

Copley Hospital

Fiscal Year 2018 Budget Analysis

Report Date: 8/7/2017

Copley Hospital

Fiscal Year 2018 Budget Analysis

QUESTIONS

1. INCOME STATEMENT - The hospital proposes an (NPR) increase of 7.5% over the 2017 budget. The hospital identifies this increase as being related to prior years utilization growth specifically for surgical services, primarily orthopedic surgery. Explain this increase in utilization for surgical services, and why the hospital believes this increase is sustainable over the longer term. Describe the wait times and access improvements that have been established - how are these levels determined and benchmarked?
2. INCOME STATEMENT - Gross revenue is up 10.5%, suggesting increased utilization as rates are not budgeted to increase. However, adjusted admissions utilization shows no growth. This explains the high increase of 11.9% in cost per adjusted admission. Explain this high increase - explain the apparent contradiction in utilization. (note: cost per adjusted admission % increase - the system average = 4.5%, and the system median = 7.1%. The highest is Northeastern = 12.1%, lowest is Springfield = -4.9%).
3. UTIL&STAFF - Acute admissions are increasing 86 over 2017 budget, higher than we've seen in the last 3 years. What are the types of admissions you expect to see and from where is this growth expected?
4. NPR PAYER - Medicare shows less favorable reimbursement and higher utilization. Specifically describe the increase you are seeing in utilization - more patients, types of services, complexity, etc. Also, why do you expect to see less reimbursement? Provide a schedule supporting this lower reimbursement estimate.
5. NPR PAYER - Commercial shows higher utilization. Specifically describe the increase you are seeing in utilization - more patients, types of services, complexity, etc.
6. UTIL&STAFF - The narrative describes various FTE changes. The 2018 budget shows 14 travelers, the same as the 2017 budget. The 2015 actual shows 4 travelers, and the 2016 actual shows 9 travelers. Why has the hospital continued in the 2018 budget with these higher cost staff along with non-MD FTE's? What are your plans to reduce travelers, which are paid at a premium compared to other staff? What are staff salary increases in 2018?
7. NARR - The narrative describes surgical implant and other supply costs that are increasing - they are the largest cost drivers. How do you measure these costs and what trade-offs are made to keep costs low? What options are considered when buying surgical supplies and implants?
8. UTIL&STAFF - Explain the physician transfers out of the budget, and how these transfers are effecting the budget, specifically FTEs, net patient revenue, and utilization.
9. NARR - The hospital discusses savings of over \$1.8 million. This is related to changes in FTEs identified by Quorum and the transfer of the urology practice out of the hospital budget. Describe the savings related to urology and whether other savings might be achieved from other practices.
10. BALANCE SHEET - Copley has low Board Designated funds and the narrative talks about trying to improve their cash position in the future. The hospital notes that this will be challenging while staying within the net patient revenue cap. Explain the options the hospital is considering to improve their cash position.

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QUESTIONS

11. CAPITAL - The hospital shows an increase of 3.8% to 4.4% in capital costs as % of expenses. Is all depreciation and interest from the recent CON budgeted in 2018?
12. INCOME STATEMENT - Are the 2017 projections still valid? If not, please describe material changes?
13. INCOME STATEMENT - The non-operating revenue for the 2017 budget shows \$2,603,000, while the same figure for the 2018 Budget shows \$370,900. The difference between budget 2017 and 2018 for non-operating revenue is -\$2,232,100. Explain the change in non-operating revenue between the 2017 and 2018 budgets.
14. You should 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.
15. 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.
16. 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						Copley Hospital		
INCOME STATEMENT	FY2015A	FY2016A	FY2017B	FY2017P	FY2018B	2017B - 2018B \$	2017B - 2018B	3YR CAGR
						Chg	% Chg	(FY2015A- FY2018B)
Revenues								
Gross Patient Care Revenue	109,268,829	109,806,787	106,537,564	113,767,086	117,677,776	11,140,212	10.5%	
Disproportionate Share Payments	696,562	502,588	988,678	988,678	758,102	(230,576)	-23.3%	
Bad Debt	(1,891,472)	(1,386,799)	(1,704,602)	(1,592,738)	(1,647,489)	57,113	-3.4%	
Free Care	(770,278)	(821,151)	(842,379)	(796,369)	(823,744)	18,635	-2.2%	
Deductions from Revenue	(43,839,205)	(45,297,101)	(40,159,856)	(45,529,092)	(46,301,137)	(6,141,281)	15.3%	
Graduate Medical Education	0	0	0	0	0	0	#DIV/0!	
Net Patient Care Revenue	63,464,436	62,804,324	64,819,405	66,837,565	69,663,508	4,844,103	7.5%	3.2%
Other Operating Revenue	1,409,081	1,423,139	1,478,618	1,616,894	1,348,615	(130,003)	-8.8%	
Total Operating Revenue	64,873,517	64,227,463	66,298,023	68,454,459	71,012,123	4,714,100	7.1%	
Expenses								
Salaries Non MD	21,067,433	22,282,275	22,775,925	22,674,305	23,343,629	567,704	2.5%	
Fringe Benefits Non MD	5,214,353	5,111,465	5,627,529	5,754,485	5,922,156	294,627	5.2%	
Physician Fees Salaries Contracts & Fringes	8,569,894	9,105,924	9,755,174	10,290,192	10,223,259	468,085	4.8%	
Health Care Provider Tax	3,578,061	3,794,131	3,721,134	3,747,218	4,015,273	294,139	7.9%	
Depreciation Amortization	2,412,024	2,488,049	2,410,245	2,277,210	2,972,162	561,917	23.3%	
Interest - Long Term	36,804	32,541	74,624	66,546	116,013	41,389	55.5%	
Other Operating Expense	19,991,991	21,497,999	21,601,910	22,497,849	23,479,846	1,877,936	8.7%	
Total Operating Expense	60,870,560	64,312,384	65,966,541	67,307,805	70,072,338	4,105,797	6.2%	4.8%
Net Operating Income (Loss)	4,002,957	(84,921)	331,482	1,146,654	939,785	608,303	183.5%	
Non-Operating Revenue	649,315	262,636	2,603,000	2,822,460	370,900	(2,232,100)	-85.8%	
Excess (Deficit) of Rev Over Exp	4,652,272	177,715	2,934,482	3,969,114	1,310,685	(1,623,797)	-55.3%	
Operating Margin%	6.2%	-0.1%	0.5%	1.7%	1.3%			
Total Margin %	7.2%	0.3%	4.4%	5.8%	1.8%			
Cost per Adjusted Admission	11,057	12,008	12,075	13,153	13,511	1,436	11.9%	
Year over Year Change - Revenue		-1.0%		6.4%	7.5%			
Year over Year Change - Expenses		5.7%		4.7%	6.2%			

The NPR increase of \$4.8 million is 7.5% over the 2017 budget. This is about \$2.9 million over the 3% cap target. Much of the increase is presumably due to higher utilization growth specifically for surgical services, primarily orthopedic surgery. These increases are related to the new surgical center. The narrative explains much of the increase. However, utilization measures don't show this increase. The hospital should explain this apparent contradiction.

The hospital's expenses are increasing at 6.2%, primarily due to supplies, staff, travelers, and physician compensation and costs due to the new surgical center. Also, the cost per unit shows a 12% increase. Again, the hospital needs to explain how per unit costs would increase so much when utilization is also increasing.

The operating surplus request is reasonable. The non-operating decrease is related to a fund drive program that will have ended in 2018.

Fiscal Year 2018 Budget Analysis **Copley 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	\$106,537,564	\$113,767,086	\$117,677,776	\$11,140,212	10.5%		
	Contractual Allowances	(\$40,159,856)	(\$45,529,092)	(\$46,301,137)	(\$6,141,281)	15.3%		
	Bad Debt	(\$1,704,602)	(\$1,592,738)	(\$1,647,489)	\$57,113	-3.4%		
	Free Care	(\$842,379)	(\$796,369)	(\$823,744)	\$18,635	-2.2%		
	Graduate Medical Education Payments	\$0	\$0	\$0	\$0	#DIV/0!		
	Disproportionate Share Payments	\$988,678	\$988,678	\$758,102	(\$230,576)	-23.3%		
	Net Payer Revenue	\$64,819,405	\$66,837,565	\$69,663,508	\$4,844,103	7.5%	\$0	\$4,844,103
Commercial	Gross Revenue	\$51,327,997	\$52,933,988	\$54,761,039	\$3,433,042	6.7%		
	Contractual Allowances	(\$11,025,440)	(\$11,573,573)	(\$11,976,097)	(\$950,657)	8.6%		
	Bad Debt	(\$1,501,753)	(\$1,331,373)	(\$1,377,140)	\$124,613	-8.3%		
	Free Care	(\$618,742)	(\$507,818)	(\$525,274)	\$93,468	-15.1%		
	Graduate Medical Education Payments	\$0	\$0	\$0	\$0	#DIV/0!		
	Net Payer Revenue	\$38,182,062	\$39,521,224	\$40,882,528	\$2,700,466	7.1%	\$0	\$2,700,466
Medicaid	Gross Revenue	\$19,726,148	\$18,880,443	\$19,535,287	(\$190,861)	-1.0%		
	Contractual Allowances	(\$12,916,550)	(\$12,360,784)	(\$12,836,447)	\$80,103	-0.6%		
	Bad Debt	(\$32,388)	(\$54,005)	(\$55,861)	(\$23,473)	72.5%		
	Free Care	(\$9,709)	(\$2,580)	(\$2,669)	\$7,040	-72.5%		
	Graduate Medical Education Payments	\$0	\$0	\$0	\$0	#DIV/0!		
	Net Payer Revenue	\$6,767,501	\$6,463,074	\$6,640,310	(\$127,191)	-1.9%	\$0	(\$127,191)
Medicare	Gross Revenue	\$35,483,419	\$41,952,655	\$43,381,450	\$7,898,031	22.3%		
	Contractual Allowances	(\$16,217,866)	(\$21,594,735)	(\$21,488,593)	(\$5,270,727)	32.5%		
	Bad Debt	(\$170,461)	(\$207,360)	(\$214,488)	(\$44,027)	25.8%		
	Free Care	(\$213,928)	(\$285,971)	(\$295,801)	(\$81,873)	38.3%		
	Graduate Medical Education Payments	\$0	\$0	\$0	\$0	#DIV/0!		
	Net Payer Revenue	\$18,881,164	\$19,864,589	\$21,382,568	\$2,501,404	13.2%	\$0	\$2,501,404
Disproportionate Share Payments		\$988,678	\$988,678	\$758,102	(\$230,576)	-23.3%		
	Net Payer Revenue	\$988,678	\$988,678	\$758,102	(\$230,576)	-23.3%	\$0	(\$230,576)
	Net to Gross Commercial (no dsh)	74.4%	74.7%	74.7%				
	Net to Gross Medicaid (no dsh)	34.3%	34.2%	34.0%				
	Net to Gross Medicare (no dsh)	53.2%	47.4%	49.3%				
	Net to Gross System (no dsh)	59.9%	57.9%	58.6%				

The NPR increase is primarily due to increased commercial and Medicare. The increase in utilization is in both Medicare and commercial payers. Medicare shows less favorable reimbursement than was budgeted in 2017. Commercial shows no change in reimbursement. The hospital needs to explain how these revenue estimates were determined. Medicaid shows little increase in reimbursement or patient utilization from 2017 budget. Disproportionate share shows a reduction of \$230,576.

Copley 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%
Copley Hospital Approved Rate	6.00%	0.00%	-4.00%	-3.70%	
Copley Hospital Submitted Rate	6.00%	0.00%	-3.00%	0.00%	0.00%
Hospital Inpatient Gross Revenue					0.0%
Hospital Outpatient Gross Revenue					0.0%
Physician Outpatient Gross Revenue					0.0%
Chronic/SNF Gross Revenue					0.0%
Swing Gross Revenue					0.0%

Net Patient Revenue Change Due to Rate Request		
	Commercial	\$ -
	Medicaid	\$ -
	Medicare	\$ -
	Disproportionate Share	\$ 0
	Total Change Due to Rate Request	\$ 0

Value of 1% Rate	\$ 482,052
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Copley submitted a rate/price request of 0%. Recent high levels of utilization have allowed them to cut prices, meet costs and achieve an operating surplus. This is planned to continue in 2018.

For Copley, every 1% increase in rate is worth about \$482,052 in net patient revenue.

Fiscal Year 2018 Budget Ar													Copley 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	117,677,776	11,140,212	10.5%											
Disproportionate Share Payments	758,102	(230,576)												
Bad Debt	(1,647,489)	57,113												
Free Care	(823,744)	18,635												
Deductions from Revenue	(46,301,137)	(6,141,281)												
Graduate Medical Education	0	0												
Net Patient Care Revenue - A	69,663,508	4,844,103	7.5%			7,349,834	(1,952,189)	75,748	(431,214)	(230,576)	32,500			4,844,103
Other Operating Revenue	1,348,615	(130,003)												
Total Operating Revenue	71,012,123	4,714,100												
Operating Expenses														
Salaries Non MD	23,343,629	567,704												
Fringe Benefits Non MD	5,922,156	294,627												
Fringe Benefits MD	675,734	(2,091)												
Contracts & Fringes	9,547,525	470,176												
Health Care Provider Tax	4,015,273	294,139												
Depreciation Amortization	2,972,162	561,917												
Interest - Long Term	116,013	41,389												
Other Operating Expense	23,479,846	1,877,936												
Operating Expense	70,072,338	4,105,797	6.2%											-
Net Operating Income (Loss)	939,785	608,303	183.5%											
Non-Operating Revenue	370,900	(2,232,100)												
Over Expense	1,310,685	(1,623,797)												

Utilization increases have been identified as a large portion of the need for higher NPR. Variable utilization costs, continued reliance on travelers and all costs related to patient utilization increases and are described in the narrative. However, the higher unit cost increase and unfavorable productivity measures suggest that costs are increasing for other than variable costs related to utilization. Some of this is explained by the provider tax increase and the higher depreciation. The hospital budget discussion should focus on higher costs being added without measured utilization growth.

Both the inflation assumption and cost savings built in the budget need more detailed explanation.

Negative changes related to disproportionate share and physician transfers are relatively minor to the \$4.8 million NPR increase.

Fiscal Year 2018 Budget Analysis	Copley 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	63,464,436	62,804,324	64,819,405	66,837,565	69,663,508								
Budget to Budget NPR Growth Rate					7.5%	1.8%	3.5%	4.5%					
Three Year NPR CAGR (FY14A - FY17B)					2.6%	2.2%	3.5%	4.1%					
Operating Expense	60,870,560	64,312,384	65,966,541	67,307,805	70,072,338								
Budget to Budget Oper Exp Growth Rate					6%	1.8%	4.2%	4.6%					
Three Year OE CAGR (FY14A - FY17B)					4.7%	3.0%	3.8%	5.2%					
Revenue													
Operating Margin %	6.2%	-0.1%	0.5%	1.7%	1.3%	0.7%	1.7%	2.2%	1.4%		1.4%	3.9%	3.3%
Total Margin %	7.1%	0.3%	4.3%	5.6%	1.8%	1.8%	2.8%	3.7%	1.7%	-0.6%	1.7%	6.2%	4.2%
Bad Debt %	1.7%	1.3%	1.6%	1.4%	1.4%	1.0%	1.6%	2.5%	1.6%	5.0%	1.6%	6.2%	3.7%
Free Care %	0.7%	0.7%	0.8%	0.7%	0.7%	0.6%	0.8%	1.1%	0.4%		0.4%		
Cost													
Cost per Adjusted Admission	11,057	12,008	12,075	13,153	13,511	8,988	10,994	12,687	\$ 5,272		5,272	7,604	7,822
Overhead Expense w/ fringe, as a % of Total Operating Exp	22.2%	22.2%	22.6%	21.8%	22.2%	22.2%	26.8%	32.0%					
Productivity & Utilization													
Acute Admissions	1,724	1,738	1,755	1,818	1,841	1,363	1,764	3,199					
Adjusted Admissions	5,505	5,356	5,463	5,117	5,186	6,360	8,282	15,598					
FTEs Per Adjusted Occupied Bed	8.5	8.9	8.8	9.1	9.0	5.4	5.9	6.7	2.88		2.9	3.2	3.2
FTEs per 100 Adj Discharges	6.2	6.4	6.5	6.8	6.9	5.0	5.9	6.9	2.48		2.5		
Cash													
Days Cash on Hand	108.8	81.9	89.3	89.5	83.0	90.4	136.6	192.3	24.2	114.9	24.2		116.3
Capital													
Age of Plant	10.4	10.9	12.3	13.6	11.4	12.1	12.7	14.5	2.4	12.4	2.4	12.4	11.2
Long Term Debt to Capitalization	10.2%	10.3%	22.6%	22.5%	20.2%	20%	24%	29%	5.5%	22.8%	5.5%		35.3%
Capital Expenditures to Depreciation	106.7%	99.3%	421.5%	823.0%	125.8%	104%	123%	160%	0.41		41%		
Rates Approved													
Approved Rate per Latest Order	0.0%	-4.0%	-3.7%	0.0%									
CAGR = Compounded Annual Growth Rate													

Fiscal Year 2018 Budget Analysis	Copley Hospital
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UTILIZATION & STAFFING	2014 A	FY2015A	FY2016A	FY2017B	FY2017P	FY2018B	2017B-2018B
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UTILIZATION							
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Adjusted Admissions	5,571	5,505	5,356	5,463	5,117	5,186	-5.1%
Acute Admissions	1,523	1,724	1,738	1,755	1,818	1,841	4.9%
Acute Average Length Of Stay	2.6	2.7	2.6	2.7	2.7	2.8	3.4%
All Operating Room Procedure Tests	1,982	1,940	2,003	2,122	2,176	2,283	7.6%
Emergency Room Visits	309,772	313,733	327,895	318,695	337,358	335,763	5.4%
Cat Scan, Radiology - Diagnostic Exams	13,122	12,035	16,120	13,759	13,000	13,718	-0.3%
Physician Office & Clinic Visits	24,274	25,890	26,543	25,805	27,954	28,135	9.0%
	1,252	1,286	1,185	1,251	1,132	1,142	-8.7%
		27,011	28,779	27,967	26,357	26,810	-4.1%

STAFFING							
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Non-MD FTEs	334	341	342	355	348	357	2
Travelers, Travelers MD	8	4	9	14	14	14	1
Residents & Fellows	0	0	0	0	0	0	0
MLPs	0	0	0	0	0	0	0
Physician FTEs	17	15	16	16	17	16	0
Total MD and Non MD FTEs	359	360	367	385	379	387	3

Salary per FTE Non-MD	\$ 56,515	\$ 61,854	\$ 65,115	\$ 64,194	\$ 65,081	\$ 65,462	2.0%
Salary & Benefits per FTE - Non-MD	\$ 75,518	\$ 77,163	\$ 80,052	\$ 80,055	\$ 81,598	\$ 82,069	2.5%
FTEs Per Adjusted Occupied Bed	8.5	8.5	8.9	8.8	9.1	9.0	2.3%
FTEs per 100 Adj Discharges	6.0	6.2	6.4	6.5	6.8	6.9	5.9%

Comparative Benchmarks							
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Vermont System Averages							
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Salary & Benefits per FTE - Non-MD	\$ 78,162	\$ 80,704	\$ 81,921	\$ 83,669	\$ 85,414	\$ 85,010	1.6%
FTEs Per Adjusted Occupied Bed	5.5	5.7	5.7	6.1	5.9	6.0	-1.4%
FTEs per 100 Adj Discharges	7.0	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. However, acute admissions, operating room procedures and diagnostic tests are increasing, presumably related to orthopedic services (see narrative). More discussion and understanding is needed about the utilization projection and reporting in the budget.

The productivity measures and cost per unit are moving unfavorably, these indicators suggest that these are not driven by utilization alone. They are higher than their VT peers for adjusted occupied bed measures. The staffing changes in their narrative suggests less FTEs for 2018 than shown in their submitted budget. Copley should explain.

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

Fiscal Year 2018 Budget Analysis Copley Hospital

BALANCE SHEET	FY2015A	FY2016A	FY2017B	FY2017P	FY2018B
Cash & Investments	\$ 14,151,781	\$ 13,115,878	\$ 12,260,982	\$ 15,786,433	\$ 15,262,810
Non Current Assets	8,685,697	9,680,559	10,150,000	10,511,000	10,735,000
Current Assets	22,837,478	22,796,437	22,410,982	26,297,433	25,997,810
Board Designated Assets	3,268,462	763,010	3,284,857	161,912	-
Net, Property, Plant And Equipment	16,444,529	19,125,504	27,043,657	28,030,243	28,797,408
Other Long-Term Assets	1,571,860	1,921,889	1,900,000	2,100,000	2,200,000
Assets	\$ 44,122,329	\$ 44,606,840	\$ 54,639,496	\$ 56,589,588	\$ 56,995,218
Current Liabilities	\$ 6,774,370	\$ 7,004,723	\$ 7,199,872	\$ 7,945,872	\$ 8,119,815
Long Term Liabilities	3,791,096	3,867,539	10,740,023	10,940,024	9,861,026
Other Noncurrent Liabilities	-	-	-	-	-
Fund Balance	33,556,863	33,734,578	36,699,601	37,703,692	39,014,377
Liabilities and Equities	\$ 44,122,329	\$ 44,606,840	\$ 54,639,496	\$ 56,589,588	\$ 56,995,218

Copley Hospital					
Days Cash on Hand	108.8	81.9	89.3	89.5	83.0
Long Term Debt to Capitalization	10.2%	10.3%	22.6%	22.5%	20.2%
Debt Service Coverage Ratio	28.0	10.9	10.6	13.6	5.7

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	28.0	10.9	10.6	13.6	5.7

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 is lower than the state median.

Compared to Vermont's Critical Access hospitals, Copley has among the lowest cash on hand.

Board designated assets started being depleted in FY2016. This should be discussed.

Long term debt is increased in FY2017 as the hospital completes the new surgical center and the hospital adds these costs to their operating budget.

The fund balance shows an increase over 2017 levels.

CAPITAL BUDGET	2014A	FY2015A	FY2016A	FY2017B	FY2017P	FY2018B	2019 Plan	2020 Plan	2021 Plan
Non-Certificate of Need Capital Plans Total	\$ 2,561,119	\$ 2,572,553	\$ 2,469,485	\$ 10,159,879	\$ 12,630,362	\$ 3,739,327	\$ 3,005,044	\$ 3,071,724	\$ 2,069,240
Certificate of Need Capital Plans	\$ 651,011	\$ 351,956	\$ 2,722,683	\$ -	\$ -	\$ -	\$ 4,500,000	\$ 250,000	\$ 2,791,000
Total Capital Purchases	\$ 3,212,130	\$ 2,924,509	\$ 5,192,168	\$ 10,159,879	\$ 12,630,362	\$ 3,739,327	\$ 7,505,044	\$ 3,321,724	\$ 4,860,240

Copley Hospital

Age of Plant	9.7	10.4	10.9	12.3	13.6	11.4
Capital Expenditures to Depreciation	106.2%	106.7%	99.3%	421.5%	823.0%	125.8%
Capital Cost % of Total Expense	4.3%	4.0%	3.9%	3.8%	3.5%	4.4%

Comparative Benchmarks

Vermont System Averages

Age of Plant	10.2	11.4	11.8	12.3	12.4	12.9
Capital Expenditures to Depreciation	80.6%	97.1%	101.7%	128.2%	135.7%	115.3%
Capital Cost % of Total Expense	5.9%	5.4%	5.2%	5.3%	5.1%	5.3%

U.S. Benchmarks

Northeast Critical Access Hospital

Age of Plant	11.3	12.4	-	-	-	-
Capital Expenditures to Depreciation	-	-	-	-	-	-
Capital Cost % of Total Expense	5.8%	4.5%	-	-	-	-

The overall capital budget of \$3.7 million is above their depreciation level. The age of plant has been trending higher but is lower (favorable) than the Vermont median. The recent approved CON will move that trend favorably. Capital cost as % of the budget reflect favorable peer comparison values.

There are no major individual investments for 2018 over \$500 thousand.

CONs are planned for the period 2019-21 to update their facility, equipment and IT needs as described in the narrative.