

Copley Hospital

Fiscal Year 2017 Budget Analysis

Report Date: 8/10/2016

Copley Hospital

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SUMMARY OF BUDGET

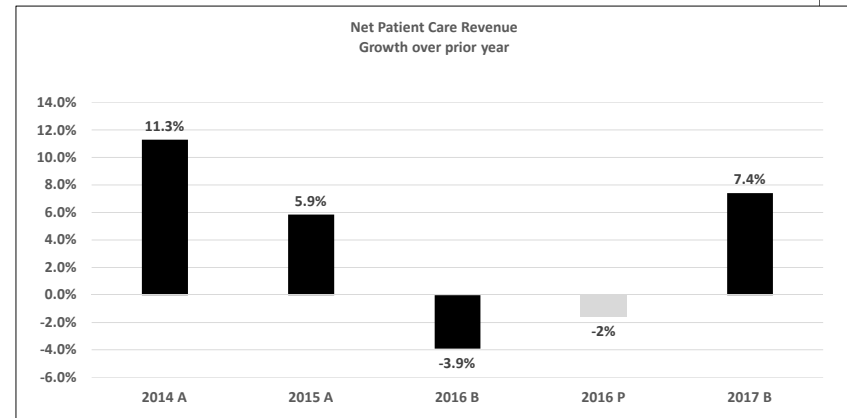
	2015 A	2016 B	2016 P	2017 B	B16-B17 Change \$	B16-B17 Change %	B16-B17 Change \$ All Hospitals	B16-B17 Change % All Hospitals
Gross Patient Care Revenue	\$ 109,268,829	\$ 104,808,884	\$ 108,916,336	\$ 109,597,074	\$ 4,788,190	4.6%	\$ 134,233,796	2.7%
Net Patient Care Revenue	\$ 63,464,436	\$ 60,987,719	\$ 62,479,008	\$ 65,509,894	4,522,175	7.4%	114,454,070	5.0%
Other Operating Revenue	\$ 1,409,081	\$ 1,523,468	\$ 1,654,059	\$ 1,478,568	(44,900)	-2.9%	6,477,684	4.7%
Total Operating Revenue	\$ 64,873,517	\$ 62,511,187	\$ 64,133,067	\$ 66,988,462	\$ 4,477,275	7.2%	\$ 120,931,754	4.9%
Operating Expense	\$ 60,870,560	\$ 61,638,921	\$ 64,117,808	\$ 66,743,216	\$ 5,104,295	8.3%	\$ 119,502,747	5.0%
Net Operating Income	\$ 4,002,957	\$ 872,266	\$ 15,259	\$ 245,246	\$ (627,020)	-71.9%	\$ 1,429,007	2.1%
Non Operating Revenue	\$ 649,315	\$ 175,000	\$ 193,000	\$ 2,603,000	\$ 2,428,000	1387.4%	\$ 4,835,590	15.7%
Excess (Deficit) of Rev over Exp	\$ 4,652,272	\$ 1,047,266	\$ 208,259	\$ 2,848,246	\$ 1,800,980	172.0%	\$ 6,264,597	6.2%
Operating Margin %	6.2%	1.4%	0.0%	0.4%				
Total Margin %	7.1%	1.7%	0.3%	4.1%				

The hospital has prepared a budget with a net patient revenues (NPR) increase by 7.4%. This higher increase is due to a request to rebase their budget for prior period utilization. The NPR increase will be primarily realized by higher utilization and more favorable Medicare reimbursement based on their Critical Access status. They have not budgeted a rate increase because the request to rebase is so high. (see narrative)

The operating surplus is only 0.4%. The hospital budgeted the total margin % to be 4.1% as the hospital expects to get contributions from the community to support the hospital's CON project.

Page 3 and 4 explain the hospital NPR increase by operations (utilization, rates, etc) and the change for each payer.

Note: The 2016 Budget and Projected increase is measured from Actual 2015.



Copley Hospital

RATE AND NET PATIENT REVENUE INCREASE

Rate is the average change in price for services provided.

	2013 Approved	2014 Approved	2015 Approved	2016 Approved	2017 Submitted
Weighted Average rate for all hospitals	7.9%	5.2%	6.8%	4.4%	2.2%
Copley Hospital Rate Request	3.0%	6.0%	0.0%	-4.0%	0.0%
Hospital Inpatient					0.0%
Hospital Outpatient					0.0%
Outpatient Physician					0.0%
Chronic/SNF					0.0%
Swing					0.0%
Other					0.0%

A 0% rate increase is budgeted with no commercial ask planned. The increased utilization will allow them to forego a rate increase in this budget as they attempt to rebase. They did explain alternative options in the narrative.

Much of the NPR increase above the 3.4% guidance will be realized by higher utilization that has occurred for the period 2014-2016. The increase appears to be public payer inpatient utilization and pharmaceutical increases. The hospital has also added cases in 2017 related to the recruitment of a new surgeon.

Net Patient Revenue change	2016 Approved	2017 Submitted	B16-B17 Change	B16-B17 Change
NPR changes due to:	\$ 60,987,719	\$ 65,509,894	\$ 4,522,175	7.4%
Commercial Ask Negotiations			\$ -	
Rate request			\$ -	0% No rate increase is requested (see narrative.)
Utilization			\$ 2,885,552	Various utilization plus additional 2017 volume with new surgeon.
Other major program change			\$ -	
Physician Acquisition or reduction			\$ -	
Free care			\$ 181,520	Okay - the same relative share is budgeted as projected 2016.
Bad debt			\$ 552,242	Okay - the same relative share is budgeted as projected 2016.
Dispro share change			\$ 485,364	Okay - same change as determined by DVHA
Other NPR changes			\$ (680,755)	Payer mix (patient) shift (see narrative)
Other NPR changes			\$ 1,098,252	Reimbursement changes. Also includes \$243,951 for health care reform investments. (see narrative)
Total NPR changes			\$ 4,522,175	

Copley Hospital

NET PAYER REVENUE CHANGE		Projection			B16-B17 \$Change	B16-B17 % change	NPR From Rate	NPR From All Other
		FY2016	FY2016	FY2017				
All Payers	Gross Revenue	\$104,808,884	\$108,916,336	\$109,597,074	\$4,788,190	4.6%		
	Allowances	(\$40,966,157)	(\$44,332,354)	(\$42,451,296)	(\$1,485,139)	3.6%		
	Bad Debt	(\$2,305,795)	(\$1,742,661)	(\$1,753,554)	\$552,241	-24.0%		
	Free Care	(\$1,048,087)	(\$861,187)	(\$866,568)	\$181,519	-17.3%		
	Disproportionate Share Payments	\$498,874	\$498,874	\$984,238	\$485,364	97.3%		
	Graduate Medical Education Payments	\$0	\$0	\$0	\$0	0.0%		
	Net Payer Revenue	\$60,987,719	\$62,479,008	\$65,509,894	\$4,522,175	7.4%	\$0	\$4,522,175
Commercial	Gross Revenue	\$52,728,225	\$49,340,738	\$52,998,292	\$270,067	0.5%		
	Allowances	(\$11,484,268)	(\$10,484,587)	(\$11,304,106)	\$180,162	-1.6%		
	Bad Debt	\$0	\$0	\$0	\$0	0.0%		
	Free Care	\$0	\$0	\$0	\$0	0.0%		
	Disproportionate Share Payments	\$0	\$0	\$0	\$0	0.0%		
	Graduate Medical Education Payments	\$0	\$0	\$0	\$0	0.0%		
	Net Payer Revenue	\$41,243,957	\$38,856,151	\$41,694,186	\$450,229	1.1%	\$0	\$450,229
Medicaid	Gross Revenue	\$18,788,663	\$21,119,354	\$20,079,796	\$1,291,133	6.9%		
	Allowances	(\$12,535,875)	(\$14,031,246)	(\$13,349,238)	(\$813,363)	6.5%		
	Bad Debt	\$0	\$0	\$0	\$0	0.0%		
	Free Care	\$0	\$0	\$0	\$0	0.0%		
	Disproportionate Share Payments	\$498,874	\$498,874	\$984,238	\$485,364	97.3%		
	Graduate Medical Education Payments	\$0	\$0	\$0	\$0	0.0%		
	Net Payer Revenue	\$6,751,662	\$7,586,982	\$7,714,796	\$963,134	14.3%	\$0	\$963,134
Medicare	Gross Revenue	\$33,291,996	\$38,456,244	\$36,518,986	\$3,226,990	9.7%		
	Allowances	(\$16,946,014)	(\$19,816,521)	(\$17,797,952)	(\$851,938)	5.0%		
	Bad Debt	\$0	\$0	\$0	\$0	0.0%		
	Free Care	\$0	\$0	\$0	\$0	0.0%		
	Disproportionate Share Payments	\$0	\$0	\$0	\$0	0.0%		
	Graduate Medical Education Payments	\$0	\$0	\$0	\$0	0.0%		
	Net Payer Revenue	\$16,345,982	\$18,639,723	\$18,721,034	\$2,375,052	14.5%	\$0	\$2,375,052
Bad Debt/Free Care	Gross Revenue				\$0	0.0%		
	Allowances				\$0	0.0%		
	Bad Debt	(\$2,305,795)	(\$1,742,661)	(\$1,753,554)	\$552,241	-24.0%		
	Free Care	(\$1,048,087)	(\$861,187)	(\$866,568)	\$181,519	-17.3%		
	Disproportionate Share Payments				\$0	0.0%		
	Graduate Medical Education Payments				\$0	0.0%		
	Net Payer Revenue	(\$3,353,882)	(\$2,603,848)	(\$2,620,122)	\$733,760	-21.9%	\$0	\$733,760

This schedule shows the NPR increase by each major payer, including those receiving care as bad debt or free care. The schedule identifies the NPR increase related to rates separate from all other increases.

The hospital has not requested a rate increase. they expect to receive more revenues because of higher utilization and more favorable reimbursement.

The hospital expects to receive increases in Medicaid revenues from disproportionate share and increased utilization.

The hospital is expecting improvement in cost based reimbursement from Medicare.

The hospital will explain the change in NPR for each payer as part of its budget presentation.

Page 3 describes the 2017 NPR increase by major operational changes (rates, utilization, etc).

1) The hospital's net patient revenues (NPR) are increasing 7.4% over the 2016 budget. The hospital identifies this increase as being related to prior year utilization growth. **There is no rate increase proposed though the narrative explains 2 other options they considered.**

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a) The hospital wants to "rebase" the budget for prior period utilization increases. New cases are projected for FY 2017. What and how much (in NPR) is this prior period utilization? What new utilization is in the 2017 budget? Why do you believe the new inpatient utilization is sustainable? What information supports your increase for more inpatient admissions in 2017?

b) The narrative says inpatient surgical cases will increase but outpatient will decline. Why?

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c) Explain the other NPR changes at the budget hearing using the payer schedule provided in the staff's analysis. The GMCB is interested in understanding the changes occurring from budget to budget by payer.

d) Provide a schedule of the major payer shifts the hospital has experienced since 2012.

e) The hospital has used a model to build in a \$791,000 estimate expected from Medicare as part of its cost based reimbursement. How accurate has the model been projecting this reimbursement?

2) The hospital indicates that it may need to rebase further in FY 2018. What are the risks in the 2017 budget? How is the hospital getting ready for a possible fixed payment environment?

3) The hospital expense trend is growing faster than NPR growth for the period 2012 – 2017. The hospital has hired Quorum Health Resources to do a workforce efficiency assessment. When will this occur and what information can they bring to help reduce overall costs? If savings are achieved, what are your plans?

4) The hospital narrative says that labor costs are a major factor that explains the 8.3% expense increase. The budget includes an increase of 11 travelers for the 2017 budget. Why are you building in these higher cost staff in 2017 along with non-MD FTEs? What are your other options? How much cost is built in the budget for locum providers?

5) The narrative identifies significant management and provider turnover in the last year and a half. What is the status of these recruitments?

6) Page 4 of the narrative shows some high % increases for drugs and supplies. Provide a schedule showing the dollars associated with these of the same time period. Describe the types of supplies and drugs.

7) The hospital has stated that the lower bad debt and free care are primarily related to lower cost per case than an actual reduction in the number of cases. Are the cases "less complex"? Provide additional information that supports and explains this.

8) Are the FY 16 projections for net revenues, expenditures, and surplus as reported still valid? If not, describe any material changes.

9) Describe the hospital's efforts with local mental health and other providers to strengthen community health services. Describe any successes and identify limitations of those efforts.

Copley Hospital						Vt Median	Northeast CAH	Other Non-Profit	100 - 199 Beds	All Teaching
KEY INDICATORS	2014 A	2015 A	2016 B	2016 P	2017 B	2017 B	U.S. Benchmarks FY2014			
Net Patient Revenue Change	11.3%	5.9%	-3.9%		7.4%					
Overall Rates	6%	0%	-4%		0.0%					
Utilization										
Total Average Daily Census	13	14	13	15	14	23.2	-	80	72	192
Adjusted Admissions	5,571	5,505	5,505	5,219	5,173	8,261	-	-	-	-
Capital										
Age of Plant	9.7	10.4	10.9	11.3	11.9	12.0	11.3	11.3	11.2	11.2
Long Term Debt to Capitalization	12.0%	10.2%	22.9%	14.1%	19.7%	26.9%	27.1%	31.2%	23.5%	30.6%
Debt Service Coverage Ratio	25.9	28.0	7.1	11.5	10.8	4.2	4.4	2.8	3.0	5.0
Revenue										
Bad Debt %	2.3%	1.7%	2.2%	1.6%	1.6%	1.6%	5.6%	5.5%	6.7%	4.1%
Free Care %	1.2%	0.7%	1.0%	0.8%	0.8%	0.7%	-	-	-	-
Operating Margin %	6.9%	6.2%	1.4%	0.0%	0.4%	1.9%	-2.4%	0.7%	2.8%	3.0%
Total Margin %	7.2%	7.1%	1.7%	0.3%	4.1%	3.2%	3.2%	3.7%	5.7%	5.6%
Productivity & Staffing										
Overhead Expense w/ fringe, as a % of Total Operating Exp	22.2%	22.2%	22.9%	22.5%	22.4%	26.1%	-	-	-	-
Cost & Revenue Unit of Measure										
Cost per Adjusted Admission	10,324	11,057	11,197	12,284	12,902	10,264	-	7,557	7,453	7,645
Liquidity										
Current Ratio	3.0	3.9	2.9	3.0	2.9	2.9	1.4	2.3	1.7	1.8
Days Cash on Hand	98	109	111	96	93	129	99	74	75	110
Payer										
Medicare Gross as % of Tot Gross Rev	31%	34%	32%	35%	33%	41%	-	-	-	-
Medicaid Gross as % of Tot Gross Rev	19%	19%	18%	19%	18%	19%	-	-	-	-
Comm/self Gross as % of Tot Gross Rev	51%	48%	50%	45%	48%	36%	-	-	-	-
Medicare % of Net Rev (incl DSH)	24%	28%	26%	29%	28%	35%	-	-	-	-
Medicaid % of Net Rev (incl DSH)	11%	10%	10%	11%	10%	12%	-	-	-	-
Comm/self % of Net Rev (incl DSH)	65%	62%	63%	59%	61%	50%	-	-	-	-

Copley Hospital

PROFIT & LOSS STATEMENT	2014 A	2015 A	2016 B	2016 P	2017 B	B16-B17 Change	B16-B17 Change %
Revenues							
Gross Patient Care Revenue	\$ 102,790,019	\$ 109,268,829	\$ 104,808,884	\$ 108,916,336	\$ 109,597,074	\$ 4,788,190	4.6%
Disproportionate Share Payments	819,721	696,562	498,874	498,874	984,238	485,364	97.3%
Bad Debt	(2,320,138)	(1,891,472)	(2,305,795)	(1,742,661)	(1,753,554)	552,241	-24.0%
Free Care	(1,196,689)	(770,278)	(1,048,087)	(861,187)	(866,568)	181,519	-17.3%
Graduate Medical Education	-	-	-	-	-	-	-
Deductions from Revenue	(40,145,247)	(43,839,205)	(40,966,157)	(44,332,354)	(42,451,296)	(1,485,139)	3.6%
Net Patient Care Revenue	\$ 59,947,666	\$ 63,464,436	\$ 60,987,719	\$ 62,479,008	\$ 65,509,894	\$ 4,522,175	7.4%
	11.3%	5.9%	-3.9%	-2%	7.4%		
Other Operating Revenue	\$ 1,804,863	\$ 1,409,081	\$ 1,523,468	\$ 1,654,059	\$ 1,478,568	\$ (44,900)	-2.9%
Total Operating Revenue	\$ 61,752,529	\$ 64,873,517	\$ 62,511,187	\$ 64,133,067	\$ 66,988,462	\$ 4,477,275	7.2%
Operating Expense							
Salaries Non MD	19,981,360	21,067,433	21,441,280	22,204,204	22,708,355	1,267,075	5.9%
Fringe Benefits Non MD	5,241,772	5,214,353	5,325,844	5,340,491	5,764,464	438,620	8.2%
Fringe Benefits MD	622,443	568,177	661,945	615,119	664,776	2,831	0.4%
Physician Fees Salaries Contracts & Fringes	7,708,611	8,001,717	8,485,837	8,652,967	9,216,089	730,252	8.6%
Health Care Provider Tax	3,211,851	3,578,061	3,780,054	3,794,127	3,721,134	(58,920)	-1.6%
Depreciation Amortization	2,412,722	2,412,024	2,692,392	2,522,663	2,609,659	(82,733)	-3.1%
Interest - Short Term	-	-	-	-	-	-	-
Interest - Long Term	44,863	36,804	32,589	36,466	81,454	48,865	149.9%
Other Operating Expense	18,290,926	19,991,991	19,218,980	20,951,771	21,977,285	2,758,305	14.4%
Total Operating Expense	\$ 57,514,548	\$ 60,870,560	\$ 61,638,921	\$ 64,117,808	\$ 66,743,216	\$ 5,104,295	8.3%
Year over Year Change	7.4%	5.8%	1.3%	-	8.3%		
Net Operating Income (Loss)	\$ 4,237,981	\$ 4,002,957	\$ 872,266	\$ 15,259	\$ 245,246	\$ (627,020)	-71.9%
Non-Operating Revenue	\$ 202,946	\$ 649,315	\$ 175,000	\$ 193,000	\$ 2,603,000	\$ 2,428,000	1387.4%
Excess (Deficit) Of Revenue Over Expense	\$ 4,440,927	\$ 4,652,272	\$ 1,047,266	\$ 208,259	\$ 2,848,246	\$ 1,800,980	172.0%

Bad debt and free care are estimated to have lower costs but more cases. The budget amounts are based on 2016 projections.

\$590,000 of "other operating revenue" is sale of services to other organizations.

Their expense growth is related to recruitment and retention of skilled staff and MDs along with other operating costs which make up the largest increase in expenses. Other Operating Expenses are increasing due to supplies and drugs.

The hospital has budgeted a smaller operating gain in part because of better performance in 2015 and significant community support.

Over \$2.5 million of Non Operating Revenue is from their community support of their CON project.

Copley Hospital

UTILIZATION & STAFFING	2013 A	2014 A	2015 A	2016 B	2016 P	2017 B	B16-B17 Change
UTILIZATION							
Adjusted Admissions	5,315	5,571	5,505	5,505	5,219	5,173	-6.0%
Acute Admissions	1,428	1,523	1,724	1,563	1,698	1,676	7.2%
Acute Average Length Of Stay	2.8	2.6	2.7	2.6	2.7	2.7	4.4%
Operating Room Procedure	1,856	1,982	1,940	2,074	1,975	2,102	1.4%
Laboratory Tests	325,617	309,772	313,733	317,823	324,988	317,565	-0.1%
Emergency Room Visits	13,520	13,122	12,035	13,463	15,749	13,635	1.3%
Cat Scan, Radiology - Diagnostic Procedures	23,910	24,274	25,890	25,276	26,962	25,904	2.5%
Magnetic Resonance Image Exams	1,282	1,252	1,286	1,272	1,286	1,280	0.6%
Physician Office Visits	11,149	14,040	27,011	27,819	27,496	27,988	0.6%
Clinics Visits	10,852	15,633	0	0	0	0	0.0%
STAFFING							
Non-MD FTEs	325	334	341	353	345	356	3
Travelers	5	8	4	4	13	14	11
Residents & Fellows	0	0	0	0	0	0	0
Mid Level Providers	0	0	0	0	0	0	0
Physician FTEs	15	17	15	19	16	17	-2
Total MD and Non MD FTEs	345	359	360	375	375	387	12
Salary & Benefits per FTE - Non-MD	\$ 73,478	\$ 75,518	\$ 77,163	\$ 75,849	\$ 79,793	\$ 80,047	5.5%
FTEs Per Adjusted Occupied Bed	7.9	8.5	8.5	9.1	8.8	9.3	2.7%
FTEs per 100 Adj Discharges	6.1	6.0	6.2	6.4	6.6	6.9	7.3%
Comparative Benchmarks							
Vermont System Averages							
Salary & Benefits per FTE - Non-MD	\$ 77,361	\$ 78,162	\$ 80,704	\$ 82,457	\$ 83,286	\$ 83,856	1.7%
FTEs Per Adjusted Occupied Bed	5.4	5.5	5.7	5.8	5.8	6.1	4.5%
FTEs per 100 Adj Discharges	6.7	7.0	7.2	7.5	7.2	7.5	-0.2%
U.S. Benchmarks							
FTEs Per Adjusted Occupied Bed							
Northeast Critical Access Hospital	0.00	0.00	-	-	-	-	
Other Non-Profit	3.60	3.60	-	-	-	-	
100 - 199 Beds	3.45	3.45	-	-	-	-	
All Teaching	3.45	3.45	-	-	-	-	

The only areas showing significant change over budget are Acute Admissions. This increase is based upon projected 2016 activity. The budgeted 2016 amount was apparently understated.

Besides what is reported here, Copley records an additional 1577 ambulatory surgical procedures in Adaptive under other ancillary services (not included in this chart). See narrative.

A question has been raised about the "travelers" increase.

Travelers are the only significant shift being reflected at Copley as they have experienced 1 in 5 positions having turnover in the last 18 months.

They renegotiated the nurses and professionals contract.

The increase of 5.5% is due to wages and fringe costs equally.

Productivity shows mixed results compared to their Vermont peers.

This benchmark does not exist for NE critical access hospitals.

Copley Hospital

BALANCE SHEET	2014 A	2015 A	2016 B	2016 P	2017 B
Cash & Investments	\$ 11,577,273	\$ 14,151,781	\$ 15,335,834	\$ 14,347,455	\$ 15,290,763
Total Current Assets	\$ 20,013,897	\$ 22,837,478	\$ 24,848,834	\$ 23,968,455	\$ 25,174,763
Board Designated Assets	\$ 3,189,432	\$ 3,268,462	\$ 2,607,072	\$ 1,928,781	\$ 1,072,237
Net, Property, Plant And Equipment	\$ 15,934,873	\$ 16,444,529	\$ 25,918,097	\$ 20,413,122	\$ 26,647,263
Other Long-Term Assets	\$ 1,439,218	\$ 1,571,860	\$ 1,600,000	\$ 1,500,000	\$ 1,600,000
Total Assets	\$ 40,577,420	\$ 44,122,329	\$ 54,974,003	\$ 47,810,358	\$ 54,494,263
Current Liabilities	\$ 7,737,737	\$ 6,774,370	\$ 9,413,772	\$ 8,514,340	\$ 8,915,872
Long Term Liabilities	\$ 3,935,092	\$ 3,791,096	\$ 10,428,236	\$ 5,530,896	\$ 8,965,023
Other Noncurrent Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance	\$ 28,904,591	\$ 33,556,863	\$ 35,131,995	\$ 33,765,122	\$ 36,613,368
Total Liabilities and Equities	\$ 40,577,420	\$ 44,122,329	\$ 54,974,003	\$ 47,810,358	\$ 54,494,263

Copley Hospital					
Net Increase/(Decrease) in Cash	\$ 4,198,361	\$ 2,574,508	\$ 1,184,053	\$ 195,674	\$ (45,071)
Days Cash on Hand	97.8	108.8	111.1	96.4	93.1
Long Term Debt to Capitalization	12.0%	10.2%	22.9%	14.1%	19.7%
Debt Service Coverage Ratio	25.9	28.0	7.1	11.5	10.8

Comparative Benchmarks					
Vermont System Averages					
Net Increase/(Decrease) in Cash	\$ 54,485,429	\$ (13,749,624)	\$ (778,512)	\$ (3,061,249)	\$ (680,856)
Days Cash on Hand	176.3	178.5	179.6	174.8	165.5
Long Term Debt to Capitalization	29.7%	27.6%	31.3%	32.0%	29.5%
Debt Service Coverage Ratio	3.3	3.7	2.7	2.8	3.1
U.S. Benchmarks					
Northeast Critical Access Hospital					
Days Cash on Hand-Peers	99.30	-	-	-	-
Long Term Debt to Capitalization-Peers	27%	-	-	-	-
Debt Service Coverage Ratio-Peers	4.4	-	-	-	-

The balance sheet shows an increase in Property Plant and Equipment related to their CON. Board Designated assets are low due to recent cash needs.

The hospital's debt position compares favorably with both the Vermont hospital peers and NE critical access peers. Days cash on hand are less favorable but comparable with NE peers.

Copley Hospital

Capital Budget	2014 A	2015 A	2016 B	2016 P	2017 B	2018 Plan	2019 Plan	2020 Plan
Non-Certificate of Need Capital Plans Total	\$ 2,561,119	\$ 2,572,553	\$ 3,802,035	\$ 3,992,345	\$ 10,406,202	\$ 6,618,269	\$ 3,593,532	\$ 3,994,906
Certificate of Need Capital Plans	\$ 651,011	\$ 351,956	\$ 7,000,000	\$ 3,280,502	\$ -	\$ 5,500,000	\$ 3,000,000	\$ 5,000,000
Total Capital Purchases	\$ 3,212,130	\$ 2,924,509	\$ 10,802,035	\$ 7,272,847	\$ 10,406,202	\$ 12,118,269	\$ 6,593,532	\$ 8,994,906

Copley Hospital

Age of Plant	9.7	10.4	10.9	11.3	11.9
Capital Expenditures to Depreciation	106.2%	106.7%	141.2%	158.3%	168.8%
Capital Cost % of Total Expense	4.3%	4.0%	4.4%	4.0%	4.0%

Comparative Benchmarks

Vermont System Averages

Age of Plant	10.2	11.4	11.9	11.9	12.3
Capital Expenditures to Depreciation	80.6%	97.1%	95.1%	96.0%	122.8%
Capital Cost % of Total Expense	5.9%	5.4%	5.8%	5.6%	5.3%

U.S. Benchmarks

Northeast Critical Access Hospital

Age of Plant-Peers	11.3	-	-	-	-
Capital Expenditures to Depreciation-Peers	0.0%	-	-	-	-
Capital Cost % of Total Expense-Peers	5.8%	-	-	-	-

The hospital's capital costs are low compared to Vermont peers. The age of plant shows a physical plant and equipment comparable to Vermont peers. The recent slowing of capital investments is shown by increase in AOP from 10 years to 12.

The \$6 million budgeted for FY2017 is capital spending specific to the approved surgical suite CON. FY2018 plans include MRI and EMR upgrades and the continued spending on the surgical suite.