

Porter Medical Center

Fiscal Year 2017 Budget Analysis

Report Date: 8/5/2016

Porter Medical Center

CEO: Fred Kniffin

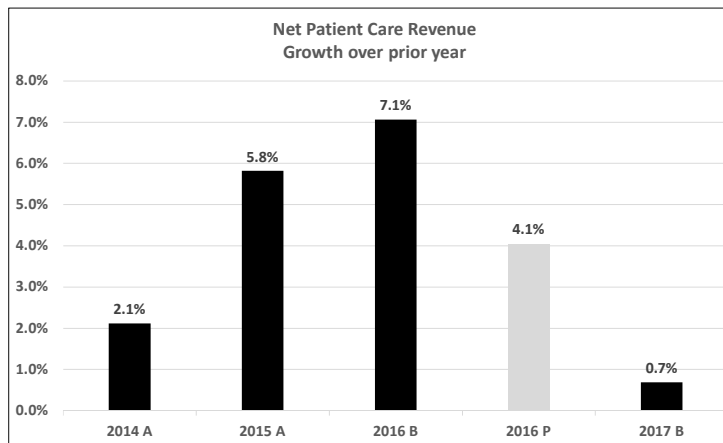
CFO: Steve Ciampa

SUMMARY OF BUDGET

	2015 A	2016 B	2017 B	B16-B17 Change \$	B16-B17 Change %	B16-B17 Change \$ All Hospitals	B16-B17 Change % All Hospitals
Gross Patient Care Revenue	\$ 141,734,183	\$ 155,481,056	\$ 160,650,501	\$ 5,169,445	3.3%	\$ 134,233,796	2.7%
Net Patient Care Revenue	\$ 70,596,270	\$ 75,581,081	\$ 76,094,921	\$ 513,840	0.7%	\$ 114,474,070	5.0%
Other Operating Revenue	\$ 2,672,651	\$ 1,959,922	\$ 1,986,663	26,741	1.4%	6,477,684	4.7%
Total Operating Revenue	\$ 73,268,921	\$ 77,541,003	\$ 78,081,584	\$ 540,581	0.7%	\$ 120,951,754	4.9%
Operating Expense	\$ 75,017,499	\$ 77,254,719	\$ 77,326,904	\$ 72,185	0.1%	\$ 119,502,747	5.0%
Net Operating Income	\$ (1,748,578)	\$ 286,284	\$ 754,680	\$ 468,396	163.6%	\$ 1,449,007	2.1%
Non Operating Revenue	\$ 3,610,111	\$ 3,355,339	\$ 3,047,274	\$ (308,065)	-9.2%	\$ 4,835,590	15.7%
Excess (Deficit) of Rev over Exp	\$ 1,861,533	\$ 3,641,623	\$ 3,801,954	\$ 160,331	4.4%	\$ 6,284,597	6.3%
Operating Margin %	-2.4%	0.4%	1.0%				
Total Margin %	2.4%	4.5%	4.7%				

The hospital has prepared a budget with a net patient revenues (NPR) increase of 0.7% and expense increases of only 0.1% over Budget 2016. This is a conservative budget designed to stabilize operations across the hospital. The hospital has spent the last several months reevaluating its primary care practices and will discuss as part of their presentation. They have reduced their reliance on meaningful use funds (now at \$125,000) but do rely on over \$2 million in 340 B funds (in non-operating revenue) to achieve the hospital's total margin (**surplus**).

Page 3 and 4 detail the hospital NPR increase by operations (utilization, rates, etc) and by payer. See narrative for more detail.



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

Porter Medical Center

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%
Porter Medical Center Rate Request	5.0%	6.0%	5.0%	5.3%	3.7%
Hospital Inpatient					4.3%
Hospital Outpatient					4.6%
Outpatient Physician					0.0%
					0.0%
					0.0%
					0.0%

The 3.7% rate increase is the overall weighted increase realized by a 4.3% increase for inpatient and 4.6% for outpatient and a 0.0% increase for physician services.

The rate increase will generate \$1,137,777 as price increases alone will provide revenues under existing agreements. An additional \$1,150,595 is budgeted under the expectation that they can negotiate an increase with commercial payers for the 2017 budget. (see narrative discussion)

NPR increases other than rate will be realized by lower bad debt and free care costs. Factors working against NPR levels include lower levels of utilization and/or reimbursement as compared against the 2016 budget. The hospital will discuss these more specifically at the hearing.

Net Patient Revenue change	2016 Approved	2017 Submitted	B16-B17 Change	B16-B17 Change
NPR changes due to:	\$ 75,581,081	\$ 76,094,921	\$ 513,840	0.7%
Commercial Ask Negotiations			\$ 1,150,595	Amount to be requested from commercial insurers
Rate request			\$ 1,137,777	3.7% Amount to be realized from just price change.
Utilization			\$ (2,441,105)	Budgeted conservatively given 2016 projections
Other major program change			\$ -	
Physician Acquisition or reduction			\$ -	
Free care			\$ 292,562	Some patient shifting
Bad debt			\$ 969,027	Improved collections, some patient shifting
Dispro share change			\$ 4,982	
Other NPR changes			\$ (600,000)	Budgeted loss for Medicare cost report; medicaid policy change
Total NPR changes			\$ 513,838	

Porter Medical Center

NET PAYER REVENUE CHANGE		FY2016	Projection FY2016	FY2017	B16-B17 \$Change	B16-B17 %	NPR From Rate	NPR From All Other
All Payers	Gross Revenue	\$155,481,058	\$155,128,432	\$160,650,502	\$5,169,444	3.3%		
	Allowances	(\$75,617,060)	(\$78,459,234)	(\$81,539,237)	(\$5,922,177)	7.8%		
	Bad Debt	(\$3,429,666)	(\$2,740,325)	(\$2,460,638)	\$969,028	-28.3%		
	Free Care	(\$1,354,675)	(\$978,517)	(\$1,062,113)	\$292,562	-21.6%		
	Disproportionate Share Payments	\$501,426	\$506,408	\$506,408	\$4,982	1.0%		
	Graduate Medical Education Payments	\$0	\$0	\$0	\$0	0.0%		
	Net Payer Revenue	\$75,581,083	\$73,456,764	\$76,094,922	\$513,839	0.7%	\$1,137,777	-\$623,938
Commercial	Gross Revenue	\$68,981,825	\$66,208,943	\$69,173,639	\$191,814	0.3%		
	Allowances	(\$23,112,099)	(\$24,124,445)	(\$24,358,280)	(\$1,246,181)	5.4%		
	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	\$45,869,726	\$42,084,498	\$44,815,359	(\$1,054,367)	-2.3%	\$1,137,777	-\$2,192,144
Medicaid	Gross Revenue	\$26,160,630	\$26,420,293	\$27,865,102	\$1,704,472	6.5%		
	Allowances	(\$17,902,942)	(\$18,562,355)	(\$19,970,352)	(\$2,067,410)	11.5%		
	Bad Debt	\$0	\$0	\$0	\$0	0.0%		
	Free Care	\$0	\$0	\$0	\$0	0.0%		
	Disproportionate Share Payments	\$501,426	\$506,408	\$506,408	\$4,982	1.0%		
	Graduate Medical Education Payments	\$0	\$0	\$0	\$0	0.0%		
	Net Payer Revenue	\$8,759,114	\$8,364,346	\$8,401,158	(\$357,956)	-4.1%	\$0	-\$357,956
Medicare	Gross Revenue	\$60,338,603	\$62,499,196	\$63,611,761	\$3,273,158	5.4%		
	Allowances	(\$34,602,019)	(\$35,772,434)	(\$37,210,605)	(\$2,608,586)	7.5%		
	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	\$25,736,584	\$26,726,762	\$26,401,156	\$664,572	2.6%	\$0	\$664,572
Bad Debt/Free	Gross Revenue				\$0	0.0%		
	Allowances				\$0	0.0%		
	Bad Debt	(\$3,429,666)	(\$2,740,325)	(\$2,460,638)	\$969,028	-28.3%		
	Free Care	(\$1,354,675)	(\$978,517)	(\$1,062,113)	\$292,562	-21.6%		
	Disproportionate Share Payments				\$0	0.0%		
	Graduate Medical Education Payments				\$0	0.0%		
	Net Payer Revenue	(\$4,784,341)	(\$3,718,842)	(\$3,522,751)	\$1,261,590	-26.4%	\$0	\$1,261,590

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 Commercial revenues reflect the planned rate increase dollars for this year ('17) that will not require negotiation. The \$2.2 million reduction is related to lower utilization reimbursement. According to Porter, there has not been any unusual shift in the mix.

The hospital expects NOT to receive increased Medicaid revenues with their rate increase AND expect to see a lower reimbursement level in 2017.

Typically, as a critical care hospital, Medicare will increase some as a function of costs. However, this year, costs are changing very little for the hospital so there is no expected increase. The increase is being seen in utilization.

The hospital will explain the change in NPR for each payer as part of its budget presentation, including bad debt/free care changes.

Page 3 describes the major operational increases in NPR.

- 1) Since the reevaluation of your primary care network, provide an update of the size and scope of your primary care network presented in the hospital budget. What changes have occurred? Physicians have dropped by 2 but mid-levels are increasing by 13. Explain this change. How do you examine the issue of physician capacity or need for your service area?
- 2) The hospital's net patient revenues (NPR) are increasing 0.7% over 2016 budget. This easily meets the target as the hospital has revised its budget base to reflect the changes outlined in their narrative.
 - a) Explain your NPR changes at the budget hearing using the payer schedule provided in the staff's analysis. Specifically explain the amounts for each payer that are not related to the rate increase. The GMCB is interested in understanding the changes occurring from budget to budget by payer.
 - b) A \$600,000 loss in NPR is identified as budgeted losses due to anticipated changes to reimbursement for Medicare and Medicaid. Provide an update on the status of these assumptions.
- 3) The hospital is requesting a 3.7% overall rate increase. Hospital inpatient (4.3%), outpatient (4.6%), and physician services (0%) are all priced differently. Describe the strategy for pricing services differently.
- 4) The hospital has identified the NPR dollars related to the rate increase at \$1,137,777. These dollars will be earned from payers by raising prices by the effective rate increase. In addition, the hospital identifies NPR dollars they anticipate as part of their negotiations with insurers of \$1,150,595. This is called their "commercial ask". Explain the differences from the hospital's perspective.
- 5) Describe the purpose for transferring FTEs to the parent organization and rehiring them under Management contracts. Explain this rationale – who do they now work for and why? Will this help the hospital reduce overall administrative and per unit costs? Discuss how this is related to the labor benchmarking work that is intended to find greater efficiency and reduce overall FTE needs.
- 6) Explain the changes being seen in utilization. Acute admissions are expected to increase over projected 2016 while physician visits are expected to decline. Explain the assumptions used to develop these estimates. Describe the infusion program and the data and assumptions that were examined to support launching this new service.
- 7) The hospital moved to a self-insured health care insurance product to save costs. What are the trade-offs for making such a change? What is the risk for the hospital?
- 8) Bad debt and free care are budgeted to drop over 20% from 2016 budget levels. The hospital explains that bad debt and free care is lower (less cost) because Financial Advocates at Porter have helped more patients obtain insurance coverage. Quantify the changes the hospital is seeing with bad debt/free care services. Describe any changes being seen for the number of patients or cases.
- 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.
- 10) Are the FY 16 projections for net revenues, expenditures, and surplus as reported still valid? If not, describe any material changes.
- 11) What are the hospital's current plans for CONs identified in 2018 and 2020?

Porter Medical Center						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	2.1%	5.8%	7.1%		0.7%					
Overall Rates	6.0%	5.0%	5.3%		3.7%					
Utilization										
Total Average Daily Census	17	17	19	17	17	23.2	-	80	72	192
Adjusted Admissions	6,515	6,362	6,355	6,068	6,226	8,261	-	-	-	-
Capital										
Age of Plant	6.7	10.8	10.8	11.3	12.0	12.0	11.3	11.3	11.2	11.2
Long Term Debt to Capitalization	35.3%	33.9%	28.0%	33.1%	30.2%	26.9%	27.1%	31.2%	23.5%	30.6%
Debt Service Coverage Ratio	2.3	1.8	4.0	0.6	4.0	4.2	4.4	2.8	3.0	5.0
Revenue										
Bad Debt %	1.5%	2.3%	2.2%	1.8%	1.5%	1.6%	5.6%	5.5%	6.7%	4.1%
Free Care %	1.2%	0.8%	0.9%	0.6%	0.7%	0.7%	-	-	-	-
Operating Margin %	-3.1%	-2.4%	0.4%	-3.9%	1.0%	1.9%	-2.4%	0.7%	2.8%	3.0%
Total Margin %	2.4%	2.4%	4.5%	0.3%	4.7%	3.2%	3.2%	3.7%	5.7%	5.6%
Productivity & Staffing										
Overhead Expense w/ fringe, as a % of Total Operating Exp	28.4%	28.2%	29.9%	31.4%	30.5%	26.1%	-	-	-	-
Cost & Revenue Unit of Measure										
Cost per Adjusted Admission	11,006	11,791	12,157	12,975	12,420	10,264	-	7,557	7,453	7,645
Liquidity										
Current Ratio	2.3	2.6	2.6	2.2	2.2	2.9	1.4	2.3	1.7	1.8
Days Cash on Hand	84	86	99	84	85	129	99	74	75	110
Payer										
Medicare Gross as % of Tot Gross Rev	38%	39%	39%	40%	40%	41%	-	-	-	-
Medicaid Gross as % of Tot Gross Rev	17%	17%	17%	17%	17%	19%	-	-	-	-
Comm/self Gross as % of Tot Gross Rev	44%	44%	44%	43%	43%	36%	-	-	-	-
Medicare % of Net Rev (incl DSH)	33%	37%	34%	37%	35%	35%	-	-	-	-
Medicaid % of Net Rev (incl DSH)	12%	12%	11%	11%	10%	12%	-	-	-	-
Comm/self % of Net Rev (incl DSH)	56%	52%	55%	53%	55%	50%	-	-	-	-

Porter Medical Center

PROFIT & LOSS STATEMENT	2014 A	2015 A	2016 B	2016 P	2017 B	B16-B17 Change	B16-B17 Change %
Revenues							
Gross Patient Care Revenue	\$ 133,237,109	\$ 141,734,183	\$ 155,481,056	\$ 155,128,433	\$ 160,650,501	\$ 5,169,445	3.3%
Disproportionate Share Payments	691,760	847,106	501,426	506,408	506,408	4,982	1.0%
Bad Debt	(2,006,853)	(3,256,656)	(3,429,666)	(2,740,325)	(2,460,638)	969,028	-28.3%
Free Care	(1,647,438)	(1,171,520)	(1,354,675)	(978,517)	(1,062,113)	292,562	-21.6%
Graduate Medical Education	-	-	-	-	-	-	-
Deductions from Revenue	(63,558,005)	(67,556,843)	(75,617,060)	(78,459,234)	(81,539,237)	(5,922,177)	7.8%
Net Patient Care Revenue	\$ 66,716,573	\$ 70,596,270	\$ 75,581,081	\$ 73,456,765	\$ 76,094,921	\$ 513,840	0.7%
	2.1%	5.8%	7.1%	4.1%	0.7%		
Other Operating Revenue	\$ 2,832,225	\$ 2,672,651	\$ 1,959,922	\$ 2,324,304	\$ 1,986,663	\$ 26,741	1.4%
Total Operating Revenue	\$ 69,548,798	\$ 73,268,921	\$ 77,541,003	\$ 75,781,069	\$ 78,081,584	\$ 540,581	0.7%
Operating Expense							
Salaries Non MD	24,004,182	25,255,889	27,072,505	25,221,177	25,674,202	(1,398,303)	-5.2%
Fringe Benefits Non MD	6,676,214	6,784,569	7,242,918	6,787,494	6,890,641	(352,277)	-4.9%
Fringe Benefits MD	2,273,386	2,171,711	2,542,584	2,532,427	2,509,842	(32,742)	-1.3%
Fringes	8,196,179	8,686,845	9,833,109	10,372,187	9,772,972	(60,137)	-0.6%
Health Care Provider Tax	3,910,934	4,046,886	4,016,414	4,180,236	4,180,236	163,822	4.1%
Depreciation Amortization	4,501,522	3,174,882	3,390,086	3,223,896	3,288,613	(101,473)	-3.0%
<i>Interest - Short Term</i>	-	-	-	-	-	-	-
<i>Interest - Long Term</i>	403,110	296,891	313,280	387,912	370,255	56,975	18.2%
<i>Other Operating Expense</i>	21,738,367	24,599,826	22,843,823	26,022,663	24,640,143	1,796,320	7.9%
Total Operating Expense	\$ 71,703,894	\$ 75,017,499	\$ 77,254,719	\$ 78,727,992	\$ 77,326,904	\$ 72,185	0.1%
Year over Year Change	2.9%	4.6%	3.0%	-	-		
Net Operating Income (Loss)	\$ (2,155,096)	\$ (1,748,578)	\$ 286,284	\$ (2,946,923)	\$ 754,680	\$ 468,396	163.6%
Non-Operating Revenue	\$ 3,941,525	\$ 3,610,111	\$ 3,355,339	\$ 3,219,051	\$ 3,047,274	\$ (308,065)	-9.2%
Expense	\$ 1,786,429	\$ 1,861,533	\$ 3,641,623	\$ 272,128	\$ 3,801,954	\$ 160,331	4.4%

Bad debt and free care show over a 20% decline since 2016 budget.

Costs are shifting from salaries and fringe to "other operating expense". This is related to the transfer of staff to the parent organization where the hospital will buy services from the parent under a contract.

The hospital has budgeted a 1% operating surplus as they work to stabilize their operations.

Porter Medical Center

UTILIZATION & STAFFING	2013 A	2014 A	2015 A	2016 B	2016 P	2017 B	B16-B17
UTILIZATION							
Adjusted Admissions	6,443	6,515	6,362	6,355	6,068	6,226	-2.0%
Acute Admissions	1,597	1,580	1,536	1,613	1,473	1,543	-4.3%
Acute Average Length Of Stay	3.5	3.2	3.2	3.4	3.3	3.2	-5.3%
Operating Room Procedure	3,869	4,319	3,686	4,066	4,375	4,395	8.1%
Laboratory Tests	223,155	189,851	209,023	183,612	195,719	195,719	6.6%
Emergency Room Visits	15,102	15,016	15,374	14,672	15,036	15,196	3.6%
Cat Scan, Radiology - Diagnostic Proc	26,256	27,129	30,155	29,912	32,086	32,087	7.3%
Magnetic Resonance Image Exams	1,094	1,057	1,021	1,037	1,012	1,012	-2.4%
Physician Office Visits	83,318	94,177	99,287	107,220	102,108	97,862	-8.7%
Clinics Visits	0	0	0	0	0	0	0.0%
STAFFING							
Non-MD FTEs	408	412	424	438	397	402	-36
Travelers	3	5	2	3	4	0	-3
Residents & Fellows	0	0	0	0	0	0	0
Mid Level Providers	0	0	0	2.1	14.4	15.5	13.4
Physician FTEs	36	35	34	38	38	36	-2
Total MD and Non MD FTEs	447	452	460	481	453	453	-28
Salary & Benefits per FTE - Non-MD	\$ 72,869	\$ 74,434	\$ 75,653	\$ 78,016	\$ 77,855	\$ 78,037	0.0%
FTEs Per Adjusted Occupied Bed	6.6	7.2	7.6	7.4	7.4	7.6	2.2%
FTEs per 100 Adj Discharges	6.3	6.3	6.7	6.9	6.8	6.7	-3.2%
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 hospital is being conservative around volume change. The 2017 budget shows a decline in overall volume as the hospital is rebuilding its primary care practices and hospital staffing. Acute admissions are budgeted to return to 2015 actual levels.

The budget shows a decline of 36 FTEs. Twelve of these are actual reductions but the balance is a transfer from the hospital to the parent organization. The hospital is using a benchmarking consultant to establish appropriate staffing levels.

Mid-level providers are increasing by 13.3 over budget.

Salary and benefits show no change while productivity is showing mixed results. The hospital has a budgeted staff increase - the 0% change is related to the transfer of staff to the parent.

Porter Medical Center

BALANCE SHEET	2014 A	2015 A	2016 B	2016 P	2017 B
Cash & Investments	\$ 11,294,135	\$ 11,950,916	\$ 15,406,078	\$ 11,942,861	\$ 11,736,851
Total Current Assets	\$ 27,379,858	\$ 26,143,724	\$ 29,743,592	\$ 25,952,569	\$ 25,757,421
Board Designated Assets	\$ 4,122,619	\$ 4,941,998	\$ 4,703,464	\$ 5,470,135	\$ 5,470,135
Net, Property, Plant And Equipment	\$ 20,905,488	\$ 20,947,612	\$ 21,628,478	\$ 20,379,725	\$ 21,097,124
Other Long-Term Assets	\$ 3,778,203	\$ 3,682,969	\$ 5,044,668	\$ 3,826,721	\$ 3,803,628
Total Assets	\$ 56,186,168	\$ 55,716,303	\$ 61,120,202	\$ 55,629,150	\$ 56,128,308
Current Liabilities	\$ 12,131,162	\$ 10,192,884	\$ 11,298,128	\$ 11,540,950	\$ 11,568,311
Long Term Liabilities	\$ 13,586,633	\$ 13,016,798	\$ 12,508,143	\$ 12,206,936	\$ 11,466,138
Other Noncurrent Liabilities	\$ 4,578,000	\$ 6,010,209	\$ 4,669,452	\$ 6,538,762	\$ 6,299,403
Fund Balance	\$ 25,890,373	\$ 26,496,412	\$ 32,644,479	\$ 25,342,502	\$ 26,794,456
Total Liabilities and Equities	\$ 56,186,168	\$ 55,716,303	\$ 61,120,202	\$ 55,629,150	\$ 56,128,308

Porter Medical Center					
Net Increase/(Decrease) in Cash	\$ 3,360,052	\$ 656,781	\$ 3,455,162	\$ (8,055)	\$ (3,669,227)
Days Cash on Hand	83.7	85.8	99.4	84.2	84.8
Long Term Debt to Capitalization	35.3%	33.9%	28.0%	33.1%	30.2%
Debt Service Coverage Ratio	2.3	1.8	4.0	0.6	4.0

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	-	-	-	-

Though the balance sheet did not improve as planned in 2016 budget, it is steady and shows a fund balance very close to recent levels. Debt is expected to be reduced some in 2017.

Cash on hand is steady but less than the Vermont hospital median.

The hospital's debt position is "less favorable" when compared to the Vermont hospital median and NE critical access peers. Future CON capital investments will require improvement in cash and their current debt position.

Porter Medical Center

Capital Budget	2014 A	2015 A	2016 B	2016 P	2017 B	2018 Plan	2019 Plan	2020 Plan
Non-Certificate of Need Capital Plans	\$ 1,551,918	\$ 3,019,293	\$ 3,492,355	\$ 2,650,000	\$ 4,000,000	\$ 4,999,999	\$ 4,000,000	\$ 4,600,000
Certificate of Need Capital Plans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,500,000	\$ -	\$ 20,000,000
Total Capital Purchases	\$ 1,551,918	\$ 3,019,293	\$ 3,492,355	\$ 2,650,000	\$ 4,000,000	\$ 8,499,999	\$ 4,000,000	\$ 24,600,000

Porter Medical Center

Age of Plant	6.7	10.8	10.8	11.3	12.0
Capital Expenditures to Depreciation	34.5%	95.1%	103.0%	82.2%	121.6%
Capital Cost % of Total Expense	6.8%	4.6%	4.8%	4.6%	4.7%

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-	0.0%	-	-	-	-	-	-	-
Capital Cost % of Total Expense-Peers	5.8%	-	-	-	-	-	-	-

The hospital's 2016-17 capital costs are lower compared to Vermont peers. However, the age of plant reflects an aging plant that will be at the Vermont median in 2017. The recent slowing of capital investments is shown by the increase in AOP from 6.7 to 12 years.

When compared nationally, the 2014 data shows that the hospital has a younger physical plant at a higher cost.

The hospital has plans in 2018 for medical record enhancement or update and has budgeted a \$20 million CON in 2020 for a Medical Office Building. The plans are dependent in part on the financials improving.