

Green Mountain Care Board
144 State Street
Montpelier, VT 05602

802-828-2177
www.gmcbboard.vermont.gov

Kevin Mullin, Chair
Jessica Holmes, PhD
Robin Lunge, JD, MHCDS
Maureen Usifer
Tom Pelham
Susan Barrett, JD, Executive Director

DELIVERED ELECTRONICALLY

December 12, 2019

Mr. Charles Storrow, Esq.
Storrow & Buckley, LLP
One Blanchard Court, Suite 101
Montpelier, VT 05602

Mr. Todd Kummer
Vermont Open MRI
620 Hinesburg Rd.
South Burlington, VT 05403

RE: Docket No. GMCB-014-19con, Replacement of MRI System and Relocation of Services to 3000 Williston Road

Dear Mr. Storrow and Mr. Kummer:

Thank you for the information you provided on November 26, 2019 for the above referenced project. Please provide the following information:

Lease from Hitachi Healthcare America and Financing from Highland Capital Corporation

1. Submit the detailed (not a summary) purchase or lease agreement between Hitachi and Highland that will be in force through July 2020 which clearly specifies the options being purchased/leased, pricing for each option, and total cost.
2. If the purchase or lease agreement with Hitachi includes a comprehensive Service Maintenance Agreement (SMA), identify whether Highland or Vermont Open MRI will be paying for the SMA and provide a complete copy (not a summary) of that agreement that is in force through the coverage period. If not, identify the entity providing the SMA and provide a complete copy (not a summary) of that agreement that will be in force through the coverage period.
3. The letter from Highland Capital Corporation expired on November 30, 2019. Please provide a new letter that will be in force through July 2020.

Financial

4. Table 2: Revise so Table 2 reflects the equity contribution being made to Vermont Open MRI (of \$247,690 noted on page 5 of the application) and also include the expected \$6,500 (see page 2 of November 26, 2019 submission) Vermont Open MRI is providing to make up the difference between the \$350,000 for the MRI system and related renovation costs and the \$343,500 that is being financed through Highland.
5. Table 1: Revise Table 1 to reflect the same line items and dollar amounts that are broken out and reflected on Table 2. The project totals shown on Table 1 and Table 2 must be the same.
6. Tables 3 A-C: Fringe benefits appear to increase more than 100% from 2018 actual to 2019 budget and then stabilize from 2019 through proposed year 3. Explain the significant increase in Fringe Benefits from 2018 actual to 2019 budget. If in error, please correct and resubmit Tables 3 A-C.
7. The spreadsheet titled, "Vermont Open MRI, Docket # GMCB-014-19con/ Assumptions" and Tables 3 A, B, and C do not reflect the same numbers for several expense lines. Please correct and resubmit or explain why the expense lines do not match.
8. Table 4 A-C: Explain the significant increase in Cash and Investments in Proposed Years 2 and 3.
9. Table 4 A-C: In 2018 and 2019, it appears that the Land, Buildings & Improvements have been over-depreciated and Fixed Equipment has not been depreciated at all. Provide a breakdown of the accumulated depreciation in those two years between those two accounts or explain if they should not be a breakdown. If in error, please correct Tables 4 A-C and resubmit.
10. Tables 6 A-C, 8 A-C, and 9 A-C must be completed in the same way as Tables 3, 4 and 5 A-C with A tables being current business through the end of the current business; B tables being the business for the proposed project alone; and C tables auto calculate to include Table A plus Table B.
11. You provided a Profit and Loss (P & L) sheet for the building LLC for one year. Please provide a proforma balance sheet for the building LLC for the same time period as reflected on the P & L.
12. P & L for Building: Explain why no mortgage or cost is reflected for the purchase of the building at 3000 Williston Road. See page 2 of 11/26/19 letter from Applicant.
13. P & L Sheet for Building: on page 2 the line item titled Janitorial and line item titled Gas is not reflected. Please explain, correct and resubmit.
14. P & L sheet: On page 2 there is a line item titled "New Build". We assume there is no "new build" to the existing footprint of the building to be purchased at 3000 Williston Road and that this line item refers to the that building. Please confirm.
15. Confirm whether there are expenses being carried over from the existing Vermont Open MRI business to the proposed project including any costs for or related to the removal and disposal of the existing MRI system at its existing location and/or restorative renovation to the space occupied



at the existing location. If yes, please specify the associated cost and confirm whether this cost is included or excluded in the total project cost and financial documents submitted. If not included, all financial tables affected and total project cost will need to be revised and resubmitted.

16. Provide a copy of the lease agreement between Vermont Open MRI (tenant) and Minglewood (owner of the building) at the 3000 Williston Road location.
17. Confirm whether there are any moving costs for Vermont Open MRI. If so, explain the total moving expense and confirm whether that dollar amount is reflected in the total Vermont Open MRI project cost and in all financial tables. If not, all affected financial tables and total project cost will need to be revised and resubmitted.
18. The projected utilization noted on the document titled, "Vermont Open MRI Assumptions" shows higher projected utilization than what is reflected on Table 8 A, B and C, titled Utilization Projections, for year 1, 2 and 3. The projected utilization must be the same number on Tables A, B, C as on the "Assumptions" spreadsheet for the same years.
19. Revise original project costs shown on page 4 of the application and resubmit. The total project cost must be the same as the total on Table 1 and Table 2 of the standard financial tables after revisions. Revisions to all tables should be made first and then revise page 4 of the application.
20. Clarify whether there are any furniture and/or equipment costs associated with the proposed project at 3000 Williston Road. If yes, provide a breakdown of such costs and confirm whether these costs are included or excluded in the total project cost and whether these costs are reflected in each of the financial tables. If not, all affected financial tables and total project cost will need to be revised and resubmitted to reflect these costs.

In responding, restate the question in bold font and respond in unbolded font. Send an electronic copy to me at donna.jerry@vermont.gov and one hard copy (three-hole punched) with a Verification Under Oath to my attention at the Green Mountain Care Board, 144 State Street, Montpelier, Vermont 05602.

If you have any questions, please do not hesitate to contact me at 802-828-2918.

Sincerely,

s/ Donna Jerry

Donna Jerry

Senior Health Policy Analyst

cc. Michael Barber, General Counsel
Green Mountain Care Board

