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Charles F. Storrow
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January 22, 2020

Donna Jerry, Senior
Health Policy Analyst
Green Mountain Care Board
144 State Street
Montpelier, VT 05602

RE: Docket No. GMCB-014-19con, Vermont Open MRI, Replacement of MRI System and Relocation of Services

Dear Ms. Jerry,

This is to respond to your letter dated January 17, 2020, as follows:

- 1. Balance Sheet, Table 4 A, B, C: The capital lease obligations under the Liabilities and Fund Balance section, should reflect the same total amount financed as shown on Table 2.**

The referenced tables have been revised per the above instruction and as so revised are enclosed with this letter.

- 2. Balance Sheet, Table 4 A, B, C: Cash and Investments have increased significantly in proposed years 2 and 3 which you attributed to payment of the owner of Vermont Open MRI through retained earnings. However, this would result in a decrease in retained earnings and Cash and Investments. Please correct and resubmit.**

The referenced tables have been revised per the above instruction and as so revised are enclosed with this letter.

- 3. Balance Sheet, Table 4 A, B, C: Accumulated Depreciation for fixed equipment for 2019 is more than the asset amount and is thus over depreciated. Please correct the accumulated depreciation for 2019 and resubmit.**

The referenced tables have been revised per the above instruction and as so revised are

enclosed with this letter.

- 4. Balance Sheet, Tables A, B, C: Assets do not equal liabilities and fund balances. Please correct and resubmit.**

The referenced tables have been revised per the above instruction and as so revised are enclosed with this letter.

- 5. Statement of Cash Flows, Tables 5 A, B, C: These tables also do not balance. Please correct and resubmit.**

The referenced tables have been revised per the above instruction and as so revised are enclosed with this letter.

- 6. Revenue Source Projections, Tables 6 A, B, C: Gross patient revenue/deductions from revenues, bad debt and free care, and Net Patient Revenue should be the same as Tables 3 A, B, C gross patient revenue/deductions from revenues, bad debt and free care and Net Patient Revenue. Please correct and resubmit.**

The referenced tables have been revised per the above instruction and as so revised are enclosed with this letter.

- 7. Table 7, 8 and 9 A, B, C: These tables are not completed correctly. Please correct as we discussed on the phone and resubmit.**

Per our phone conversation Table 7 has been deleted and Table 8 and Table 9 have been revised in accordance with our phone conversation and as so revised are enclosed with this letter.

- 8. Identify the line item reflected on Table 3 B and C (Income Statement) where the utilities and associated expenses for Vermont Open MRI are included.**

Utility and associated expenses are included in the "Other Operating Expense" line item in Table 3B and Table 3C.

- 9. Confirm whether the \$99,900 annual cost for the service agreement for the new Oasis MRI is reflected in Table 3 B and C (Income Statement). Identify the line item Table 3 B and C where this cost is included for year 1, 2, and 3. Also explain whether the \$49,450 a year for the rental lease to Minglewood and the \$27,821 for the annual triple net lease is included in Tables 3 B and C and identify the line item where these costs are included for year 1, 2 and 3.**

The above referenced expenses are included in the "Other Operating Expense" line item in

Table 3B and Table 3C.

- 10. In response to question 18 on page 5 of the submission dated January 8, 2020 you state that, “The enclosed Assumptions table has been revised accordingly.” Revised assumptions were not included in the submission dated January 8, 2020. Please provide.**

Enclosed with this letter is a spreadsheet entitled “VT CON assumptionsrevised.”

- 11. In the jurisdictional determination, we requested the submission of the most recent audited financial statement for Vermont Open MRI. Please provide the most recent audited financial statement for Vermont Open MRI or if included under Minglewood, the statement for that entity.**

Enclosed with this letter is Vermont Open MRI’s profit and loss statement for 2018, which was prepared by Vermont Open MRI’s accountants in connection with preparing Vermont Open MRI’s tax returns.

Equipment

- 12. For the new Oasis MRI, provide a one-page proforma invoice from Hitachi that details each of the options Vermont Open MRI has selected for purchase, associated cost for each, and total cost.**

Page 2 of the price quotation from Hitachi that was submitted under cover of my letter dated November 26, 2019 details the options that have been selected for purchase. As will be seen, the cost of those options is included in the quoted price of \$1,145,000.

- 13. Are the shielding and associated costs reflected in Tables 3 A-C, 4 A-C and 5 A-C? Identify the line item and the specific cost you have included in Tables 3 A-C, 4 A-C and 5 A-C. If not, please include these costs in each of these tables and resubmit.**

The shielding and associated costs are included in the estimate from All Access, LLC that was enclosed with my letter dated November 26, 2019. The costs are being financed via the finance lease with Highland Capital and are included in the “Depreciation/Amortization” line item in Tables 3B and 3C.

We hope the foregoing information adequately addresses your instructions and questions. Please let me know if you have any additional comments or questions.

Sincerely,



Charles F. Storrow, Esq.