

# The University of Vermont Medical Center

Fiscal Year 2018 Budget Analysis

Report Date: 8/14/2017

QUESTIONS

1. Income statement - The NPR is budgeted to increase 3.5%. The total NPR increase is over the combined target of 3.4%. The hospital needs to explain the major pieces of the 3.5% increase. Please also describe how much of this increase is related to new health care reform investments.
2. Narrative - The hospital states they have made investments in OneCare ACO and is taking risk in the All-Payer ACO model, what is the hospital's reporting structure regarding reserves/risk and fee for service versus premium revenue for each payer. How does this affect Net Patient Revenue?
3. Explanation of Variances - (a) The rate effect of the actual 2017 experience is shown as -\$26.2 million. Discuss and provide a schedule that shows this information and how this was calculated. (b) Provide a schedule supporting these reimbursement estimates. Medicare shows a decrease in reimbursement and an increase in utilization. Commercial shows a decrease in reimbursement and an increase in utilization. Medicaid shows an increase in reimbursement and a decrease in utilization. (c) Bad Debt/Free Care are both starting to increase, UVMMC states that this is due to changes in health care coverage. Is there evidence to support this? Explain these increases.
4. Income statement - Other operating revenue is increasing \$14.9 million due to specialty pharmacy, and the 340B program. Explain these increases.
5. Income statement - Other operating expense is increasing \$21.1 million due "other services". Explain these increases.
6. NPR Payer - Specifically describe the utilization activity - more patients, types of services, complexity, etc. Also, why do you expect to see less or more reimbursement?
7. Narrative - Discuss the professional work Relative Value Units (RVUs) that are expected to increase by 4.3%. This is mostly related to the anticipated increase in the number of providers.

QUESTIONS

8. Narrative - UVMHC states that the average patient age increased 3 years in the past year. Explain.
9. Utilization & Staff - Adjusted admissions is increasing 1.1% from the 2017 budget to the 2018 budget, the acute admissions is increasing 3.9%. There was also a 7% increase in patient days. Explain what is happening with patients and utilization. Also, explain the increase in FTEs and the related salary increases that are budgeted.
10. Discuss your long-term capital spending plans for the UVMHC.
11. Income Statement--Are the 2017 projections still valid? If not, please describe material changes?
12. Refer to the Act 53 price and quality data schedules that were included in the presentation of FY 2018 Hospital Budget Submissions-Preliminary Review on July 27, 2017 and be prepared to address questions the Board may have concerning that information.
13. In the March 31 GNCB hospital guidance, the Board allowed up to 0.4% for **new** health care reform. The Board directed each hospital to provide a detailed description of each new health care reform activity, investment or initiative included within the designated 0.4%, provide any available data or evidence-based support for the activity's effectiveness or value, and identify the benchmark or measure by which the hospital can determine that the activity reduces costs, improves health, and/or increases Vermonters' access to health care. Please describe how you are investing for new health care reform activities in the four approved areas:
  - Support for Accountable Care Organization (ACO) infrastructure or ACO programs;
  - Support of community infrastructure related to ACO programs;
  - Building capacity for, or implementation of, population health improvement activities identified in the Community Health Needs Assessment, with a preference for those activities connected with the population health measures outlined in the All-payer Model Agreement;
  - Support for programs designed to achieve the population health measures outlined in the All-payer Model Agreement.
14. Please identify which ACO(s) you will have a contractual relationship with in 2018. If your hospital plans (or already is) in a risk-bearing contract with OneCare, please explain the effect of the risk on your financial statements. Please explain specific strategies your hospital is developing to move toward population-based payment reform. Finally, what tools does your hospital employ to ensure appropriate, cost effective, quality care when working with providers outside the CHAC or OneCare network?

Fiscal Year 2018 Budget Analysis						The University of Vermont Medical Center		
INCOME STATEMENT	FY2015A	FY2016A	FY2017B	FY2017P	FY2018B	2017B - 2018B	2017B - 2018B	3YR CAGR
						\$ Chg	% Chg	(FY2015A-FY2018B)
<b>Revenues</b>								
<b>Gross Patient Care Revenue</b>	<b>2,475,195,109</b>	<b>2,529,488,342</b>	<b>2,505,711,841</b>	<b>2,568,942,867</b>	<b>2,630,800,332</b>	<b>125,088,491</b>	<b>5.0%</b>	
Disproportionate Share Payments	15,880,155	18,724,391	18,115,526	18,470,697	14,979,512	(3,136,014)	-17.3%	
Bad Debt	(19,610,271)	(22,610,131)	(20,712,524)	(22,633,154)	(23,521,029)	(2,808,505)	13.6%	
Free Care	(11,643,918)	(13,430,399)	(10,676,995)	(15,112,661)	(15,623,425)	(4,946,430)	46.3%	
Deductions from Revenue	(1,374,463,409)	(1,385,625,548)	(1,349,652,004)	(1,384,703,115)	(1,422,799,699)	(73,147,695)	5.4%	
Graduate Medical Education	30,000,000	30,000,000	30,000,000	29,445,510	30,000,000	(0)	0.0%	
<b>Net Patient Care Revenue</b>	<b>1,115,357,666</b>	<b>1,156,546,653</b>	<b>1,172,785,845</b>	<b>1,194,410,143</b>	<b>1,213,835,692</b>	<b>41,049,847</b>	<b>3.5%</b>	<b>2.9%</b>
Other Operating Revenue	87,569,491	89,305,701	92,152,380	98,183,636	107,055,266	14,902,886	16.2%	
<b>Total Operating Revenue</b>	<b>1,202,927,157</b>	<b>1,245,852,354</b>	<b>1,264,938,225</b>	<b>1,292,593,779</b>	<b>1,320,890,957</b>	<b>55,952,733</b>	<b>4.4%</b>	
<b>Expenses</b>								
Salaries Non MD	373,276,785	386,869,572	402,038,753	412,630,260	426,939,307	24,900,555	6.2%	
Fringe Benefits Non MD	116,060,905	112,964,136	125,840,669	134,494,087	117,633,655	(8,207,014)	-6.5%	
Physician Fees Salaries Contracts & Fringes	169,381,960	176,471,188	177,071,860	179,609,858	185,933,497	8,861,637	5.0%	
Health Care Provider Tax	61,055,591	64,131,080	66,868,073	66,398,664	69,271,659	2,403,586	3.6%	
Depreciation Amortization	44,842,796	47,852,346	52,148,230	50,916,767	53,146,093	997,864	1.9%	
Interest - Long Term	14,826,075	13,218,300	13,541,490	13,559,428	17,001,620	3,460,130	25.6%	
Other Operating Expense	347,883,536	370,295,586	379,502,525	383,437,002	400,568,593	21,066,068	5.6%	
<b>Total Operating Expense</b>	<b>1,127,327,647</b>	<b>1,171,802,207</b>	<b>1,217,011,600</b>	<b>1,241,046,066</b>	<b>1,270,494,425</b>	<b>53,482,825</b>	<b>4.4%</b>	<b>4.1%</b>
<b>Net Operating Income (Loss)</b>	<b>75,599,510</b>	<b>74,050,147</b>	<b>47,926,625</b>	<b>51,547,713</b>	<b>50,396,532</b>	<b>2,469,907</b>	<b>5.2%</b>	
Non-Operating Revenue	(23,681,502)	11,062,297	15,257,311	18,799,500	17,990,319	2,733,009	17.9%	
Excess (Deficit) of Rev Over Exp	51,918,007	85,112,444	63,183,936	70,347,213	68,386,852	5,202,916	8.2%	
Operating Margin%	6.3%	5.9%	3.8%	4.0%	3.8%			
Total Margin %	4.4%	6.8%	4.9%	5.4%	5.1%			
Cost per Adjusted Admission	17,036	16,897	18,978	19,021	19,605	627	3.3%	

The NPR increase of \$41 million is 3.5% over the 2017 budget. Bad Debt/Free Care are both starting to increase, due to changes in health care coverage. Is there evidence to support this? The hospital should explain.

Other operating revenue is increasing \$14.9 million due to "specialty pharmacy", and the 340B program - the hospital will be asked to discuss.

**Fiscal Year 2018 Budget Analysis** **The University of Vermont Medical Center**

NET PAYER REVENUE CHANGE - PAYERS				2017B - 2018B	\$ 2017B - 2018B	%	Change due to Rate	Change due to Non-Rate Items
	FY2017B	FY2017P	FY2018B	Chg	Chg			
<b>All Payers</b>	<b>Inpatient Care Revenue, Outpatient Care Revenue</b>	<b>\$2,505,711,841</b>	<b>\$2,568,942,866</b>	<b>\$2,630,800,332</b>	<b>\$125,088,491</b>	<b>5.0%</b>		
	Allowances, Discounts, Allowances, Discounts	(\$1,349,652,004)	(\$1,384,703,115)	(\$1,422,799,699)	(\$73,147,695)	5.4%		
	Bad Debt, Bad Debt	(\$20,712,524)	(\$22,633,154)	(\$23,521,029)	(\$2,808,505)	13.6%		
	Free Care, Free Care	(\$10,676,995)	(\$15,112,661)	(\$15,623,425)	(\$4,946,430)	46.3%		
	Graduate Medical Education Payments-Hosp, Gra	\$30,000,000	\$29,445,510	\$30,000,000	(\$0)	0.0%		
	Disproportionate Share Payments	\$18,115,526	\$18,470,697	\$14,979,512	(\$3,136,014)	-17.3%		
	<b>Net Payer Revenue</b>	<b>\$1,172,785,845</b>	<b>\$1,194,410,143</b>	<b>\$1,213,835,692</b>	<b>\$41,049,847</b>	<b>3.5%</b>	<b>\$9,255,723</b>	<b>\$31,794,124</b>
<b>Commercial</b>	<b>Gross Revenue</b>	<b>\$1,056,539,948</b>	<b>\$1,084,631,499</b>	<b>\$1,122,065,680</b>	<b>\$65,525,732</b>	<b>6.2%</b>		
	Contractual Allowances	(\$321,790,540)	(\$342,900,726)	(\$356,765,179)	(\$34,974,638)	10.9%		
	Bad Debt	(\$20,712,524)	(\$22,633,154)	(\$23,521,029)	(\$2,808,505)	13.6%		
	Free Care	(\$10,676,995)	(\$15,112,661)	(\$15,623,425)	(\$4,946,430)	46.3%		
	Graduate Medical Education Payments	\$0	\$0	\$0	\$0	#DIV/0!		
	<b>Net Payer Revenue</b>	<b>\$703,359,890</b>	<b>\$703,984,958</b>	<b>\$726,156,048</b>	<b>\$22,796,158</b>	<b>3.2%</b>	<b>\$6,197,262</b>	<b>\$16,598,896</b>
<b>Medicaid</b>	<b>Gross Revenue</b>	<b>\$422,959,436</b>	<b>\$417,033,684</b>	<b>\$405,576,696</b>	<b>(\$17,382,741)</b>	<b>-4.1%</b>		
	Contractual Allowances	(\$327,102,635)	(\$315,060,282)	(\$304,846,453)	\$22,256,181	-6.8%		
	Bad Debt	\$0	\$0	\$0	\$0	#DIV/0!		
	Free Care	\$0	\$0	\$0	\$0	#DIV/0!		
	Graduate Medical Education Payments	\$30,000,000	\$29,445,510	\$30,000,000	(\$0)	0.0%		
	<b>Net Payer Revenue</b>	<b>\$125,856,802</b>	<b>\$131,418,912</b>	<b>\$130,730,242</b>	<b>\$4,873,440</b>	<b>3.9%</b>	<b>(\$198,757)</b>	<b>\$5,072,198</b>
<b>Medicare</b>	<b>Gross Revenue</b>	<b>\$1,026,212,456</b>	<b>\$1,067,277,684</b>	<b>\$1,103,157,956</b>	<b>\$76,945,500</b>	<b>7.5%</b>		
	Contractual Allowances	(\$700,758,829)	(\$726,742,107)	(\$761,188,067)	(\$60,429,238)	8.6%		
	Bad Debt	\$0	\$0	\$0	\$0	#DIV/0!		
	Free Care	\$0	\$0	\$0	\$0	#DIV/0!		
	Graduate Medical Education Payments	\$0	\$0	\$0	\$0	#DIV/0!		
	<b>Net Payer Revenue</b>	<b>\$325,453,628</b>	<b>\$340,535,577</b>	<b>\$341,969,890</b>	<b>\$16,516,262</b>	<b>5.1%</b>	<b>\$3,257,218</b>	<b>\$13,259,044</b>
<b>Disproportionate Share Payments</b>		<b>\$18,115,526</b>	<b>\$18,470,697</b>	<b>\$14,979,512</b>	<b>(\$3,136,014)</b>	<b>-17.3%</b>		
	<b>Net Payer Revenue</b>	<b>\$18,115,526</b>	<b>\$18,470,697</b>	<b>\$14,979,512</b>	<b>(\$3,136,014)</b>	<b>-17.3%</b>	<b>\$0</b>	<b>(\$3,136,014)</b>
	<b>Net to Gross Commercial (no dsh)</b>	<b>66.6%</b>	<b>64.9%</b>	<b>64.7%</b>				
	<b>Net to Gross Medicaid (no dsh)</b>	<b>29.8%</b>	<b>31.5%</b>	<b>32.2%</b>				
	<b>Net to Gross Medicare (no dsh)</b>	<b>31.7%</b>	<b>31.9%</b>	<b>31.0%</b>				
	<b>Net to Gross All (no dsh)</b>	<b>46.1%</b>	<b>45.8%</b>	<b>45.6%</b>				

The NPR increase is primarily due to increased commercial and Medicare offset by reductions in Medicaid.

Utilization increases are notable in both Commercial and Medicare while Medicaid shows a large reduction.

Overall reimbursement shows a decrease as increases in Medicaid is offset with reductions in Medicare and Commercial payers.

The hospital should describe the utilization shifts and also explain the NPR it expects to get from Medicare because of increases in rate/price.

## The University of Vermont Medical Center

### RATE AND NET PATIENT REVENUE INCREASE

Rate is the average change in price for services provided.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Weighted Average Approved Rate (all hospitals)</b>	5.16%	6.82%	4.37%	1.75%	
<b>Weighted Average Submitted Rate (all hospitals)</b>	5.45%	6.82%	4.40%	2.17%	2.38%
<b>The University of Vermont Medical Center Approved Rate</b>	4.43%	0.00%	6.00%	2.45%	
<b>The University of Vermont Medical Center Submitted Rate</b>	4.49%	0.00%	6.00%	3.00%	0.72%
Hospital Inpatient Gross Revenue					5.1%
Hospital Outpatient Gross Revenue					3.3%
Physician Outpatient Gross Revenue					-11.1%
Chronic/SNF Gross Revenue					0.0%
Swing Gross Revenue					0.0%

<b>Net Patient Revenue Change Due to Rate Request</b>		
	Commercial	\$ 6,197,262
	Medicaid	\$ (198,757)
	Medicare	\$ 3,257,218
	Disproportionate Share	\$ 0
	<b>Total Change Due to Rate Request</b>	<b>\$ 9,255,723</b>

<b>Value of 1% Rate</b>	<b>\$ 12,855,171</b>
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UVMHC has a Commercial rate/price request of 0.72%. This is the level the Board requested due to the Board's review of UVMHC's 2016 actual performance.

The 0.72% will result in increased NPR of \$9.2 million. Some of the rate request is built to offset both the disproportionate share decrease and the increases in levels of bad debt and free care.

For UVMHC, every 1% increase in rate is worth about \$12,855,171 in net patient revenue. If the calculation is done using only Commercial (rate related) revenue, the 1% value would be \$8,607,308.

Fiscal Year 2018 Budget / The University of Vermont Medical Center

BUDGET TO BUDGET VARIANCES EXPLAINED

Income Statement	FY2018B	2017B - 2018B \$ Chg	2017B - 2018B % Chg	Rate Net of Actual 2016 Orders	Rate Difference: FY17 Actual to Budget Experience	Utilization	Reimb/ Payer Mix	Bad Debt/Free Care Changes	Physician Trans/Acq	DSH Changes	Health Reform Investments	Other	Explained Variance Total
<b>Revenues</b>													
Gross Patient Care Revenue	2,630,800,332	125,088,491	5.0%										
Disproportionate Share													
Payments	14,979,512	(3,136,014)											
Bad Debt	(23,521,029)	(2,808,505)											
Free Care	(15,623,425)	(4,946,430)											
Deductions from Revenue	(1,422,799,699)	(73,147,695)											
Graduate Medical Education	30,000,000	(0)											
<b>Net Patient Care Revenue -</b>	<b>1,213,835,692</b>	<b>41,049,847</b>	<b>3.5%</b>	<b>\$ 9,255,723</b>	<b>\$ (26,196,723)</b>	<b>\$ 59,669,582</b>	<b>\$ 9,212,215</b>	<b>\$ (7,754,936)</b>	<b>\$ -</b>	<b>\$ (3,136,014)</b>	<b>\$ -</b>		<b>41,049,847</b>
Other Operating Revenue	107,055,266	14,902,886											
<b>Total Operating Revenue</b>	<b>1,320,890,957</b>	<b>55,952,733</b>											
Salaries Non MD	426,939,307	24,900,555											
Fringe Benefits Non MD	117,633,655	(8,207,014)											
Fringe Benefits MD	27,455,233	(202,965)											
Physician Fees Salaries													
Contracts & Fringes	158,478,264	9,064,602											
Health Care Provider Tax	69,271,659	2,403,586											
Depreciation Amortization	53,146,093	997,864											
Interest - Long Term	17,001,620	3,460,130											
Other Operating Expense	400,568,593	21,066,068											
<b>Operating Expense</b>	<b>1,270,494,425</b>	<b>53,482,825</b>	<b>4.4%</b>										-
<b>Net Operating Income (Loss)</b>	<b>50,396,532</b>	<b>2,469,907</b>	<b>5.2%</b>										
Non-Operating Revenue	17,990,319	2,733,009											
Excess (Deficit) of Revenue	68,386,852	5,202,916											

Utilization increases and reimbursement changes explain a large portion of the need for higher NPR. Non MD salaries reflect the largest increase along with increased provider tax and \$21.1 million in "other operating expenses". The hospital should discuss these major increases as well as the inflation assumption and FTEs changes. The rate effect of the actual 2017 experience is shown as -\$26.2 million, the hospital will explain. Unfavorable changes related to disproportionate share and bad debt and free care are reductions to NPR.

Fiscal Year 2018 Budget Analysis	The University of Vermont Medical Center					Vermont Peers			2017 Almanac of Hospital Financial and Operating Indicators (Optum) FY2015				
	FY2015A	FY2016A	FY2017B	FY2017P	FY2018B	FY2018B Vermont 25th	FY2018B Vermont 50th	FY2018B Vermont 75th	Northeast Region	Northeast CAH	25-99 beds	100-199 beds	Teaching Hospitals
<b>DASHBOARD</b>													
Net Patient Care Revenue	1,115,357,666	1,156,546,653	1,172,785,845	1,194,410,143	1,213,835,692								
Budget to Budget NPR Growth Rate					3.5%	1.8%	3.5%	4.5%					
Three Year NPR CAGR (FY14A - FY17B)					3.6%	2.2%	3.5%	4.1%					
Operating Expense	1,127,327,647	1,171,802,207	1,217,011,600	1,241,046,066	1,270,494,425								
Budget to Budget Oper Exp Growth Rate					4%	1.8%	4.2%	4.6%					
Three Year OE CAGR (FY14A - FY17B)					4.3%	3.0%	3.8%	5.2%					
<b>Revenue</b>													
Operating Margin %	6.3%	5.9%	3.8%	4.0%	3.8%	0.7%	1.7%	2.2%	1.4%		1.4%	3.9%	3.3%
Total Margin %	4.4%	6.8%	4.9%	5.4%	5.1%	1.8%	2.8%	3.7%	1.7%	-0.6%	1.7%	6.2%	4.2%
Bad Debt %	0.8%	0.9%	0.8%	0.9%	0.9%	1.0%	1.6%	2.5%	1.6%	5.0%	1.6%	6.2%	3.7%
Free Care %	0.5%	0.5%	0.4%	0.6%	0.6%	0.6%	0.8%	1.1%	0.4%		0.4%		
<b>Cost</b>													
Cost per Adjusted Admission	17,036	16,897	18,978	19,021	19,605	8,988	10,994	12,687	5,272		5,272	7,604	7,822
Overhead Expense w/ fringe, as a % of Total Operating Exp	31.8%	31.4%	33.7%	34.2%	36.4%	22.2%	26.8%	32.0%					
<b>Productivity &amp; Utilization</b>													
Acute Admissions	18,395	19,299	18,644	18,984	19,378	1,363	1,764	3,199					
Adjusted Admissions	66,200	69,394	64,131	65,248	64,807	6,360	8,282	15,598					
FTEs Per Adjusted Occupied Bed	5.6	5.7	6.3	6.0	6.1	5.4	5.9	6.7	2.9		2.9	3.2	3.2
FTEs per 100 Adj Discharges	8.8	8.5	9.3	9.2	9.6	5.0	5.9	6.9	2.5		2.5		
<b>Cash</b>													
Days Cash on Hand	200.7	214.4	176.0	213.1	180.5	90.4	136.6	192.3	24.2	114.9	24.2		116.3
<b>Capital</b>													
Age of Plant	12.0	11.9	11.8	11.9	12.4	12.1	12.7	14.5	2.4	12.4	2.4	12.4	11.2
Long Term Debt to Capitalization	32.5%	35.8%	34.5%	37.9%	36.1%	20%	24%	29%	5.5%	22.8%	5.5%		35.3%
Capital Expenditures to Depreciation	91.8%	96.3%	127.2%	130.3%	105.8%	104%	123%	160%	41%		41%		
<b>Rates Approved</b>													
Approved Rate per Latest Order	0.0%	0.0%	0.0%	0.0%	0.0%								
CAGR = Compounded Annual Growth Rate													



**UTILIZATION & STAFFING**      **2014 A** **FY2015A** **2016 B** **FY2016A** **FY2017B** **FY2017P** **FY2018B** **2017B-**  
**2018B**

**UTILIZATION**

Adjusted Admissions	67,687	66,174	64,447	69,349	64,127	65,248	64,805	1.1%
Acute Admissions	17,820	18,395	17,959	19,299	18,644	18,984	19,378	3.9%
Acute Average Length Of Stay	5.8	5.7	5.7	5.5	5.4	5.6	5.7	5.7%
All Operating Room Procedure	37,330	37,504	37,474	38,963	38,539	39,289	39,396	2.2%
All Operating Room Cases	16,583	16,464	16,415	17,029	38,539	39,289	39,396	2.2%
Tests	2,591,495	2,512,410	2,515,435	2,528,957	2,520,383	2,525,470	2,544,397	1.0%
Emergency Room Visits	60,144	60,162	59,572	61,179	60,162	59,898	61,082	1.5%
Cat Scan, Radiology - Diagnostic	215,902	218,942	217,268	221,986	226,220	225,570	225,424	-0.4%
Exams	18,070	18,785	18,504	19,279	19,766	19,196	19,766	0.0%
Physician Office Visits		3,852,078	3,804,600	3,891,542	3,939,200	4,043,257	4,128,981	4.8%

Non-MD FTEs	5,242	5,313	5,378	5,389	5,451	5,471	5,647	196
Travelers, Travelers MD	8	19	0	24	0	33	0	0
Residents & Fellows	321	318	321	324	326	326	335	9
MLPs	172	172	186	196	216	213	233	16
Physician FTEs	509	520	538	545	567	573	597	30
	6,252	6,341	6,422	6,478	6,560	6,616	6,811	251

Salary per FTE Non-MD	\$ 61,787	\$ 64,327	\$ 64,327	\$ 65,471	\$ 67,082	\$ 68,651	\$ 68,705	2.4%
Salary & Benefits per FTE - Non-MD	\$ 80,743	\$ 84,327	\$ 87,554	\$ 84,588	\$ 88,080	\$ 91,028	\$ 87,635	-0.5%
FTEs Per Adjusted Occupied Bed	5.4	5.6	5.8	5.7	6.3	6.0	6.1	-3.0%
FTEs per 100 Adj Discharges	8.5	8.8	9.1	8.5	9.3	9.2	9.6	2.6%

**Comparative Benchmarks**

<b>Vermont System Averages</b>								
Salary & Benefits per FTE - Non-MD	\$ 78,162	\$ 80,704	\$ 82,457	\$ 81,921	\$ 83,669	\$ 85,414	\$ 85,010	1.6%
FTEs Per Adjusted Occupied Bed	5.5	5.7	5.8	5.7	6.1	5.9	6.0	-1.4%
FTEs per 100 Adj Discharges	7.0	7.2	7.5	7.0	7.5	7.5	7.7	2.3%

Overall utilization as measured by adjusted admissions shows a small increase over budget 2017. Acute admissions, operating room procedures, and physician visits are all increasing. More discussion and understanding is needed about the patients and their utilization across the different payers.

The productivity measures are mixed. This suggests that the staffing increases for mid-levels are not all related to utilization changes.

Salary and fringe costs are budgeted lower than projected 2017. Is this realistic?

The system Salary per FTE is \$66,001 and is 3.3% higher than 2017B.

**Fiscal Year 2018 Budget Analysis** **The University of Vermont Medical Center**

<b>BALANCE SHEET</b>	<b>FY2015A</b>	<b>FY2016A</b>	<b>FY2017B</b>	<b>FY2017P</b>	<b>FY2018B</b>
<b>Cash &amp; Investments</b>	\$ 186,606,000	\$ 198,208,000	\$ 152,458,759	\$ 174,924,109	\$ 175,034,966
<b>Other Current Assets</b>	179,450,000	254,266,000	190,200,000	261,829,959	265,222,395
<b>Current Assets</b>	366,056,000	452,474,000	342,658,759	436,754,068	440,257,361
<b>Board Designated Assets</b>	430,108,000	502,848,000	466,392,888	541,337,567	448,391,439
<b>Net, Property, Plant And Equipment</b>	431,324,000	453,298,000	624,464,000	446,433,613	579,179,775
<b>Other Long-Term Assets</b>	31,951,000	54,493,000	31,951,000	55,544,756	55,544,756
<b>Assets</b>	\$ 1,259,439,000	\$ 1,463,113,000	\$ 1,465,466,647	\$ 1,480,070,003	\$ 1,523,373,331
<b>Current Liabilities</b>	\$ 183,891,000	\$ 190,042,000	\$ 195,198,000	\$ 185,486,104	\$ 214,246,037
<b>Long Term Liabilities</b>	339,803,000	444,944,000	428,451,000	480,141,543	462,591,699
<b>Other Noncurrent Liabilities</b>	29,951,000	31,269,000	29,951,000	27,802,355	27,802,355
<b>Fund Balance</b>	705,794,000	796,858,000	811,866,647	786,640,000	818,733,240
<b>Liabilities and Equities</b>	\$ 1,259,439,000	\$ 1,463,113,000	\$ 1,465,466,647	\$ 1,480,070,003	\$ 1,523,373,331

<b>The University of Vermont Medical Center</b>					
Days Cash on Hand	200.7	214.4	176.0	213.1	180.5
Long Term Debt to Capitalization	32.5%	35.8%	34.5%	37.9%	36.1%
Debt Service Coverage Ratio	5.2	5.4	4.4	3.8	3.6

<b>Comparative Benchmarks</b>					
<b>Vermont System Averages</b>					
Days Cash on Hand	178.53	183.26	165.81	186.20	166.60
Long Term Debt to Capitalization	27.6%	30.5%	29.6%	31.1%	29.5%
Debt Service Coverage Ratio	5.2	5.4	4.4	3.8	3.6

<b>U.S. Benchmarks</b>					
<b>All Teaching</b>					
Days Cash on Hand-Peers	116.30	0.00	0.00	0.00	0.00
Long Term Debt to Capitalization-Peers	35.3%	0.00	0.00	0.00	0.00
Debt Service Coverage Ratio-Peers	5.30	0.00	0.00	0.00	0.00

Overall cash on hand is steady and is higher than the state median.

UVMMC compares well to major teaching hospital medians.

Board designated assets are comparable to recent years. Long term debt is increasing as the hospital expects to finance some of their capital investments. The fund balance shows an increase over 2017 levels.

CAPITAL BUDGET	FY2015A	FY2016A	FY2017B	FY2017P	FY2018B	2019 Plan	2020 Plan	2021 Plan
Non-Certificate of Need Capital Plans Total	\$ 41,143,559	\$ 46,077,734	\$ 66,341,160	\$ 66,341,160	\$ 56,249,255	\$ 26,249,000	\$ 24,725,000	\$ 33,792,000
Certificate of Need Capital Plans	\$ 23,130,895	\$ 29,330,548	\$ 84,646,000	\$ 84,646,000	\$ 129,643,000	\$ 95,951,000	\$ 42,075,000	\$ 26,808,000
Total Capital Purchases	\$ 64,274,455	\$ 75,408,282	\$ 150,987,160	\$ 150,987,160	\$ 185,892,255	\$ 122,200,000	\$ 66,800,000	\$ 60,600,000

**The University of Vermont Medical Center**

Age of Plant	12.0	11.9	11.8	11.9	12.4
Capital Expenditures to Depreciation	91.8%	96.3%	127.2%	130.3%	105.8%
Capital Cost % of Total Expense	5.3%	5.2%	5.4%	5.2%	5.5%

**Comparative Benchmarks**

**Vermont System Averages**

Age of Plant	11.4	11.8	12.3	12.4	12.9
Capital Expenditures to Depreciation	97.1%	101.7%	128.2%	135.7%	115.3%
Capital Cost % of Total Expense	5.4%	5.2%	5.3%	5.1%	5.3%

**U.S. Benchmarks**

**Northeast Critical Access Hospital**

Age of Plant-Peers	12.4	-	-	-	-
Capital Expenditures to Depreciation-Peers	-	-	-	-	-
Capital Cost % of Total Expense-Peers	4.5%	-	-	-	-

**100-199 Beds**

Age of Plant-Peers	12.4	-	-	-	-
Capital Expenditures to Depreciation-Peers	-	-	-	-	-
Capital Cost % of Total Expense-Peers	5.8%	-	-	-	-

**All Teaching**

Age of Plant-Peers	11.2	-	-	-	-
Capital Expenditures to Depreciation-Peers	-	-	-	-	-
Capital Cost % of Total Expense-Peers	6.0%	-	-	-	-

The overall capital budget of \$56.2 million is lower than the previous year. The age of plant has been trending higher but is comparable to the Vermont median. Capital cost as % of the budget reflect favorable peer comparison values. The major investments for 2018 are neurology fit-up, ER expansion, pain management site, and relocate oncology pharmacy space to name a few. CONs are planned for the period 2019-21 which are discussed in their narrative.