

Mt. Ascutney Hospital & Health Ctr

Fiscal Year 2018 Budget Analysis

Report Date: 8/10/2017

Mt. Ascutney Hospital & Health Ctr

Fiscal Year 2018 Budget Analysis

QUESTIONS

1. Narr - Mt. Ascutney and DHMC have been reorganizing and formalizing the relationship over the last few years. Describe the status of this agreement and explain how it has changed Mt Ascutney's role in the health care system. Describe the opportunities and risks related to this new agreement.
2. Income Statement--The hospital is \$0.6 million, or 1.4% over the 2017 budget levels and within the Board's 3% target. As part of being able to make the target, the hospital has budgeted an operating loss of over \$1 million. There are able to do this since DHMC will provide a subsidy to support cash flow needs. Describe this arrangement with DHMC and when the hospital will begin budgeting a surplus?
3. Rate & NPR—Mt. Ascutney has an overall rate/price request of 4.89%. Discuss the rationale and other factors that explain the reason for your price/rate increase, including the changes occurring in utilization.
4. NPR Payer--Medicaid shows unfavorable reimbursement and loss of utilization from 2017 to 2018 budget. Describe the reimbursement assumptions the hospital has made. Also, describe what is happening with Medicaid utilization.
5. Income Statement--Retail pharmacy (340B) of \$725,000 is recorded in operating revenue. Describe this program and the risks involved operating the program.
6. Income Statement--Are the 2017 projections still valid? If not, please describe material changes?
7. 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.
8. 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.
9. 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						Mt. Ascutney Hospital & Health Ctr		
INCOME STATEMENT	FY2015A	FY2016A	FY2017B	FY2017P	FY2018B	2017B - 2018B	2017B - 2018B	3YR CAGR
						\$ Chg	% Chg	(FY2015A-FY2018B)
Revenues								
Gross Patient Care Revenue	83,434,613	87,851,066	91,421,269	86,686,463	92,707,821	1,286,552	1.4%	
Disproportionate Share Payments	376,571	187,769	537,617	537,617	396,849	(140,768)	-26.2%	
Bad Debt	(1,498,927)	(1,301,630)	(914,213)	(946,511)	(927,078)	(12,865)	1.4%	
Free Care	(765,163)	(615,260)	(777,082)	(804,535)	(788,016)	(10,934)	1.4%	
Deductions from Revenue	(36,032,579)	(39,719,670)	(42,522,891)	(38,827,304)	(42,994,295)	(471,404)	1.1%	
Graduate Medical Education	0	0	0	0	0	0	#DIV/0!	
Net Patient Care Revenue	45,514,515	46,402,275	47,744,700	46,645,730	48,395,281	650,581	1.4%	2.1%
Other Operating Revenue	2,409,717	3,316,523	2,867,159	3,407,900	3,346,873	479,714	16.7%	
Total Operating Revenue	47,924,232	49,718,798	50,611,859	50,053,630	51,742,154	1,130,295	2.2%	
Expenses								
Salaries Non MD	17,621,811	18,175,724	18,679,955	19,031,674	19,948,664	1,268,709	6.8%	
Fringe Benefits Non MD	4,826,804	5,055,963	6,213,453	6,005,128	7,091,700	878,247	14.1%	
Physician Fees Salaries Contracts & Fringes	7,884,287	7,379,063	6,958,027	4,993,685	4,595,438	(2,362,589)	-34.0%	
Health Care Provider Tax	1,828,623	1,691,726	1,779,000	1,647,862	1,800,000	21,000	1.2%	
Depreciation Amortization	2,844,370	2,124,980	2,535,126	2,124,181	2,299,071	(236,055)	-9.3%	
Interest - Long Term	446,591	437,533	300,000	221,987	272,000	(28,000)	-9.3%	
Other Operating Expense	13,645,319	14,712,518	15,390,782	15,740,977	16,932,239	1,541,457	10.0%	
Total Operating Expense	49,097,805	49,577,507	51,856,343	49,765,494	52,939,112	1,082,769	2.1%	2.5%
Net Operating Income (Loss)	(1,173,573)	141,292	(1,244,484)	288,136	(1,196,958)	47,526	-3.8%	
Non-Operating Revenue	(303,003)	1,161,272	1,844,274	3,171,731	860,000	(984,274)	-53.4%	
Excess (Deficit) of Rev Over Exp	(1,476,576)	1,302,564	599,790	3,459,867	(336,958)	(936,748)	-156.2%	
Operating Margin%	-2.4%	0.3%	-2.5%	0.6%	-2.3%			
Total Margin %	-3.1%	2.6%	1.1%	6.5%	-0.6%			
Cost per Adjusted Admission	6,273	7,259	7,010	7,502	7,667	657	9.4%	

The NPR increase of \$0.6 million is 1.4% over the 2017 budget. This is about \$0.8 million **under** the 3% cap target. The narrative explains that budgeted utilization is based upon 2017 projections.

The rate/price request is filed at 4.89%. The hospital's expenses are increasing at 2.1%, primarily due to FTEs, utilization variable costs, and administrative cost increases. Some physician expenses are contracted services from Dartmouth-Hitchcock. The cost per unit shows a 9.4% increase as well. The hospital should discuss this further.

Other operating revenue includes \$725,000 in 340B pharmacy revenues that explain \$175K of the \$480K increase over 2018.

Fiscal Year 2018 Budget Analysis **Mt. Ascutney Hospital & Health Ctr**

NET PAYER REVENUE CHANGE - PAYERS				2017B - 2018B	\$	2017B - 2018B		
	FY2017B	FY2017P	FY2018B	Chg		% Chg	Change due to Rate	Change due to Non-Rate Items
All Payers	Inpatient Care Revenue, Outpatient Care Revenue	\$91,421,269	\$86,686,463	\$92,707,821	\$1,286,552	1.4%		
	Allowances, Discounts, Allowances, Discounts	(\$42,522,891)	(\$38,827,304)	(\$42,994,295)	(\$471,404)	1.1%		
	Bad Debt, Bad Debt	(\$914,213)	(\$946,511)	(\$927,078)	(\$12,865)	1.4%		
	Free Care, Free Care	(\$777,082)	(\$804,535)	(\$788,016)	(\$10,934)	1.4%		
	Graduate Medical Education Payments-Hosp, Gr	\$0	\$0	\$0	\$0	#DIV/0!		
	Disproportionate Share Payments	\$537,617	\$537,617	\$396,849	(\$140,768)	-26.2%		
	Net Payer Revenue	\$47,744,700	\$46,645,730	\$48,395,281	\$650,581	1.4%	\$3,852,571	(\$3,201,990)
Commercial	Gross Revenue	\$30,055,042	\$29,796,818	\$32,831,326	\$2,776,284	9.2%		
	Contractual Allowances	(\$9,856,726)	(\$9,324,135)	(\$10,343,205)	(\$486,479)	4.9%		
	Bad Debt	(\$914,213)	(\$946,511)	(\$927,078)	(\$12,865)	1.4%		
	Free Care	(\$777,082)	(\$804,535)	(\$788,016)	(\$10,934)	1.4%		
	Graduate Medical Education Payments	\$0	\$0	\$0	\$0	#DIV/0!		
	Net Payer Revenue	\$18,507,021	\$18,721,637	\$20,773,027	\$2,266,006	12.2%	\$3,852,571	(\$1,586,565)
Medicaid	Gross Revenue	\$14,328,799	\$9,215,076	\$10,678,516	(\$3,650,283)	-25.5%		
	Contractual Allowances	(\$9,861,571)	(\$6,706,140)	(\$7,761,610)	\$2,099,961	-21.3%		
	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	\$4,467,228	\$2,508,936	\$2,916,906	(\$1,550,322)	-34.7%	\$0	(\$1,550,322)
Medicare	Gross Revenue	\$47,037,428	\$47,674,569	\$49,197,979	\$2,160,551	4.6%		
	Contractual Allowances	(\$22,804,594)	(\$22,797,029)	(\$24,889,480)	(\$2,084,886)	9.1%		
	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	\$24,232,834	\$24,877,540	\$24,308,499	\$75,665	0.3%	\$0	\$75,665
Disproportionate Share Payments		\$537,617	\$537,617	\$396,849	(\$140,768)	-26.2%		
	Net Payer Revenue	\$537,617	\$537,617	\$396,849	(\$140,768)	-26.2%	\$0	(\$140,768)
	Net to Gross Commercial (no dsh)	61.6%	62.8%	63.3%				
	Net to Gross Medicaid (no dsh)	31.2%	27.2%	27.3%				
	Net to Gross Medicare (no dsh)	51.5%	52.2%	49.4%				
	Net to Gross All (no dsh)	51.6%	53.2%	51.8%				

The NPR increase is primarily due to the commercial rate increase offset by lower utilization. Medicaid shows a significant reduction in utilization that the hospital should explain. Medicare doesn't show much changes from 2017 except a little lower reimbursement. The hospital needs to explain how these revenue estimates were determined.

Disproportionate share does show a reduction of \$141,000.

Mt. Ascutney Hospital & Health Ctr

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%
Mt. Ascutney Hospital & Health Ctr Approved Rate	5.00%	3.22%	5.74%	4.87%	
Mt. Ascutney Hospital & Health Ctr Submitted Rate	5.00%	3.22%	5.74%	4.87%	4.89%
Hospital Inpatient Gross Revenue					4.6%
Hospital Outpatient Gross Revenue					4.2%
Physician Outpatient Gross Revenue					4.3%
Chronic/SNF Gross Revenue					4.8%
Swing Gross Revenue					4.6%

Net Patient Revenue Change Due to Rate Request		
	Commercial	\$ 3,852,571
	Medicaid	\$ -
	Medicare	\$ -
	Disproportionate Share	\$ 0
	Total Change Due to Rate Request	\$ 3,852,571

Value of 1% Rate	\$ 787,847
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Mt. Ascutney has a rate/price request of 4.89%.

The 4.89% will result in increased NPR of \$3.9 million. Some of the rate request is built to offset decreases in utilization, especially Medicaid .

For Mt. Ascutney, every 1% increase in rate is worth about \$787,847 in net patient revenue.

Fiscal Year 2018 Budget A

Mt. Ascutney Hospital & Health Ctr

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	92,707,821	1,286,552	1.4%										
Disproportionate Share Payments	396,849	(140,768)											
Bad Debt	(927,078)	(12,865)											
Free Care	(788,016)	(10,934)											
Deductions from Revenue	(42,994,295)	(471,404)											
Graduate Medical Education	0	0											
Net Patient Care Revenue - A	48,395,281	650,581	1.4%	3,852,571		(3,037,423)	-	(23,799)		(140,768)			650,581
Other Operating Revenue	3,346,873	479,714											
Total Operating Revenue	51,742,154	1,130,295											
Operating Expenses													
Salaries Non MD	19,948,664	1,268,709											
Fringe Benefits Non MD	7,091,700	878,247											
Fringe Benefits MD	0	(853,238)											
Physician Fees Salaries													
Contracts & Fringes	4,595,438	(1,509,351)											
Health Care Provider Tax	1,800,000	21,000											
Depreciation Amortization	2,299,071	(236,055)											
Interest - Long Term	272,000	(28,000)											
Other Operating Expense	16,932,239	1,541,457											
Operating Expense	52,939,112	1,082,769	2.1%										-
Net Operating Income (Loss)	(1,196,958)	47,526	-3.8%										
Non-Operating Revenue	860,000	(984,274)											
Over Expense	(336,958)	(936,748)											

Utilization decreases explain a major portion of the need for higher rates. The decrease and changes across utilization will be explained.

Unfavorable changes related to disproportionate share and bad debt and free care (\$164,000) explain the balance of the need for the rate increase.

Fiscal Year 2018 Budget Analysis	Mt. Ascutney Hospital & Health Ctr					Vermont Peers			2017 Almanac of Hospital Financial and Operating Indicators (Optum)				
	FY2015A	FY2016A	FY2017B	FY2017P	FY2018B	FY2018B Vermont 25th	FY2018B Vermont 50th	FY2018B Vermont 75th	FY2015				
DASHBOARD									Northeast Region	Northeast CAH	25-99 beds	100-199 beds	Teaching Hospitals
Net Patient Care Revenue	45,514,515	46,402,275	47,744,700	46,645,730	48,395,281								
Budget to Budget NPR Growth Rate					1.4%	1.8%	3.5%	4.5%					
Three Year NPR CAGR (FY14A - FY17B)					1.4%	2.2%	3.5%	4.1%					
Operating Expense	49,097,805	49,577,507	51,856,343	49,765,494	52,939,112								
Budget to Budget Oper Exp Growth Rate					2%	1.8%	4.2%	4.6%					
Three Year OE CAGR (FY14A - FY17B)					1.8%	3.0%	3.8%	5.2%					
Revenue													
Operating Margin %	-2.4%	0.3%	-2.5%	0.6%	-2.3%	0.7%	1.7%	2.2%	1.4%		1.4%	3.9%	3.3%
Total Margin %	-3.1%	2.6%	1.1%	6.5%	-0.6%	1.8%	2.8%	3.7%	1.7%	-0.6%	1.7%	6.2%	4.2%
Bad Debt %	1.8%	1.5%	1.0%	1.1%	1.0%	1.0%	1.6%	2.5%	1.6%	5.0%	1.6%	6.2%	3.7%
Free Care %	0.9%	0.7%	0.9%	0.9%	0.8%	0.6%	0.8%	1.1%	0.4%		0.4%		
Cost													
Cost per Adjusted Admission	6,273	7,259	7,010	7,502	7,667	8,988	10,994	12,687	5,272		5,272	7,604	7,822
Overhead Expense w/ fringe, as a % of Total Operating Exp	31.3%	32.6%	36.5%	37.6%	40.3%	22.2%	26.8%	32.0%					
Productivity & Utilization													
Acute Admissions	398	358	360	370	365	1,363	1,764	3,199					
Adjusted Admissions	7,827	6,830	7,397	6,634	6,905	6,360	8,282	15,598					
FTEs Per Adjusted Occupied Bed	4.4	4.5	4.5	4.6	4.4	5.4	5.9	6.7	2.9		2.9	3.2	3.2
FTEs per 100 Adj Discharges	3.9	4.5	4.2	4.7	4.4	5.0	5.9	6.9	2.5		2.5		
Cash													
Days Cash on Hand	142.6	147.8	128.8	135.4	134.3	90.4	136.6	192.3	24.2	114.9	24.2		116.3
Capital													
Age of Plant	8.6	12.6	11.2	13.0	13.1	12.1	12.7	14.5	2.4	12.4	2.4	12.4	11.2
Long Term Debt to Capitalization	32.2%	36.1%	32.4%	33.0%	35.6%	20%	24%	29%	5.5%	22.8%	5.5%		35.3%
Capital Expenditures to Depreciation	32.2%	28.9%	151.3%	180.5%	140.0%	104%	123%	160%	41%		41%		
Rates Approved													
Approved Rate per Latest Order	3.2%	5.7%	4.9%	4.9%	0.0%								
CAGR = Compounded Annual Growth Rate													

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

UTILIZATION

Adjusted Admissions	7,827	6,830	7,397	6,634	6,905	-6.7%
Acute Admissions	398	358	360	370	365	1.4%
Acute Average Length Of Stay	3.3	3.7	3.4	3.7	3.6	6.2%
All Operating Room Procedure Tests	1,865	1,739	42	1,542	1,701	3950.0%
Emergency Room Visits	64,900	60,503	61,277	55,150	57,347	-6.4%
Cat Scan, Radiology - Diagnostic Exams	4,024	4,754	4,808	4,370	4,365	-9.2%
Physician Office Visits	12,765	12,664	12,861	10,902	11,092	-13.8%
	0	0	0	0	0	0.0%
	51,997	49,207	51,645	41,158	44,009	-14.8%

Non-MD FTEs	298	299	301	301	305	4
Travelers, Travelers MD	0	0	0	0	0	0
Residents & Fellows	0	0	0	0	0	0
MLPs	9	10	8	8	10	2
Physician FTEs	22	21	20	20	19	0
	329	329	328	328	334	6

Salary per FTE Non-MD	\$ 57,454	\$ 58,972	\$ 60,541	\$ 61,681	\$ 65,474	8.1%
Salary & Benefits per FTE - Non-MD	\$ 73,192	\$ 75,376	\$ 80,679	\$ 81,143	\$ 88,750	10.0%
FTEs Per Adjusted Occupied Bed	4.4	4.5	4.5	4.6	4.4	-0.4%
FTEs per 100 Adj Discharges	3.9	4.5	4.2	4.7	4.4	5.8%

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 has been declining in recent years. Diagnostic tests and physician visits are declining also. However, acute admissions and operating room procedures are increasing. (see narrative). The hospital will describe the shifts occurring in utilization and how it relates to their affiliation with Dartmouth.

The productivity measures remain quite steady.

Salary and fringe costs are budgeted higher than projected 2017. (see the narrative)

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

Fiscal Year 2018 Budget Analysis **Mt. Ascutney Hospital & Health Ctr**

BALANCE SHEET	FY2015A	FY2016A	FY2017B	FY2017P	FY2018B
Cash & Investments	\$ 3,534,580	\$ 3,644,335	\$ 1,682,375	\$ 3,317,825	\$ 2,122,595
Other Curent Assets	7,256,000	7,169,049	7,084,847	7,556,121	7,777,645
Current Assets	10,790,580	10,813,384	8,767,222	10,873,946	9,900,240
Board Designated Assets	14,531,518	15,565,953	15,719,940	14,352,306	16,513,919
Net, Property, Plant And Equipment	14,445,756	17,732,576	19,422,454	19,720,127	18,089,000
Other Long-Term Assets	2,306,278	2,583,827	2,212,839	2,471,879	2,619,718
Assets	\$ 42,074,132	\$ 46,695,740	\$ 46,122,455	\$ 47,418,258	\$ 47,122,877
Current Liabilities	\$ 9,370,251	\$ 7,550,825	\$ 9,271,966	\$ 7,258,116	\$ 7,765,010
Long Term Liabilities	8,073,352	11,168,583	10,024,748	11,128,583	11,128,583
Other Noncurrent Liabilities	7,660,302	8,201,730	5,733,788	6,483,718	7,783,067
Fund Balance	16,970,227	19,774,602	21,091,953	22,547,841	20,446,217
Liabilities and Equities	\$ 42,074,132	\$ 46,695,740	\$ 46,122,455	\$ 47,418,258	\$ 47,122,877

Mt. Ascutney Hospital & Health Ctr

Days Cash on Hand	142.6	147.8	128.8	135.4	134.3
Long Term Debt to Capitalization	32.2%	36.1%	32.4%	33.0%	35.6%
Debt Service Coverage Ratio	2.5	5.2	2.0	10.1	3.9

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	2.5	5.2	2.0	10.1	3.9

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 is steady and is lower than the state median. The subsidy from Dartmouth helps maintain these levels.

Compared to Vermont's Critical Access hospitals, the hospital is higher than the median.

Board designated assets are comparable to recent years. Long term debt is increasing and remains above the state median. The fund balance shows a decrease over 2017 levels.

CAPITAL BUDGET	FY2015A	FY2016A	FY2017B	FY2017P	FY2018B	2019 Plan	2020 Plan	2021 Plan
Non-Certificate of Need Capital Plans Total	\$ 915,276	\$ 613,721	\$ 3,085,000	\$ 3,085,000	\$ 3,219,000	\$ 2,509,000	\$ 2,151,000	\$ 1,063,000
Certificate of Need Capital Plans	\$ 4,986,851	\$ 2,191,305	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital Purchases	\$ 5,902,127	\$ 2,805,026	\$ 3,085,000	\$ 3,085,000	\$ 3,219,000	\$ 2,509,000	\$ 2,151,000	\$ 1,063,000

Mt. Ascutney Hospital & Health Ctr

Age of Plant	8.6	12.6	11.2	13.0	13.1
Capital Expenditures to Depreciation	32.2%	28.9%	151.3%	180.5%	140.0%
Capital Cost % of Total Expense	6.7%	5.2%	5.5%	4.7%	4.9%

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 \$3.2 million is about the same spending as last year. The age of plant has been trending higher and is higher (unfavorable) than the Vermont median. Capital cost as % of the budget reflect favorable peer comparison values.

There are no major investments for 2018 are described in the narrative.

There are no CONs is planned for the period 2018-21 to upgrade and expand the ER.