

THE  
University of Vermont  
MEDICAL CENTER

*Office of the General Counsel*  
[Amanda.Angell@UVMHealth.org](mailto:Amanda.Angell@UVMHealth.org)  
802-847-2529 (Phone)

Via Email & U.S. Mail

January 31, 2020

Ms. Donna Jerry  
Senior Health Policy Analyst  
Green Mountain Care Board  
144 State Street  
Montpelier, VT 05602

**Re: *Docket No. GMCB-001-17con, Electronic Health Record Replacement Project and Expansion to Include Two Additional Hospitals in New York (Alice Hyde Medical Center and Elizabethtown Community Hospital). Additional Project Cost: \$20 million.***

Dear Donna:

This correspondence responds to the Board's request for additional information, dated December 23, 2019, in regard to the requested expansion of Epic to Alice Hyde Medical Center ("AHMC") and Elizabethtown Hospital ("ECH"). Each request is **bolded** below and followed by our response.

- 1. We have identified what appears to be an error in the table at the top of page 13, titled "Summary of Requested CON Amendment Project Costs (AHMC & ECH only)." Specifically, the subscription fees for AHMC and ECH appear to be incorrect – they do not match the table at the bottom of page 13. Please correct and resubmit the table and correct any affected information contained in the narrative and/or tables contained in the December 13, 2019 submission.**

This is not an error, as the allocation of expense follows the  $A+B=C$  model, whereby A=the original CON; B=the AHMC/ECH expansion; and C=the full, six hospital implementation. Table B shows the total expense as if the AHMC/ECH expansion was a separate, standalone CON. Under our proposed amendment, the allocation of expense is based on the overlap of table A and table B. This means that to the extent the expansion is approved, there is some expense in the original CON that ECH and AHMC will be funding, based on the expense model we developed.

2. In a table format, for the University of Vermont Medical Center, Central Vermont Medical Center, and Porter Medical Center, show the annual incremental P & L impact including depreciation, expenses, and offsets for each entity for each year 2020-2023 resulting from the addition of the two New York hospitals. <sup>1</sup>

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	TOTAL
<b>Grand Total Capital Expense</b> (UVMHC holds all expense as licensee)												
UVMHC	\$ -	\$ -	\$ -	\$ 15,732,386	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,732,386
<b>Total</b>	\$ -	\$ -	\$ -	\$ 15,732,386	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,732,386
<b>Operating Expense</b>												
UVMHC (net operating expense after subscription fees)	\$ -	\$ -	\$ -	\$ 1,316,477	\$ (174,441)	\$ (74,397)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,067,639
CVMC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PMC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CVPH	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ECH (staffing and legacy system offsets)	\$ -	\$ -	\$ -	\$ (60,067)	\$ (457,621)	\$ (285,839)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (803,527)
AHMC (staffing and legacy system offsets)	\$ -	\$ -	\$ -	\$ (120,133)	\$ (922,081)	\$ (495,598)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,537,812)
<b>Total</b>	\$ -	\$ -	\$ -	\$ 1,136,277	\$ (1,554,143)	\$ (855,834)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,273,700)
<b>Subscription Fees</b> (allocated on volume)												
UVMHC	\$ -	\$ -	\$ -	\$ (3,123,986)	\$ (1,485,538)	\$ (732,860)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,342,384)
CVMC	\$ -	\$ -	\$ -	\$ 303,080	\$ (79,526)	\$ (35,975)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 187,579
PMC	\$ -	\$ -	\$ -	\$ 124,857	\$ (41,997)	\$ (19,242)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,619
CVPH	\$ -	\$ -	\$ -	\$ 554,606	\$ (31,723)	\$ (11,346)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 511,536
ECH	\$ -	\$ -	\$ -	\$ 663,533	\$ 507,782	\$ 247,703	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,419,018
AHMC	\$ -	\$ -	\$ -	\$ 1,477,911	\$ 1,131,002	\$ 551,719	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,160,632
<b>Total</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Grand Total Operating Expense</b> (Operating Expense + Subscription Fees)												
UVMHC	\$ -	\$ -	\$ -	\$ 1,316,477	\$ (174,441)	\$ (74,397)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,067,639
CVMC	\$ -	\$ -	\$ -	\$ 303,080	\$ (79,526)	\$ (35,975)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 187,579
PMC	\$ -	\$ -	\$ -	\$ 124,857	\$ (41,997)	\$ (19,242)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,619
CVPH	\$ -	\$ -	\$ -	\$ 554,606	\$ (31,723)	\$ (11,346)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 511,536
ECH	\$ -	\$ -	\$ -	\$ 603,466	\$ 50,161	\$ (38,136)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 615,491
AHMC	\$ -	\$ -	\$ -	\$ 1,357,778	\$ 208,921	\$ 56,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,622,820
<b>Total</b>	\$ -	\$ -	\$ -	\$ 4,260,263	\$ (68,605)	\$ (122,974)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,068,684
<b>Total Project Expense</b> (Grand Total Capital Expense + Grand Total Operating Expense)												
UVMHC	\$ -	\$ -	\$ -	\$ 17,048,863	\$ (174,441)	\$ (74,397)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,800,024
CVMC	\$ -	\$ -	\$ -	\$ 303,080	\$ (79,526)	\$ (35,975)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 187,579
PMC	\$ -	\$ -	\$ -	\$ 124,857	\$ (41,997)	\$ (19,242)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,619
CVPH	\$ -	\$ -	\$ -	\$ 554,606	\$ (31,723)	\$ (11,346)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 511,536
ECH	\$ -	\$ -	\$ -	\$ 603,466	\$ 50,161	\$ (38,136)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 615,491
AHMC	\$ -	\$ -	\$ -	\$ 1,357,778	\$ 208,921	\$ 56,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,622,820
<b>Total</b>	\$ -	\$ -	\$ -	\$ 19,992,649	\$ (68,605)	\$ (122,974)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,801,070
<b>Capitalized Interest</b> (UVMHC holds all expense)												
UVMHC	\$ -	\$ -	\$ -	\$ 278,516	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 278,516
<b>Total Project Expense</b> (Total Project Expense + Capitalized Interest Expense)												
UVMHC	\$ -	\$ -	\$ -	\$ 17,327,379	\$ (174,441)	\$ (74,397)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,078,540
CVMC	\$ -	\$ -	\$ -	\$ 303,080	\$ (79,526)	\$ (35,975)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 187,579
PMC	\$ -	\$ -	\$ -	\$ 124,857	\$ (41,997)	\$ (19,242)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,619
CVPH	\$ -	\$ -	\$ -	\$ 554,606	\$ (31,723)	\$ (11,346)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 511,536
ECH	\$ -	\$ -	\$ -	\$ 603,466	\$ 50,161	\$ (38,136)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 615,491
AHMC	\$ -	\$ -	\$ -	\$ 1,357,778	\$ 208,921	\$ 56,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,622,820
<b>Total</b>	\$ -	\$ -	\$ -	\$ 20,271,165	\$ (68,605)	\$ (122,974)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,079,585
<b>Depreciation</b> (UVMHC holds all expense)												
UVMHC Capital Expense	\$ -	\$ -	\$ -	\$ 561,871	\$ 2,247,484	\$ 2,247,484	\$ 2,247,484	\$ 2,247,484	\$ 2,247,484	\$ 2,247,484	\$ 1,685,613	\$ 15,732,386
UVMHC Capital Interest	\$ -	\$ -	\$ -	\$ 9,947	\$ 39,788	\$ 39,788	\$ 39,788	\$ 39,788	\$ 39,788	\$ 39,788	\$ 29,841	\$ 278,516

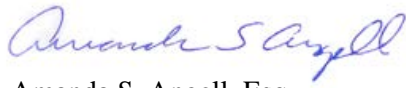
<sup>1</sup> The response does not extend beyond FY23 to allow the information provided to tie into the approved TCO, as agreed to by the Board.

3. In a table format, identify: a) the annual projected and actual *staffing* offsets for each hospital in FY18 and in FY19 and annual projected offsets in FY20-FY25; and b) the annual projected and actual *system* offsets for each hospital in FY18 and FY19 and annual projected offsets in FY20-FY25.

The offsets related to the proposed expansion are identified in the *Operating Expense* category in the table above. We combined the information in requests one and two into a single table to so the amounts presented tie into the budget for the requested CON amendment.

Please do not hesitate to contact me, if you have any questions about the information in this report.

Very truly yours,



Amanda S. Angell, Esq.  
Assistant General Counsel

Enclosure

cc: Office of Health Care Advocate (via email)