

# Southwestern VT Medical Center

Fiscal Year 2018 Budget Analysis

Report Date: 8/9/2017

1. In the Narrative, SVMC states, "The past two years the medical center has invested in itself from cash reserves and investment earnings from its parent organization." Explain this relationship between SVMC and the Parent Organization.
2. Income Statement - The hospital is \$7.1 million over the 2017 budget levels. Much of this variance is described as primary care and oncology utilization. Discuss these new programs and the other enhanced services. Describe the need and how this will improve patient care.
3. Ten additional physicians and mid-levels FTE's have been added to the 2018 budget. How does the hospital determine the appropriate physician need for the service area? What are SVMC's longer term plans for adding additional physician disciplines given the in-migration from Massachusetts and New York? Are the new physicians transfers or newly recruited?
4. Quantify the following as discussed in the Narrative; Cancer Center volume increase, the in-migration of orthopedic volume from Massachusetts and New York with the out-migration in the hospital's primary service area, and enhancements to selected specialty services.
5. The pharmacy shows significant revenue and expense increases in the 2018 budget. Discuss this program and the challenges in managing costs and utilization changes.
6. NPR Payer Revenue Changes - The NPR increase is primarily due to increased Commercial and Medicare. There is little change in the Medicaid NPR. Over \$2.9 million is related to rate and about \$4.2 million is related to new utilization. Describe the utilization changes across payers and the assumptions considered in estimating those revenues.
7. The hospital states that some prices are increasing at 4.6% while others are remaining unchanged, for a total increase of 2.85%. Explain the strategy and rationale for pricing in this manner.
8. Narrative - SVMC explains that they have built in a "mid-point" \$2 million estimate for NPR revenues. Provide a schedule that shows this, and why the hospital selected this "mid-point".
9. Expense - Explain the rationale of the 3% salary increase and the 1% market update factor. How did SVMC arrive at these levels of increase.

QUESTIONS

10. SVMC currently has a pending CON application for the Dental Clinic. No revenue or costs associated with this program are included in the 2018 budget submission. What is the estimated revenue and expense impacts in 2018 if the CON was approved?
11. Income Statement - Are the 2017 projections still valid? If not, please describe material changes?
12. 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.
13. 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.
14. 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 Southwestern VT Medical Center

INCOME STATEMENT	FY2015A	FY2016A	FY2017B	FY2017P	FY2018B	2017B - 2018B		2017B - 2018B	3YR CAGR
						\$ Chg	% Chg	(FY2015A-FY2018B)	
<b>Revenues</b>									
<b>Gross Patient Care Revenue</b>	<b>295,170,198</b>	<b>315,410,037</b>	<b>324,105,700</b>	<b>328,941,917</b>	<b>350,066,035</b>	<b>25,960,335</b>	<b>8.0%</b>		
Disproportionate Share Payments	2,645,546	1,627,431	727,209	727,314	1,043,610	316,401	43.5%		
Bad Debt	(5,112,025)	(4,601,465)	(5,000,000)	(4,606,472)	(4,800,000)	200,000	-4.0%		
Free Care	(1,236,277)	(1,623,587)	(1,601,666)	(2,063,938)	(2,100,000)	(498,334)	31.1%		
Deductions from Revenue	(148,698,274)	(158,889,662)	(165,868,983)	(171,941,773)	(184,712,141)	(18,843,158)	11.4%		
<b>Net Patient Care Revenue</b>	<b>142,769,168</b>	<b>151,922,754</b>	<b>152,362,260</b>	<b>151,057,048</b>	<b>159,497,504</b>	<b>7,135,244</b>	<b>4.7%</b>	<b>3.8%</b>	
Other Operating Revenue	2,743,411	2,730,803	2,811,549	4,021,923	3,963,786	1,152,237	41.0%		
<b>Total Operating Revenue</b>	<b>145,512,579</b>	<b>154,653,557</b>	<b>155,173,809</b>	<b>155,078,971</b>	<b>163,461,290</b>	<b>8,287,481</b>	<b>5.3%</b>		
<b>Expenses</b>									
Salaries Non MD	43,589,323	44,549,054	46,344,567	46,399,779	47,791,012	1,446,445	3.1%		
Fringe Benefits Non MD	12,420,231	11,836,099	13,595,523	12,974,337	14,146,717	551,194	4.1%		
Physician Fees Salaries Contracts & Fringes	26,507,613	28,092,615	28,160,556	28,578,288	30,180,285	2,019,729	7.2%		
Health Care Provider Tax	8,181,116	8,745,616	8,945,341	9,120,898	9,311,076	365,735	4.1%		
Depreciation Amortization	5,429,133	5,550,510	6,104,254	5,925,878	6,531,292	427,038	7.0%		
Interest - Long Term	404,612	531,342	521,891	519,386	521,014	(877)	-0.2%		
Other Operating Expense	43,773,358	50,049,511	46,872,688	47,093,679	48,651,517	1,778,829	3.8%		
<b>Total Operating Expense</b>	<b>140,305,386</b>	<b>149,354,747</b>	<b>150,544,820</b>	<b>150,612,245</b>	<b>157,132,913</b>	<b>6,588,093</b>	<b>4.4%</b>	<b>3.8%</b>	
<b>Net Operating Income (Loss)</b>	<b>5,207,193</b>	<b>5,298,810</b>	<b>4,628,989</b>	<b>4,466,726</b>	<b>6,328,377</b>	<b>1,699,388</b>	<b>36.7%</b>		
Non-Operating Revenue	(5,187)	618,918	605,000	1,690,257	685,862	80,862	13.4%		
<b>Excess (Deficit) of Rev Over Exp</b>	<b>5,202,006</b>	<b>5,917,728</b>	<b>5,233,989</b>	<b>6,156,983</b>	<b>7,014,239</b>	<b>1,780,250</b>	<b>34.0%</b>		
Operating Margin%	3.6%	3.4%	3.0%	2.9%	3.9%				
Total Margin %	3.6%	3.8%	3.4%	3.9%	4.3%				
Cost per Adjusted Admission	9,339	8,705	9,292	9,294	9,422	130	1.4%		

The NPR increase of \$7.1 million is 4.7% over the 2017 budget. Much of the increase is due to higher utilization in oncology services, expanded primary care, orthopedic services, new physicians, and in-migration from Massachusetts and New York.

Operating expenses have increased \$6.6 million (4.4%). Net Operating Income (surplus) has increased \$1.7 million and the margin % is increasing from 3% to 3.9%. The hospital will explain the need for the level of surplus.

Other operating revenue is also increasing by \$1.2 million and will be explained. Increases here help reduce increases in rate. The effective charge/rate increase is 2.85% as explained on the rate page.

Fiscal Year 2018 Budget Analysis									Southwestern VT Medical Center		
NET PAYER REVENUE CHANGE - PAYERS				2017B - 2018B	\$	2017B - 2018B					
	FY2017B	FY2017P	FY2018B	Chg		% Chg	Change due to Rate	Change due to Non-Rate Items			
<b>All Payers</b>	<b>Inpatient Care Revenue, Outpatient Care Revenue</b>	<b>\$324,105,700</b>	<b>\$328,941,917</b>	<b>\$350,066,035</b>	<b>\$25,960,335</b>	<b>8.0%</b>					
	Allowances, Discounts, Allowances, Discounts	(\$165,868,983)	(\$171,941,773)	(\$184,712,141)	(\$18,843,158)	11.4%					
	Bad Debt, Bad Debt	(\$5,000,000)	(\$4,606,472)	(\$4,800,000)	\$200,000	-4.0%					
	Free Care, Free Care	(\$1,601,666)	(\$2,063,938)	(\$2,100,000)	(\$498,334)	31.1%					
	Graduate Medical Education Payments	\$0	\$0	\$0	\$0	#DIV/0!					
	Disproportionate Share Payments	\$727,209	\$727,314	\$1,043,610	\$316,401	43.5%					
	<b>Net Payer Revenue</b>	<b>\$152,362,260</b>	<b>\$151,057,048</b>	<b>\$159,497,504</b>	<b>\$7,135,244</b>	<b>4.7%</b>	<b>\$2,913,001</b>	<b>\$4,222,243</b>			
<b>Commercial</b>	<b>Gross Revenue</b>	<b>\$107,927,843</b>	<b>\$105,500,232</b>	<b>\$113,324,675</b>	<b>\$5,396,832</b>	<b>5.0%</b>					
	Contractual Allowances	(\$22,968,147)	(\$22,682,550)	(\$24,365,046)	(\$1,396,899)	6.1%					
	Bad Debt	(\$5,000,000)	(\$4,606,472)	(\$4,800,000)	\$200,000	-4.0%					
	Free Care	(\$1,601,666)	(\$2,063,938)	(\$2,100,000)	(\$498,334)	31.1%					
	Graduate Medical Education Payments	\$0	\$0	\$0	\$0	#DIV/0!					
	<b>Net Payer Revenue</b>	<b>\$78,358,030</b>	<b>\$76,147,272</b>	<b>\$82,059,629</b>	<b>\$3,701,599</b>	<b>4.7%</b>	<b>\$2,473,001</b>	<b>\$1,228,598</b>			
<b>Medicaid</b>	<b>Gross Revenue</b>	<b>\$59,131,486</b>	<b>\$58,582,573</b>	<b>\$63,105,511</b>	<b>\$3,974,025</b>	<b>6.7%</b>					
	Contractual Allowances	(\$41,565,393)	(\$41,252,209)	(\$45,477,096)	(\$3,911,703)	9.4%					
	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>\$17,566,093</b>	<b>\$17,330,364</b>	<b>\$17,628,415</b>	<b>\$62,322</b>	<b>0.4%</b>	<b>\$0</b>	<b>\$62,322</b>			
<b>Medicare</b>	<b>Gross Revenue</b>	<b>\$157,046,371</b>	<b>\$164,859,112</b>	<b>\$173,635,849</b>	<b>\$16,589,478</b>	<b>10.6%</b>					
	Contractual Allowances	(\$101,335,443)	(\$108,007,014)	(\$114,869,999)	(\$13,534,556)	13.4%					
	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>\$55,710,928</b>	<b>\$56,852,098</b>	<b>\$58,765,850</b>	<b>\$3,054,922</b>	<b>5.5%</b>	<b>\$440,000</b>	<b>\$2,614,922</b>			
<b>Disproportionate Share Payments</b>		<b>\$727,209</b>	<b>\$727,314</b>	<b>\$1,043,610</b>	<b>\$316,401</b>	<b>43.5%</b>					
	<b>Net Payer Revenue</b>	<b>\$727,209</b>	<b>\$727,314</b>	<b>\$1,043,610</b>	<b>\$316,401</b>	<b>43.5%</b>	<b>\$0</b>	<b>\$316,401</b>			
	<b>Net to Gross Commercial (no dsh)</b>	<b>72.6%</b>	<b>72.2%</b>	<b>72.4%</b>							
	<b>Net to Gross Medicaid (no dsh)</b>	<b>29.7%</b>	<b>29.6%</b>	<b>27.9%</b>							
	<b>Net to Gross Medicare (no dsh)</b>	<b>35.5%</b>	<b>34.5%</b>	<b>33.8%</b>							
	<b>Net to Gross All (no dsh)</b>	<b>46.8%</b>	<b>45.7%</b>	<b>45.3%</b>							

The NPR increase is primarily due to increased commercial and Medicare. There is little change in Medicaid NPR. The hospital will receive an additional \$316,400 in disproportionate share payments.

The NPR increase due to rate is about \$2.9 million and primarily earned from commercial payers. Non-rate items of \$4.2 million are primarily utilization changes in Medicare and commercial payers. The hospital will explain.

Reimbursement is expected to be lower in both Medicare and Medicaid.

## Southwestern VT 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
<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>Southwestern VT Medical Center Approved Rate</b>	7.17%	4.50%	3.80%	3.40%	
<b>Southwestern VT Medical Center Submitted Rate</b>	9.00%	4.50%	3.80%	3.90%	2.85%
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%

<b>Net Patient Revenue Change Due to Rate Request</b>		
	Commercial	\$ 2,473,001
	Medicaid	\$ -
	Medicare	\$ 440,000
	Disproportionate Share	\$ 0
	<b>Total Change Due to Rate Request</b>	<b>\$ 2,913,001</b>

<b>Value of 1% Rate</b>	<b>\$ 1,022,106</b>
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SVMC has a rate/price request of 2.85%. This is lower than last year's budget of 3.90% and is what the Board requested as a result of the review of 2016 actuals.

The 2.85% will result in increased NPR of \$2.9 million.

For SVMC, every 1% increase in rate is worth about \$1,022,106 in net patient revenue.

**Fiscal Year 2018 Budget A** **Southwestern VT Medical Center**

**BUDGET TO BUDGET VARIANCES EXPLAINED**

<b>Income Statement</b>	<b>FY2018B</b>	<b>2017B - 2018B \$ Chg</b>	<b>2017B - 2018B % Chg</b>	<b>Rate</b>	<b>Rate Effect of Act 16 Decis</b>	<b>Utilization</b>	<b>Util/ Reimb/Payer Mix changes</b>	<b>Bad Debt/Free Care Changes</b>	<b>Physician Trans/Acq</b>	<b>DSH Changes</b>	<b>Health Reform Investments</b>	<b>Other</b>	<b>Explained Variance Total</b>
<b>Revenues</b>													
<b>Gross Patient Care Revenue</b>	<b>350,066,035</b>	<b>25,960,335</b>	<b>8.0%</b>										
Disproportionate Share Payments	1,043,610	316,401											
Bad Debt	(4,800,000)	200,000											
Free Care	(2,100,000)	(498,334)											
Deductions from Revenue	(184,712,141)	(18,843,158)											
Graduate Medical Education	0	0											
<b>Net Patient Care Revenue - A</b>	<b>159,497,504</b>	<b>7,135,244</b>	<b>4.7%</b>	<b>\$ 2,913,001</b>		<b>\$ 198,375</b>	<b>\$ 4,005,801</b>	<b>\$ (298,334)</b>		<b>\$ 316,401</b>			<b>7,135,244</b>
Other Operating Revenue	3,963,786	1,152,237											
<b>Total Operating Revenue</b>	<b>163,461,290</b>	<b>8,287,481</b>											
<b>Operating Expenses</b>													
Salaries Non MD	47,791,012	1,446,445											
Fringe Benefits Non MD	14,146,717	551,194											
Fringe Benefits MD	0	0											
Physician Fees Salaries													
Contracts & Fringes	30,180,285	2,019,729											
Health Care Provider Tax	9,311,076	365,735											
Depreciation Amortization	6,531,292	427,038											
Interest - Long Term	521,014	(877)											
Other Operating Expense	48,651,517	1,778,829											
<b>Operating Expense</b>	<b>157,132,913</b>	<b>6,588,093</b>	<b>4.4%</b>										<b>-</b>
<b>Net Operating Income (Loss)</b>	<b>6,328,377</b>	<b>1,699,388</b>	<b>36.7%</b>										
Non-Operating Revenue	685,862	80,862											
Over Expense	7,014,239	1,780,250											

Utilization increases (\$4.2 million) explain a large portion of the need for higher NPR and most of the balance is included in the rate increase (\$2.9 million). Variable utilization costs, increased mid-level FTEs, and physicians are all costs related to patient utilization increases. Major program increases are in primary care, oncology, and enhanced special services.

Describe the utilization changes across payers and the assumptions considered in estimating those revenues.

The hospital has not described any new Health Care Reform investments in the narrative.

Fiscal Year 2018 Budget Analysis	Southwestern VT Medical Center					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	142,769,168	151,922,754	152,362,260	151,057,048	159,497,504								
Budget to Budget NPR Growth Rate					4.7%	1.8%	3.5%	4.5%					
Three Year NPR CAGR (FY14A - FY17B)					3.0%	2.2%	3.5%	4.1%					
Operating Expense	140,305,386	149,354,747	150,544,820	150,612,245	157,132,913								
Budget to Budget Oper Exp Growth Rate					4%	1.8%	4.2%	4.6%					
Three Year OE CAGR (FY14A - FY17B)					3.1%	3.0%	3.8%	5.2%					
<b>Revenue</b>													
Operating Margin %	3.6%	3.4%	3.0%	2.9%	3.9%	0.7%	1.7%	2.2%	1.4%		1.4%	3.9%	3.3%
Total Margin %	3.6%	3.8%	3.4%	3.9%	4.3%	1.8%	2.8%	3.7%	1.7%	-0.6%	1.7%	6.2%	4.2%
Bad Debt %	1.7%	1.5%	1.5%	1.4%	1.4%	1.0%	1.6%	2.5%	1.6%	5.0%	1.6%	6.2%	3.7%
Free Care %	0.4%	0.5%	0.5%	0.6%	0.6%	0.6%	0.8%	1.1%	0.4%		0.4%		
<b>Cost</b>													
Cost per Adjusted Admission	9,339	8,705	9,292	9,294	9,422	8,988	10,994	12,687	5,272		5,272	7,604	7,822
Overhead Expense w/ fringe, as a % of Total Operating Exp	27.8%	28.3%	26.7%	26.7%	25.4%	22.2%	26.8%	32.0%					
<b>Productivity &amp; Utilization</b>													
Acute Admissions	3,411	3,387	3,341	3,371	3,398	1,363	1,764	3,199					
Adjusted Admissions	15,024	17,157	16,201	16,205	16,678	6,360	8,282	15,598					
FTEs Per Adjusted Occupied Bed	4.8	4.8	5.2	4.8	4.8	5.4	5.9	6.7	2.9		2.9	3.2	3.2
FTEs per 100 Adj Discharges	5.0	4.4	4.7	4.6	4.5	5.0	5.9	6.9	2.5		2.5		
<b>Cash</b>													
Days Cash on Hand	65.6	59.4	45.4	40.6	41.6	90.4	136.6	192.3	24.2	114.9	24.2		116.3
<b>Capital</b>													
Age of Plant	17.3	17.1	17.3	17.1	16.5	12.1	12.7	14.5	2.4	12.4	2.4	12.4	11.2
Long Term Debt to Capitalization	37.4%	36.3%	31.1%	23.7%	19.6%	20%	24%	29%	5.5%	22.8%	5.5%		35.3%
Capital Expenditures to Depreciation	142.6%	72.4%	143.3%	147.7%	111.0%	104%	123%	160%	41%		41%		
<b>Rates Approved</b>													
Approved Rate per Latest Order	4.5%	3.8%	3.4%	3.4%	0.0%								
CAGR = Compounded Annual Growth Rate													



UTILIZATION & STAFFING	FY2015A	2016 B	FY2016A	FY2017B	FY2017P	FY2018B	2017B-2018B
<b>UTILIZATION</b>							
Adjusted Admissions	15,024	14,849	17,157	16,201	16,205	16,678	2.9%
Acute Admissions	3,411	3,355	3,387	3,341	3,371	3,398	1.7%
Acute Average Length Of Stay	3.8	3.6	3.3	3.3	3.6	3.4	3.2%
All Operating Room Procedure Tests	3,187	3,146	2,922	3,174	3,066	3,208	1.1%
Emergency Room Visits	379,841	390,605	391,283	363,089	381,606	396,215	9.1%
Cat Scan, Radiology - Diagnostic Exams	24,070	22,958	23,744	22,584	23,716	23,484	4.0%
Physician Office Visits	52,496	48,098	51,924	46,461	47,619	47,519	2.3%
	3,365	3,440	3,774	3,816	3,266	3,289	-13.8%
	133,068	140,931	146,942	160,062	143,010	142,527	-11.0%
<b>UTILIZATION</b>							
Non-MD FTEs	748	748	749	757	752	752	-4
Travelers, Travelers MD	0	0	0	0	0	0	0
Residents & Fellows	0	0	0	0	0	0	0
MLPs	0	0	0	0	0	0	0
Physician FTEs	70	84	83	87	84	97	10
	818	832	832	844	836	850	6
Salary per FTE Non-MD	\$ 58,282	\$ 58,282	\$ 59,508	\$ 61,243	\$ 61,677	\$ 63,527	3.7%
Salary & Benefits per FTE - Non-MD	\$ 74,889	\$ 75,986	\$ 75,319	\$ 79,209	\$ 78,923	\$ 82,331	3.9%
FTEs Per Adjusted Occupied Bed	4.8	5.1	4.8	5.2	4.8	4.8	-6.4%
FTEs per 100 Adj Discharges	5.0	5.0	4.4	4.7	4.6	4.5	-3.4%
<b>Comparative Benchmarks</b>							
<b>Vermont System Averages</b>							
Salary & Benefits per FTE - Non-MD	\$ 80,704	\$ 82,457	\$ 81,921	\$ 83,669	\$ 85,414	\$ 85,010	1.6%
FTEs Per Adjusted Occupied Bed	5.7	5.8	5.7	6.1	5.9	6.0	-1.4%
FTEs per 100 Adj Discharges	7.2	7.5	7.0	7.5	7.5	7.7	2.3%

Overall utilization as measured by adjusted admissions shows a 2.9% increase over budget 2017 and current year projections. Significant changes across the utilization categories will require better explanation to understand how these changes relate to the major program changes explained in the narrative.

The productivity measures are moving favorably. Staffing shows a reduction in non MDs and an increase in physicians. The hospital should explain the physician changes.

Salary and fringe costs reflect the 3% planned wage increase and 1% market share adjustment. The hospital will explain the salary increase plans.

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

**Fiscal Year 2018 Budget Analysis** **Southwestern VT Medical Center**

<b>BALANCE SHEET</b>	<b>FY2015A</b>	<b>FY2016A</b>	<b>FY2017B</b>	<b>FY2017P</b>	<b>FY2018B</b>
<b>Cash &amp; Investments</b>	\$ 18,607,027	\$ 17,335,232	\$ 11,528,595	\$ 9,560,749	\$ 10,316,790
<b>Other Current Assets</b>	19,874,428	19,251,834	19,832,699	18,550,714	19,572,302
<b>Current Assets</b>	38,481,455	36,587,066	31,361,294	28,111,463	29,889,092
<b>Board Designated Assets</b>	5,635,403	6,072,156	6,440,385	6,517,372	6,839,091
<b>Net, Property, Plant And Equipment</b>	27,644,649	35,053,506	36,089,692	41,627,626	42,346,334
<b>Other Long-Term Assets</b>	3,097,189	3,470,204	2,134,117	5,468,261	5,468,261
<b>Assets</b>	\$ 74,858,696	\$ 81,182,932	\$ 76,025,488	\$ 81,724,722	\$ 84,542,778
<b>Current Liabilities</b>	\$ 24,970,663	\$ 25,422,204	\$ 21,694,915	\$ 22,988,288	\$ 23,362,572
<b>Long Term Liabilities</b>	9,155,212	10,328,151	9,881,339	9,943,281	9,510,254
<b>Other Noncurrent Liabilities</b>	25,376,819	27,286,284	22,593,927	16,704,636	12,567,195
<b>Fund Balance</b>	15,356,002	18,146,293	21,855,307	32,088,517	39,102,757
<b>Liabilities and Equities</b>	\$ 74,858,696	\$ 81,182,932	\$ 76,025,488	\$ 81,724,722	\$ 84,542,778

**Southwestern VT Medical Center**

Days Cash on Hand	65.6	59.4	45.4	40.6	41.6
Long Term Debt to Capitalization	37.4%	36.3%	31.1%	23.7%	19.6%
Debt Service Coverage Ratio	12.3	11.6	10.8	11.5	14.5

**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	12.3	11.6	10.8	11.5	14.5

**U.S. Benchmarks**

**100-199 Beds**

Days Cash on Hand-Peers		0.00	0.00	0.00	0.00
Long Term Debt to Capitalization-Peers		0.00	0.00	0.00	0.00
Debt Service Coverage Ratio-Peers	4.80	0.00	0.00	0.00	0.00

Overall cash on hand appears steady and is lower than the state median. However, the hospital does have access to cash at the parent as well, total including the hospital is 172 days.

Board designated assets are comparable to recent years and slowly increasing. Long term debt is steady as the hospital intends to fund some capital through operations. The fund balance shows a large increase over 2017 levels.

CAPITAL BUDGET	FY2015A	FY2016A	FY2017B	FY2017P	FY2018B	2019 Plan	2020 Plan	2021 Plan
Non-Certificate of Need Capital Plans Total	\$ 7,744,425	\$ 4,020,130	\$ 8,750,000	\$ 8,750,000	\$ 7,250,000	\$ 6,400,000	\$ 7,000,000	\$ 7,000,000
Certificate of Need Capital Plans	\$ -	\$ 4,775,885	\$ 4,350,000	\$ 4,350,000	\$ -	\$ 600,000	\$ -	\$ -
Total Capital Purchases	\$ 7,744,425	\$ 8,796,014	\$ 13,100,000	\$ 13,100,000	\$ 7,250,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000

**Southwestern VT Medical Center**

Age of Plant	17.3	17.1	17.3	17.1	16.5
Capital Expenditures to Depreciation	142.6%	72.4%	143.3%	147.7%	111.0%
Capital Cost % of Total Expense	4.2%	4.1%	4.4%	4.3%	4.5%

**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**

**100-199 Beds**

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

The overall capital budget of \$7.2 million is above depreciation levels as the hospital begins to address their high age of plant. 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.

The major investments for 2018 are to address the physical plant and information systems. A CON for a dental clinic is pending and the depreciation, interest, and other operating costs are not in the 2018 operating budget.