

I am writing in response to public testimony in regards to Springfield Hospital's request for a 5% rate increase.

I am a current member of the medical staff. Springfield Hospital has a clear need to retain and enhance its revenue stream as it extricates itself from a multi-million dollar deficit, and to that end; I support the proposed rate increase request.

I do have a serious concern for a potential multi-million dollar revenue loss that interim Quorum consultants recently negotiated with Bluewater Emergency Partners group **after** a straight contract expense was approved by Springfield Hospital Board of Directors. Bluewater was the contractor selected to provide emergency department effective April 8th. They have a 2.5 year contract in place to provide coverage that was stated to be the total cost to the hospital.. Now the actual cost to the system in the contracted amount and new dollars permitted by independent billing of physician services.

At the March 11th quarterly medical staff meeting, interim CEO Michael Halstead announced that Bluewater Partners had yet to recruit a full complement of MDs and PA's required by the contract start date of April 9th. The contract arranged by the prior CEO Tim Ford, created a potential cost sharing of locums MD/PA coverage with Bluewater should the need arise. To avoid this additional expense, (in particular since the hospital could not bill for locums coverage in a new contract situation) The new interim leaders at Springfield Hospital have decided to allow Bluewater Partners to bill patients directly and retain the revenue for those billed professional fees (previously retained by the hospital) in addition to the cost of the service contract amount. I completely understand his motivation to avoid the bigger cost expense of the contract, but not at the expense of losing sorely needed revenue.

In FY 2018 net revenue collected by Springfield Hospital for the ED professional services billing component was approximately 2 million dollars. Under the previous contract those funds were retained by the hospital for operating revenue. Under this new agreement those funds will be retained by Bluewater over and above the contract amount.

Quorum Interim CFO, when pressed by medical staff, did state some adjustment to the original contract price may take place down the line. He did said they would monitor the fees charged and collected by Bluewater Partners, to be sure patients weren't seeing bigger charges. Bluewater utilizes a billing and collections agency in Boston.

While I fully recognize your board does not delve into the details of contractor agreements, and employment decisions. I feel it is fiscally irresponsible to approve a 1.5 million dollar revenue addition to Springfield hospital (which will be paid by Vermont taxpayers, businesses, and insurers), when upwards of 2 million was just surrendered to an out of state, for profit, corporation, by the hospital just the month before. Vermont taxpayers, insurers, and businesses are owed assurances that this surrendered revenue is not their

responsibility to supplement, in the form of a budget increase. While one event is not directly linked to the other, surrendering this amount of revenue at this juncture is in effect fixing a short term problem (cost) by creating a bigger long term problem (reduced revenue)

A ideal solution would be for Springfield Hospital to receive it's requested rate increase, and for a plan to be offered up where by the public has assurances that the additional monies funneled to the out of state company is somehow recovered by Springfield for their operating budget. The stated reason for contractor change in the first place was cost savings. Now that saving is negated, and worse over, is potentially far more costly to the hospital. This loss is continued over a 2.5 year contract deal could just magnify the issue.

We want our hospital to survive and be viable but the "optics" on this are bad. If Springfield Hospital surrenders far more revenue than it saves during this historic moment, while simultaneously asking for budget increases, only to funnel that money to an out of state interest compounded by the pre-existing negative impact of the elimination of 20 Vermont provider jobs, it is a hard decision to defend.