

Rutland Regional Medical Center

Fiscal Year 2018 Budget Analysis

Report Date: 8/9/2017

QUESTIONS

1. INCOME STATEMENT - The NPR is budgeted to increase 3.34%, and includes health care reform investments of \$974,000 (0.4%). Gross revenue is up 6%, suggesting increased utilization and a 5% rate increase. However, adjusted admissions utilization shows a reduction in utilization. Many categories of utilization show increases. Explain what is happening in utilization.
2. NPR PAYER - Medicare shows less favorable reimbursement and much 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.
3. NPR PAYER - Commercial and especially Medicaid, show decreases in utilization. Specifically describe the decreases you are seeing in utilization - patients, types of services, complexity, etc.
4. DASHBOARD - Bad debt and free care as a % of gross revenue is increasing unfavorably from 2% to 2.2%. While bad debt is trending favorably, free care shows a large unfavorable increase. Discuss the changes occurring with free care.
5. INCOME STATEMENT - Other operating revenue is increasing \$1.3 million that is related to the 340B pharmacy program. Describe the risks associated with this program.
5b. Non-Operating revenue is increasing by \$1.7 million, of which \$1.3 million is listed as "all other." What is included in "all other"?
6. NARRATIVE - The Defined Benefit Pension Plan is currently under funded by \$26.7 million. The hospital plans to make a \$2.0 million contribution, that equals a reduction of 3.2 cash days on hand. Is the hospital required to make minimum contributions ongoing to fund the balance? Is the plan regulated by another government agency?
7. INCOME STATEMENT - Are the 2017 projections still valid? If not, please describe material changes.

QUESTIONS

8. 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.
9. Please be prepared to address the following issues during your GMCB Budget Presentation. Given the uncertainty of the federal actions, what are the potential implications of actions that the federal government may take to include; a.) 340B pricing (if applicable) and its effect on your hospital, b.) Potential risks for your hospital to include economic viability, c.) Effects on bad debt/free care.
10. 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.
11. 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?

INCOME STATEMENT	FY2015A	FY2016A	FY2017B	FY2017P	FY2018B	2017B - 2018B	2017B - 2018B	3YR CAGR (FY2015A- FY2018B)
						\$ Chg	% Chg	
Revenues								
Gross Patient Care Revenue	493,394,512	528,854,315	500,916,338	510,427,416	530,938,307	30,021,969	6.0%	
Disproportionate Share Payments	4,576,163	4,573,554	5,724,870	5,724,870	4,579,237	(1,145,633)	-20.0%	
Bad Debt	(5,520,297)	(4,183,690)	(6,626,902)	(5,104,274)	(5,309,383)	1,317,519	-19.9%	
Free Care	(4,167,120)	(5,838,729)	(3,569,908)	(5,885,228)	(6,121,719)	(2,551,811)	71.5%	
Deductions from Revenue	(259,954,621)	(277,582,498)	(253,028,950)	(259,915,041)	(272,539,164)	(19,510,214)	7.7%	
Graduate Medical Education	0	0	0	0	0	0	#DIV/0!	
Net Patient Care Revenue	228,328,637	245,822,952	243,415,448	245,247,743	251,547,278	8,131,830	3.3%	3.3%
Other Operating Revenue	9,275,938	8,598,283	11,017,731	11,959,805	12,290,310	1,272,579	11.6%	
Total Operating Revenue	237,604,575	254,421,235	254,433,179	257,207,548	263,837,588	9,404,409	3.7%	
Expenses								
Salaries Non MD	70,594,783	78,446,783	82,628,937	82,747,562	86,033,134	3,404,197	4.1%	
Fringe Benefits Non MD	27,728,540	25,172,851	27,673,380	25,234,153	26,970,680	(702,700)	-2.5%	
Physician Fees Salaries Contracts & Fringes	32,154,259	31,375,566	31,499,548	31,960,182	33,027,847	1,528,299	4.9%	
Health Care Provider Tax	13,002,474	14,052,304	14,352,823	14,740,749	14,810,108	457,285	3.2%	
Depreciation Amortization	12,433,769	13,596,263	13,161,688	12,996,477	12,728,164	(433,524)	-3.3%	
Interest - Long Term	1,897,138	1,803,469	1,749,035	1,517,751	1,688,565	(60,470)	-3.5%	
Other Operating Expense	75,385,579	79,195,624	77,262,881	81,099,610	82,290,825	5,027,944	6.5%	
Total Operating Expense	233,196,542	243,642,860	248,328,292	250,296,484	257,549,323	9,221,031	3.7%	3.4%
Net Operating Income (Loss)	4,408,033	10,778,375	6,104,887	6,911,064	6,288,265	183,378	3.0%	
Non-Operating Revenue	(492,377)	11,380,794	7,136,913	9,635,893	8,794,172	1,657,259	23.2%	
Excess (Deficit) of Rev Over Exp	3,915,656	22,159,169	13,241,800	16,546,957	15,082,437	1,840,637	13.9%	
Operating Margin%	1.9%	4.2%	2.4%	2.7%	2.4%			
Total Margin %	1.7%	8.3%	5.1%	6.2%	5.5%			
Cost per Adjusted Admission	13,552	13,611	14,280	14,793	15,254	974	6.8%	

The 2018 budget NPR increase of \$8.132 million represents a 3.34% increase over the 2017 budget. The 3.34% includes 0.4% for health care reform, and is within the 3.4% target. The overall rate/price increase is 4.94%. Free care is increasing 71.5% over the 2017 budget (this needs explanation.)

Other operating revenue is increasing \$1.3 million due to the 340B program - the hospital will be asked to discuss.

Non-Operating revenue is increasing \$1.7 million and should be explained. The operating margins are reasonable with both 2017 budget and 2018 budget at 2.4%.

Fiscal Year 2018 Budget Analysis Rutland Regional Medical Center

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	Inpatient Care Revenue, Outpatient Care Revenue	\$500,916,338	\$510,427,416	\$530,938,307	\$30,021,969	6.0%		
	Allowances, Discounts, Allowances, Discounts	(\$253,028,950)	(\$259,915,041)	(\$272,539,164)	(\$19,510,214)	7.7%		
	Bad Debt, Bad Debt	(\$6,626,902)	(\$5,104,274)	(\$5,309,383)	\$1,317,519	-19.9%		
	Free Care, Free Care	(\$3,569,908)	(\$5,885,228)	(\$6,121,719)	(\$2,551,811)	71.5%		
	Graduate Medical Education Payments-Hosp, Gra	\$0	\$0	\$0	\$0	#DIV/0!		
	Disproportionate Share Payments	\$5,724,870	\$5,724,870	\$4,579,237	(\$1,145,633)	-20.0%		
	Net Payer Revenue	\$243,415,448	\$245,247,743	\$251,547,278	\$8,131,830	3.3%	\$5,063,174	\$3,068,655
Commercial	Gross Revenue	\$161,499,254	\$158,723,962	\$164,990,822	\$3,491,568	2.2%		
	Contractual Allowances	(\$25,126,621)	(\$22,458,415)	(\$23,308,594)	\$1,818,027	-7.2%		
	Bad Debt	(\$6,626,902)	(\$5,104,274)	(\$5,309,383)	\$1,317,519	-19.9%		
	Free Care	(\$3,569,908)	(\$5,885,228)	(\$6,121,719)	(\$2,551,811)	71.5%		
	Graduate Medical Education Payments	\$0	\$0	\$0	\$0	#DIV/0!		
	Net Payer Revenue	\$126,175,823	\$125,276,045	\$130,251,126	\$4,075,303	3.2%	\$5,063,174	(\$987,872)
Medicaid	Gross Revenue	\$96,650,618	\$85,024,652	\$88,506,925	(\$8,143,693)	-8.4%		
	Contractual Allowances	(\$68,402,245)	(\$60,285,679)	(\$63,817,904)	\$4,584,341	-6.7%		
	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	\$28,248,373	\$24,738,973	\$24,689,021	(\$3,559,352)	-12.6%	\$0	(\$3,559,352)
Medicare	Gross Revenue	\$242,766,466	\$266,678,802	\$277,440,560	\$34,674,094	14.3%		
	Contractual Allowances	(\$159,500,084)	(\$177,170,947)	(\$185,412,666)	(\$25,912,582)	16.2%		
	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	\$83,266,382	\$89,507,855	\$92,027,894	\$8,761,512	10.5%	\$0	\$8,761,512
Disproportionate Share Payments		\$5,724,870	\$5,724,870	\$4,579,237	(\$1,145,633)	-20.0%		
	Net Payer Revenue	\$5,724,870	\$5,724,870	\$4,579,237	(\$1,145,633)	-20.0%	\$0	(\$1,145,633)
	Net to Gross Commercial (no dsh)	78.1%	78.9%	78.9%				
	Net to Gross Medicaid (no dsh)	29.2%	29.1%	27.9%				
	Net to Gross Medicare (no dsh)	34.3%	33.6%	33.2%				
	Net to Gross All (no dsh)	47.5%	46.9%	46.5%				

The NPR increase is primarily due to an increase in Medicare of \$8.8 million (or 10.5%) and Commercial of \$4.1 million (or 3.2%). Medicaid shows a reduction of \$3.6 million (or -12.6%).

The commercial increase is made up of \$5 million in rates offset by about \$1 million unfavorable free care. The free care unfavorable increase needs to be explained. Medicaid shows a large reduction in utilization from 2017 and should be explained.

Medicare shows a large increase in utilization that will result in \$8.8 million in NPR and should be explained.

Disproportionate share revenues will be reduced as reported by DVHA.

Rutland Regional 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%
Rutland Regional Medical Center Approved Rate	4.75%	8.40%	3.71%	-5.10%	
Rutland Regional Medical Center Submitted Rate	4.75%	8.40%	3.71%	-5.10%	4.94%
Hospital Inpatient Gross Revenue					4.9%
Hospital Outpatient Gross Revenue					4.9%
Physician Outpatient Gross Revenue					4.9%
Chronic/SNF Gross Revenue					0.0%
Swing Gross Revenue					0.0%

Net Patient Revenue Change Due to Rate Request		
	Commercial	\$ 5,063,174
	Medicaid	\$ -
	Medicare	\$ -
	Disproportionate Share	\$ -
	Total Change Due to Rate Request	\$ 5,063,174

Value of 1% Rate	\$ 1,024,934
-------------------------	---------------------

RRMC has a rate/price request of 4.94%.

The 4.94% will result in increased NPR of \$5.1 million. About 1/2 of the rate request is built to offset both the \$1.1 million disproportionate share decrease and the \$1.3 million unfavorable change in free care/bad debt.

For RRMC, every 1% increase in rate is worth about \$1,024,934 in net patient revenue.

Fiscal Year 2018 Budget / Rutland Regional 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	530,938,307	30,021,969	6.0%										
Disproportionate Share													
Payments	4,579,237	(1,145,633)											
Bad Debt	(5,309,383)	1,317,519											
Free Care	(6,121,719)	(2,551,811)											
Deductions from Revenue	(272,539,164)	(19,510,214)											
Graduate Medical Education	0	0											
Net Patient Care Revenue -	251,547,278	8,131,830	3.3%	\$ 5,063,174		\$ 4,267,423		\$ (1,234,292)	\$ 207,156	\$ (1,145,633)	\$ 974,000		8,131,828
Other Operating Revenue	12,290,310	1,272,579											
Total Operating Revenue	263,837,588	9,404,409											
Operating Expense													
Salaries Non MD	86,033,134	3,404,197											
Fringe Benefits Non MD	26,970,680	(702,700)											
Fringe Benefits MD	1,475,722	(54,179)											
Physician Fees Salaries													
Contracts & Fringes	31,552,125	1,582,478											
Health Care Provider Tax	14,810,108	457,285											
Depreciation Amortization	12,728,164	(433,524)											
Interest - Long Term	1,688,565	(60,470)											
Other Operating Expense	82,290,825	5,027,944											
Operating Expense	257,549,323	9,221,031	3.7%										
Net Operating Income (Loss)	6,288,265	183,378	3.0%										
Non-Operating Revenue	8,794,172	1,657,259											
Over Expense	15,082,437	1,840,637											

Utilization increases explain a large portion of the need for higher NPR. Variable utilization costs, increased mid-level FTEs, and physicians are 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. Both the inflation assumption and the need for all the FTEs should be discussed.

Unfavorable changes related to disproportionate share and free care explain about 1/2 of the the 4.94% rate increase (see Rate page).

The \$974,000 above in Health Care Reform is described in the narrative.

Fiscal Year 2018 Budget Analysis	Rutland Regional 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	228,328,637	245,822,952	243,415,448	245,247,743	251,547,278								
Budget to Budget NPR Growth Rate					3.3%	1.8%	3.5%	4.5%					
Three Year NPR CAGR (FY14A - FY17B)					3.3%	2.2%	3.5%	4.1%					
Operating Expense	233,196,542	243,642,860	248,328,292	250,296,484	257,549,323								
Budget to Budget Oper Exp Growth Rate					4%	1.8%	4.2%	4.6%					
Three Year OE CAGR (FY14A - FY17B)					4.2%	3.0%	3.8%	5.2%					
Revenue													
Operating Margin %	1.9%	4.2%	2.4%	2.7%	2.4%	0.7%	1.7%	2.2%	1.4%		1.4%	3.9%	3.3%
Total Margin %	1.7%	8.3%	5.1%	6.2%	5.5%	1.8%	2.8%	3.7%	1.7%	-0.6%	1.7%	6.2%	4.2%
Bad Debt %	1.1%	0.8%	1.3%	1.0%	1.0%	1.0%	1.6%	2.5%	1.6%	5.0%	1.6%	6.2%	3.7%
Free Care %	0.8%	1.1%	0.7%	1.2%	1.2%	0.6%	0.8%	1.1%	0.4%		0.4%		
Cost													
Cost per Adjusted Admission	13,552	13,611	14,280	14,793	15,254	8,988	10,994	12,687	5,272		5,272	7,604	7,822
Overhead Expense w/ fringe, as a % of Total Operating Exp	27.9%	26.6%	28.1%	27.6%	28.3%	22.2%	26.8%	32.0%					
Productivity & Utilization													
Acute Admissions	5,941	6,495	6,272	6,275	6,279	1,363	1,764	3,199					
Adjusted Admissions	17,208	17,901	17,390	16,920	16,884	6,360	8,282	15,598					
FTEs Per Adjusted Occupied Bed	5.4	5.3	5.6	5.4	5.6	5.4	5.9	6.7	2.9		2.9	3.2	3.2
FTEs per 100 Adj Discharges	6.8	6.9	7.4	7.5	7.7	5.0	5.9	6.9	2.5		2.5		
Cash													
Days Cash on Hand	195.1	204.5	245.8	218.6	223.9	90.4	136.6	192.3	24.2	114.9	24.2		116.3
Capital													
Age of Plant	11.5	11.8	12.9	13.4	14.7	12.1	12.7	14.5	2.4	12.4	2.4	12.4	11.2
Long Term Debt to Capitalization	23.7%	20.0%	26.8%	17.7%	15.7%	20%	24%	29%	5.5%	22.8%	5.5%		35.3%
Capital Expenditures to Depreciation	102.2%	113.3%	74.9%	75.8%	119.3%	104%	123%	160%	41%		41%		
Rates Approved													
Approved Rate per Latest Order	8.4%	3.7%	-5.1%	-5.1%	0.0%								
CAGR = Compounded Annual Growth Rate													

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

UTILIZATION

Adjusted Admissions	17,208	17,901	17,390	16,920	16,884	-2.9%
Acute Admissions	5,941	6,495	6,272	6,275	6,279	0.1%
Acute Average Length Of Stay	4.6	4.7	4.8	5.0	5.0	5.7%
All Operating Room Procedure Tests	4,539	4,885	4,978	5,037	5,037	1.2%
Emergency Room Visits	505,126	510,930	499,627	522,573	519,824	4.0%
Cat Scan, Radiology - Diagnostic Exams	34,067	33,831	31,558	32,218	32,218	2.1%
Physician Office Visits	54,203	54,762	50,869	53,698	53,694	5.6%
	4,694	5,085	5,121	4,941	4,941	-3.5%
	357,686	396,746	387,801	386,223	391,090	0.8%

Overall utilization as measured by adjusted admissions shows a decrease from budget 2017 and current year projections. Acute admissions and operating room procedures are close to budgeted 2017 levels. Diagnostic and physician visits are increasing. More discussion and understanding is needed about the patients and their utilization.

Non-MD FTEs	1,166	1,243	1,284	1,270	1,301	18
Travelers, Travelers MD	93	92	72	95	78	6
Residents & Fellows	0	0	0	0	0	0
MLPs	0	0	0	0	0	0
Physician FTEs	88	68	71	70	73	2
Total MD and Non MD FTEs	1,347	1,403	1,427	1,435	1,452	25
Salary per FTE Non-MD	\$ 60,554	\$ 63,124	\$ 64,365	\$ 65,145	\$ 66,110	2.7%
Salary & Benefits per FTE - Non-MD	\$ 84,339	\$ 83,379	\$ 85,921	\$ 85,011	\$ 86,835	1.1%
FTEs Per Adjusted Occupied Bed	5.4	5.3	5.6	5.4	5.6	-1.2%
FTEs per 100 Adj Discharges	6.8	6.9	7.4	7.5	7.7	4.4%

Staffing (non-md) is increasing by 18, mainly in the areas of inpatient nursing and ancillary services. Hospital should explain.

The productivity measures are close to system levels.

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%

Salary per FTE is close to the system level of \$66,001.

Fiscal Year 2018 Budget Analysis Rutland Regional Medical Center

BALANCE SHEET	FY2015A	FY2016A	FY2017B	FY2017P	FY2018B
Cash & Investments	\$ 12,803,315	\$ 12,941,834	\$ 39,503,614	\$ 15,386,482	\$ 14,576,141
Other Current Assets	30,391,479	33,126,002	35,558,948	38,386,003	38,386,003
Current Assets	43,194,794	46,067,836	75,062,562	53,772,485	52,962,144
Board Designated Assets	106,222,958	117,001,552	118,841,066	126,728,884	135,634,258
Net, Property, Plant And Equipment	73,717,869	81,726,125	73,819,053	85,318,248	87,915,866
Other Long-Term Assets	9,289,915	10,526,690	4,122,446	5,266,689	5,266,692
Assets	\$ 232,425,536	\$ 255,322,203	\$ 271,845,127	\$ 271,086,306	\$ 281,778,960
Current Liabilities	\$ 32,967,019	\$ 31,942,436	\$ 32,891,935	\$ 31,842,149	\$ 31,888,810
Long Term Liabilities	39,991,232	38,264,159	56,102,482	36,469,153	34,603,702
Other Noncurrent Liabilities	30,961,803	31,844,814	29,744,143	32,865,815	30,183,617
Fund Balance	128,505,482	153,270,796	153,106,567	169,909,189	185,102,831
Liabilities and Equities	\$ 232,425,536	\$ 255,322,205	\$ 271,845,127	\$ 271,086,306	\$ 281,778,960

Rutland Regional Medical Center						
Days Cash on Hand	195.1	204.5	245.8	218.6	223.9	
Long Term Debt to Capitalization	23.7%	20.0%	26.8%	17.7%	15.7%	
Debt Service Coverage Ratio	4.5	7.1	5.4	6.5	5.8	

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	4.5	7.1	5.4	6.5	5.8	

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 is steady and is higher than the state median.

Board designated assets are higher than in recent years. Long term debt is decreasing. 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	\$ 7,802,611	\$ 12,702,094	\$ 15,398,429	\$ 9,854,000	\$ 9,854,000	\$ 15,190,782	\$ 17,000,000	\$ 15,500,000	\$ 17,000,000
Certificate of Need Capital Plans	\$ 5,218,870	\$ 955,838	\$ 3,140,580	\$ 33,075,000	\$ 33,075,000	\$ 24,532,665	\$ -	\$ 1,500,000	\$ -
Total Capital Purchases	\$ 13,021,481	\$ 13,657,932	\$ 18,539,009	\$ 42,929,000	\$ 42,929,000	\$ 39,723,447	\$ 17,000,000	\$ 17,000,000	\$ 17,000,000

Rutland Regional Medical Center

Age of Plant	11.0	11.5	11.8	12.9	13.4	14.7
Capital Expenditures to Depreciation	65.2%	102.2%	113.3%	74.9%	75.8%	119.3%
Capital Cost % of Total Expense	6.3%	6.1%	6.3%	6.0%	5.8%	5.6%

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

100-199 Beds

Age of Plant-Peers	11.2	12.4	-	-	-	-
Capital Expenditures to Depreciation-Peers	-	-	-	-	-	-
Capital Cost % of Total Expense-Peers	6.0%	5.8%	-	-	-	-

The overall capital budget of \$15.2 million is at the same level as spent in 2016. The age of plant has been trending higher and is higher (unfavorable) than the Vermont median. Capital cost as % of the budget are close to peer comparison values.

The major investments for 2018 include a WACU Patient Room Redesign/Refurbishment, window replacements, two mammography units and an IT Roadmap.

A CON is planned for fiscal year 2018 for nuclear medicine equipment & renovations and medical office building/loading dock.