

THE
University of Vermont
HEALTH NETWORK

July 29, 2016

Al Gobeille, Chair
Green Mountain Care Board
89 Main Street
Montpelier, Vermont 05260

RE: Proposed Ambulatory Surgery Center, Docket No. GMCB-010-15con

Dear Chair Gobeille:

I am writing to you to comment on recent representations that were made by ACTD, LLC in a July 15, 2016 letter to the Green Mountain Care Board (GMCB) regarding ACTD, LLC's collaboration with the University of Vermont Medical Center (UVM Medical Center).

In its letter, in response to Question No. 19 from the GMCB regarding its collaboration with other health care providers, ACTD, LLC stated as follows:

We have had discussions with UVMMC as recently as March 2, 2016 to explore possible collaboration opportunities. Such opportunities include enabling UVMMC to book block time at the proposed ASC for hospital-employed physicians, pursuing joint purchasing arrangements to enable the ASC to benefit from bulk and volume discounts, and exploring joint venture opportunities. The parties are still in the process of exploring what forms a collaboration might take. While these discussions are unlikely to crystalize into a definitive agreement before the GMCB has approved our project, our work with UVMMC is ongoing. We would welcome engaging in similar discussions with NMC or any other area hospitals that may be interested in collaborating with us. We believe that hospitals collaborating with ASCs may be able to bend the cost curve.¹

On March 2, 2016, at our request, Todd Moore, CEO of OneCare Vermont, Todd Keating, CFO of UVM Health Network, and I met with representatives from ACTD, LLC to discuss their plans for an ambulatory surgery center in Colchester. We always support strong discussions on how providers can partner to meet the needs of the community and the State of Vermont. In scheduling the meeting, we wanted to learn more about ACTD, LLC's proposal and how it fit within Vermont's health care reform efforts and future plans for capitated payment under the All-Payer Model. We also wanted to discuss our concern about whether there was a need for additional OR capacity in Vermont, and whether their proposal was consistent with the state's efforts to control health care costs.

UVM Medical Center is not engaged in any active discussions with ACTD, LLC regarding joint venture opportunities or joint purchasing arrangements, both of which would raise legal concerns that would need to be carefully analyzed. For example, as a 501(c)(3) tax-exempt organization,

¹ *ACTD, LLC's Responses to the Questions Posed on February 10, 2016*, letter dated July 15, 2016, p. 18.

any joint ventures we engage in must be in furtherance of UVM Medical Center's charitable purpose, and any patient care joint ventures we enter into must adopt UVM Medical Center's charity care policy. That may be difficult if the other party to the joint venture is a for-profit provider like ACTD, LLC.

UVM Medical Center has no plans based on current analysis to request OR block time for its employed surgeons at ACTD, LLC's facility, if its CON application is approved, as UVM Medical Center has sufficient OR capacity available now. Indeed, as indicated in the Vermont Association of Hospitals and Health Systems' submission in this proceeding on May 6, 2016, UVM Medical Center has available OR capacity in the ORs at both the Main Campus and the Fanny Allen Campus, and in the endoscopy suites where colonoscopies are performed. UVM Medical Center can also readily increase its capacity by expanding operating hours if there is a future need for more surgical capacity.

Although we are not engaged in any active joint venture discussions with ACTD, LLC, during our meeting in March, we explained that UVM Medical Center's long-term plan is to replace the outpatient ORs at the Fanny Allen Campus with more modern surgical facilities. We explained that there may be future opportunities to collaborate with the physicians who are interested in the free-standing ambulatory surgery center being proposed by ACTD, LLC, but we also explained that ACTD, LLC's proposed site in Colchester and the configuration of its ORs would not be consistent with Joint Commission accreditation requirements for hospital OR facilities. UVM Medical Center would select a different site and a different configuration for the ORs, if it were constructing new OR facilities.

ACTD, LLC did not appear to believe a collaborative approach based on UVM Medical Center's current capacity and future plans for the replacement of its OR facilities at Fanny Allen to be a potential way to address the needs they purport in their CON application. There have been no other discussions with representatives of ACTD, LLC since our initial meeting in March.

On behalf of UVM Health Network and UVM Medical Center, I wanted to take this opportunity to correct what we believed to be inaccuracies in ACTD, LLC's CON submission regarding its discussions with UVM Medical Center representatives. I would also be pleased to respond to any questions or requests you may have for additional information.

Thank you for your attention to this letter.

Very truly yours,



Diana J. Scalise
Sr. Vice President, Strategic & Business Planning
University of Vermont Health Network

cc: Interested Parties & Applicant (email only)