

# Springfield Hospital

Fiscal Year 2018 Budget Analysis

Report Date: 8/8/2017

QUESTIONS

1. NARR - Discuss the unique corporate structure of Springfield that has the FQHC as the parent. Describe the genesis for this and what it hopes to accomplish. Describe how the distinct part psychiatric unit fits in to this model.
2. NARR - Discuss the status of your ACO involvement and your plans for meeting health care reform changes.
3. INCOME STATEMENT - The hospital is \$1.5 million under the 2017 budget levels. Both expenditures and NPR show growth under 1.5%. However, utilization as measured by adjusted admissions is increasing 6% and acute admissions, operating procedures, and physician visits show growth. Ancillary services show many reductions. Explain what is happening with utilization. Describe the reasons for the loss of 2 physicians in 2018.
4. NARR - Discuss the circumstances behind why the hospital has not seen the growth planned for perioperative service. How will this affect patient care?
5. RATE&NPR - Springfield has a rate/price request of 6.5%. The rate is shown mainly in Commercial and is needed to meet their operating expenses, establish an operating margin of 1.7%, 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?
6. NPR PAYER - The hospital also expects to achieve NPR rate growth from Medicare and Medicaid. What are the assumptions used to estimate rate growth increase from these payers?
7. NPR PAYER - Medicare shows unfavorable reimbursement of \$3.6 million in 2018. Discuss the assumptions you are making for this payer.
8. NPR PAYER - Medicaid shows favorable reimbursement from 2017 to 2018 budget. Describe the reimbursement assumptions the hospital has made. Also, describe the increase expected in Medicaid utilization.
9. INCOME STATEMENT - Discuss the budget assumption that you will increase investment income over \$500,000 in 2018. What is the basis for this estimate?

QUESTIONS

10. BALANCE SHEET - The hospital shows a reduction in long term debt that may have been funded with Board designated funds that are quite low compared to most hospitals. Explain these changes.
11. NARR - Springfield is not requesting any health care reform investment allowance. Discuss how these funds are "embedded" in their operation as stated in the narrative.
12. NARR - Retail pharmacy (340B) is mentioned in the narrative but is not recorded in other operating revenue. Describe this program, explain where it is recorded and the risks involved operating the program.
13. INCOME STATEMENT - Are the 2017 projections still valid? If not, please describe material changes?
14. 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.
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 Springfield Hospital

INCOME STATEMENT	FY2015A	FY2016A	FY2017B	FY2017P	FY2018B	2017B - 2018B		3YR CAGR
						\$ Chg	% Chg	(FY2015A-FY2018B)
<b>Revenues</b>								
<b>Gross Patient Care Revenue</b>	<b>119,561,775</b>	<b>119,749,195</b>	<b>123,894,113</b>	<b>115,078,715</b>	<b>129,887,486</b>	<b>5,993,373</b>	<b>4.8%</b>	
Disproportionate Share Payments	2,203,544	1,590,219	1,831,126	1,507,700	881,186	(949,940)	-51.9%	
Bad Debt	(4,129,553)	(4,702,358)	(5,201,151)	(4,217,143)	(4,472,028)	729,123	-14.0%	
Free Care	(2,606,086)	(2,111,595)	(2,604,562)	(1,885,714)	(2,737,480)	(132,918)	5.1%	
Deductions from Revenue	(59,103,590)	(60,887,341)	(58,772,285)	(57,703,714)	(64,183,966)	(5,411,681)	9.2%	
<b>Net Patient Care Revenue</b>	<b>55,926,090</b>	<b>53,638,120</b>	<b>59,147,241</b>	<b>52,779,844</b>	<b>59,375,198</b>	<b>227,957</b>	<b>0.4%</b>	<b>2.0%</b>
Other Operating Revenue	1,967,548	1,730,776	1,762,700	1,422,857	1,458,000	(304,700)	-17.3%	
<b>Total Operating Revenue</b>	<b>57,893,638</b>	<b>55,368,896</b>	<b>60,909,941</b>	<b>54,202,701</b>	<b>60,833,198</b>	<b>(76,743)</b>	<b>-0.1%</b>	
<b>Expenses</b>								
Salaries Non MD	16,193,138	16,531,241	17,831,656	16,734,550	17,953,143	121,487	0.7%	
Fringe Benefits Non MD	5,482,087	5,009,369	5,383,700	5,000,000	5,360,128	(23,572)	-0.4%	
Physician Fees Salaries Contracts & Fringes	6,174,664	5,987,163	6,151,707	6,101,707	6,422,000	270,293	4.4%	
Health Care Provider Tax	3,173,125	3,172,987	3,548,834	3,164,195	3,562,512	13,678	0.4%	
Depreciation Amortization	2,086,564	1,890,039	1,530,594	1,876,000	1,863,315	332,721	21.7%	
Interest - Long Term	320,222	381,924	510,000	510,000	529,100	19,100	3.7%	
Other Operating Expense	22,199,686	22,215,051	24,201,789	22,485,270	24,105,846	(95,943)	-0.4%	
<b>Total Operating Expense</b>	<b>55,629,486</b>	<b>55,187,774</b>	<b>59,158,280</b>	<b>55,871,722</b>	<b>59,796,044</b>	<b>637,764</b>	<b>1.1%</b>	<b>2.4%</b>
<b>Net Operating Income (Loss)</b>	<b>2,264,152</b>	<b>181,122</b>	<b>1,751,661</b>	<b>(1,669,021)</b>	<b>1,037,154</b>	<b>(714,507)</b>	<b>-40.8%</b>	
Non-Operating Revenue	(2,699,949)	199,062	750,000	1,050,000	1,290,000	540,000	72.0%	
<b>Excess (Deficit) of Rev Over Exp</b>	<b>(435,797)</b>	<b>380,184</b>	<b>2,501,661</b>	<b>(619,021)</b>	<b>2,327,154</b>	<b>(174,507)</b>	<b>-7.0%</b>	
Operating Margin%	3.9%	0.3%	2.9%	-3.1%	1.7%			
Total Margin %	-0.8%	0.7%	4.1%	-1.1%	3.7%			
Cost per Adjusted Admission	6,158	5,636	7,216	6,069	6,861	(356)	-4.9%	

The NPR increase of \$228 thousand is 0.4% over the 2017 budget. This is about \$1.5 million **under** the 3% cap target. Much of the NPR increase is due to their the rate/price request filed at 6.5%. They are budgeting Medicaid with a large utilization decrease. The hospital's expenses are increasing at 1.1%, primarily due to MD compensation and depreciation and amortization. Cost per unit is budgeted to be reduced.

The operating surplus is reasonable especially in light of 2017 projected performance. The hospital has budgeted non-operating revenue as it does try to anticipate additional investment earnings. The hospital mentions 340B Pharmacy revenue as a cost savings initiative, but it is unclear how it is included in the budget. They will explain.

**Fiscal Year 2018 Budget Analysis Springfield Hospital**

NET PAYER REVENUE CHANGE - PAYERS		FY2017B	FY2017P	FY2018B	2017B - 2018B Chg	\$	2017B - 2018B % Chg	Change due to Rate	Change due to Non-Rate Items
<b>All Payers</b>	<b>Gross Revenue</b>	\$123,894,113	\$115,078,715	\$129,887,486	\$5,993,373		4.8%		
	Contractual Allowances	(\$58,772,285)	(\$57,703,714)	(\$64,183,966)	(\$5,411,681)		9.2%		
	Bad Debt	(\$5,201,151)	(\$4,217,143)	(\$4,472,028)	\$729,123		-14.0%		
	Free Care	(\$2,604,562)	(\$1,885,714)	(\$2,737,480)	(\$132,918)		5.1%		
	Graduate Medical Education Payments	\$0	\$0	\$0	\$0		#DIV/0!		
	Disproportionate Share Payments	\$1,831,126	\$1,507,700	\$881,186	(\$949,940)		-51.9%		
	<b>Net Payer Revenue</b>	<b>\$59,147,241</b>	<b>\$52,779,844</b>	<b>\$59,375,198</b>	<b>\$227,957</b>		<b>0.4%</b>	<b>\$2,661,580</b>	<b>(\$2,433,623)</b>
<b>Commercial</b>	<b>Gross Revenue</b>	\$43,378,068	\$41,378,068	\$46,871,229	\$3,493,161		8.1%		
	Contractual Allowances	(\$11,938,983)	(\$10,871,718)	(\$14,173,154)	(\$2,234,171)		18.7%		
	Bad Debt	(\$5,201,151)	(\$4,217,143)	(\$4,472,028)	\$729,123		-14.0%		
	Free Care	(\$2,604,562)	(\$1,885,714)	(\$2,737,480)	(\$132,918)		5.1%		
	Graduate Medical Education Payments	\$0	\$0	\$0	\$0		#DIV/0!		
	<b>Net Payer Revenue</b>	<b>\$23,633,372</b>	<b>\$24,403,493</b>	<b>\$25,488,567</b>	<b>\$1,855,195</b>		<b>7.8%</b>	<b>\$1,467,368</b>	<b>\$387,827</b>
<b>Medicaid</b>	<b>Gross Revenue</b>	\$25,991,700	\$23,891,700	\$27,842,365	\$1,850,665		7.1%		
	Contractual Allowances	(\$16,489,017)	(\$15,689,017)	(\$16,143,564)	\$345,453		-2.1%		
	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!		
	<b>Net Payer Revenue</b>	<b>\$9,502,683</b>	<b>\$8,202,683</b>	<b>\$11,698,801</b>	<b>\$2,196,118</b>		<b>23.1%</b>	<b>\$449,842</b>	<b>\$1,746,276</b>
<b>Medicare</b>	<b>Gross Revenue</b>	\$54,524,345	\$49,808,947	\$55,173,892	\$649,547		1.2%		
	Contractual Allowances	(\$30,344,285)	(\$31,142,979)	(\$33,867,248)	(\$3,522,963)		11.6%		
	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>\$24,180,060</b>	<b>\$18,665,968</b>	<b>\$21,306,644</b>	<b>(\$2,873,416)</b>		<b>-11.9%</b>	<b>\$744,370</b>	<b>(\$3,617,786)</b>
<b>Disproportionate Share Payments</b>		\$1,831,126	\$1,507,700	\$881,186	(\$949,940)		-51.9%		
	<b>Net Payer Revenue</b>	<b>\$1,831,126</b>	<b>\$1,507,700</b>	<b>\$881,186</b>	<b>(\$949,940)</b>		<b>-51.9%</b>	<b>\$0</b>	<b>(\$949,940)</b>
	<b>Net to Gross Commercial (no dsh)</b>	<b>54.5%</b>	<b>59.0%</b>	<b>54.4%</b>					
	<b>Net to Gross Medicaid (no dsh)</b>	<b>36.6%</b>	<b>34.3%</b>	<b>42.0%</b>					
	<b>Net to Gross Medicare (no dsh)</b>	<b>44.3%</b>	<b>37.5%</b>	<b>38.6%</b>					
	<b>Net to Gross System (no dsh)</b>	<b>46.3%</b>	<b>44.6%</b>	<b>45.0%</b>					

The NPR increase is primarily due to the rate increase of \$2.6 million. All payers are expected to provide increased NPR with the rate increase.

Commercial shows some increase in utilization and Medicaid shows little utilization change. Medicare has a large reduction in utilization. The hospital should discuss the utilization changes and assumptions for each payer.

Also, Medicare shows a large reduction in reimbursement while Medicaid shows improved reimbursement - these assumptions should be explained.

Disproportionate share shows a reduction of \$949,940 as provided by DVHA.

## Springfield 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
<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>Springfield Hospital Approved Rate</b>	4.60%	5.45%	2.83%	0.00%	
<b>Springfield Hospital Submitted Rate</b>	6.00%	5.45%	2.83%	0.00%	6.50%
Hospital Inpatient Gross Revenue					6.5%
Hospital Outpatient Gross Revenue					6.5%
Physician Outpatient Gross Revenue					6.5%
Chronic/SNF Gross Revenue					0.0%
Swing Gross Revenue					6.5%

<b>Net Patient Revenue Change Due to Rate Request</b>		
	Commercial	\$ 1,467,368
	Medicaid	\$ 449,842
	Medicare	\$ 744,370
	Disproportionate Share	\$ 0
	<b>Total Change Due to Rate Request</b>	<b>\$ 2,661,580</b>

<b>Value of 1% Rate</b>	<b>\$ 409,474</b>
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Springfield Hospital has a rate/price request of 6.5%.

The 6.5% will result in increased NPR of \$2.6 million. Most of the rate request is built to offset decreasing utilization, the decrease in disproportionate share, and the higher provider tax.

For Springfield, every 1% increase in rate is worth about \$409,474 in net patient revenue.

**Fiscal Year 2018 Budget Analysis** **Springfield Hospital**

**BUDGET TO BUDGET VARIANCES EXPLAINED**

Income Statement	FY2017B	FY2018B	2017B - 2018B \$ Chg	2017B - 2018B % Chg	Rate	Utilization	Reimb/ Payer Mix	Bad Debt/Free Care Changes	Physician Trans/Acq	DSH Changes	Health Reform Investments	Explained Variance Total
<b>Revenues</b>												
<b>Gross Patient Care Revenue</b>	<b>123,894,113</b>	<b>129,887,486</b>	<b>5,993,373</b>	<b>4.8%</b>								
Disproportionate Share Payments	1,831,126	881,186	(949,940)									
Bad Debt	(5,201,151)	(4,472,028)	729,123									
Free Care	(2,604,562)	(2,737,480)	(132,918)									
Deductions from Revenue	(58,772,285)	(64,183,966)	(5,411,681)									
Graduate Medical Education	0	0	0									
<b>Net Patient Care Revenue - Adjusted for</b>	<b>59,147,241</b>	<b>59,375,198</b>	<b>227,957</b>	<b>0.4%</b>	<b>2,661,580</b>	<b>(2,079,888)</b>		<b>596,205</b>		<b>(949,940)</b>		<b>227,957</b>
Other Operating Revenue	1,762,700	1,458,000	(304,700)									
<b>Total Operating Revenue</b>	<b>60,909,941</b>	<b>60,833,198</b>	<b>(76,743)</b>									
<b>Operating Expense</b>												
Salaries Non MD	17,831,656	17,953,143	121,487									
Fringe Benefits Non MD	5,383,700	5,360,128	(23,572)									
Fringe Benefits MD	500,000	600,000	100,000									
Fringes	5,651,707	5,822,000	170,293									
Health Care Provider Tax	3,548,834	3,562,512	13,678									
Depreciation Amortization	1,530,594	1,863,315	332,721									
Interest - Long Term	510,000	529,100	19,100									
Other Operating Expense	24,201,789	24,105,846	(95,943)									
<b>Operating Expense</b>	<b>59,158,280</b>	<b>59,796,044</b>	<b>637,764</b>	<b>1.1%</b>								
<b>Net Operating Income (Loss)</b>	<b>1,751,661</b>	<b>1,037,154</b>	<b>(714,507)</b>	<b>-40.8%</b>								
Non-Operating Revenue	750,000	1,290,000	540,000									
Expense	2,501,661	2,327,154	(174,507)									

Utilization decreases explain a large portion of the NPR increase. However, utilization measures don't seem to support this. The hospital will discuss. Unfavorable changes related to disproportionate share \$950,000 also contribute to the lower NPR.

To offset the loss of utilization and disproportionate share the hospital has a rate/price request at 6.5% or \$2.7 million. In addition, they expect to see an improved level of bad debt and free care.

The hospital describes their Health Reform Investments but they are not quantified.

Fiscal Year 2018 Budget Analysis	Springfield Hospital					Vermont Peers			2017 Almanac of Hospital Financial and Operating Indicators (Optum) FY2015				
	DASHBOARD	FY2015A	FY2016A	FY2017B	FY2017P	FY2018B	FY2018B Vermont 25th	FY2018B Vermont 50th	FY2018B Vermont 75th	Northeast Region	Northeast CAH	25-99 beds	100-199 beds
Net Patient Care Revenue	55,926,090	53,638,120	59,147,241	52,779,844	59,375,198								
Budget to Budget NPR Growth Rate					0.4%	1.8%	3.5%	4.5%					
Three Year NPR CAGR (FY14A - FY17B)					6.0%	2.2%	3.5%	4.1%					
Operating Expense	55,629,486	55,187,774	59,158,280	55,871,722	59,796,044								
Budget to Budget Oper Exp Growth Rate					1%	1.8%	4.2%	4.6%					
Three Year OE CAGR (FY14A - FY17B)					2.2%	3.0%	3.8%	5.2%					
<b>Revenue</b>													
Operating Margin %	3.9%	0.3%	2.9%	-3.1%	1.7%	0.7%	1.7%	2.2%	1.4%		1.4%	3.9%	3.3%
Total Margin %	-0.8%	0.7%	4.1%	-1.1%	3.7%	1.8%	2.8%	3.7%	1.7%	-0.6%	1.7%	6.2%	4.2%
Bad Debt %	3.5%	3.9%	4.2%	3.7%	3.4%	1.0%	1.6%	2.5%	1.6%	5.0%	1.6%	6.2%	3.7%
Free Care %	2.2%	1.8%	2.1%	1.6%	2.1%	0.6%	0.8%	1.1%	0.4%		0.4%		
<b>Cost</b>													
Cost per Adjusted Admission	6,158	5,636	7,216	6,069	6,861	8,988	10,994	12,687	5,272		5,272	7,604	7,822
Overhead Expense w/ fringe, as a % of Total Operating Exp	21.2%	21.7%	21.7%	21.9%	21.6%	22.2%	26.8%	32.0%					
<b>Productivity &amp; Utilization</b>													
Acute Admissions	1,994	1,894	1,930	1,902	1,968	1,363	1,764	3,199					
Adjusted Admissions	9,034	9,792	8,198	9,206	8,716	6,360	8,282	15,598					
FTEs Per Adjusted Occupied Bed	2.8	2.6	3.1	3.0	3.2	5.4	5.9	6.7	2.9		2.9	3.2	3.2
FTEs per 100 Adj Discharges	3.3	3.1	3.7	3.3	3.6	5.0	5.9	6.9	2.5		2.5		
<b>Cash</b>													
Days Cash on Hand	101.4	104.3	105.6	105.9	112.5	90.4	136.6	192.3	24.2	114.9	24.2		116.3
<b>Capital</b>													
Age of Plant	12.5	14.5	21.6	17.6	18.6	12.1	12.7	14.5	2.4	12.4	2.4	12.4	11.2
Long Term Debt to Capitalization	32.9%	29.9%	27.4%	29.4%	23.9%	20%	24%	29%	5.5%	22.8%	5.5%		35.3%
Capital Expenditures to Depreciation	140.0%	49.3%	137.2%	111.9%	90.5%	104%	123%	160%	41%		41%		
<b>Rates Approved</b>													
Approved Rate per Latest Order	5.5%	2.8%	0.0%	0.0%	0.0%								
CAGR = Compounded Annual Growth Rate													



**Fiscal Year 2018 Budget Analysis Springfield Hospital**

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

**UTILIZATION**

Adjusted Admissions	9,034	9,792	8,198	9,206	8,716	6.3%
Acute Admissions	1,994	1,894	1,930	1,902	1,968	2.0%
Acute Average Length Of Stay	4.3	4.3	4.3	4.0	4.1	-5.1%
All Operating Room Procedure Tests	1,453	1,393	1,368	1,420	1,486	8.6%
Emergency Room Visits	462,944	474,300	469,780	460,700	475,115	1.1%
Cat Scan, Radiology - Diagnostic Exams	15,142	15,224	15,110	14,500	14,400	-4.7%
Physician Office & Clinic Visits	20,544	19,180	20,374	18,356	18,750	-8.0%
	1,693	1,711	1,790	1,504	1,614	-9.8%
	2,545	1,958	23,806	22,500	26,550	11.5%

**STAFFING**

Non-MD FTEs	298	301	304	304	313	10
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	15	21	21	19	-2
<b>Total MD and Non MD FTEs</b>	<b>317</b>	<b>316</b>	<b>324</b>	<b>324</b>	<b>332</b>	<b>7</b>
Salary per FTE - Non-MD	\$ 54,296	\$ 54,963	\$ 58,728	\$ 55,115	\$ 57,322	-2.4%
Salary & Benefits per FTE - Non-MD	\$ 72,677	\$ 71,618	\$ 76,459	\$ 71,582	\$ 74,436	-2.6%
FTEs Per Adjusted Occupied Bed	2.8	2.6	3.1	3.0	3.2	2.3%
FTEs per 100 Adj Discharges	3.3	3.1	3.7	3.3	3.6	-3.0%

**Comparative Benchmarks**

<b>Vermont System Averages</b>						
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 change over budget 2017 and current year projections. However, average length of stay, ER and diagnostic visits are decreasing, presumably related to the addition of their Swing Bed days(see narrative). More discussion and understanding is needed about the patients and their utilization.

The productivity measures are mixed and cost per unit is moving favorably. Staffing has increased 3% over FY2017 - the narrative mentions the Staffing Productivity System. What has caused the reduction in MD FTE's? The hospital should explain.

Salary and fringe costs are budgeted lower than budget 2017. They are less than the VT median.

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

<b>Fiscal Year 2018 Budget Analysis</b>	<b>Springfield Hospital</b>
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BALANCE SHEET	FY2015A	FY2016A	FY2017B	FY2017P	FY2018B
<b>Cash &amp; Investments</b>	\$ 14,325,942	\$ 14,693,512	\$ 15,053,852	\$ 14,053,852	\$ 16,500,000
<b>Other Current Assets</b>	10,039,980	11,405,436	12,049,000	11,049,000	12,500,000
<b>Current Assets</b>	24,365,922	26,098,948	27,102,852	25,102,852	29,000,000
<b>Board Designated Assets</b>	548,578	543,280	1,618,667	1,618,667	1,350,000
<b>Net, Property, Plant And Equipment</b>	14,240,591	13,193,522	26,366,606	26,366,606	26,503,291
<b>Other Long-Term Assets</b>	-	-	-	-	-
<b>Assets</b>	\$ 39,155,091	\$ 39,835,750	\$ 55,088,125	\$ 53,088,125	\$ 56,853,291
<b>Current Liabilities</b>	\$ 13,814,569	\$ 14,892,850	\$ 8,940,985	\$ 10,061,667	\$ 9,958,592
<b>Long Term Liabilities</b>	8,084,169	7,309,988	12,326,595	12,326,595	10,747,000
<b>Other Noncurrent Liabilities</b>	-	-	-	-	-
<b>Fund Balance</b>	17,256,353	17,632,912	33,820,545	30,699,863	36,147,699
<b>Liabilities and Equities</b>	\$ 39,155,091	\$ 39,835,750	\$ 55,088,125	\$ 53,088,125	\$ 56,853,291

Springfield Hospital					
Days Cash on Hand	101.4	104.3	105.6	105.9	112.5
Long Term Debt to Capitalization	32.9%	29.9%	27.4%	29.4%	23.9%
Debt Service Coverage Ratio	4.1	1.0	3.7	0.7	3.5

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	4.1	1.0	3.7	0.7	3.5

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 has increased 6 days for FY2018 but is lower than the state median.

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

Board designated assets are comparable to recent years. Long term debt has increased in 2017 and then shows a reduction in 2018. The hospital should discuss this. 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	\$ 2,921,402	\$ 931,056	\$ 2,100,000	\$ 2,100,000	\$ 1,687,169	\$ -	\$ -	\$ -
Certificate of Need Capital Plans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital Purchases	\$ 2,921,402	\$ 931,056	\$ 2,100,000	\$ 2,100,000	\$ 1,687,169	\$ -	\$ -	\$ -

**Copley Hospital**

Age of Plant	12.5	14.5	21.6	17.6	18.6
Capital Expenditures to Depreciation	140.0%	49.3%	137.2%	111.9%	90.5%
Capital Cost % of Total Expense	4.3%	4.1%	3.4%	4.3%	4.0%

**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 \$1.7 million is less than they have spent in recent years. The hospital should discuss capital plans for the next three years as the age of plant has been trending higher and is the highest (unfavorable) in Vermont. Capital cost as % of the budget reflect favorable peer comparison values.

As described in the narrative, there are no single investments over \$500 thousand for 2018 but they are looking to replace their nuclear camera in the future at a cost of \$850 thousand.

There are no CONs planned for the period 2019-21.