



Mr. Steven R. Gordon  
President and CEO  
Brattleboro Memorial Hospital  
17 Belmont Avenue  
Brattleboro, VT 05301

June 20, 2017

Donna Jerry  
Green Mountain Care Board  
89 Main Street  
Montpelier, VT 05620

**RE: Docket No. GMCB-001-16con. Response 4.**

Dear Ms. Jerry:

Please find below our responses to the questions presented in your letter from May 30, 2017.

- 1. The hospital's expenditures are expected to increase 2.5% between 2017-2020 while net patient revenue is increasing 2.8%. The projections show that the operating margin will be between 1.7% and .7% through 2020. Explain contingency plans if operating margins are not met.**

BMH will evaluate the cause of the margin variance and respond accordingly.

- 2. Identify the assumed annual Commercial rate increases for 2018-2020 and explain how they may affect future increases in rate/price needs.**

From the initial filing:

- An average 3.5% rate increase for hospital fees and no increase for physician fees is projected for years FY2018 – FY2020. Overall aggregate rate increases net to 2.8-2.9% for years FY2018 – FY2020.
- Medicare reimbursement rates are assumed to increase 3.0% each year.
- Medicaid reimbursement rate are assumed to increase 0.5% each year.
- Commercial reimbursement rates are projected to increase at the average charge increase each year
- Bad debt and free care are assumed to remain at 4.5% each year.

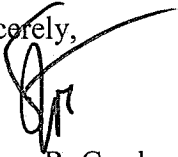
- Medicaid DSH is calculated at 0.47% of gross revenue each year
- Payor mix is set based on the FY2017 Budget.

**3. The projections show the age of plant will be 10.4 years in 2017 and 11.6 in 2020. Explain why the age of plant is expected to increase despite the investment in this project.**

No assumption for disposing of retired assets was included in the projection model. If 50% of the \$41.1 million of assets maturing by the end of FY2020 are retired, the average age of plant will decline to 7.6 years. No impact on the Statement of Operations. On the Balance Sheets, only the Property, plant and equipment and the accumulated reserve for depreciation lines would change with a net impact of 0.

This concludes our responses to the Round 4 questions posed. We look forward to continuing to work with the Green Mountain Care Board on this important project.

Sincerely,



Steven R. Gordon  
President and CEO

cc. Office of the Health Care Advocate

**STATE OF VERMONT  
GREEN MOUNTAIN CARE BOARD**

**In re: Construction of Four Story Building to House Medical Offices, Cardiac Rehabilitation, Replacement of Operating Room Suite and Central Sterile Processing, and Replacement of Boilers-Response 4**

Docket No. **GMCB-001-16con**

Verification Under Oath

Steven R. Gordon, being duly sworn, states on oath as follows:

1. My name is Steven R. Gordon. I am the President and CEO of Brattleboro Memorial Hospital, Inc. I have reviewed the Construction of Four Story Building to House Medical Offices, Cardiac Rehabilitation, Replacement of Operating Room Suite and Central Sterile Processing, and Replacement of Boilers-Response 4.
2. Based on my personal knowledge and after diligent inquiry, I attest that the information contained in Construction of Four Story Building to House Medical Offices, Cardiac Rehabilitation, Replacement of Operating Room Suite and Central Sterile Processing, and Replacement of Boilers-Response 4 is true, accurate and complete, does not contain any untrue statement of a material fact, and does not omit to state a material fact.
3. My personal knowledge of the truth, accuracy and completeness of the information contained in the Construction of Four Story Building to House Medical Offices, Cardiac Rehabilitation, Replacement of Operating Room Suite and Central Sterile Processing, and Replacement of Boilers-Response 4 is based upon either my actual knowledge of the subject information or upon information reasonably believed by me to be true and reliable and provided to me by the individuals identified below in paragraph 4. Each of these individuals has also certified that the information they have provided is true, accurate and complete, does not contain any untrue statement of a material fact and does not omit to state a material fact.
4. The following individuals have provided information or documents to me in connection with Construction of Four Story Building to House Medical Offices, Cardiac Rehabilitation, Replacement of Operating Room Suite and Central Sterile Processing, and Replacement of Boilers-Response 4 and each individual has certified, based either upon his or her actual knowledge of the subject information or, where specifically identified in such certification, based on information reasonably believed by the individual to be reliable, that the information or documents provided are true, accurate and complete, do not contain any untrue statement of a material fact, and do not omit to state a material fact:


Michael O. Rogers, Vice President Finance

Steven P. Cummings, Vice President Information and Support Services

5. In the event that the information contained in the Construction of Four Story Building to House Medical Offices, Cardiac Rehabilitation, Replacement of Operating Room Suite and Central Sterile Processing, and Replacement of Boilers-Response 4 becomes untrue, inaccurate or incomplete in any material respect, I acknowledge my obligation to notify the Green Mountain Care Board and to supplement the Construction of Four Story Building to House Medical Offices, Cardiac Rehabilitation, Replacement of Operating Room Suite and Central Sterile Processing, and Replacement of Boilers-Response 4 as soon as I know, or reasonably should know, that the information or document has become untrue, inaccurate or incomplete in any material respect.

  
Steven R. Gordon, President and CEO

On June 20, 2017, Steven R. Gordon appeared before me and swore to the truth, accuracy and completeness of the foregoing.

  
Notary public  
My commission expires 02.10.19

