THE
University of Vermont
MEDICAL CENTER

Via Hand-Delivery & Email *Office of the General Counsel*

August 1, 2019

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

Re: Request to Amend the Certificate of Need
Docket No. GMCB-001-17con

Dear Donna:

On behalf of The University of Vermont Medical Center, I am pleased to submit the enclosed request to amend UVM Medical Center's Certificate of Need for the implementation of a unified electronic health record system (the "EHR System") across UVM Health Network.

The Certificate of Need for the project, issued on January 5, 2018, authorized the implementation of the EHR System at four of the UVM Health Network hospitals (UVM Medical Center, Central Vermont Medical Center, Porter Medical Center, and Champlain Valley Physicians Hospitals). With the enclosed request for an amendment to the CON, we are seeking the Board's approval to implement the EHR System at the remaining two Network hospitals: Alice Hyde Medical Center and Elizabethtown Community Hospital.

As described in the filing, implementing the EHR System at the final two Network hospitals will achieve cost savings, when compared to the cost of a future standalone EHR implementation at these facilities. It will also enable an expedited implementation of the EHR System at UVM Health Network Home Health & Hospice.

In addition to the request for an amendment to the CON, the Verification under Oath form, signed by Interim President Stephen Leffler, MD, is enclosed.

We look forward to working with you during the course of your review of these materials. If you have any questions, please do not hesitate to contact me.

Very truly yours,

Eric S. Miller, Esq.
SVP & General Counsel

Cc: Interested Party (email only)

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re:	The University of Vermont Medical Center Inc.	)
	Request to Amend the Certificate of Need	)
	To Replace the Electronic Health Record Systems	)
	Docket No. GMCB-001-17con	)

STEPHEN M. LEFFLER, M.D., being duly sworn, states on oath as follows:

1. My name is Stephen M. Leffler, M.D. I am the Interim President and Chief Operating Officer of The University of Vermont Medical Center Inc. I have reviewed the foregoing request for an amendment to the Certificate of Need.

2. Based on my personal knowledge, after diligent inquiry, the information contained in the Application is true, accurate and complete, does not contain any untrue statement of a material fact, and does not omit to state a material fact necessary to make the statement made therein not misleading, except as specifically noted herein.

3. My personal knowledge of the truth, accuracy and completeness of the information contained in the Application is based upon either my actual knowledge of the subject information or, where identified below, upon information reasonably believed by me to be reliable and provided to me by the individuals identified below who have certified that the information they have provided is true, accurate and complete, does not contain any untrue statement of a material fact, and does not omit to state a material fact necessary to make the statement made therein not misleading.

4. I have evaluated, within the 12 months preceding the date of this affidavit, the policies and procedures by which information has been provided by the certifying individuals identified below, and I have determined that such policies and procedures are effective in ensuring that all information submitted or used by The University of Vermont Medical Center Inc. in connection with the Certificate of Need program is true, accurate, and complete. I have disclosed to the Board of Trustees all significant deficiencies, of which I have personal knowledge after diligent inquiry, in such policies and procedures, and I have disclosed to the Board of Trustees any misrepresentation of facts, whether or not material, that involves management or any other employee participating in providing information submitted or used by The University of Vermont Medical Center Inc. in connection with the Certificate of Need program.

5. The following certifying individual has provided information or documents to me in connection with the Application, and the individual has certified, based on his actual

knowledge of the subject information or, where specifically identified in such certification, based on information reasonable believed by the certifying individual to be reliable, that the information or documents he has provided are true, accurate and complete, do not contain any untrue statement of a material fact, and do not omit to state a material fact necessary to make the statement made therein not misleading:

Adam Buckley, MD, Chief Information Officer, UVM Health Network. This individual certified to the accuracy of the description of the proposed modification to the ongoing electronic health record systems ("EHR") implementation, in order to enable the inclusion of Alice Hyde Medical Center and Elizabethtown Community Hospital in the project, as well as the applicable cost and operational plan for such modification.

6. In the event that the information contained in the Application becomes untrue, inaccurate or incomplete in any material respect, I acknowledge my obligation to notify the Green Mountain Care Board, and to supplement the Application, as soon as I know, or reasonably should know, that the information or document has become untrue, inaccurate or incomplete in any material respect.

STEPHEN M. LEFFLER, M.D.

On July 31st 2019, STEPHEN M. LEFFLER, M.D. appeared before me and swore to the truth, accuracy and completeness of the foregoing.

Notary Public
My commission expires _____.

Notary Public State of Vermont
Cynthia Boucher
Commission No. 157.0006819
My Comm. Exp. Jan. 31, 2021

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: UVM Medical Center Inc.	)	
Certificate of Need for Electronic	)	Docket Number: GMCB-001-17con
Health Record Replacement	)	

Request to Amend the Certificate of Need

In accordance with 18 V.S.A. § 9444(b) and Project Condition No. 14 of the issued Certificate of Need ("CON") in the above-mentioned proceeding, The University of Vermont Medical Center Inc. ("UVM Medical Center") hereby requests an amendment to the CON in order to enable the implementation of the unified electronic health record system at Alice Hyde Medical Center ("Alice Hyde") and Elizabethtown Community Hospital ("ECH"), which are part of the UVM Health Network system but were not included in the original CON application. The requested amendment will increase the authorized capital expenditures by $15.8 million and the net operating expenditures by $4.2 million but will result in savings of approximately $9.5 million — a 33% discount — when compared the cost of a future standalone Epic implementation at these facilities. Adding Alice Hyde and ECH to the ongoing Epic implementation will also further UVM Medical Center's ability to provide timely and coordinated care to the more than 45,000 patients it treats annually from the two Network hospitals. Finally, adding Alice Hyde and ECH as part of the ongoing implementation will allow the future implementation of Epic at UVM Health Network Home Health & Hospice to occur at a much earlier date, for the establishment of a truly Network-wide electronic health record system.

In support of this request, UVM Medical Center states as follows:

I. The Issued CON

The CON approved the installation and implementation of a unified electronic health record and related health information technology system (the "EHR System") across four of the six UVM Health Network hospitals, with an EHR System licensed by Epic Systems Corporation. Over a six-year period, the CON approved UVM Medical Center's expenditure of $109,254,817 in capital costs, plus an additional $42,438,386 in net operating costs to be allocated proportionately among the participating UVM Health Network hospitals by patient volume.[1] The total project cost is $151.7 million.

The CON limits expenditures and implementation of the EHR System to the four UVM Health Network hospitals that were described in the application.[2] However, the CON application described future plans to

[1] The four UVM Health Network hospitals participating in the Project are UVM Medical Center, Central Vermont Medical Center, Champlain Valley Physicians Hospital, and Porter Medical Center.

[2] Certificate of Need, Docket No. GMCB-001-17con, Project Condition No. 8, p. 2.

implement the EHR System at the remaining two UVM Health Network hospitals (Alice Hyde and ECH), noting as follows:

> While the UVM Health Network's plans include implementing Epic at ECH and Alice Hyde in the future, following completion of this Project, it is too early to determine the costs associated with that expansion, which might be achieved without incremental capital expenditures. We will keep the GMCB fully informed at such time as those plans are made to ensure that all regulatory oversight requirements are met.[3]

Nearly three years have passed since the filing of the CON application for the project. A feasibility assessment was recently completed to determine future options and needs for the implementation of the EHR System at Alice Hyde, ECH and UVM Health Network Home Health & Hospice.[4] That assessment concluded that implementing the EHR System at Alice Hyde and ECH *now*, as part of the ongoing implementation occurring at the other four UVM Health Network hospitals, would be the least costly option to achieve substantial operational and clinical efficiencies. The assessment also concluded that it would be necessary to implement the EHR System at UVM Health Network Home Health & Hospice ("Home Health & Hospice") at a later date, following completion of the implementation at the Network hospitals. This is discussed in more detail in Section III below.

II. Need for Amendment

The need for a unified EHR System across the UVM Health Network is described extensively in the CON application and recognized by the Green Mountain Care Board (the "Board") in its Statement of Decision in this proceeding. In particular, the Board concluded as follows:

- Implementing the project will allow *all* UVMHN providers and facilities to share an up-to-date, comprehensive record for each patient through a single patient portal. Patients will be able to schedule their appointments online, check their labs and test results, and communicate with their providers. The unified platform will facilitate efficient and accurate information sharing among providers, enhance patient care coordination, and improve information security and patient privacy relative to the legacy software currently in use. (Findings of Fact, No. 16, p. 5, emphasis added.)

- A unified EHR platform will support the transition to population health management in *Vermont and New York* by allowing providers and researchers to track patients, monitor care trends across the region, and to better coordinate care for at-risk populations. A single EHR across the network will allow providers to more accurately measure outcomes and redesign care protocols to reduce care variation, and will support the academic mission of

[3] *Amended and Restated Certificate of Need Application by The University of Vermont Medical Center for an Electronic Health Record Replacement Project*, p. 3, February 23, 2017.

[4] Formerly known as the Visiting Nurses Association of Chittenden & Grand Isle Counties.

UVMMC by allowing researchers to expand [study subject] recruitment beyond UVMMC. (Findings of Fact, No. 17, p. 5, emphasis added.)

- UVMMC will hold the Epic license, own the project's capital assets, and claim all depreciation which will be expensed over a five-year period. Annual subscription fees for use of Epic will be proportionally allocated to UVMMC, CVMC, PMC, and CVPH based on patient volumes. (Findings of Fact, No. 31, p. 8.)

- Because it currently uses Epic in its inpatient clinical system, the applicant [UVM Medical Center] has already made some capital investments in infrastructure and hardware needed to maintain the system. If one of the other network hospitals were to implement Epic on its own, it would be "starting from scratch" and the costs would be substantially higher. (Findings of Fact, No. 32, p. 8.)

- Currently, UVMHN hospitals and practices do not effectively or efficiently share patient records, and the manual copying and transmittal of sensitive patient health information may invite errors, raise security concerns, and can add to administrative burdens of providers who may need to access multiple portals, or await receipt of paper records, to obtain the most current patient health information. [W]e find that the applicant has shown that there are not viable, cost-effective alternatives to the project. *Updating the current EHR systems would be more costly than implementing Epic, and would not solve problems relating to systems incompatibility and inefficient and untimely sharing of patient information*. (Conclusions of Law, No. II, p. 11, emphasis added.)

- We agree with the applicant that UVMHN patients and providers should have a more efficient, effective, secure and user-friendly mechanism for accessing and sharing patient health information than the systems currently in use. [W]e conclude that the consolidation of a patient's health information – in which providers enter all relevant health information into a single record, updated for each successive patient visit – should lessen the risk of medical error, and can decrease security risks that might result from the use of non-standardized and duplicative record sharing, involving incompatible EHR systems and multiple interfaces. (Conclusions of Law, No. III, p. 12.)

- The applicant has shown that the project will enable UVMHN providers to access and share a single patient health record with other providers across the network when caring for the same individual in different care settings. This simplified sharing process should reduce administrative burdens and leave more time for face-to-face patient care by eliminating the need for manual duplication and transfer of patient records, or the opening of multiple computer screens and portals to timely access or record patient information. Consolidating health care records and making them accessible in a single location and format allows providers to better track their patients as they receive care across the network, and enables researchers to aggregate data to monitor and analyze regional trends, establish benchmarks,

and create opportunities to redesign patient care by incorporating best practices to avoid unnecessary care and minimize care variations. (Conclusions of Law, No. IV, p. 13.)

- We find that here, based on the record and testimony at [the] hearing, the applicant has demonstrated that use of a single, up-to-date patient health record reflecting all care received from UVMHN providers will improve care integration and coordination of provider services. (Conclusions of Law, No. VI, p. 15.)

- Although not directly pertinent to our decision, the applicant points out that Vermont's HIE [health information exchange] and New York State's HIE currently do not connect. *UVMMC's ability to place its interstate patients' records on one platform should be helpful to meet the care needs of patients who receive care from network providers in both states*. (Conclusions of Law, No. VIII, footnote 9, p. 17, emphasis added.)

As described above, in determining the need for a unified EHR System across UVM Health Network, the Board concluded that such a project would: (1) improve information sharing and coordination of care among Network providers; (2) support the transition to population health management for patients in both Vermont and New York; (3) allow providers to reduce care variation by enabling the creation of uniform care protocols that would be implemented through the unified EHR System; (4) support the research mission of UVM Medical Center by allowing it to expand research recruitment across the Network; (5) reduce administrative burden for providers and lessen the risk of medical error, creating more time for face-to-face encounters between patients and their providers; (6) allow patients to more easily navigate the health care system by scheduling appointments, obtaining test results and communicating with providers through a single patient portal; and (7) given UVM Medical Center's previous substantial capital investment in the Epic system, afford the least-costly option for the establishment of a unified EHR System across the Network.

The above benefits will be achieved for the *four* Network hospitals that were part of the original CON application, but they will not be achieved across the entire Network without the inclusion of Alice Hyde and ECH (as well as the future inclusion of Home Health & Hospice). To truly accomplish the objectives of the project – a single patient record across UVM Health Network for more coordinated care – adding Alice Hyde and ECH to the implementation is essential. Each of those two hospitals currently operates a patchwork system of disparate clinical records systems that do not adequately meet today's standards for integrated patient care, and each hospital treats patients who also receive care from other hospitals in the Network. As a result, absent the inclusion of Alice Hyde and ECH, the Network cannot achieve the seamless sharing of patient medical information.

<u>Alice Hyde Medical Center and Elizabethtown Community Hospital</u>

Alice Hyde is a New York-licensed nonprofit community hospital located in Malone, New York. Alice Hyde provides high-quality care to the more than 55,000 residents of the North Country. It consists of a 76-bed acute care facility, a 135-bed long-term care facility, and a 30-bed assisted living facility. Alice Hyde also has a walk-in clinic, a robust primary care practice that includes offices on the Malone campus, as well

as four family health centers that bring primary and preventive services into the community. Additionally, Alice Hyde offers specialty care, including women's health services, a family maternity center, a cancer center, an orthopedic and rehabilitation center, a dental center, general surgery, and cardiology. Alice Hyde joined UVM Health Network as an affiliate on May 1, 2016.

ECH is a New York-licensed nonprofit critical access hospital with campuses in Elizabethtown and Ticonderoga, New York. ECH operates the only federally designated critical access hospital (a 25-bed facility) north of Albany and east of Lake Ontario. ECH also provides services through two 24-hour emergency departments; an inpatient and outpatient rehabilitation therapy program; radiology, laboratory and chemotherapy infusion programs; and numerous primary and specialty care physician clinics, including cardiology, gynecology, gastroenterology, oncology, orthopedics and pediatrics. Between ECH's two campuses, it treats over 12,000 patients annually. It treats another 27,600 patients at its physician clinics. ECH joined UVM Health Network as an affiliate on January 1, 2013.

Alice Hyde and ECH currently use a patchwork of disparate clinical enterprise systems to care for their patients. Alice Hyde uses three different clinical systems across its enterprise (i.e., Meditech, Medent, and Medhost). The three clinical systems do not "talk" to each other, creating burdens and administrative obstacles for providers. They are also obsolete and will require substantial capital investment in the near future ($4.05 million) in order to bring them up-to-date with current standards. ECH, in turn, uses a combination of CPSI and GE systems for its clinical enterprise, and while the ECH systems are more up-to-date than Alice Hyde's, ECH providers struggle with interoperability issues and the lack of integration with other UVM Health Network providers.

Patients from both Alice Hyde and ECH receive a substantial amount of specialty and tertiary care from other providers in the Network, equating to approximately 80,000 patient visits annually to the other Network hospitals. For Alice Hyde, approximately 25,000 of its patients receive necessary specialty care each year at UVM Medical Center and approximately 20,000 patients receive care at CVPH. Much the same is true for ECH patients where, given Porter's proximity to ECH, approximately 2,800 patients receive specialty care at Porter Medical Center each year; 20,000 patients receive specialty care at UVM Medical Center; and another 13,000 patients receive care at CVPH. Annual totals, for the last two fiscal years, for Alice Hyde and ECH patients receiving care from another hospital in the Network are shown in the table directly below.

Number of patient encounters for those who reside in either the Malone (AHMC) or Elizabethtown/Ticonderoga (ECH) Health Service Areas who were seen at a UVM Health Network Hospital outside their community HSA Hospital

Alice Hyde Medical Center Patients (Malone HSA)		
	FY17	FY18
UVMMC	25,059	24,660
CVPH	19,045	21,165
ECH	57	65
CVMC	42	47
PMC	2	8
Total	**44,205**	**45,945**

E-Town Community Hospital Patients (E-town/Ti HSA)		
	FY17	FY18
UVMMC	19,449	20,484
CVPH	12,949	13,275
PMC	2,754	2,673
AHMC	45	37
CVMC	41	6
Total	**35,238**	**36,475**

The objective of the Epic implementation is to improve both patient care as well as the care experience by replacing the existing disparate and outdated clinical systems across UVM Health Network with a single-platform, unified EHR System. To slow the growth of health care costs in our region, UVM Health Network must measure outcomes effectively and standardize care across the entire Network. It must also ensure that providers have ready access to critical patient information in order to provide the best possible and most timely care. Implementing the unified EHR System at *all* Network hospitals, including Alice Hyde and ECH, is a fundamental component for achieving these objectives and will help better coordinate care for the large number of Alice Hyde and ECH patients who require treatment from another Network hospital. And, as explained further below, adding Alice Hyde and ECH to the ongoing Epic implementation, rather than adding them later in a standalone implementation, is: (a) the most efficient and least costly option for achieving these objectives; and (b) will expedite the future implementation of Epic at Home Health & Hospice.

III. Costs and Implementation Plan

If this request to amend the CON is approved, implementation of Epic at Alice Hyde and ECH would occur concurrently with the Epic implementation that is scheduled to begin at CVPH in December 2020. This portion of the implementation will take approximately 8 months to complete, with an estimated go-live date for the new Epic system of July 2021.

Project Costs and Operational Efficiencies

As noted above, the original CON application for the project was filed nearly two years ago and was based on a planning assessment that occurred in 2015 and 2016. At that time, Alice Hyde was in the early stages of joining the Network and could not be added to the project without restarting the planning process. Conversely, ECH was originally included in the planning process but was subsequently removed from the

project after it was determined that: (a) Porter Medical Center could no longer wait to replace its obsolete EHR system; and (b) the costs of including Porter, which is similar in size to ECH, would be roughly the same as the costs of including ECH. With the Epic implementation now well underway, UVM Health Network leadership conducted a new assessment of the costs and operating impacts of implementing Epic at ECH, Alice Hyde, and Home Health & Hospice (which joined the Network in January 2018) and concluded as follows:

- The cost to add Alice Hyde and ECH to the current Epic implementation would be 33% less than the cost of a future standalone Epic implementation, resulting in savings of approximately $9.5 million. This is due to reduced project management and mobilization expenses, as Alice Hyde and ECH will be able to leverage the resources that are being dedicated to the concurrent implementation at CVPH.

- In addition to the savings of $9.5 million that would be achieved by adding Alice Hyde and ECH to the ongoing Epic implementation, Alice Hyde will also realize a cost avoidance of $4.05 million for work that is required to maintain its existing inpatient medical records system. This is because, if Alice Hyde does not replace its current disparate system of multiple EHRs, it will be required to incur substantial expenses to update its existing inpatient system and infrastructure over the next three years.

- Implementing Epic at Alice Hyde and ECH at the same time as CVPH will allow for system design and integration to include all of the Network hospitals. This will further the creation of common workflows among the New York hospitals. These alignments and efficiencies are not only beneficial for providers that practice at multiple locations, but also create a single and streamlined process throughout our region. This will benefit patient care and reduce administrative burden for providers.

- Given the different EHR needs of a home health provider and the different expertise required to implement an EHR replacement project for a home health provider (i.e., different software modules, implementation team, and training needs), the implementation of Epic at Home Health & Hospice should not occur until *after* the implementation of Epic at the Network hospitals is complete. Further analysis will also be required to fully understand the cost and scope of the Epic implementation at Home Health & Hospice. Once that portion of the Network-wide EHR initiative is ready to proceed, the Network will seek all necessary regulatory approval.

- A fully implemented, unified EHR system across UVM Health Network will strengthen our ability to better connect with community providers and afford non-Network providers one point of connection for all patient care records.

- A fully implemented, unified EHR system across UVM Health Network will also further the Network's clinical delivery optimization initiative. The initiative is designed to increase patient access to health care delivered in the most appropriate, high-quality, and cost-effective sites of care. Through this multi-year service-planning effort, the Network will eliminate unnecessary duplication of services while keeping appropriate care in its community hospitals and leveraging the strengths of its academic medical center. The result – delivering the right care, at the right

place, and at the right time, with minimal duplication of services – is essential to maximizing the value created for patients and payers by the UVM Health Network's six-hospital system. Successfully implementing this initiative, particularly for physicians employed by our Network-wide physician organization, the UVM Health Network Medical Group (the "Medical Group"), requires a unified EHR system. This is because the initiative involves developing and implementing standardized, evidence-based clinical protocols for use across the entire Network. The clinical protocols will be operationalized through the unified EHR system so that Medical Group physicians – who practice at multiple locations within the Network – have ready access to them, furthering their ability to provide cost-effective care and eliminate unnecessary duplication of services.

Consistent with the project funding methodology previously approved by the Board, the $15.8 million capital cost to add Alice Hyde and ECH to the implementation will be funded by UVM Medical Center. As the holder of the Epic software license and owner of the capital assets, all depreciation will also be expensed by UVM Medical Center. The capital costs associated with this change in the project's scope have been included in UVM Medical Center's FY 2021 capital budget submission to the Board.

The additional $4.2 million in net operating expenses associated with this change in project scope will be funded by all of the participating Network hospitals in accordance with patient volume and the conditions of the issued CON. Additionally, and consistent with the Total Cost of Ownership analysis that was described in the CON application, the net operating costs of $4.2 million are based on the assumption that Alice Hyde and ECH will realize staffing and systems offsets of $6.2 million from FY 2021 – FY 2025.[5]

[5] The staffing offsets include: (a) the elimination of certain positions that will no longer be needed once Alice Hyde and ECH are live on Epic and receiving IT support from the UVM Health Network Epic team; and (b) the elimination of software maintenance fees for the legacy systems currently being used by Alice Hyde and ECH.

The incremental costs and staffing and system offsets are shown in the table directly below.

Project Amendment Expenses and Offsets

	Implementation	Ongoing			
	FY21	FY22	FY23	FY24	FY25
Total Project Capital Expense	$ 15,782,749	$ -	$ -	$ -	$ -
OpEx- FY21-FY25 (Includes depreciation; net of offsets)	$ 4,209,900	$ 4,239,913	$ 4,062,569	$ 4,062,569	$ 1,182,648
Incremental Internal Staffing (cumulative)	2	2	2	2	2
Temporary External Staffing	15	0	0	0	0
Staff Offsets (cumulative)	6	7	7	7	7
Staffing and System Cost Offsets	$ (180,200)	$ (1,379,702)	$ (1,562,874)	$ (1,562,874)	$ (1,562,874)

The line item expenditures and offsets for this proposed change in the project's scope, using the same Total Cost of Ownership analysis that was included in the CON application, are shown in the table below.

Total Cost of Ownership for Project Amendment

	Cost Estimate	FY18	FY19	FY20	FY21	FY22	FY23	TOTAL
Capital	Epic Software Costs	$ -	$ -	$ -	$ 1,958,300	$ -	$ -	$ 1,958,300
	Epic Implementation and Travel Costs	$ -	$ -	$ -	$ 639,000	$ -	$ -	$ 639,000
	Required 3rd Party Software	$ -	$ -	$ -	$ 868,700	$ -	$ -	$ 868,700
	RCM Bolt On Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	UVMHN Internal Staffing	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	External Staffing	$ -	$ -	$ -	$ 4,342,545	$ -	$ -	$ 4,342,545
	Epic Related Technology Costs (Hardware,	$ -	$ -	$ -	$ 6,493,624	$ -	$ -	$ 6,493,624
	Network Related Technology Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Facilities, Marketing, Travel, and OOPs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		$ -	$ -	$ -	$ -	$ -	$ -	
	Total Capital Costs	**$ -**	**$ -**	**$ -**	**$ 14,302,169**	**$ -**	**$ -**	**$ 14,302,169**
	Contingency 10%	$ -	$ -	$ -	$ 1,430,217	$ -	$ -	$ 1,430,217
	Grand Total Capital Costs	**$ -**	**$ -**	**$ -**	**$ 15,732,386**	**$ -**	**$ -**	**$ 15,732,386**
Operating	Epic Software Costs	$ -	$ -	$ -	$ 114,677	$ 466,736	$ 237,382	$ 818,795
	Epic Implementation and Travel Costs	$ -	$ -	$ -	$ 71,000	$ -	$ -	$ 71,000
	Required 3rd Party Software	$ -	$ -	$ -	$ 50,904	$ 204,565	$ 102,757	$ 358,226
	RCM Bolt On Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	UVMHN Internal Staffing	$ -	$ -	$ -	$ 1,523,357	$ 171,161	$ 86,428	$ 1,780,946
	External Staffing	$ -	$ -	$ -	$ 707,674	$ -	$ -	$ 707,674
	Epic Related Technology Costs (Hardware,	$ -	$ -	$ -	$ 508,053	$ 344,071	$ 172,036	$ 1,024,160
	Network Related Technology Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Facilities, Marketing, Travel, and OOPs	$ -	$ -	$ -	$ 1,061,120	$ 5,373	$ -	$ 1,066,492
	UVMHN Staffing Offsets	$ -	$ -	$ -	$ (180,200)	$ (799,287)	$ (428,876)	$ (1,408,363)
	UVMHN Legacy System Offsets	$ -	$ -	$ -	$ -	$ (580,415)	$ (352,561)	$ (932,976)
		$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Total OpEx	**$ -**	**$ -**	**$ -**	**$ 3,856,585**	**$ (187,795)**	**$ (182,835)**	**$ 3,485,955**
	Contingency 10%	$ -	$ -	$ -	$ 403,678	$ 119,191	$ 59,860	$ 582,729
	Grand Total OpEx	**$ -**	**$ -**	**$ -**	**$ 4,260,263**	**$ (68,605)**	**$ (122,974)**	**$ 4,068,684**
	Total Project Cost	**$ -**	**$ -**	**$ -**	**$ 19,992,649**	**$ (68,605)**	**$ (122,974)**	**$ 19,801,070**

A revised Total Cost of Ownership analysis, for all six UVM Health Network hospitals, is shown below.

Revised Total Cost of Ownership for Project

Cost Estimate - Combined TCO	FY18	FY19	FY20	FY21	FY22	FY23	TOTAL
Epic Software Costs	$ 3,046,335	$ 3,481,524	$ 3,481,524	$ 2,828,681	$ -	$ -	$ 12,838,064
Epic Implementation and Travel Costs	$ 2,350,453	$ 7,800,000	$ 2,100,000	$ 3,985,166	$ -	$ -	$ 16,235,619
Required 3rd Party Software	$ 19,192	$ 2,877,394	$ -	$ 868,700	$ -	$ -	$ 3,765,286
RCM Bolt On Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
UVMHN Internal Staffing	$ 2,144,602	$ 5,400,000	$ 2,595,000	$ 1,661,039	$ -	$ -	$ 11,800,641
External Staffing	$ 4,595,390	$ 12,580,260	$ 11,300,000	$ 12,628,155	$ -	$ -	$ 41,103,805
Epic Related Technology Costs (Hardware, Network,	$ 164,702	$ 7,525,000	$ 3,457,391	$ 6,493,624	$ -	$ -	$ 17,640,717
Network Related Technology Costs (Hardware, Network,	$ 4,822,367	$ 336,680	$ -	$ -	$ -	$ -	$ 5,159,047
Facilities, Marketing, Travel, and OOPs	$ 566,617	$ 430,000	$ 218,528	$ -	$ -	$ -	$ 1,215,145
Pre-Implementation - External Staffing	$ 1,248,041	$ -	$ -	$ -	$ -	$ -	$ 1,248,041
Total Capital Costs	**$ 18,957,698**	**$ 40,430,858**	**$ 23,152,443**	**$ 28,465,365**	**$ -**	**$ -**	**$ 111,006,364**
Contingency 10%	$ -	$ 3,600,000	$ 4,950,000	$ 5,430,838	$ -	$ -	$ 13,980,838
Grand Total Capital Costs	**$ 18,957,698**	**$ 44,030,858**	**$ 28,102,443**	**$ 33,896,204**	**$ -**	**$ -**	**$ 124,987,203**
Epic Software Costs	$ -	$ -	$ 1,392,000	$ 2,235,677	$ 3,430,736	$ 1,746,515	$ 8,804,929
Epic Implementation and Travel Costs	$ -	$ -	$ -	$ 71,000	$ -	$ -	$ 71,000
Required 3rd Party Software	$ 809,742	$ 145,000	$ 621,582	$ 672,486	$ 826,147	$ 411,181	$ 3,486,138
RCM Bolt On Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
UVMHN Internal Staffing	$ 429,191	$ 1,700,000	$ 5,300,000	$ 10,237,936	$ 7,851,161	$ 3,926,428	$ 29,444,717
External Staffing	$ 513,094	$ 1,330,100	$ 918,000	$ 1,427,878	$ -	$ -	$ 4,189,072
Epic Related Technology Costs (Hardware, Network,	$ 125,911	$ 1,450,000	$ 1,680,000	$ 2,188,053	$ 2,024,071	$ 1,012,445	$ 8,480,480
Network Related Technology Costs (Hardware, Network,	$ 406,197	$ 6,000,000	$ 6,000,000	$ 6,000,000	$ 6,000,000	$ 3,012,312	$ 27,418,510
Facilities, Marketing, Travel, and OOPs	$ 252,887	$ 760,000	$ 690,000	$ 1,681,120	$ 74,028	$ -	$ 3,458,035
UVMHN Staffing Offsets	$ (1,475,066)	$ (3,907,596)	$ (5,599,887)	$ (8,009,167)	$ (8,863,123)	$ (4,569,745)	$ (32,424,584)
UVMHN Legacy System Offsets	$ -	$ -	$ (687,202)	$ (3,130,323)	$ (6,095,711)	$ (3,454,674)	$ (13,367,910)
Total OpEx	**$ 1,061,955**	**$ 7,477,504**	**$ 10,314,493**	**$ 13,374,661**	**$ 5,247,310**	**$ 2,084,462**	**$ 39,560,386**
Contingency 10%	$ -	$ -	$ -	$ 2,803,678	$ 2,699,191	$ 1,443,815	$ 6,946,684
Grand Total OpEx	**$ 1,061,955**	**$ 7,477,504**	**$ 10,314,493**	**$ 16,178,339**	**$ 7,946,501**	**$ 3,528,277**	**$ 46,507,070**
Total Project Cost	**$ 20,019,654**	**$ 51,508,362**	**$ 38,416,936**	**$ 50,074,543**	**$ 7,946,501**	**$ 3,528,277**	**$ 171,494,273**

IV. Conclusion

For the reasons described above, UVM Medical Center respectfully requests that the CON be amended to: (a) allow the addition of Alice Hyde and ECH to the ongoing Epic implementation; and (b) increase the authorized capital expenditures by $15.8 million and the net operating expenses by $4.2 million. Approving this change to the CON will enable the creation of a unified EHR System for all of the hospitals in the Network and will result in substantial savings when compared to the costs of a standalone Epic implementation at Alice Hyde and ECH. Such a change will also facilitate an earlier adoption of Epic at Home Health & Hospice, resulting in a truly Network-wide EHR system.

Dated at Burlington, Vermont this 1st day of August, 2019

THE UNIVERSITY OF VERMONT MEDICAL CENTER INC.

By: ___***/s/ Eric S. Miller***_____
Eric S. Miller, Esq.
Sr. VP & General Counsel