

COPLEY HOSPITAL

Budget and Financial Information

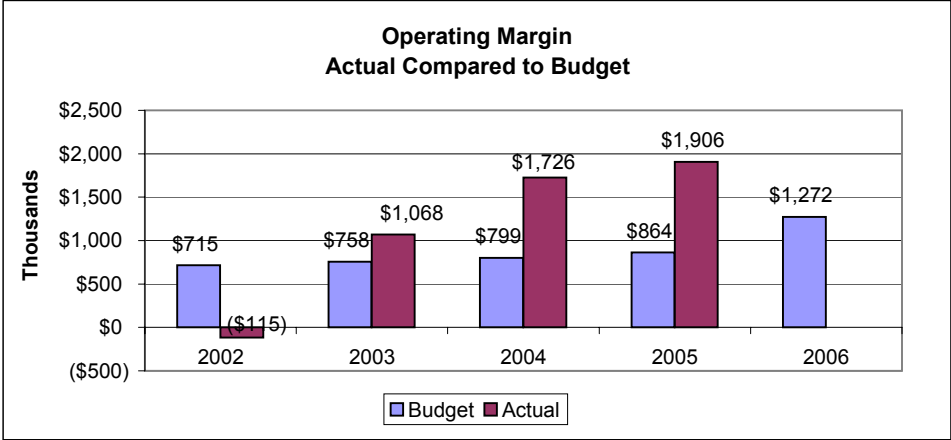
This page provides information about the hospital's finances, workforce, and patient admissions and visits.

Income, Expenses & Margin		(all #'s in thousands; #'s in parentheses are negative)			
	<u>Definition</u>	<u>Actual 2003</u>	<u>Actual 2004</u>	<u>Actual 2005</u>	<u>Budget 2006</u>
Gross Patient Revenue	Total of all patients' bills.	\$40,430	\$46,790	\$54,000	\$53,001
Uncompensated Care	Total of all patient bills not paid by insurance or patients.	(\$1,891)	(\$2,494)	(\$3,517)	(\$3,180)
Contractual Allowances	Discounts or amounts of charges not paid by insurers, Medicare, and Medicaid.	(\$11,212)	(\$13,858)	(\$17,061)	(\$15,865)
Other Operating Revenue	Money collected for non-medical services such as cafeteria services.	\$647	\$835	\$977	\$853
Total Net Operating Revenue	Actual money collected for services.	\$27,975	\$31,274	\$34,399	\$34,809
Salaries & Fringe	Wages and benefits for all hospital employees. Includes contracted physicians.	\$15,188	\$15,974	\$17,835	\$17,968
Other Operating Expense	Non-wage costs such as supplies, drugs, utilities, and insurance.	\$10,462	\$12,275	\$13,290	\$14,040
Depreciation / Amortization	Current costs of buildings, property, and equipment.	\$1,257	\$1,298	\$1,368	\$1,528
Total Operating Expense	Total of the above three items.	\$26,906	\$29,548	\$32,494	\$33,537
Operating Margin	Revenues remaining after expenses are paid.	\$1,068	\$1,726	\$1,906	\$1,272
Non-Operating Revenue	Revenues earned from non-patient services such as investments and contributions.	(\$1,368)	(\$272)	(\$786)	(\$861)
Total Margin	The sum of Operating Margin and Non-Operating Revenue.	(\$299)	\$1,454	\$1,120	\$412

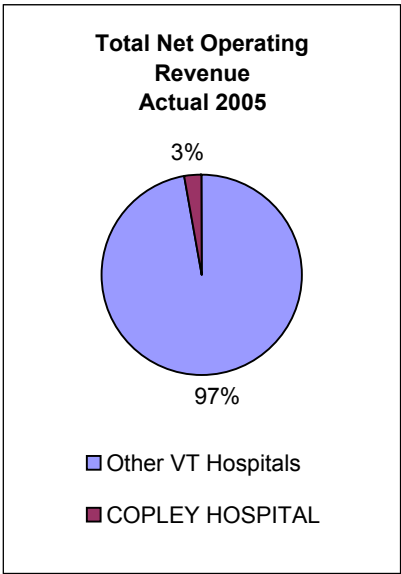
Operating Indicators		<u>Actual 2003</u>	<u>Actual 2004</u>	<u>Actual 2005</u>	<u>Budget 2006</u>
	<u>Definition</u>				
Acute Admissions	Number of hospital patients who stay overnight.	1,217	1,219	1,271	1,225
Acute Avg. Length of Stay	How long the average patient stays in the hospital (in days).	3.7	3.8	3.9	3.9
Outpatient Gross Revenue %	Percentage of billings for those receiving care in outpatient settings such as day surgery.	73.7%	72.5%	70.5%	69.9%
Emergency Room Visits	Patient visits to the emergency department.	11,845	10,946	11,477	10,500
Physician Office Visits	Patient visits to hospital-employed doctors.	0	0	0	0
Direct Service Nurses	Nurses providing hands-on care.	46	47	54	55
Non-MD Employees	Number of full-time employees who are not doctors.	253	249	264	251
Physician Employees	Number of full-time hospital-employed doctors.	8	9	9	9

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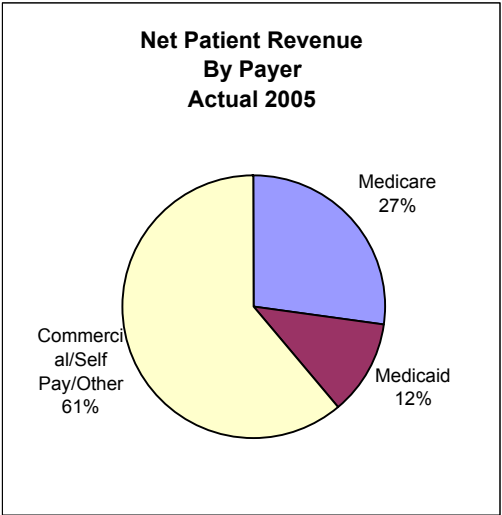
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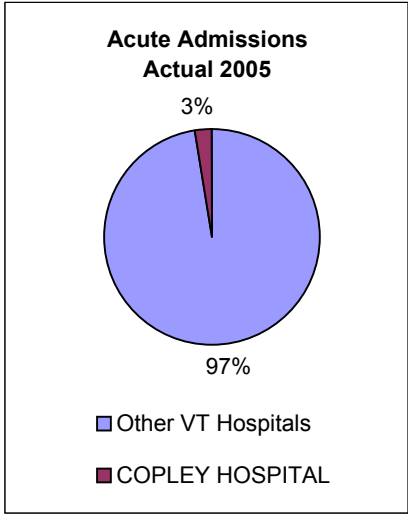
This graph shows the actual total amount the hospital earned as a surplus compared to what it planned to earn. 2006 does not have actual results yet.



This graph shows Copley's share of the total amount of bills collected by Vermont hospitals in 2005.



This graph shows who paid for hospital services by the different payer types (Medicare, Medicaid, commercial insurers, self payers).



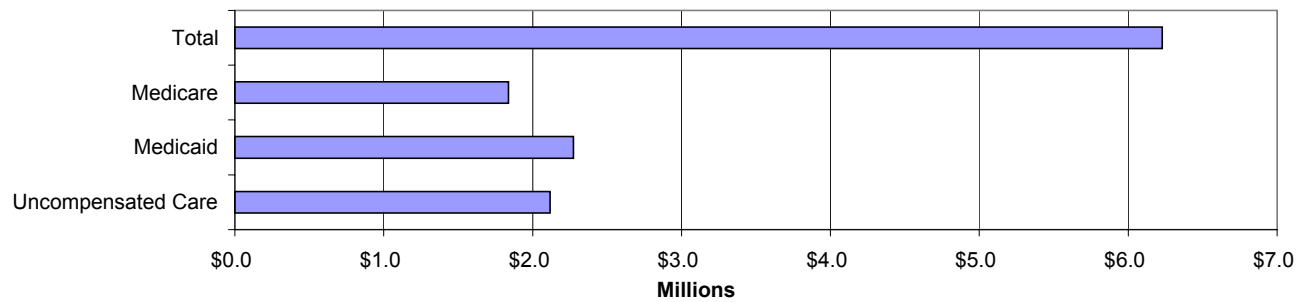
This graph shows Copley's share of all hospital admissions in Vermont in 2005.

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Cost Shift

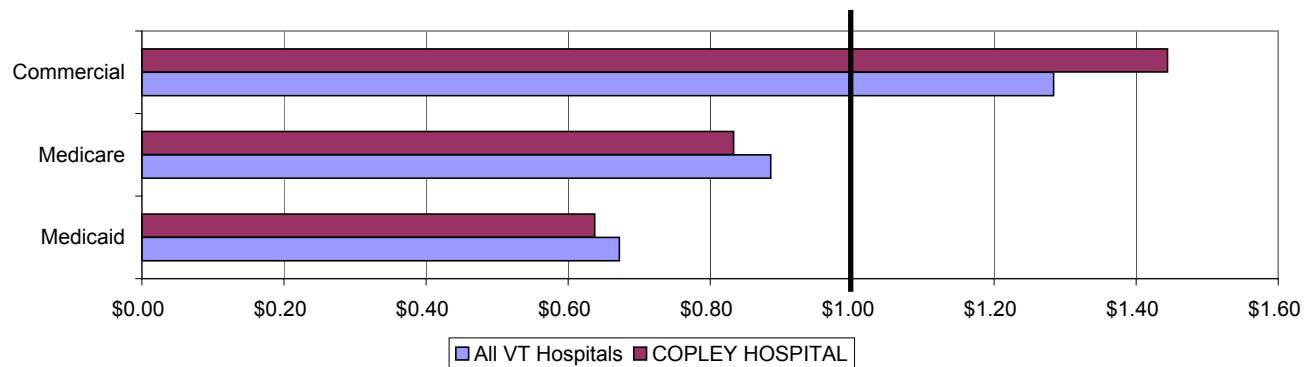
A hospital incurs costs to provide services to their patients. All patients, regardless of their ability to pay, are billed the same price for the same service. Sometimes the payment received by the hospital is less than cost for the services provided. This includes payments from uninsured, Medicare, and Medicaid patients. When the payment doesn't cover the cost to provide those services, this unreimbursed cost is passed on to other payers; this is the "cost shift". The ability to cost shift helps the hospital maintain its financial health.

**Costs Shifted by Payer Type
Actual 2005**



This graph shows the discounts to total hospital billings by Medicare, Medicaid, and Uncompensated Care. The top line shows the total of these discounts and is the amount of costs which is shifted to others who pay. This total is the cost shift.

**Amount Collected for Each \$1 of Expense and Surplus
Actual 2005**



This graph shows amount of money collected for each dollar of expense and surplus. If a payer (Commercial, Medicare, or Medicaid) is above \$1.00, then it pays more on average than the costs of its patients. If a payer is below \$1.00, then it pays less on average than the costs of its patients.

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Financial Health Benchmarks & Indicators

This page provides information about the hospital's financial health. It includes information on the hospital's ability to pay its bills and how much it costs to run the hospital.

<u>Cash & Revenue Indicators</u>	<u>Definition</u>	2003 National Benchmarks¹			Hospital Data				Vermont
		New England	RNFP ² 25-99 Beds	S & P ³ A- Rated	Actual 2003	Actual 2004	Actual 2005	Budget 2006	Budget 2006 Median
Days Cash on Hand	The number of days of cash available to run the hospital.	N/A	N/A	N/A	60.8	55.2	63.5	48.7	106.6
Current Ratio	Ability to pay short-term bills.	1.7	2.1	2.1	1.7	1.9	1.8	1.7	3.9
Outpatient Gross Revenue %	Percentage of billings for those receiving care in less than 24 hours.	54.0%	56.0%	40.1%	73.7%	72.5%	70.5%	69.9%	68.0%
Total Margin as % of Net Revenues	Percent of revenue left over after expenses are paid.	1.8%	2.4%	3.0%	-1.1%	4.7%	3.3%	1.2%	3.4%
<u>Productivity & Cost Indicators</u>									
Return on Assets	One measure of how a hospital is doing financially.	1.8%	2.5%	2.6%	-1.8%	7.9%	5.4%	2.1%	3.4%
FTEs per 100 Adjusted Discharges	A measure of employee efficiency.	5.7	5.0	6.0	5.2	5.3	5.9	5.9	5.3
Overhead Expense, as % of Total Operating Expense	Another measure of efficiency.	31.8%	30.2%	31.7%	28.4%	27.5%	27.6%	29.2%	24.4%
Salary & Benefits per FTE, Non-MD	Total average cost for a full time employee who is not a doctor.	\$60,707	\$45,833	\$54,471	\$51,377	\$54,279	\$56,717	\$60,867	\$60,633
Cost per Adjusted Admission	The average hospital cost for a patient.	\$6,600	\$5,166	\$7,048	\$5,511	\$6,316	\$7,319	\$7,940	\$6,631

1 The benchmarks are 50th percentile data from "The Sourcebook: The Comparative Performance of U.S. Hospitals", published by Solucient, LLC, and are all national groupings except for New England.

2 Rural Not-For-Profit. The grouping includes rural not-for-profit hospitals in the U.S. having a number of beds between the number shown.

3 Standard and Poor's, the bond rating agency. The bond rating is one indicator of how likely it is that a hospital would be able to borrow money.

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Hospital Capital Investments

This page provides information about the hospital's capital spending plans for the next four years. Capital spending is money spent on purchases and improvements to the hospital including buildings, property, and equipment.

Capital Indicators	Definition	2003 National Benchmarks¹			Hospital Data				Vermont	
		New England	RNFP ² 25-99 Beds	S & P ³ A- Rated	Actual 2003	Actual 2004	Actual 2005	Budget 2006	Budget 2006 Median	
Age of Plant	The average age (in years) of buildings and equipment.	10.5	10.1	10.6	10.4	10.6	10.4	10.3	10.6	
Age of Plant - Building	The average age (in years) of buildings.	N/A	N/A	N/A	18.6	18.9	20.4	24.3	13.5	
Age of Plant - Equipment	The average age (in years) of equipment.	N/A	N/A	N/A	7.1	7.3	6.8	6.2	9.8	
Net Property, Plant & Equipment per Staffed Bed	On average, the amount of buildings, property, and equipment for each hospital bed.	\$294,146	\$168,175	\$274,239	\$164,588	\$166,316	\$276,637	\$283,871	\$347,758	
Long Term Debt to Total Assets	The hospital's borrowing compared to what it owns.	32.0%	27.0%	33.0%	25.2%	22.8%	20.0%	20.3%	28.7%	
Capital Acquisitions as % of Net Patient Revenue	A measure of spending on buildings, property, and equipment.	N/A	N/A	N/A	5.0%	4.1%	5.9%	5.9%	6.0%	
					Hospital Data					
					(all #'s in thousands)	Actual 2005	Budget 2006	Plan 2007	Plan 2008	Plan 2009
Building & Property Capital Expenditures	Money spent to buy hospital buildings and property.	.....	.....	.....	\$458	\$159	\$78	\$109	\$52
Equipment Capital Expenditures	Money spent to buy hospital equipment.	.....	.....	.....	\$1,503	\$1,841	\$2,083	\$969	\$483
Possible Certificate of Need (CON) Projects		Projects the hospital needs a permit from the state to build or acquire.								
Master Facility Project	.....	.....				\$0	\$2,798	\$11,155	\$6,068
Boiler Plant/Chillers	.....	.....				\$0	\$1,800	\$0	\$0
Total Capital Expenditures		Total money spent on buildings, property, equipment, and possible CONs.			\$1,960	\$1,999	\$6,759	\$12,233	\$6,603

1 The benchmarks are 50th percentile data from "The Sourcebook: The Comparative Performance of U.S. Hospitals", published by Solucient, LLC, and are all national groupings except for New England.
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