

North Country Hospital

Fiscal Year 2018 Budget Analysis

Report Date: 8/9/2017

**North Country Hospital
Fiscal Year 2018 Budget Analysis**

QUESTIONS

1. INCOME STATEMENT - The hospital is \$1.5 million under the 2017 budget levels. Much of this variance is described as utilization and discontinuation of their oncology program. Discuss the circumstances behind why the hospital discontinued oncology. How will this affect patient care?
2. (a). UTIL&STAFF - Adjusted admissions show a significant 6.3% decrease in utilization. Some of this is related to the oncology program discontinuance. Discuss other reductions in utilization that are being seen? Are other reductions related? (b).UTIL&STAFF - The hospital budget shows a cost per adjusted admission increase of 5%. Discuss whether this relates to not hiring budgeted positions and discuss the inflation assumptions in the budget. Why is cost per unit higher? What options are available to reduce costs to lower the per unit cost?
3. RATE&NPR - NCH has a rate/price request of 5.0%. The rate is needed to meet their operating expenses, establish an operating margin of 1.5%, and to cover the disproportionate share reduction. Describe the strategies and rationale the hospital used for establishing this level. Were pricing for services a consideration in establishing this level?
4. NPR PAYER - Medicare and Medicaid show unfavorable reimbursement and lower utilization. Discuss the assumptions you are making for each of these payers. .
5. NPR PAYER - Commercial shows favorable reimbursement from 2017 to 2018 budget. Describe the reimbursement assumptions the hospital has made including the favorable bad debt reduction from 2017 budget, changing from 2.1% of gross revenue to 0.6%. Why is bad debt expected to change so much from 2017 budget?
6. INCOME STATEMENT - Retail pharmacy (340B) shows a favorable increase of over \$400,000. Describe this program and the risks involved operating the program.
7. INCOME STATEMENT - Are the 2017 projections still valid? If not, please describe material changes?
8. Refer to the Act 53 price and quality data schedule that is included in the staff analysis and be prepared to address questions the Board may have concerning that information.

QUESTIONS

9. In the March 31 GMCB 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. With this in mind, 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.
10. 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 **North Country Hospital**

INCOME STATEMENT	FY2015A	FY2017B	FY2017P	FY2018B	2017B - 2018B	2017B - 2018B	3YR CAGR
					\$ Chg	% Chg	(FY2015A-FY2018B)
Revenues							
Gross Patient Care Revenue	166,223,234	184,601,880	177,943,890	186,181,775	1,579,895	0.9%	
Disproportionate Share Payments	2,276,974	1,453,268	1,453,268	1,000,000	(453,268)	-31.2%	
Bad Debt	(3,626,966)	(3,862,806)	(1,090,376)	(1,105,660)	2,757,146	-71.4%	
Free Care	(1,283,142)	(1,200,997)	(1,207,472)	(1,261,784)	(60,787)	5.1%	
Deductions from Revenue	(90,293,004)	(99,801,683)	(99,709,716)	(105,143,570)	(5,341,887)	5.4%	
Graduate Medical Education	0	0	0	0	0	#DIV/0!	
Net Patient Care Revenue	73,297,094	81,189,662	77,389,594	79,670,761	(1,518,901)	-1.9%	2.8%
Other Operating Revenue	7,181,556	5,224,021	5,660,743	5,885,122	661,101	12.7%	
Total Operating Revenue	80,478,650	86,413,683	83,050,337	85,555,883	(857,800)	-1.0%	
Expenses							
Salaries Non MD	24,491,810	26,875,340	26,359,087	27,485,621	610,281	2.3%	
Fringe Benefits Non MD	8,077,211	9,570,508	9,619,132	10,481,826	911,318	9.5%	
Physician Fees Salaries Contracts & Fringes	14,596,207	14,559,144	15,664,692	15,350,374	791,230	5.4%	
Health Care Provider Tax	4,283,890	4,773,348	4,773,348	4,533,348	(240,000)	-5.0%	
Depreciation Amortization	4,681,156	4,609,866	4,682,822	4,458,804	(151,062)	-3.3%	
Interest - Long Term	647,943	683,080	741,172	689,347	6,267	0.9%	
Other Operating Expense	20,856,291	24,261,458	22,095,028	21,266,142	(2,995,316)	-12.3%	
Total Operating Expense	77,634,509	85,332,744	83,935,281	84,265,462	(1,067,282)	-1.3%	2.8%
Net Operating Income (Loss)	2,844,141	1,080,939	(884,944)	1,290,421	209,482	19.4%	
Non-Operating Revenue	(1,384,871)	453,721	1,259,228	1,253,190	799,469	176.2%	
Excess (Deficit) of Rev Over Exp	1,459,270	1,534,660	374,284	2,543,611	1,008,951	65.7%	
Operating Margin%	3.5%	1.3%	-1.1%	1.5%			
Total Margin %	1.8%	1.8%	0.4%	2.9%			
Cost per Adjusted Admission	8,655	9,195	9,527	9,688	493	5.4%	

The NPR decrease of \$1.5 million is **1.9% under** the 2017 budget. This is about \$4 million under the 3% cap target. Much of the decrease is due to lower utilization in outpatient services and discontinuation of their \$2.5 million oncology program.

The hospital's expenses are decreasing 1.3%, primarily due to decreased pharmaceutical expenses and cost savings from their supply chain group purchasing (NEAH) and because the hospital will not be replacing 8.3 FTEs currently vacant.

The operating surplus is reasonable, established largely by the rate increase and increased 340B pharmacy revenues of over \$400,000. Non operating revenues are expected to increase because of investment earnings.

Fiscal Year 2018 Budget Analysis **North Country Hospital**

NET PAYER REVENUE CHANGE - PAYERS				2017B - 2018B	\$ 2017B - 2018B	%	Change due to Rate	Change due to Non-Rate Items
	FY2017B	FY2017P	FY2018B	Chg	Chg			
All Payers	Gross Revenue	\$184,601,880	\$177,943,890	\$186,181,775	\$1,579,895	0.9%		
	Contractual Allowances	(\$99,801,683)	(\$99,709,716)	(\$105,143,570)	(\$5,341,887)	5.4%		
	Bad Debt	(\$3,862,806)	(\$1,090,376)	(\$1,105,660)	\$2,757,146	-71.4%		
	Free Care	(\$1,200,997)	(\$1,207,472)	(\$1,261,784)	(\$60,787)	5.1%		
	Graduate Medical Education Payments	\$0	\$0	\$0	\$0	#DIV/0!		
	Disproportionate Share Payments	\$1,453,268	\$1,453,268	\$1,000,000	(\$453,268)	-31.2%		
	Net Payer Revenue	\$81,189,662	\$77,389,594	\$79,670,761	(\$1,518,901)	-1.9%	\$2,951,506	(\$4,470,406)
Commercial	Gross Revenue	\$61,013,130	\$58,455,735	\$61,525,233	\$512,103	0.8%		
	Contractual Allowances	(\$16,509,371)	(\$15,431,141)	(\$16,385,202)	\$124,169	-0.8%		
	Bad Debt	(\$3,862,806)	(\$1,090,376)	(\$1,105,660)	\$2,757,146	-71.4%		
	Free Care	(\$1,200,997)	(\$1,207,472)	(\$1,261,784)	(\$60,787)	5.1%		
	Graduate Medical Education Payments	\$0	\$0	\$0	\$0	#DIV/0!		
	Net Payer Revenue	\$39,439,956	\$40,726,746	\$42,772,587	\$3,332,631	8.4%	\$2,258,215	\$1,074,417
Medicaid	Gross Revenue	\$46,684,530	\$45,075,146	\$47,789,151	\$1,104,621	2.4%		
	Contractual Allowances	(\$34,548,367)	(\$34,058,604)	(\$36,534,389)	(\$1,986,022)	5.7%		
	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!		
	Net Payer Revenue	\$12,136,163	\$11,016,542	\$11,254,762	(\$881,401)	-7.3%	\$0	(\$881,401)
Medicare	Gross Revenue	\$76,904,220	\$74,413,009	\$76,867,391	(\$36,829)	0.0%		
	Contractual Allowances	(\$48,743,945)	(\$50,219,971)	(\$52,223,979)	(\$3,480,034)	7.1%		
	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!		
	Net Payer Revenue	\$28,160,275	\$24,193,038	\$24,643,412	(\$3,516,863)	-12.5%	\$693,291	(\$4,210,154)
Disproportionate Share Payments		\$1,453,268	\$1,453,268	\$1,000,000	(\$453,268)	-31.2%		
	Net Payer Revenue	\$1,453,268	\$1,453,268	\$1,000,000	(\$453,268)	-31.2%	\$0	(\$453,268)
	Net to Gross Commercial (no dsh)	64.6%	69.7%	69.5%				
	Net to Gross Medicaid (no dsh)	26.0%	24.4%	23.6%				
	Net to Gross Medicare (no dsh)	36.6%	32.5%	32.1%				
	Net to Gross All (no dsh)	43.2%	42.7%	42.3%				

The NPR decrease is primarily due to the large reduction in utilization and reimbursement in Medicare and Medicaid. The Commercial increase is related to the rate increase (\$2.2 million) and anticipated improved reimbursement (\$1.1 million).

The favorable Commercial reimbursement is largely related to a favorable bad debt change that is moving from 2.1% of gross revenues to 0.6%. The hospital needs to explain this large change in bad debt.

Disproportionate share shows a reduction of \$453,268 and the rate increase will cover this shortfall. The narrative also states that additional disproportionate share reductions may occur.

North Country Hospital

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
Weighted Average Approved Rate (all hospitals)	5.16%	6.82%	4.37%	1.75%	
Weighted Average Submitted Rate (all hospitals)	5.45%	6.82%	4.40%	2.17%	2.38%
North Country Hospital Approved Rate	8.00%	8.30%	4.82%	3.48%	
North Country Hospital Submitted Rate	8.00%	8.30%	4.82%	3.48%	5.00%
Hospital Inpatient Gross Revenue					6.0%
Hospital Outpatient Gross Revenue					6.0%
Physician Outpatient Gross Revenue					0.0%
Chronic/SNF Gross Revenue					0.0%
Swing Gross Revenue					6.0%

Net Patient Revenue Change Due to Rate Request		
	Commercial	\$ 2,258,215
	Medicaid	\$ -
	Medicare	\$ 693,291
	Disproportionate Share	\$ 0
	Total Change Due to Rate Request	\$ 2,951,506

Value of 1% Rate	\$ 590,301
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NCH has a rate/price request of 5.0%. This is about 1% more than the average from the last two years, because of the large utilization decrease.

The 5% will result in increased NPR of about \$3 million. The rate is needed to meet their operating expenses and operating margin of 1.51% to reinvest in the facility.

For NCH, every 1% increase in rate is worth about \$590,301 in net patient revenue.

Fiscal Year 2018 Budget Analysis													North Country Hospital	
BUDGET TO BUDGET VARIANCES EXPLAINED														
Income Statement	FY2018B	2017B - 2018B \$ Chg	2017B - 2018B % Chg	Rate	Rate Effect of Act 16 Decis	Utilization	Reimb/ Payer Mix	Bad Debt/Free Care Changes	Physician Trans/Acq	DSH Changes	Health Reform Investments	Other	Explained Variance Total	
Revenues														
Gross Patient Care Revenue	186,181,775	1,579,895	0.9%											
Disproportionate Share Payments	1,000,000	(453,268)												
Bad Debt	(1,105,660)	2,757,146												
Free Care	(1,261,784)	(60,787)												
Deductions from Revenue	(105,143,570)	(5,341,887)												
Graduate Medical Education	0	0												
Net Patient Care Revenue	79,670,761	(1,518,901)	-1.9%	2,951,506		(7,393,642)		2,696,359		(453,268)	680,145		(1,518,900)	
Other Operating Revenue	5,885,122	661,101												
Total Operating Revenue	85,555,883	(857,800)												
Operating Expenses														
Salaries Non MD	27,485,621	610,281												
Fringe Benefits Non MD	10,481,826	911,318												
Fringe Benefits MD	1,154,352	(32,967)												
Fringes	14,196,022	824,197												
Health Care Provider Tax	4,533,348	(240,000)												
Depreciation Amortization	4,458,804	(151,062)												
Interest - Long Term	624,041	116,631												
Other Operating Expense	21,266,142	(2,995,316)												
Operating Expense	84,265,462	(1,067,282)	-1.3%										-	
Net Operating Income (Loss)	1,290,421	209,482	19.4%											
Non-Operating Revenue	1,253,190	799,469												
Excess (Deficit) of Revenue Over Expense	2,543,611	1,008,951												

Utilization decreases in outpatient services and discontinuation of their oncology program explain a large portion of the lower NPR. The narrative explains that these decreases are related to the loss of their contracted Dartmouth Hitchcock oncology physicians. This reduction in utilization and increased expenditure inflation explain the higher unit cost increase and productivity measures changes.

The favorable bad debt change and the rate increase are offsetting the negative effect of their utilization in the NPR.

The narrative explains the NPR being used to meet health care reform investments of \$680,145.

Fiscal Year 2018 Budget Analysis	North Country Hospital					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
DASHBOARD													
Net Patient Care Revenue	73,297,094	77,791,582	81,189,662	77,389,594	79,670,761								
Budget to Budget NPR Growth Rate					-1.9%	1.8%	3.5%	4.5%					
Three Year NPR CAGR (FY14A - FY17B)					4.3%	2.2%	3.5%	4.1%					
Operating Expense	77,634,509	83,824,785	85,332,744	83,935,281	84,265,462								
Budget to Budget Oper Exp Growth Rate					-1%	1.8%	4.2%	4.6%					
Three Year OE CAGR (FY14A - FY17B)					4.1%	3.0%	3.8%	5.2%					
Revenue													
Operating Margin %	3.5%	0.2%	1.3%	-1.1%	1.5%	0.7%	1.7%	2.2%	1.4%		1.4%	3.9%	3.3%
Total Margin %	1.8%	2.5%	1.8%	0.4%	2.9%	1.8%	2.8%	3.7%	1.7%	-0.6%	1.7%	6.2%	4.2%
Bad Debt %	2.2%	1.9%	2.1%	0.6%	0.6%	1.0%	1.6%	2.5%	1.6%	5.0%	1.6%	6.2%	3.7%
Free Care %	0.8%	0.6%	0.7%	0.7%	0.7%	0.6%	0.8%	1.1%	0.4%		0.4%		
Cost													
Cost per Adjusted Admission	8,655	8,963	9,195	9,527	9,688	8,988	10,994	12,687					
Overhead Expense w/ fringe, as a % of Total Operating Exp	22.7%	22.3%	22.1%	21.8%	22.2%	22.2%	26.8%	32.0%					
Productivity & Utilization													
Acute Admissions	1,420	1,394	1,417	1,432	1,432	1,363	1,764	3,199					
Adjusted Admissions	8,971	9,352	9,283	8,812	8,698	6,360	8,282	15,598					
FTEs Per Adjusted Occupied Bed	5.4	5.4	5.8	5.9	6.0	5.4	5.9	6.7	2.9		2.9	3.2	3.2
FTEs per 100 Adj Discharges	4.8	4.7	5.0	5.2	5.3	5.0	5.9	6.9	2.5		2.5		
Cash													
Days Cash on Hand	198.8	169.3	175.0	190.1	196.3	90.4	136.6	192.3	24.2	114.9	24.9		116.3
Capital													
Age of Plant	9.1	9.3	11.0	11.0	12.6	12.1	12.7	14.5	2.4	12.4	2.4	12.4	11.2
Long Term Debt to Capitalization	7.0%	29.6%	1.9%	29.2%	27.2%	20%	24%	29%	5.5%	22.8%	5.5%		35.3%
Capital Expenditures to Depreciation	115.9%	79.9%	75.8%	54.7%	73.3%	104%	123%	160%	41%		41%		
Rates Approved													
Approved Rate per Latest Order	8.3%	4.8%	3.5%	3.5%	0.0%								
CAGR = Compounded Annual Growth Rate													

Fiscal Year 2018 Budget Analysis	North Country Hospital
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UTILIZATION & STAFFING	FY2015A	FY2016A	FY2017B	FY2017P	FY2018B	2017B-2018B
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UTILIZATION						
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Adjusted Admissions	8,970	9,352	9,280	8,810	8,698	-6.3%
Acute Admissions	1,420	1,394	1,417	1,432	1,432	1.1%
Acute Average Length Of Stay	3.2	3.2	3.2	3.2	3.2	1.2%
All Operating Room Procedure Tests	3,129	3,063	3,127	2,968	2,968	-5.1%
Emergency Room Visits	532,354	549,247	531,013	538,700	538,700	1.4%
Cat Scan, Radiology - Diagnostic Exams	16,605	15,987	16,837	15,880	16,530	-1.8%
Physician Office & Clinic Visits	17,166	18,101	18,287	17,698	17,637	-3.6%
	1,378	1,386	1,374	1,354	1,354	-1.5%
	86,549	97,769	102,489	92,819	98,876	-3.5%

STAFFING						
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Non-MD FTEs	426	444	467	456	459	-8
Travelers, Travelers MD	0	0	0	0	0	0
Residents & Fellows	0	0	0	0	0	0
MLPs	0	0	0	0	0	0
Physician FTEs	30	29	32	31	31	0
Total MD and Non MD FTEs	457	473	499	487	491	-8
Salary per FTE - Non-MD	\$ 57,460	\$ 59,587	\$ 57,527	\$ 57,802	\$ 59,854	4.0%
Salary & Benefits per FTE - Non-MD	\$ 76,410	\$ 80,718	\$ 78,012	\$ 78,896	\$ 82,680	6.0%
FTEs Per Adjusted Occupied Bed	5.4	5.4	5.8	5.9	6.0	3.6%
FTEs per 100 Adj Discharges	4.8	4.7	5.0	5.2	5.3	4.9%

Comparative Benchmarks						
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Vermont System Averages						
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Salary & Benefits per FTE - Non-MD	\$ 80,704	\$ 81,921	\$ 83,669	\$ 85,414	\$ 85,010	1.6%
FTEs Per Adjusted Occupied Bed	5.7	5.7	6.1	5.9	6.0	-1.4%
FTEs per 100 Adj Discharges	7.2	7.0	7.5	7.5	7.7	2.3%

Overall utilization as measured by adjusted admissions shows a decline over budget 2017 and is in line with current year projections. OR, ER, radiology, and physician visits have also declined(see narrative). Acute admissions are budgeted at the current year level. More discussion is requested about the planned utilization changes.

The productivity measures are favorable compared to their Vermont peers though increasing slightly unfavorably.

Salary and fringe costs include inflation adjustments.

The system average for Salary per FTE is \$66,001.

Fiscal Year 2018 Budget Analysis	North Country Hospital				
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BALANCE SHEET	FY2015A	FY2016A	FY2017B	FY2017P	FY2018B
Cash & Investments	\$ 5,441,054	\$ 2,507,404	\$ 9,156,381	\$ 5,009,573	\$ 5,194,466
Other Current Assets	11,716,624	11,590,179	13,043,650	14,165,576	14,554,992
Current Assets	17,157,678	14,097,583	22,200,031	19,175,149	19,749,458
Board Designated Assets	34,288,615	34,027,352	29,543,000	36,272,719	37,723,628
Net, Property, Plant And Equipment	28,038,118	26,815,387	26,834,000	25,097,270	24,175,605
Other Long-Term Assets	2,218,838	4,668,601	1,475,000	3,301,401	3,404,110
Assets	\$ 81,703,249	\$ 79,608,923	\$ 80,052,031	\$ 83,846,539	\$ 85,052,801
Current Liabilities	\$ 32,020,167	\$ 9,897,642	\$ 31,306,000	\$ 12,999,174	\$ 12,999,175
Long Term Liabilities	3,456,829	20,602,338	928,000	20,677,245	19,339,895
Other Noncurrent Liabilities	-	-	-	-	-
Fund Balance	46,226,253	49,108,943	47,818,031	50,170,120	52,713,731
Liabilities and Equities	\$ 81,703,249	\$ 79,608,923	\$ 80,052,031	\$ 83,846,539	\$ 85,052,801

North Country Hospital					
Days Cash on Hand	198.8	169.3	175.0	190.1	196.3
Long Term Debt to Capitalization	7.0%	29.6%	1.9%	29.2%	27.2%
Debt Service Coverage Ratio	0.4	3.3	0.3	2.5	3.7

Comparative Benchmarks					
Vermont System Averages					
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	0.4	3.3	0.3	2.5	3.7

U.S. Benchmarks					
Northeast CAH					
Days Cash on Hand	114.90	0.00	0.00	0.00	0.00
Long Term Debt to Capitalization	22.8%	0.00	0.00	0.00	0.00
Debt Service Coverage Ratio	1.60	0.00	0.00	0.00	0.00

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

Compared to Vermont's Critical Access hospitals, NCH is at the highest level.

Board designated assets are comparable to recent years. Current and Long term debt combined are steady.

Long term debt in the 2017 budget was booked as a current liability. During 2017, the hospital established updated long term debt as shown in the 2017 projections.

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	\$ 5,424,996	\$ 4,045,660	\$ 3,495,000	\$ 2,561,676	\$ 3,269,037	\$ -	\$ -	\$ -
Certificate of Need Capital Plans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital Purchases	\$ 5,424,996	\$ 4,045,660	\$ 3,495,000	\$ 2,561,676	\$ 3,269,037	\$ -	\$ -	\$ -

North Country Hospital

Age of Plant	9.1	9.3	11.0	11.0	12.6
Capital Expenditures to Depreciation	115.9%	79.9%	75.8%	54.7%	73.3%
Capital Cost % of Total Expense	6.9%	6.7%	6.2%	6.5%	6.1%

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

The overall capital budget of \$3.3 million is less spending than in recent years. The age of plant has been trending higher (unfavorable) but not higher than the Vermont median. Capital cost as % of the budget reflect unfavorable peer comparison values.

The major investments for 2018 include facility infrastructure, surgical OR and lab equipment, diagnostic imaging and IT as described in the narrative. There are no CONs planned for the period 2019-21.