

SENT ELECTRONICALLY

April 19, 2021

Mr. Craig Miskovich
Downs Rachlin Martin, PLLC
PO Box 99
St. Johnsbury, VT 05819

**RE: Docket No. GMCB-009-20con, Proposed Purchase of Ambulance Services by
WLRC Medical, Inc.**

Dear Mr. Miskovich:

Thank you for the application received for the above referenced project. Please provide the following information:

Financial

1. Provide the most recent Year to Date (October 2020-March 2021) profit and loss statement and balance sheet for WLRC Medical Inc. based on acquired entities shown on the organizational chart on page 44 of the application. Provide a revised balance sheet and profit and loss statement for AmCare Ambulance before the change in ownership if not already submitted. If already submitted, please explain.
2. Revise the previously submitted financial tables which include Actual Year Ended 2020 and Three-Year Projections to reflect changes for the proposed project only which should reflect the new ownership.
3. Please explain and revise information and tables if needed for the following discrepancies:
 - a. Balance Sheet – FY2020 page 15. It appears that some fixed assets are fully depreciated/amortized but are still being accounted for such as Homeland Security Grants, Tools and Equipment.
 - b. The application represents that improvements will be made in tools and equipment; however, the financial documents do not support this assertion. Please explain. If in error, please revise and resubmit all affected financial tables.



- c. The Ambulance Tax liability of \$92,000 is reported in 2020-2023. However, the Ambulance Tax Expense each year is approximately \$54,000 and the 3.3% tax assessed is closer to \$92,000 for revenue of approximately \$2.7 million.
 - d. The Firstrust Bank loan of \$2 million is shown on the balance sheet. However, no estimate of the Vermont bank loan (see page 4) is noted. Revise to reflect the estimate for the Vermont bank loan and revise and resubmit all affected financial tables.
 - i. Table 2 shows debt financing but Table 1 does not reflect debt financing. Revise and resubmit all tables affected.
 - e. Bad debt is reported as an expense for 2020-2023 in the range of \$240,000 to \$262,000 and write offs netted against revenue are \$1,086 to \$1,153 million, which includes large write offs for Medicare and Medicaid, but the allowance for doubtful accounts is \$239,000 to \$318,400.
 - f. The Operating Margin Percent which includes Other (Income) and Expenses before acquisition is 12% and then 21%, 17% and 18% from 2021-2023. Please confirm as these percentages are much higher than before the acquisition of AmCare.
4. On the Balance Sheet, Goodwill of \$2,250,000 is shown. Explain the rules around amortizing this asset. Also explain how Goodwill was determined based on fair value of assets.
5. Specify the price per share of the acquired stock of AmCare.
6. Explain whether the new owner expects to only own stock and/or receive a salary as a paid employee. Explain whether the previous owners will receive stockholder distributions.
7. Based on Tables A-C, (Utilization), explain how the new owner expects to increase transports from an average annual increase of 2% before the change in ownership, to 13% (from 1,788 to 1,870 to 1,788 to 2,602) and Responses (no transports) from an average annual increase of 1% before the change to 13% or from 2,682 to 2,804 to 2,682 to 3,903 for the years 2020-2023. Identify and explain any impact on existing entities providing transport and response services.
8. The table on page 2 does not comport with Table 9. Confirm the number of FTEs that will be added due to "Project Only" and revise and resubmit Table 9 to reflect the correct staffing projections.



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 802-760-8162.

Sincerely,

s/ Donna Jerry

Senior Health Policy Analyst
Green Mountain Care Board

cc. Michael Barber
General Counsel

