

# COPLEY HOSPITAL

## Budget and Financial Information

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

### Income, Expenses & Margin

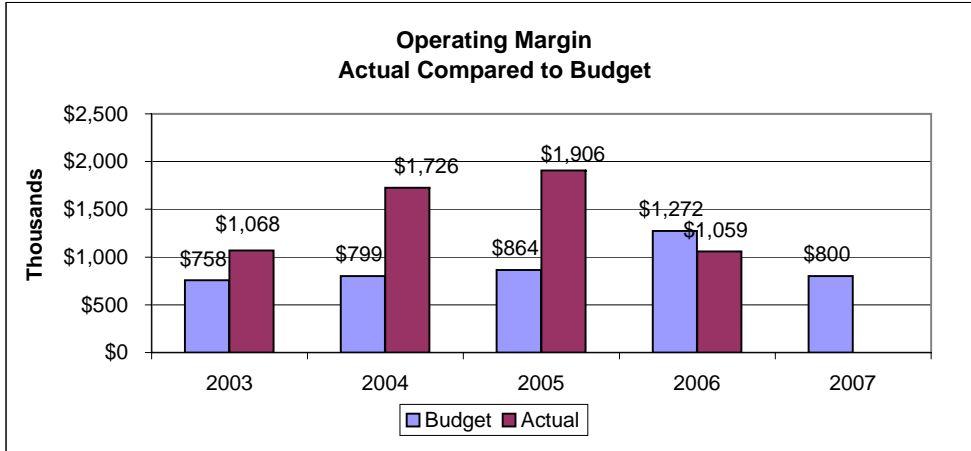
|                                    |  | (all #'s in thousands; #'s in parentheses are negative) |                       |                       |                       |
|------------------------------------|--|---|-----------------------|-----------------------|-----------------------|
|                                    | <u>Definition</u>  | Actual<br><u>2004</u>                                   | Actual<br><u>2005</u> | Actual<br><u>2006</u> | Budget<br><u>2007</u> |
| Gross Patient Revenue              | Total of all patients' bills.  | \$46,790  | \$54,000              | \$55,663              | \$58,944              |
| Uncompensated Care                 | Total of all patient bills not paid by insurance or patients.                    | (\$2,494)   | (\$3,517)             | (\$2,648)             | (\$2,359)             |
| Contractual Allowances             | Discounts or amounts of charges not paid by insurers, Medicare, and Medicaid.    | (\$13,858)  | (\$17,061)            | (\$15,339)            | (\$17,858)            |
| Other Operating Revenue            | Money collected for non-medical services such as cafeteria services.             | \$835   | \$977                 | \$538                 | \$434                 |
| <b>Total Net Operating Revenue</b> | Actual money collected for services.   | <b>\$31,274</b>   | <b>\$34,399</b>       | <b>\$38,214</b>       | <b>\$39,160</b>       |
| Salaries & Fringe                  | Wages and benefits for all hospital employees. Includes contracted physicians.   | \$15,974  | \$17,835              | \$20,238              | \$21,398              |
| Other Operating Expense            | Non-wage costs such as supplies, drugs, utilities, and insurance.                | \$12,275  | \$13,290              | \$15,413              | \$15,304              |
| Depreciation / Amortization        | Current costs of buildings, property, and equipment.                             | \$1,298   | \$1,368               | \$1,505               | \$1,658               |
| <b>Total Operating Expense</b>     | Total of the above three items.  | <b>\$29,548</b>   | <b>\$32,494</b>       | <b>\$37,155</b>       | <b>\$38,360</b>       |
| <b>Operating Margin</b>            | Revenues remaining after expenses are paid.                                      | <b>\$1,726</b>  | <b>\$1,906</b>        | <b>\$1,059</b>        | <b>\$800</b>          |
| Non-Operating Revenue              | Revenues earned from non-patient services such as investments and contributions. | (\$272)   | (\$786)               | (\$208)               | \$168                 |
| <b>Total Margin</b>                | The sum of Operating Margin and Non-Operating Revenue.                           | <b>\$1,454</b>  | <b>\$1,120</b>        | <b>\$851</b>          | <b>\$968</b>          |

### Operating Indicators

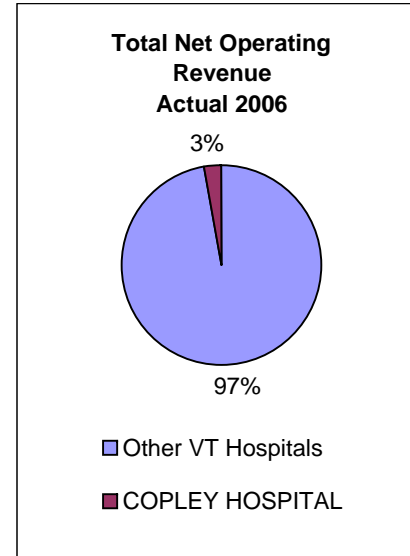
|                            | <u>Definition</u>   | Actual<br><u>2004</u> | Actual<br><u>2005</u> | Actual<br><u>2006</u> | Budget<br><u>2007</u> |
|----------------------------|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Acute Admissions           | Number of hospital patients who stay overnight.   | 1,219                 | 1,271                 | 1,258                 | 1,230                 |
| Acute Avg. Length of Stay  | How long the average patient stays in the hospital (in days).                               | 3.8                   | 3.9                   | 3.6                   | 3.7                   |
| Outpatient Gross Revenue % | Percentage of billings for those receiving care in outpatient settings such as day surgery. | 72.5%                 | 70.5%                 | 73.4%                 | 73.2%                 |
| Emergency Room Visits      | Patient visits to the emergency department.   | 10,946                | 11,477                | 12,074                | 11,311                |
| Physician Office Visits    | Patient visits to hospital-employed doctors. Does not include clinic visits.                | 0                     | 0                     | 0                     | 0                     |
| Direct Service Nurses      | Nurses providing hands-on care.   | 47                    | 54                    | 58                    | 53                    |
| Non-MD Employees           | Number of full-time employees who are not doctors.  | 249                   | 264                   | 263                   | 266                   |
| Physician Employees        | Number of full-time hospital-employed doctors.  | 9                     | 9                     | 13                    | 13                    |

# COPLEY HOSPITAL

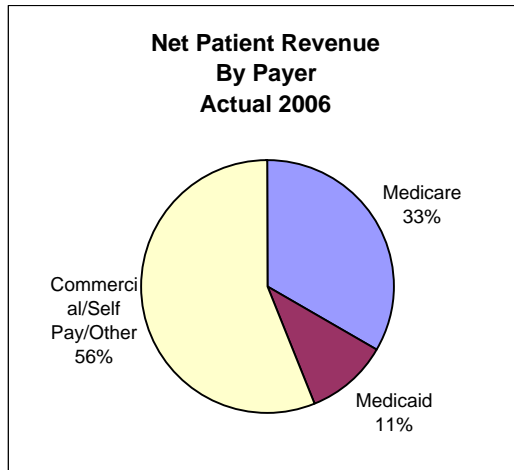
## Budget and Financial Information



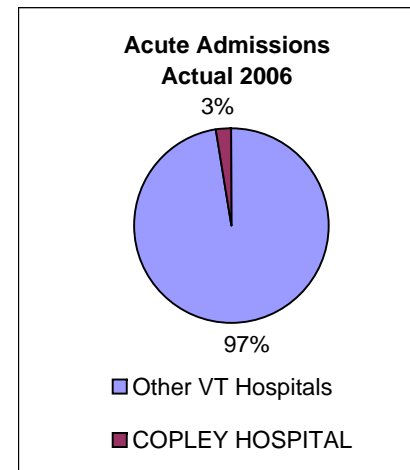
This graph shows the actual total amount the hospital earned as a surplus compared to what it planned to earn. 2007 does not have actual results yet.



This graph shows Copley Hospital's share of the total amount of revenues collected by Vermont hospitals in 2006.



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

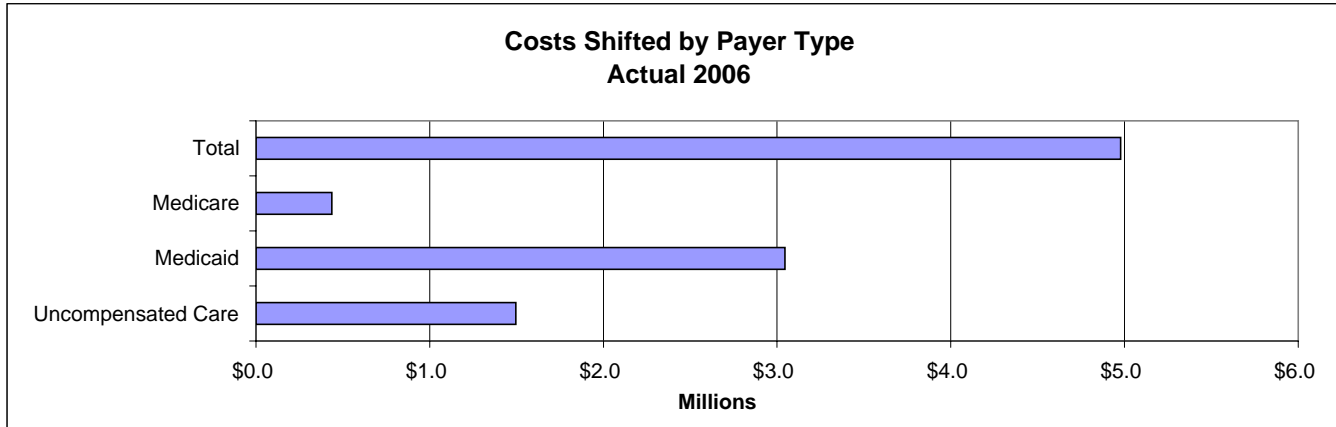


This graph shows Copley Hospital's share of all hospital admissions in Vermont in 2006.

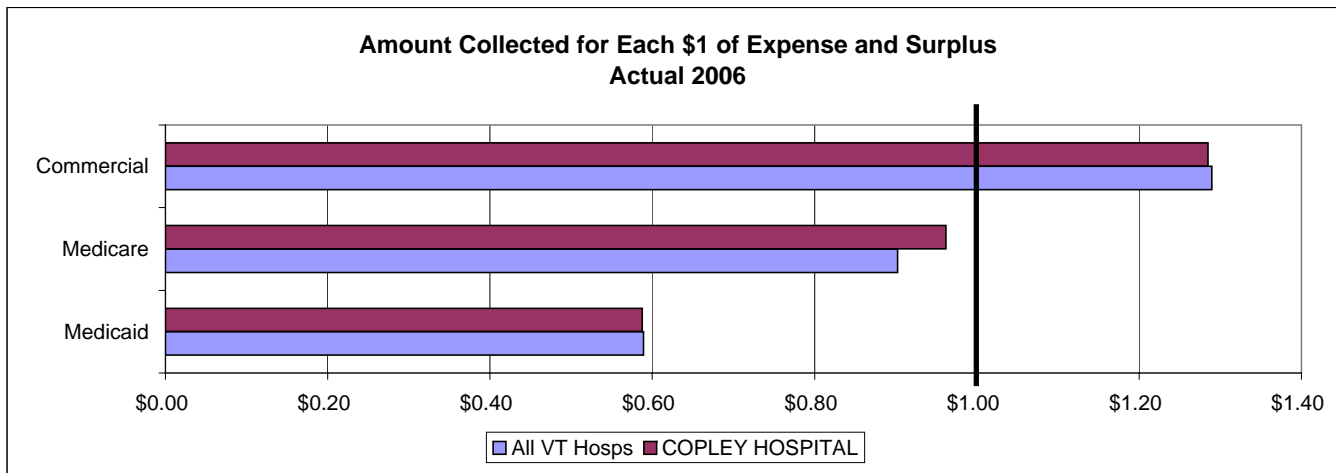
# COPLEY HOSPITAL

## 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.



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.



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.

# COPLEY HOSPITAL

## 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.

|   |  | National Benchmarks |                                 |                                | Hospital Data  |                |                |                | Vermont               |
|---|--|---------------------|---------------------------------|--------------------------------|----------------|----------------|----------------|----------------|-----------------------|
|   |  | 2004 <sup>1</sup>   |                                 | 2006 <sup>2</sup>              |                |                |                |                |                       |
| <u>Cash &amp; Revenue Indicators</u>              | <u>Definition</u>  | New<br>England      | RNFP <sup>3</sup><br>25-99 Beds | S & P <sup>3</sup><br>A- Rated | Actual<br>2004 | Actual<br>2005 | Actual<br>2006 | Budget<br>2007 | Budget 2007<br>Median |
| Days Cash on Hand                                 | The number of days of cash available to run the hospital.              | N/A                 | N/A                             | 180.0                          | 55.2           | 79.0           | 67.5           | 55.3           | 104.8                 |
| Current Ratio <sup>4</sup>                        | Ability to pay short-term bills.                                       | 1.8                 | 2.1                             | N/A                            | 1.9            | 2.0            | 2.0            | 1.7            | 3.3                   |
| Outpatient Gross Revenue %                        | Percentage of billings for those receiving care in less than 24 hours. | 55.5%               | 56.6%                           | N/A                            | 72.5%          | 70.5%          | 73.4%          | 73.2%          | 66.0%                 |
| Total Margin as % of Net Revenues                 | Percent of revenue left over after expenses are paid.                  | 2.5%                | 3.2%                            | 5.4%                           | 4.7%           | 3.3%           | 2.2%           | 2.5%           | 3.7%                  |
| <u>Productivity &amp; Cost Indicators</u>         |  |                     |                                 |                                |                |                |                |                |                       |
| Return on Assets                                  | One measure of how a hospital is doing financially.                    | 3.0%                | 3.4%                            | N/A                            | 7.9%           | 5.4%           | 4.0%           | 4.7%           | 3.8%                  |
| FTEs per 100 Adjusted Discharges                  | A measure of employee efficiency.                                      | 5.8                 | 5.0                             | N/A                            | 5.3            | 5.9            | 5.4            | 5.7            | 5.5                   |
| Overhead Expense, as % of Total Operating Expense | Another measure of efficiency.   | 31.4%               | 29.9%                           | N/A                            | 27.5%          | 27.6%          | 27.4%          | 25.2%          | 24.3%                 |
| Salary & Benefits per FTE, Non-MD                 | Total average cost for a full time employee who is not a doctor.       | \$63,245            | \$47,875                        | N/A                            | \$54,279       | \$56,717       | \$61,629       | \$64,054       | \$64,817              |
| Cost per Adjusted Admission                       | The average hospital cost for a patient.                               | \$6,995             | \$5,407                         | N/A                            | \$6,316        | \$7,319        | \$7,617        | \$8,147        | \$7,250               |

|  |
|--|
|  |
|--|

<sup>1</sup> 2004 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.

<sup>2</sup> 2006 stand-alone hospital medians from 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.

<sup>3</sup> 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.

<sup>4</sup> The calculation of current ratio includes funded depreciation, which is not included in the national benchmarks shown.

# COPLEY HOSPITAL

## 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.

|  |   | National Benchmarks  |                                 |                                | Hospital Data  |                |              |              | Vermont               |
|--|---|--|---------------------------------|--------------------------------|----------------|----------------|--------------|--------------|-----------------------|
|  |   | 2004 <sup>1</sup>  |                                 | 2006 <sup>2</sup>              |                |                |              |              |                       |
| <b>Capital Indicators</b>                          | Definition  | New<br>England   | RNFP <sup>3</sup><br>25-99 Beds | S & P <sup>3</sup><br>A- Rated |                |                |              |              | Budget 2007<br>Median |
| Age of Plant                                       | The average age (in years) of buildings and equipment.                              | 10.7   | 10.6                            | 9.6                            | 10.6           | 10.4           | 10.1         | 10.5         | 10.2                  |
| Age of Plant - Building                            | The average age (in years) of buildings.  | N/A  | N/A                             | N/A                            | 18.9           | 20.4           | 22.3         | 21.6         | 13.7                  |
| Age of Plant - Equipment                           | The average age (in years) of equipment.  | N/A  | N/A                             | N/A                            | 7.3            | 6.8            | 6.4          | 7.2          | 8.7                   |
| Net Property, Plant & Equipment per Staffed Bed    | On average, the amount of buildings, property, and equipment for each hospital bed. | \$300,031  | \$173,323                       | N/A                            | \$166,316      | \$276,637      | \$293,823    | \$311,421    | \$354,869             |
| Long Term Debt to Total Assets                     | The hospital's borrowing compared to what it owns.                                  | 31.0%  | 26.0%                           | N/A                            | 22.8%          | 20.0%          | 19.0%        | 19.1%        | 27.4%                 |
| Capital Acquisitions as % of Net Patient Revenue   | A measure of spending on buildings, property, and equipment.                        | N/A  | N/A                             | N/A                            | 4.1%           | 5.9%           | 5.4%         | 5.4%         | 6.2%                  |
|  |   |  |                                 |                                | Hospital Data  |                |              |              |                       |
| <b>Capital Plans</b>                               |   | (all #'s in thousands)   |                                 |                                | Actual<br>2006 | Budget<br>2007 | Plan<br>2008 | Plan<br>2009 | Plan<br>2010          |
| Building & Property Capital Expenditures           | Money spent to buy hospital buildings and property.                                 |  |                                 |                                | \$310          | \$450          | \$599        | \$232        | \$350                 |
| Equipment Capital Expenditures                     | Money spent to buy hospital equipment.  |  |                                 |                                | \$1,738        | \$1,638        | \$1,294      | \$1,355      | \$1,422               |
| <b>Possible Certificate of Need (CON) Projects</b> |   | Projects the hospital needs a permit from the state to build or acquire. |                                 |                                |                |                |              |              |                       |
| Master Facility Project                            |   |  |                                 |                                |                | \$0            | \$5,000      | \$10,000     | \$0                   |
|  |   |  |                                 |                                |                |                |              |              |                       |
|  |   |  |                                 |                                |                |                |              |              |                       |
| Total Capital Expenditures                         | Total money spent on buildings, property, equipment, and possible CONs.             |  |                                 |                                | \$2,049        | \$2,088        | \$6,893      | \$11,587     | \$1,772               |

<sup>1</sup> 2004 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.

<sup>2</sup> 2006 stand-alone hospital medians from 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.

<sup>3</sup> 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.