

Gifford Medical Center

Fiscal Year 2018 Budget Analysis

Report Date: 8/8/2017

QUESTIONS

1. Gifford recently changed its corporate structure. Describe what the FQHC and nursing home relationships are with the hospital.
2. INCOME STATEMENT - The hospital is \$1.7 million over the 2017 budget levels. This is a 3.0% increase. This includes no new health care reform investments. The hospital is budgeting this increase to cover higher expenses and to improve their operating surplus. Discuss the reasons for the increase in the operating surplus from 1.9% to 2.2%.
3. There is a \$569,000 reduction in other operating revenue. Explain the changes that are occurring.
4. UTIL&STAFF - Adjusted admissions show a 1.8% decrease in utilization. However, certain ancillary services show significant increases. Explain the changes in utilization.
5. RATE&NPR - Gifford has a rate/price request of 4.0%. Discuss the strategy and the rationale for establishing this level of rate increase.
6. NPR-PAYER - Medicaid shows unfavorable reimbursement and lower utilization. Discuss the assumptions you are making for each of these payers, for both reimbursement and utilization.
7. NPR-PAYER - Medicare shows favorable reimbursement and utilization from 2017 to 2018 budget. Discuss these changes.
8. NPR-PAYER - Commercial shows unfavorable utilization from 2017 to 2018 budget. Discuss these changes.
9. DASHBOARD - Explain the increase in overhead expenses increasing from 27.7% to 29.9%.
10. BALANCE SHEET - What are the reasons that explain the reduction in days cash on hand from 175 to 152 days?.
11. CAPITAL - Describe the major projects included in the \$5.4 million capital budget.

QUESTIONS

12. INCOME STATEMENT - Are the 2017 projections still valid? If not, please describe material changes?
13. 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.
14. 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.
15. 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						Gifford Medical Center		
INCOME STATEMENT	FY2015A	FY2016A	FY2017B	FY2017P	FY2018B	2017B - 2018B	2017B - 2018B	3YR CAGR
						\$ Chg	% Chg	(FY2015A-FY2018B)
Revenues								
Gross Patient Care Revenue	110,199,633	115,924,550	121,780,035	115,712,976	125,207,806	3,427,771	2.8%	
Disproportionate Share Payments	842,693	982,684	852,599	858,636	629,380	(223,219)	-26.2%	
Bad Debt	(2,213,420)	(2,992,658)	(3,152,951)	(2,763,334)	(3,316,988)	(164,037)	5.2%	
Free Care	(360,486)	(420,372)	(606,337)	(369,406)	(558,851)	47,486	-7.8%	
Deductions from Revenue	(54,571,693)	(58,706,318)	(61,110,917)	(57,439,496)	(62,463,956)	(1,353,039)	2.2%	
Graduate Medical Education	0	0	0	0	0	0	#DIV/0!	
Net Patient Care Revenue	53,896,728	54,787,886	57,762,429	55,999,376	59,497,391	1,734,962	3.0%	3.4%
Other Operating Revenue	3,036,891	2,234,075	1,478,242	1,525,522	909,288	(568,954)	-38.5%	
Total Operating Revenue	56,933,619	57,021,961	59,240,671	57,524,898	60,406,679	1,166,008	2.0%	
Expenses								
Salaries Non MD	19,179,972	18,216,052	18,553,835	17,959,483	18,765,491	211,656	1.1%	
Fringe Benefits Non MD	6,146,224	5,759,763	5,998,977	4,164,506	5,172,627	(826,350)	-13.8%	
Physician Fees Salaries Contracts & Fringes	8,621,883	9,739,603	9,558,441	9,006,048	9,611,048	52,607	0.6%	
Health Care Provider Tax	3,089,203	2,873,372	3,186,753	3,218,256	3,186,753	0	0.0%	
Depreciation Amortization	3,307,912	3,135,617	3,406,290	3,151,386	3,091,633	(314,657)	-9.2%	
Interest - Long Term	873,919	740,573	810,228	756,475	794,710	(15,518)	-1.9%	
Other Operating Expense	14,149,071	14,347,302	16,571,654	17,180,687	18,431,082	1,859,428	11.2%	
Total Operating Expense	55,368,184	54,812,282	58,086,178	55,436,841	59,053,344	967,166	1.7%	2.2%
Net Operating Income (Loss)	1,565,435	2,209,679	1,154,493	2,088,057	1,353,335	198,842	17.2%	
Non-Operating Revenue	3,192,123	2,435,112	850,000	446,694	850,000	0	0.0%	
Excess (Deficit) of Rev Over Exp	4,757,558	4,644,791	2,004,493	2,534,751	2,203,335	198,842	9.9%	
Operating Margin%	2.7%	3.9%	1.9%	3.6%	2.2%			
Total Margin %	7.9%	7.8%	3.3%	4.4%	3.6%			
Cost per Adjusted Admission	10,386	10,611	10,994	10,893	11,387	392	3.6%	

The NPR increase of \$1.7 million is 3.0% over the 2017 budget. This is within the 3% cap target. The narrative didn't provide much detail other than utilization is down.

Cost per adjusted admission is increasing 3.6%.

The rate/price request is filed at 4.0%. The hospital's expenses are increasing at 1.7%, primarily due to other operating expense. The operating surplus is budgeted at a reasonable amount as is non-operating revenue.

Fiscal Year 2018 Budget Analysis **Gifford Medical Center**

NET PAYER REVENUE CHANGE - PAYERS				2017B - 2018B	%	Change due to Rate	Change due to Non-Rate Items	
	FY2017B	FY2017P	FY2018B	Chg	Chg			
All Payers	Inpatient Care Revenue, Outpatient Care Revenue	\$121,780,035	\$115,712,976	\$125,207,806	\$3,427,771	2.8%		
	Allowances, Discounts, Allowances, Discounts	(\$61,110,917)	(\$57,439,496)	(\$62,463,956)	(\$1,353,039)	2.2%		
	Bad Debt, Bad Debt	(\$3,152,951)	(\$2,763,334)	(\$3,316,988)	(\$164,037)	5.2%		
	Free Care, Free Care	(\$606,337)	(\$369,406)	(\$558,851)	\$47,486	-7.8%		
	Graduate Medical Education	\$0	\$0	\$0	\$0	#DIV/0!		
	Disproportionate Share Payments	\$852,599	\$858,636	\$629,380	(\$223,219)	-26.2%		
	Net Payer Revenue	\$57,762,429	\$55,999,376	\$59,497,391	\$1,734,962	3.0%	\$2,362,211	(\$627,249)
Commercial	Gross Revenue	\$48,427,313	\$45,729,975	\$49,653,566	\$1,226,253	2.5%		
	Contractual Allowances	(\$12,430,471)	(\$11,883,112)	(\$12,676,907)	(\$246,436)	2.0%		
	Bad Debt	(\$3,152,951)	(\$2,763,334)	(\$3,316,988)	(\$164,037)	5.2%		
	Free Care	(\$606,337)	(\$369,406)	(\$558,851)	\$47,486	-7.8%		
	Graduate Medical Education Payments	\$0	\$0	\$0	\$0	#DIV/0!		
	Net Payer Revenue	\$32,237,554	\$30,714,123	\$33,100,820	\$863,266	2.7%	\$1,458,267	(\$595,001)
Medicaid	Gross Revenue	\$23,156,753	\$20,490,810	\$22,228,018	(\$928,735)	-4.0%		
	Contractual Allowances	(\$17,759,948)	(\$15,024,860)	(\$17,366,310)	\$393,638	-2.2%		
	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	\$5,396,805	\$5,465,949	\$4,861,708	(\$535,097)	-9.9%	\$0	(\$535,098)
Medicare	Gross Revenue	\$50,195,969	\$49,492,191	\$53,326,222	\$3,130,254	6.2%		
	Contractual Allowances	(\$30,920,498)	(\$30,531,524)	(\$32,420,739)	(\$1,500,241)	4.9%		
	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	\$19,275,471	\$18,960,667	\$20,905,483	\$1,630,012	8.5%	\$903,944	\$726,069
Disproportionate Share Payments		\$852,599	\$858,636	\$629,380	(\$223,219)	-26.2%		
	Net Payer Revenue	\$852,599	\$858,636	\$629,380	(\$223,219)	-26.2%	\$0	(\$223,219)
	Net to Gross Commercial (no dsh)	66.6%	67.2%	66.7%				
	Net to Gross Medicaid (no dsh)	23.3%	26.7%	21.9%				
	Net to Gross Medicare (no dsh)	38.4%	38.3%	39.2%				
	Net to Gross All (no dsh)	46.7%	47.7%	47.0%				

The NPR increase is due to increased commercial and Medicare. Medicare shows a more favorable reimbursement than was budgeted in 2017 along with increased revenues expected from utilization. Commercial shows similar reimbursement offset by a decrease in utilization. Medicaid shows a decrease in reimbursement and patient utilization from 2017 budget. The hospital needs to explain how these revenue estimates were determined.

Disproportionate share shows a reduction of \$223,219.

Gifford 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
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%
Gifford Medical Center Approved Rate	7.60%	5.60%	5.75%	3.94%	
Gifford Medical Center Submitted Rate	7.60%	5.60%	5.75%	3.94%	4.00%
Hospital Inpatient Gross Revenue					4.0%
Hospital Outpatient Gross Revenue					4.0%
Physician Outpatient Gross Revenue					4.0%
Chronic/SNF Gross Revenue					4.0%
Swing Gross Revenue					4.0%

Net Patient Revenue Change Due to Rate Request		
	Commercial	\$ 1,458,267
	Medicaid	\$ -
	Medicare	\$ 903,944
	Disproportionate Share	\$ 0
	Total Change Due to Rate Request	\$ 2,362,211

Value of 1% Rate	\$ 590,553
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Gifford has a rate/price request of 4.0%. The 4.0% will result in increased NPR of \$2.4 million. The rate request is built to offset decreases in utilization and disproportionate share.

The rate increase will not generate any revenues from Medicaid.

For Gifford, every 1% increase in rate is worth about \$590,553 in net patient revenue.

Fiscal Year 2018 Budget / Gifford Medical Center

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 - Disproportionate Share	125,207,806	3,427,771	2.8%										
Payments	629,380	(223,219)											
Bad Debt	(3,316,988)	(164,037)											
Free Care	(558,851)	47,486											
Deductions from Revenue	(62,463,956)	(1,353,039)											
Graduate Medical Education	0	0											
Net Patient Care Revenue -	59,497,391	1,734,962	3.0%	\$ 2,362,211		\$ (466,032)	\$ 178,554	\$ (116,551)		\$ (223,219)			1,734,963
Other Operating Revenue	909,288	(568,954)											
Total Operating Revenue	60,406,679	1,166,008											
Operating Expenses													
Salaries Non MD	18,765,491	211,656											
Fringe Benefits Non MD	5,172,627	(826,350)											
Fringe Benefits MD	2,155,729	221,255											
Physician Fees Salaries													
Contracts & Fringes	7,455,319	(168,648)											
Health Care Provider Tax	3,186,753	0											
Depreciation Amortization	3,091,633	(314,657)											
Interest - Long Term	794,710	(15,518)											
Other Operating Expense	18,431,082	1,859,428											
Operating Expense	59,053,344	967,166	1.7%										-
Net Operating Income (Loss)	1,353,335	198,842	17.2%										
Non-Operating Revenue	850,000	0											
Over Expense	2,203,335	198,842											

Utilization and other operating revenue decreases explain a large portion of the need for the hospital's rate request. The rate increase strategy is to balance volume, expenses, and reimbursement levels to end up at the intended operating margin.

Unfavorable changes related to disproportionate share and bad debt and free care are relatively minor (\$340,000) but would also contribute to the need for the rate increase request.

There are no dollars associated with new Health Care Reform investments.

Fiscal Year 2018 Budget Analysis	Gifford 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
DASHBOARD													
Net Patient Care Revenue	53,896,728	54,787,886	57,762,429	55,999,376	59,497,391								
Budget to Budget NPR Growth Rate					3.0%	1.8%	3.5%	4.5%					
Three Year NPR CAGR (FY14A - FY17B)					-0.3%	2.2%	3.5%	4.1%					
Operating Expense	55,368,184	54,812,282	58,086,178	55,436,841	59,053,344								
Budget to Budget Oper Exp Growth Rate					2%	1.8%	4.2%	4.6%					
Three Year OE CAGR (FY14A - FY17B)					-0.9%	3.0%	3.8%	5.2%					
Revenue													
Operating Margin %	2.7%	3.9%	1.9%	3.6%	2.2%	0.7%	1.7%	2.2%	1.4%		1.4%	3.9%	3.3%
Total Margin %	7.9%	7.8%	3.3%	4.4%	3.6%	1.8%	2.8%	3.7%	1.7%	-0.6%	1.7%	6.2%	4.2%
Bad Debt %	2.0%	2.6%	2.6%	2.4%	2.6%	1.0%	1.6%	2.5%	1.6%	5.0%	1.6%	6.2%	3.7%
Free Care %	0.3%	0.4%	0.5%	0.3%	0.4%	0.6%	0.8%	1.1%	0.4%		0.4%		
Cost													
Cost per Adjusted Admission	10,386	10,611	10,994	10,893	11,387	8,988	10,994	12,687	5,272		5,272	7,604	7,822
Overhead Expense w/ fringe, as a % of Total Operating Exp	25.3%	24.7%	27.7%	26.9%	29.9%	22.2%	26.8%	32.0%					
Productivity & Utilization													
Acute Admissions	1,318	1,303	1,362	1,322	1,328	1,363	1,764	3,199					
Adjusted Admissions	5,331	5,166	5,283	5,089	5,186	6,360	8,282	15,598					
FTEs Per Adjusted Occupied Bed	6.5	6.0	4.7	5.8	5.7	5.4	5.9	6.7	2.9		2.9	3.2	3.2
FTEs per 100 Adj Discharges	6.8	6.2	5.8	5.9	5.8	5.0	5.9	6.9	2.5		2.5		
Cash													
Days Cash on Hand	188.4	181.0	175.1	194.9	152.1	90.4	136.6	192.3	24.2	114.9	24.2		116.3
Capital													
Age of Plant	11.4	13.1	12.6	13.6	14.1	12.1	12.7	14.5	2.4	12.4	2.4	12.4	11.2
Long Term Debt to Capitalization	28.3%	25.6%	32.3%	23.6%	23.9%	20%	24%	29%	5.5%	22.8%	5.5%		35.3%
Capital Expenditures to Depreciation	59.9%	64.7%	122.4%	99.7%	177.1%	104%	123%	160%	41%		41%		
Rates Approved													
Approved Rate per Latest Order	5.6%	5.8%	3.9%	3.9%	0.0%								
CAGR = Compounded Annual Growth Rate													

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

UTILIZATION

Adjusted Admissions	5,331	5,166	5,283	5,089	5,186	-1.8%
Acute Admissions	1,318	1,303	1,362	1,322	1,328	-2.5%
Acute Average Length Of Stay	3.8	3.8	4.5	3.7	3.7	-18.6%
All Operating Room Procedure	2,821	2,985	2,426	2,092	2,505	3.3%
Tests	162,436	158,526	162,000	160,516	160,500	-0.9%
Emergency Room Visits	7,780	7,855	7,500	6,970	7,351	-2.0%
Cat Scan, Radiology - Diagnostic	21,692	26,951	22,847	28,845	26,416	15.6%
Exams	1,327	1,460	1,348	1,450	1,441	6.9%
Physician Office Visits and Clinics	24,065	34,992	37,475	32,890	35,150	-6.2%

Non-MD FTEs	363	321	306	299	299	-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	19	26	25	24	24	-1
	382	346	331	323	322	-9

Salary per FTE Non-MD	\$ 52,845	\$ 56,812	\$ 60,594	\$ 60,128	\$ 62,864	3.7%
Salary & Benefits per FTE - Non-MD	\$ 69,779	\$ 74,775	\$ 80,186	\$ 74,070	\$ 80,192	0.0%
FTEs Per Adjusted Occupied Bed	6.5	6.0	4.7	5.8	5.7	21.9%
FTEs per 100 Adj Discharges	6.8	6.2	5.8	5.9	5.8	-0.7%

Comparative Benchmarks

Vermont System Averages

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 slight decrease from budget 2017. Acute admissions are also budgeted to be lower. Operating room procedures, exams and radiology are increasing slightly. The narrative states that the hospital expects current volumes to remain stable in FY2018.

The hospital is decreasing NonMD FTEs by 8. These will be coming from the General Services area.

The productivity measures are mixed. Budgeted 2017 productivity was not achieved as utilization was down.

Salary and fringe costs are budgeted at 2017 levels.

The system Salary per FTE is \$66,001 and is 3.3% higher

Fiscal Year 2018 Budget Analysis	Gifford Medical Center
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BALANCE SHEET	FY2015A	FY2016A	FY2017B	FY2017P	FY2018B
Cash & Investments	\$ 3,840,325	\$ 4,862,410	\$ 6,583,458	\$ 5,808,663	\$ 5,455,037
Other Current Assets	8,342,320	8,392,275	11,296,132	9,731,744	10,669,655
Current Assets	12,182,645	13,254,685	17,879,590	15,540,406	16,124,692
Board Designated Assets	23,252,190	21,104,664	19,647,906	22,434,285	17,868,278
Net, Property, Plant And Equipment	38,075,279	40,463,546	41,613,056	39,010,309	43,539,875
Other Long-Term Assets	8,186,420	8,962,413	8,221,000	9,347,061	9,058,000
Assets	\$ 81,696,534	\$ 83,785,307	\$ 87,361,552	\$ 86,332,062	\$ 86,590,845
Current Liabilities	\$ 8,889,877	\$ 5,790,842	\$ 13,160,014	\$ 3,905,945	\$ 13,707,269
Long Term Liabilities	20,600,159	19,948,292	23,972,000	19,422,149	17,407,619
Other Noncurrent Liabilities	-	-	-	-	-
Fund Balance	52,206,498	58,046,174	50,229,539	63,003,968	55,475,957
Liabilities and Equities	\$ 81,696,534	\$ 83,785,308	\$ 87,361,553	\$ 86,332,062	\$ 86,590,845

Gifford Medical Center					
Days Cash on Hand	188.4	181.0	175.1	194.9	152.1
Long Term Debt to Capitalization	28.3%	25.6%	32.3%	23.6%	23.9%
Debt Service Coverage Ratio	3.8	4.6	2.9	4.2	2.1

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	3.8	4.6	2.9	4.2	2.1

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

Overall cash on hand has been close to median levels and is showing some decline as of FY 2018.

The reduction in long term debt may explain some of the reduction in cash.

Compared to Vermont's Critical Access hospitals, Gifford's cash on hand is higher than the median.

Board designated assets are lower than recent years. Long term debt is decreasing. 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	\$ 1,981,569	\$ 2,027,840	\$ 4,168,177	\$ 3,143,126	\$ 5,474,996	\$ 9,066,240	\$ 4,963,665	\$ 2,794,000
Certificate of Need Capital Plans	\$ 8,328,828	\$ 4,595,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital Purchases	\$ 10,310,397	\$ 6,622,973	\$ 4,168,177	\$ 3,143,126	\$ 5,474,996	\$ 9,066,240	\$ 4,963,665	\$ 2,794,000

Gifford Medical Center

Age of Plant	11.4	13.1	12.6	13.6	14.1
Capital Expenditures to Depreciation	59.9%	64.7%	122.4%	99.7%	177.1%
Capital Cost % of Total Expense	7.6%	7.1%	7.3%	7.0%	6.6%

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%	-	-	-	-

The overall capital budget of \$5.5 million is higher than last year. The age of plant has been trending higher and is higher (unfavorable) than the Vermont median - this supports the need for a higher capital investment. Capital cost as % of total expense reflect unfavorable peer comparison values. Capital investments for 2018 include mostly projects costing less than \$500K. The hospital did report \$1.5 million budgeted for HP Transition but there is no other capital detail in the narrative. There are no CON projects planned at this time.