5%	-2.7%	5.1%	11.9%
<b>Liabilities and Equities</b>	<b>68,612,132</b>	<b>72,828,397</b>	<b>68,975,651</b>	<b>72,134,998</b>	<b>0.5%</b>	<b>-5.3%</b>	<b>4.6%</b>	<b>5.1%</b>
<b>Benchmarks-Hospital</b>					<b>Change in Points</b>			
Days Cash on Hand	127.47	134.88	117.90	125.31	(9.56)	(16.98)	7.41	(2.15)
Days Receivable	61.78	61.82	59.14	61.50	(2.63)	(2.68)	2.35	(0.28)
Long Term Debt to Capitalization	22%	20%	19%	18%	-2%	-1%	-2%	-4%
Days Payable	64.14	61.21	55.70	59.87	(8.45)	(5.51)	4.17	(4.27)
Debt Service Coverage Ratio	5.2	6.1	7.4	8.7	2.1	1.2	1.3	3.5
<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
<b>OBSERVATIONS:</b> The hospital has worked to improve days cash on hand over the last 4 years. The cash and investments have remained steady. Board Designated Assets have doubled from FY18 to FY19. Days receivable has been high compared to the system average and days payable is budgeted to be higher.								

Fiscal Year 2020 Budget Analysis		Porter Medical Center					
CAPITAL BUDGET	FY2018A	FY2019B	FY2019P	FY2020B	2021 Plan	2022 Plan	2023 Plan
Non-Certificate of Need Capital Plans Total	3,082,033	3,780,133	4,329,776	3,521,689	3,507,848	265,647	(8,414,662)
Certificate of Need Capital Plans	0	0	0	0	0	5,822,024	18,794,600
Total Capital Purchases	3,082,033	3,780,133	4,329,776	3,521,689	3,507,848	6,087,671	10,379,938
Porter Medical Center							
Age of Plant	12.5	13.1	12.8	12.0	0.0	0.0	0.0
Capital Expenditures to Depreciation	108%	125%	143%	101%	0%	0%	0%
Capital Cost % of Total Expense	3.9%	3.9%	3.9%	4.2%	0.0%	0.0%	0.0%
Benchmarks-Vermont System Averages							
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> The hospital doesn't plan any CONs until FY2022. Age of plant is better than the system.</p>							



Fiscal Year 2020 Budget Analysis	Porter Medical Center							Flex Monitoring Team 2017 CAH Medians		2019 Flex Monitoring Team FY2017	2019 Almanac of Hospital Indicators (Optum)
	DASHBOARD	FY2016A	FY2017A	FY2018B	FY2018A	FY2019B	FY2019P	FY2020B	Vermont--8 Hospitals	U.S.--1317 Hospitals	Northeast CAH
<b>Net Patient Care Rev &amp; Fixed Payments &amp; Reserves</b>	75,061,496	78,203,218	78,348,499	80,346,401	84,530,515	83,827,507	87,487,539				
Budget to Budget % Change NPR & FPP					7.9%		3.5%				
Budget to Actual/Projection % Change NPR & FPP				2.6%		-0.8%	4.4%				
Three Year NPR & FPP CAGR* (FY18A - FY20B)							4.3%				
Five Year NPR & FPP CAGR* (FY16A - FY20B)							3.9%				
<b>Operating Expense</b>	75,577,275	78,874,889	81,062,878	81,233,322	86,193,573	86,428,960	90,277,341				
Budget to Budget % Change Oper Exp					6.3%		4.7%				
Budget to Actual/Projection % Change Oper Exp				0.2%		0.3%	4.5%				
Three Year NPR & FPP CAGR* (FY18A - FY20B)							5.4%				
Five Year NPR & FPP CAGR* (FY16A - FY20B)							4.5%				
<b>Profitability</b>											
<b>Operating Margin</b>	1,450,905	2,196,330	(203,445)	1,492,207	3,291,451	3,180,665	3,590,524				
Three Year NPR & FPP CAGR* (FY18A - FY20B)							55.1%				
Five Year NPR & FPP CAGR* (FY16A - FY20B)							25.4%				
EBIDA Margin%	6.1%	6.7%	4.1%	5.7%	7.4%	7.3%	7.9%				
Operating Margin %	1.9%	2.7%	-0.3%	1.8%	3.7%	3.5%	3.8%	-1.48%	0.93%	0.8%	0.8%
<b>Total Margin</b>	4,721,040	6,034,568	2,731,737	5,261,453	3,690,906	3,698,298	4,117,247				
Three Year NPR & FPP CAGR* (FY17A - FY20B)							(0.12)				
Five Year NPR & FPP CAGR* (FY16A - FY20B)							-3.4%				
Total Margin %	5.9%	7.1%	3.3%	6.1%	4.1%	4.1%	4.4%	2.47%	1.79%	3.5%	4.5%
Return On Assets	8.3%	9.5%	4.4%	7.7%	5.1%	5.4%	5.7%				
<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	60,314	61,800	62,190	64,161	66,239	67,974	66,433	77,782	57,928	65,605	66,657
Five Year Salary per FTE CAGR* (FY16A - FY20B)							2.4%				
Overhead Exp. as a % of Total Operating Exp.**	29.8%	28.4%	29.8%	27.7%	39.4%	36.5%	38.3%				
<b>Liquidity</b>											
<b>Cash &amp; Investments</b>	14,497,053	18,692,243	17,711,057	21,047,087	24,475,433	20,676,646	23,399,355				
Days Cash on Hand	101	119	110	127	135	118	125	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**	207,061	216,096	222,090	222,557	236,147	236,792	247,335			0	0
Days Receivable**	45	50	54	62	62	59	61	43	51	42	49
Days Payable**	50	58	75	64	61	56	60				
<b>Capital</b>											
Age of Plant**	11	12	12	12	13	13	12	13	11	15	11
Long Term Debt to Capitalization**	30.5%	25.0%	27.7%	21.5%	19.9%	19.3%	17.7%	30.6%	31.3%	31%	31%
Debt Service Coverage Ratio	4.09	4.82	2.91	5.24	6.13	7.37	8.69	8.01	3.74	6.6	2.6
Cash to Long Term Debt	1.68	2.19	2.16	2.54	2.89	2.68	3.14				
*CAGR = Compounded Annual Growth Rate											
**Denotes metric is favorable if lower											