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**DELIVERED ELECTRONICALLY**

September 10, 2021

Mr. Steven Gordon  
Brattleboro Memorial Hospital  
17 Belmont Ave.  
Brattleboro, VT 05301

**RE: Docket No. GMCB-001-16con, Construction of Four-Story Medical Office Building and Replacement of Boilers. Material Change to Original Project Cost: \$22,692,789 to \$26,750,896**

Dear Steve:

Thank you for the responses to questions received on August 13, 2021 for the above referenced material change to the original project. Please provide the following information and clarifications:

1. In response to question 1, BMH represented that the total project cost will have an impact on the income statement through depreciation and based on a 40-year depreciation schedule, that the additional annual amount would increase by \$101,452. However, the income statement reflects \$1,197,612 for annual depreciation for the project (See Table 3). Please explain the discrepancy and revise and resubmit financial tables and/or narrative if in error.
2. In response to question 3, BMH represents that financing for the additional cost of \$4,058,107 will be from BMH's cash on hand and investment portfolio. It is further stated that the financing of the additional \$4,058,107 will not require any change in charges (rates). Given this representation explain: a) why Net Patient Revenue and Fixed Prospective Payments (NPR/FPP) are reported for the project if the project is not going to increase rates/charges; and b) why there is a Health Care Provider Tax expense which is equal to 6% of NPR/FPP for the project. See Table 3B.
3. Based on CON Table 1 & 2 and the request for expedited review dated July 21, 2021 (page 3), BMH is financing the project with a \$12.5 million loan at 2.75% interest rate secured in December 2019. However, this change in financing was not reported to the



GMCB (Original loan was for \$10 million.) The project tables do not account for the increased interest expense due to the revised loan from \$10 million at a 2.5% interest rate to a \$12.5 million loan at an interest rate of 2.75%. In addition, the loan financing period has increased by five years, from 2017-2042 to 2019-2049. (See CON tables 1 & 2 compared to the CON application from May 2017 CON Table 2.) Please explain why these changes and additional costs are not reflected or revise and resubmit all affected financial tables.

4. CON financial tables titled Payer Revenue Report (Table 6) and the Income Statement (Table 3) do not tie in total for NPR/FPP for the proposed years 1-3 or 2023-2025. The issues are the Disproportionate Share Payments and Allowances for Hospital and Physicians for those years. Please explain the discrepancy and revise and resubmit these financial tables and the narrative so they comport.
5. The Balance Sheet (Table 4) does not account correctly for increase in accumulated depreciation for FY2023 as these amounts should be a negative against the assets and FY2024 is not accounting for any accumulated depreciation. Please revise and resubmit a corrected Table 4.
6. The CON Statements prepared are consistent and confirmed with the GMCB hospital budget submissions as of July 1, 2021, for the years 2020-2022 without the project. **However, based on an e-mail from Andre Bissonette dated August 11, 2021, the hospital's operating margin has changed from a \$4 million loss to a \$1.8 million loss. Please revise and resubmit all financial tables affected by this change.**

In responding, restate the question in bold font and respond in unbolded font. Send an electronic copy to me at [donna.jerry@vermont.gov](mailto: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. Laura Beliveau  
Staff Attorney

