

## **RESPONSE TO #5**

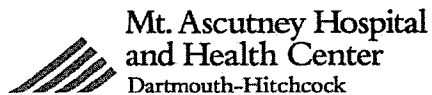


# Dartmouth-Hitchcock Health Regional Health Care Strategy

MAH - VRH Affiliation

VRH Board of Trustees Presentation

March 24, 2021





## Purpose:

- Consider the possibilities of a regional health care solution
  - Initial study was MAH-SMCS-VRH
  - Improve patient access and available care
    - Rational service allocations (in concert with D-HH)
    - Community care
    - Specialty care
    - Improve quality and safety



## Purpose (con't):

- Consider the possibilities of a regional health care solution
  - Make entities sustainable in this environment
    - Efficiencies & staff sharing within affiliation/system
    - Internal efficiencies & best practice
    - Play to strengths of each organization
  - Leveraging economies of scale
    - Locally
    - System/regional



## Players:

- D-HH
  - Steve LeBlanc, Chief Strategy Officer
  - Mary Oseid, SVP, Regional Strategy & Operations
- MAH
  - Joseph Perras, CEO/CMO
  - David Sanville, CFO
- VRH
  - Jocelyn Caple, Interim CEO/CMO, preceded by Deanna Howard
  - Jean Shaw, CFO
- BKD
  - Joe Watt, Partner, Health Care
  - Staff



## Deliverables:

- Organizational Chart
- Revised Service Lines
- Financial Feasibility Study
- Opportunities
- Recommendation



## Staffing Assumptions:

- Rational staffing based on volumes/affiliation
  - Shared management structure where possible
  - Internally/locally based on volumes
  - Shared staffing based on volumes
  - Reflect effect of growth and shifting of services
- VRH – Reduction of 7 FTE's for \$814k
- MAH – Reduction of 4 FTE's for \$318k
- Affiliation – Reduction of 3 FTE's for \$757k
- Net Savings after Cost Report Impact \$945k



## Service Line Assumptions:

- Retain full time/necessary local services on each campus
  - Emergency Room
  - Primary Care
  - General Surgery
  - Hospital outpatient/ancillaries
  - Podiatry





## Service Line Assumptions:

- Retain full time/necessary local services
- Increase local volumes where appropriate
  - Licensed Beds
    - MAH 25 Med/Surg/Swing & 10 Acute Rehabilitation
    - VRH 25 Med/Surg/Swing
  - ADC
    - MAH – 19.7 Static
    - VRH – 10.1 to 13.1 to 17.1



## Service Line Assumptions:

- Retain full time/necessary local services
- Increase local volumes where appropriate
- Re-align part time services
  - Urology consolidated at MAH
  - Oncology consolidated at VRH
  - Grow General Surgery program on both campuses



## Service Line Assumptions:

- Retain full time/necessary local services
- Increase local volumes where appropriate
- Re-align part time services
- Increase regional presence for services
  - MAH & VRH – Primary Care
  - Orthopedics – Grow @ VRH & possibly add @ MAH
  - Ophthalmology – grow at MAHHC, possible addition at VRH



## Financial Assumptions:

- Similar volumes except as noted previously
- 4% Price Increase
- Similar payer mix
- Similar net reimbursement %
  - Adjusted by effect of cost report
  - Volume x Payer x Revenue x Expense
- Staffing changes noted previously
- Labor & non-labor inflation of 2.5% annually



## Financial Assumptions:

- Capital Expenditures

| Year | MAH         | VRH         |
|------|-------------|-------------|
| 2020 | \$2,800,000 | \$1,500,000 |
| 2021 | \$2,825,000 | \$2,000,000 |
| 2022 | \$2,850,000 | \$2,500,000 |
| 2023 | \$2,800,000 | \$2,500,000 |
| 2024 | \$2,800,000 | \$2,500,000 |



## Financial Assumptions:

- Long Term Debt @ current terms
  - No new lending
  - Receivables, payables, cash flows, etc. @ historical
  - Working capital assumptions based on pro forma
- Conservative investment returns (4-5% annually)



## Biggest Assumption:

- FY2019 was our base year
- 2020 was COVID-19 free!
  - Kept significant and/or ongoing changes
  - Ignored effects of COVID to the extent possible
  - Normalized 2020 and projected forward

## Profit & Loss Combined

|   | 2020          | 2021          | 2022           | 2023           | 2024           |
|---|---------------|---------------|----------------|----------------|----------------|
| <b>Unrestricted Revenues, Gains and Other Support</b> |               |               |                |                |                |
| Net patient service revenue                           | \$ 92,456,751 | \$ 98,505,285 | \$ 101,280,743 | \$ 104,281,201 | \$ 106,929,246 |
| Other operating revenue                               | 12,652,550    | 12,747,690    | 12,844,523     | 12,943,080     | 13,043,393     |
| Total revenues, gains and other support               | 105,109,301   | 111,252,975   | 114,125,266    | 117,224,281    | 119,972,639    |
| <b>Expenses and Losses</b>                            |               |               |                |                |                |
| Salaries and wages                                    | 46,173,362    | 47,327,695    | 48,510,887     | 49,723,658     | 50,966,747     |
| Employee benefits                                     | 11,367,184    | 11,667,189    | 11,974,849     | 12,290,677     | 12,614,898     |
| Supplies and other                                    | 40,808,424    | 42,754,995    | 43,826,541     | 44,922,205     | 46,045,259     |
| Interest  | 828,921       | 810,301       | 791,257        | 774,492        | 760,499        |
| Depreciation and amortization                         | 4,182,180     | 4,591,324     | 5,055,571      | 5,545,762      | 5,512,565      |
| Total expenses and losses                             | 103,360,071   | 107,151,504   | 110,159,105    | 113,256,794    | 115,899,968    |
| <b>Operating Income</b>                               | 1,749,230     | 4,101,471     | 3,966,161      | 3,967,487      | 4,072,671      |
| <b>Nonoperating Revenue</b>                           | 1,522,951     | 1,569,902     | 1,633,684      | 1,702,163      | 1,776,112      |
| <b>Increase in Unrestricted Net Assets</b>            | 3,272,181     | 5,671,373     | 5,599,845      | 5,669,650      | 5,848,783      |
| <b>Net Assets, Beginning of Year</b>                  | 49,950,956    | 53,223,137    | 58,894,510     | 64,494,355     | 70,164,005     |
| <b>Net Assets, End of Year</b>                        | \$ 53,223,137 | \$ 58,894,510 | \$ 64,494,355  | \$ 70,164,005  | \$ 76,012,788  |



## Balance Sheet Combined

### Assets

|   | 2020                  | 2021                  | 2022                  | 2023                  | 2024                  |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Current assets                            |                       |                       |                       |                       |                       |
| Cash and cash equivalents                 | \$ 14,987,644         | \$ 15,499,197         | \$ 15,883,578         | \$ 16,277,630         | \$ 16,682,078         |
| Assets limited as to use, restricted cash | 102,939               | 102,939               | 102,939               | 102,939               | 102,939               |
| Short-term investments                    | 1,138,977             | 1,138,977             | 1,138,977             | 1,138,977             | 1,138,977             |
| Patient accounts receivable, net          | 10,957,477            | 11,679,699            | 12,007,154            | 12,360,875            | 12,674,230            |
| Other current assets                      | 5,462,992             | 5,600,881             | 5,687,943             | 5,776,718             | 5,867,396             |
| Total current assets                      | <u>32,650,029</u>     | <u>34,021,693</u>     | <u>34,820,591</u>     | <u>35,657,139</u>     | <u>36,465,620</u>     |
| Assets limited as to use                  | 44,806,223            | 48,552,145            | 52,535,009            | 57,190,434            | 62,081,555            |
| Property and equipment, net               | 32,132,054            | 32,380,811            | 32,692,821            | 32,461,329            | 32,263,034            |
| Other assets                              | 14,192,656            | 14,531,013            | 14,879,520            | 15,238,483            | 15,608,215            |
| Total assets                              | <u>\$ 123,780,962</u> | <u>\$ 129,485,662</u> | <u>\$ 134,927,941</u> | <u>\$ 140,547,385</u> | <u>\$ 146,418,424</u> |

### Liabilities and Net Assets

|   |                       |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Current liabilities                         | \$ 28,513,061         | \$ 29,081,993         | \$ 29,361,815         | \$ 29,686,481         | \$ 30,070,244         |
| Long-term debt                              | 29,115,035            | 28,579,430            | 28,142,042            | 27,767,170            | 27,405,663            |
| Estimated amounts due to third-party payers | 12,198,686            | 12,198,686            | 12,198,686            | 12,198,686            | 12,198,686            |
| Other long-term liabilities                 | 731,043               | 731,043               | 731,043               | 731,043               | 731,043               |
| Net assets                                  | <u>53,223,137</u>     | <u>58,894,510</u>     | <u>64,494,355</u>     | <u>70,164,005</u>     | <u>76,012,788</u>     |
| Total liabilities and net assets            | <u>\$ 123,780,962</u> | <u>\$ 129,485,662</u> | <u>\$ 134,927,941</u> | <u>\$ 140,547,385</u> | <u>\$ 146,418,424</u> |

## Combined Ratios

|  | Actual   | Forecasted |          |          |          |          | CAH Median* |          |          |
|--|----------|------------|----------|----------|----------|----------|-------------|----------|----------|
|  | 2019     | 2020       | 2021     | 2022     | 2023     | 2024     | VT          | NH       | U.S.     |
| <b><u>Profitability and Liquidity Ratios</u></b> |          |            |          |          |          |          |             |          |          |
| Operating margin                                 | -0.9%    | 1.7%       | 3.7%     | 3.5%     | 3.4%     | 3.4%     | -0.6%       | 3.2%     | 0.2%     |
| Current ratio                                    | 1.12     | 1.15       | 1.17     | 1.19     | 1.20     | 1.21     | 1.39        | 1.62     | 2.54     |
| Days cash on hand (all sources)                  | 219.5    | 220.1      | 228.0    | 237.6    | 249.0    | 260.4    | 139.9       | 129.8    | 75.9     |
| Days in patient accounts receivable              | 43.3     | 43.3       | 43.3     | 43.3     | 43.3     | 43.3     | 43.4        | 47.5     | 50.7     |
| <b><u>Capital Structure Ratios</u></b>           |          |            |          |          |          |          |             |          |          |
| Long-term debt to capitalization                 | 37.2%    | 35.4%      | 32.7%    | 30.4%    | 28.4%    | 26.5%    | 29.7%       | 30.3%    | 30.8%    |
| <b><u>Revenue Ratios</u></b>                     |          |            |          |          |          |          |             |          |          |
| Outpatient revenues to total revenues            | 79.4%    | 78.2%      | 76.5%    | 76.5%    | 76.5%    | 76.5%    | 72.1%       | 79.5%    | 79.4%    |
| Medicare inpatient revenue per day               | \$ 2,720 | \$ 2,755   | \$ 2,792 | \$ 2,871 | \$ 2,952 | \$ 3,027 | \$ 2,824    | \$ 3,084 | \$ 2,830 |
| <b><u>Cost Ratios</u></b>                        |          |            |          |          |          |          |             |          |          |
| Salaries to NPSR                                 | 53.1%    | 49.9%      | 48.0%    | 47.9%    | 47.7%    | 47.7%    | 50.8%       | 46.2%    | 45.1%    |
| Employee benefits to NPSR                        | 13.2%    | 12.3%      | 11.8%    | 11.8%    | 11.8%    | 11.8%    | N/A         | N/A      | N/A      |
| Average age of plant                             | 14.7     | 16.1       | 15.7     | 15.2     | 14.9     | 16.0     | 12.6        | 9.9      | 11.5     |
| <b><u>Utilization Ratios</u></b>                 |          |            |          |          |          |          |             |          |          |
| Acute average daily census                       | 8.4      | 9.9        | 11.9     | 11.9     | 11.9     | 11.9     | 12.6        | 6.9      | 2.5      |
| Swing-bed (SNF) average daily census:            | 21.4     | 22.9       | 24.8     | 24.8     | 24.8     | 24.8     | 1.8         | 2.8      | 1.5      |

\* Obtained from the April 2020 CAH Financial Indicators Report: Summary of Indicator Medians by State (Copyright 2020, Flex Monitoring Team). "VT" Represents Vermont Critical Access Hospital ("CAH") median (consisting of 8 CAH's). "NH" Represents New Hampshire CAH's median (consisting of 9 CAH's). "U.S." represents United States CAH median (consisting of 1,215 CAH's).

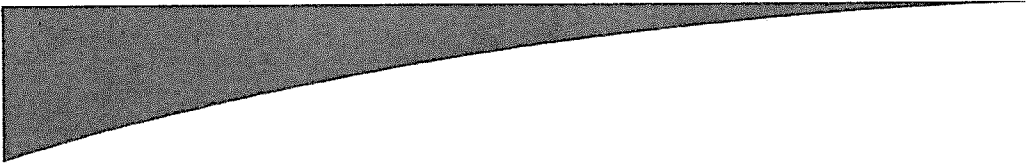


## Revisions Pending:

- Opportunities
  - Primary Care improvement, Orthopedics, Ophthalmology
  - Group Purchasing
- Challenges
  - Payer Mix Degradation (D-HH Granite One Study)
  - Inflation
  - Capital
    - *EPIC/ERP @ MAH & VRH, Clinic Building @ VRH*



# Questions?



# Individual P&L, Balance Sheets, and Ratios

# Valley Regional Healthcare, Inc. Forecasted Statements of Operations and Changes in Net Assets – September 30, 2020 through 2024

|   | 2020                 | 2021                 | 2022                 | 2023                 | 2024                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Unrestricted Revenues, Gains and Other Support</b> |                      |                      |                      |                      |                      |
| Net patient service revenue                           | \$ 45,619,152        | \$ 49,409,590        | \$ 50,557,716        | \$ 51,757,145        | \$ 52,992,213        |
| Other operating revenue                               | 2,282,692            | 2,303,764            | 2,325,047            | 2,346,543            | 2,368,254            |
| <b>Total revenues, gains and other support</b>        | <b>47,901,844</b>    | <b>51,713,354</b>    | <b>52,882,763</b>    | <b>54,103,688</b>    | <b>55,360,467</b>    |
| <b>Expenses and Losses</b>                            |                      |                      |                      |                      |                      |
| Salaries and wages                                    | 19,531,858           | 19,759,796           | 20,253,790           | 20,760,135           | 21,279,138           |
| Employee benefits                                     | 4,587,400            | 4,644,522            | 4,776,616            | 4,912,488            | 5,052,254            |
| Supplies and other                                    | 21,179,011           | 22,517,243           | 23,082,846           | 23,659,917           | 24,251,415           |
| Interest  | 609,403              | 598,861              | 587,970              | 576,721              | 565,100              |
| Depreciation and amortization                         | 1,759,024            | 1,934,024            | 2,159,024            | 2,409,024            | 2,659,024            |
| <b>Total expenses and losses</b>                      | <b>47,666,696</b>    | <b>49,454,446</b>    | <b>50,860,246</b>    | <b>52,318,285</b>    | <b>53,806,931</b>    |
| <b>Operating Income</b>                               | <b>235,148</b>       | <b>2,258,908</b>     | <b>2,022,517</b>     | <b>1,785,403</b>     | <b>1,553,536</b>     |
| <b>Nonoperating Revenue</b>                           | <b>725,965</b>       | <b>745,636</b>       | <b>774,990</b>       | <b>803,392</b>       | <b>832,329</b>       |
| <b>Increase in Unrestricted Net Assets</b>            | <b>961,113</b>       | <b>3,004,544</b>     | <b>2,797,507</b>     | <b>2,588,795</b>     | <b>2,385,865</b>     |
| <b>Net Assets, Beginning of Year</b>                  | <b>23,361,155</b>    | <b>24,322,268</b>    | <b>27,326,812</b>    | <b>30,124,319</b>    | <b>32,713,114</b>    |
| <b>Net Assets, End of Year</b>                        | <b>\$ 24,322,268</b> | <b>\$ 27,326,812</b> | <b>\$ 30,124,319</b> | <b>\$ 32,713,114</b> | <b>\$ 35,098,979</b> |



Dartmouth-Hitchcock

# Valley Regional Healthcare, Inc. Forecasted Balance Sheets – September 30, 2020 through 2024

## Assets

|                                  | 2020                 | 2021                 | 2022                 | 2023                 | 2024                 |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Current assets</b>            |                      |                      |                      |                      |                      |
| Cash and cash equivalents        | \$ 7,160,117         | \$ 7,411,654         | \$ 7,595,821         | \$ 7,784,236         | \$ 7,977,425         |
| Short-term investments           | 133,063              | 133,063              | 133,063              | 133,063              | 133,063              |
| Patient accounts receivable, net | 5,560,879            | 6,022,925            | 6,162,880            | 6,309,088            | 6,459,640            |
| Other current assets             | 3,199,963            | 3,293,770            | 3,345,785            | 3,398,681            | 3,452,633            |
| <b>Total current assets</b>      | <b>16,054,022</b>    | <b>16,861,412</b>    | <b>17,237,549</b>    | <b>17,625,068</b>    | <b>18,022,761</b>    |
| <b>Assets limited as to use</b>  | <b>23,762,258</b>    | <b>25,519,207</b>    | <b>27,080,219</b>    | <b>28,653,199</b>    | <b>30,245,086</b>    |
| Property and equipment, net      | 13,635,601           | 13,711,304           | 14,062,007           | 14,162,710           | 14,013,413           |
| Other assets                     | 11,278,565           | 11,616,922           | 11,965,429           | 12,324,392           | 12,694,124           |
| <b>Total assets</b>              | <b>\$ 64,730,446</b> | <b>\$ 67,708,845</b> | <b>\$ 70,345,204</b> | <b>\$ 72,765,369</b> | <b>\$ 74,975,384</b> |

## Liabilities and Net Assets

|   |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Current liabilities                         | 10,280,182           | 10,585,212           | 10,766,488           | 10,951,903           | 11,142,103           |
| Long-term debt                              | 17,929,310           | 17,598,135           | 17,255,711           | 16,901,666           | 16,535,616           |
| Estimated amounts due to third-party payers | 12,198,686           | 12,198,686           | 12,198,686           | 12,198,686           | 12,198,686           |
| Net assets                                  | 24,322,268           | 27,326,812           | 30,124,319           | 32,713,114           | 35,098,979           |
| <b>Total liabilities and net assets</b>     | <b>\$ 64,730,446</b> | <b>\$ 67,708,845</b> | <b>\$ 70,345,204</b> | <b>\$ 72,765,369</b> | <b>\$ 74,975,384</b> |



Dartmouth-Hitchcock

# Valley Regional Healthcare, Inc.

## Forecasted Financial Ratios

### September 30, 2020 through 2024

|  | Actual   | Forecasted |          |          |          |          | CAH Median* |          |          |
|--|----------|------------|----------|----------|----------|----------|-------------|----------|----------|
|  | 2019     | 2020       | 2021     | 2022     | 2023     | 2024     | VT          | NH       | U.S.     |
| <b><u>Profitability and Liquidity Ratios</u></b> |          |            |          |          |          |          |             |          |          |
| Operating margin                                 | -2.0%    | 0.5%       | 4.4%     | 3.8%     | 3.3%     | 2.8%     | -0.6%       | 3.2%     | 0.2%     |
| Current ratio                                    | 1.55     | 1.56       | 1.59     | 1.60     | 1.61     | 1.62     | 1.39        | 1.62     | 2.54     |
| Days cash on hand (all sources)                  | 253.1    | 245.9      | 252.9    | 259.9    | 266.5    | 272.8    | 139.9       | 129.8    | 75.9     |
| Days in patient accounts receivable              | 44.5     | 44.5       | 44.5     | 44.5     | 44.5     | 44.5     | 43.4        | 47.5     | 50.7     |
| <b><u>Capital Structure Ratios</u></b>           |          |            |          |          |          |          |             |          |          |
| Long-term debt to capitalization                 | 43.9%    | 42.4%      | 39.2%    | 36.4%    | 34.1%    | 32.0%    | 29.7%       | 30.3%    | 30.8%    |
| <b><u>Revenue Ratios</u></b>                     |          |            |          |          |          |          |             |          |          |
| Outpatient revenues to total revenues            | 88.1%    | 84.7%      | 80.4%    | 80.4%    | 80.4%    | 80.4%    | 72.1%       | 79.5%    | 79.4%    |
| Medicare inpatient revenue per day               | \$ 2,887 | \$ 2,889   | \$ 2,871 | \$ 2,952 | \$ 3,037 | \$ 3,124 | \$ 2,824    | \$ 3,084 | \$ 2,830 |
| <b><u>Cost Ratios</u></b>                        |          |            |          |          |          |          |             |          |          |
| Salaries to NPSR                                 | 45.3%    | 42.8%      | 40.0%    | 40.1%    | 40.1%    | 40.2%    | 50.8%       | 46.2%    | 45.1%    |
| Employee benefits to NPSR                        | 10.8%    | 10.1%      | 9.4%     | 9.4%     | 9.5%     | 9.5%     | N/A         | N/A      | N/A      |
| Average age of plant                             | 18.6     | 21.1       | 20.1     | 19.0     | 18.0     | 17.3     | 12.6        | 9.9      | 11.5     |
| <b><u>Utilization Ratios</u></b>                 |          |            |          |          |          |          |             |          |          |
| Acute average daily census                       | 4.3      | 5.8        | 7.8      | 7.8      | 7.8      | 7.8      | 12.6        | 6.9      | 2.5      |
| Swing-bed (SNF) average daily census             | 5.8      | 7.3        | 9.2      | 9.2      | 9.2      | 9.2      | 1.8         | 2.8      | 1.5      |

\* Obtained from the April 2020 CAH Financial Indicators Report: Summary of Indicator Medians by State (Copyright 2020, Flex Monitoring Team). "VT" Represents Vermont Critical Access Hospital ("CAH") median (consisting of 8 CAH's). "NH" Represents New Hampshire CAH's median (consisting of 9 CAH's). "U.S." represents United States CAH median (consisting of 1,215 CAH's).



Dartmouth-Hitchcock



# Mt. Ascutney Hospital and Health Center Forecasted Balance Sheets – September 30, 2020 through 2024

## Assets

|                                  | 2020                 | 2021                 | 2022                 | 2023                 | 2024                 |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Current assets</b>            |                      |                      |                      |                      |                      |
| Cash and cash equivalents        | \$ 7,827,527         | \$ 8,087,543         | \$ 8,287,757         | \$ 8,493,394         | \$ 8,704,653         |
| Assets limited as to use         | 102,939              | 102,939              | 102,939              | 102,939              | 102,939              |
| Short-term investments           | 1,005,914            | 1,005,914            | 1,005,914            | 1,005,914            | 1,005,914            |
| Patient accounts receivable, net | 5,396,598            | 5,656,774            | 5,844,274            | 6,051,787            | 6,214,590            |
| Other current assets             | 2,263,029            | 2,307,111            | 2,342,158            | 2,378,037            | 2,414,763            |
| <b>Total current assets</b>      | <b>16,596,007</b>    | <b>17,160,281</b>    | <b>17,583,042</b>    | <b>18,032,071</b>    | <b>18,442,859</b>    |
| Assets limited as to use         | 21,043,965           | 23,032,938           | 25,454,790           | 28,537,235           | 31,836,469           |
| Property and equipment, net      | 18,496,453           | 18,669,507           | 18,630,814           | 18,298,619           | 18,249,621           |
| Other assets                     | 2,914,091            | 2,914,091            | 2,914,091            | 2,914,091            | 2,914,091            |
| <b>Total assets</b>              | <b>\$ 59,050,516</b> | <b>\$ 61,776,817</b> | <b>\$ 64,582,737</b> | <b>\$ 67,782,016</b> | <b>\$ 71,443,040</b> |

## Liabilities and Net Assets

|   |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Current liabilities                     | 18,232,879           | 18,496,781           | 18,595,327           | 18,734,578           | 18,928,141           |
| Long-term debt                          | 11,185,725           | 10,981,295           | 10,886,331           | 10,865,504           | 10,870,047           |
| Other long-term liabilities             | 731,043              | 731,043              | 731,043              | 731,043              | 731,043              |
| Net assets                              | 28,900,869           | 31,567,698           | 34,370,036           | 37,450,891           | 40,913,809           |
| <b>Total liabilities and net assets</b> | <b>\$ 59,050,516</b> | <b>\$ 61,776,817</b> | <b>\$ 64,582,737</b> | <b>\$ 67,782,016</b> | <b>\$ 71,443,040</b> |



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# Mt. Ascutney Hospital and Health Center Forecasted Statements of Operations and Changes in Net Assets - September 30, 2020 through 2024

|   | 2020                 | 2021                 | 2022                 | 2023                 | 2024                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Unrestricted Revenues, Gains and Other Support</b> |                      |                      |                      |                      |                      |
| Net patient service revenue                           | \$ 46,837,599        | \$ 49,095,695        | \$ 50,723,027        | \$ 52,524,056        | \$ 53,937,033        |
| Other operating revenue                               | 10,369,858           | 10,443,926           | 10,519,476           | 10,596,537           | 10,675,139           |
| <b>Total revenues, gains and other support</b>        | <b>57,207,457</b>    | <b>59,539,621</b>    | <b>61,242,503</b>    | <b>63,120,593</b>    | <b>64,612,172</b>    |
| <b>Expenses and Losses</b>                            |                      |                      |                      |                      |                      |
| Salaries and wages                                    | 26,641,504           | 27,567,899           | 28,257,097           | 28,963,523           | 29,687,609           |
| Employee benefits                                     | 6,779,784            | 7,022,667            | 7,198,233            | 7,378,189            | 7,562,644            |
| Supplies and other                                    | 19,629,413           | 20,237,752           | 20,743,695           | 21,262,288           | 21,793,844           |
| Interest  | 219,518              | 211,440              | 203,287              | 197,771              | 195,399              |
| Depreciation and amortization                         | 2,423,156            | 2,657,300            | 2,896,547            | 3,136,738            | 2,853,541            |
| <b>Total expenses and losses</b>                      | <b>55,693,375</b>    | <b>57,697,058</b>    | <b>59,298,859</b>    | <b>60,938,509</b>    | <b>62,093,037</b>    |
| <b>Operating Income</b>                               | <b>1,514,082</b>     | <b>1,842,563</b>     | <b>1,943,644</b>     | <b>2,182,084</b>     | <b>2,519,135</b>     |
| <b>Nonoperating Revenue</b>                           | <b>796,986</b>       | <b>824,266</b>       | <b>858,694</b>       | <b>898,771</b>       | <b>943,783</b>       |
| <b>Increase in Unrestricted Net Assets</b>            | <b>2,311,068</b>     | <b>2,666,829</b>     | <b>2,802,338</b>     | <b>3,080,855</b>     | <b>3,462,918</b>     |
| <b>Net Assets, Beginning of Year</b>                  | <b>26,589,801</b>    | <b>28,900,869</b>    | <b>31,567,698</b>    | <b>34,370,036</b>    | <b>37,450,891</b>    |
| <b>Net Assets, End of Year</b>                        | <b>\$ 28,900,869</b> | <b>\$ 31,567,698</b> | <b>\$ 34,370,036</b> | <b>\$ 37,450,891</b> | <b>\$ 40,913,809</b> |



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# Mt. Ascutney Hospital and Health Center

## Forecasted Financial Ratios

### September 30, 2020 through 2024

|  | Actual   | Forecasted |          |          |          |          | CAH Median* |          |          |
|--|----------|------------|----------|----------|----------|----------|-------------|----------|----------|
|  | 2019     | 2020       | 2021     | 2022     | 2023     | 2024     | VT          | NH       | U.S.     |
| <b><u>Profitability and Liquidity Ratios</u></b> |          |            |          |          |          |          |             |          |          |
| Operating margin                                 | -0.1%    | 2.6%       | 3.1%     | 3.2%     | 3.5%     | 3.9%     | -0.6%       | 3.2%     | 0.2%     |
| Current ratio                                    | 0.89     | 0.91       | 0.93     | 0.95     | 0.96     | 0.97     | 1.39        | 1.62     | 2.54     |
| Days cash on hand (all sources)                  | 191.2    | 197.8      | 206.4    | 218.4    | 233.8    | 249.8    | 139.9       | 129.8    | 75.9     |
| Days in patient accounts receivable              | 42.1     | 42.1       | 42.1     | 42.1     | 42.1     | 42.1     | 43.4        | 47.5     | 50.7     |
| <b><u>Capital Structure Ratios</u></b>           |          |            |          |          |          |          |             |          |          |
| Long-term debt to capitalization                 | 30.0%    | 27.9%      | 25.8%    | 24.1%    | 22.5%    | 21.0%    | 29.7%       | 30.3%    | 30.8%    |
| <b><u>Revenue Ratios</u></b>                     |          |            |          |          |          |          |             |          |          |
| Outpatient revenues to total revenues            | 85.8%    | 86.0%      | 86.1%    | 86.1%    | 86.1%    | 86.1%    | 72.1%       | 79.5%    | 79.4%    |
| Medicare inpatient revenue per day               | \$ 2,550 | \$ 2,568   | \$ 2,645 | \$ 2,718 | \$ 2,793 | \$ 2,846 | \$ 2,824    | \$ 3,084 | \$ 2,830 |
| <b><u>Cost Ratios</u></b>                        |          |            |          |          |          |          |             |          |          |
| Salaries to NPSR                                 | 60.6%    | 56.9%      | 56.2%    | 55.7%    | 55.1%    | 55.0%    | 50.8%       | 46.2%    | 45.1%    |
| Employee benefits to NPSR                        | 15.4%    | 14.5%      | 14.3%    | 14.2%    | 14.0%    | 14.0%    | N/A         | N/A      | N/A      |
| Average age of plant                             | 11.7     | 12.5       | 12.4     | 12.4     | 12.4     | 14.7     | 12.6        | 9.9      | 11.5     |
| <b><u>Utilization Ratios</u></b>                 |          |            |          |          |          |          |             |          |          |
| Acute average daily census                       | 4.1      | 4.1        | 4.1      | 4.1      | 4.1      | 4.1      | 12.6        | 6.9      | 2.5      |
| Swing-bed (SNF) average daily census:            | 15.6     | 15.6       | 15.6     | 15.6     | 15.6     | 15.6     | 1.8         | 2.8      | 1.5      |

\* Obtained from the April 2020 CAH Financial Indicators Report: Summary of Indicator Medians by State (Copyright 2020, Flex Monitoring Team). "VT" Represents Vermont Critical Access Hospital ("CAH") median (consisting of 8 CAH's). "NH" Represents New Hampshire CAH's median (consisting of 9 CAH's). "U.S." represents United States CAH median (consisting of 1,215 CAH's).



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