

GREEN MOUNTAIN CARE BOARD (GMCB)  
GMCB Board Meeting Minutes  
Wednesday, April 24, 2019  
1:00 pm

**Attendance**

Kevin J. Mullin, Chair  
Susan J. Barrett, JD, Executive Director  
Michael Barber, General Counsel  
Robin Lunge, JD, MHCDS  
Maureen Usifer  
Jessica Holmes, PhD – *not present*  
Tom Pelham

**Executive Director's Report**

Kevin Mullin called the meeting to order at approximately 1:00 pm. Susan Barrett announced the General Advisory Committee Meeting will be held on Monday, May 13, 2019 at 2:00 pm in the Pavilion Building, 4<sup>th</sup> Floor Conference Room, 109 State St, Montpelier, VT. On Wednesday, May 15, 2019 there will be a presentation from Vermont Information Technology Leaders (VITL) on their FY 2020 Budget, as well as an update from the Primary Care Advisory Group (PCAG). This Board Meeting will be held at the Pavilion Auditorium, 109 State St, Montpelier, VT at 1:00 pm. The same day, there will be a PCAG Meeting at 5:00 pm at the Green Mountain Care Board, 144 State St, Montpelier, VT. On Wednesday, May 29, 2019 there will be a Traveling Board Meeting held at Gifford Medical Center. The Board Meeting information can be seen [here](#) on the GMCB website. Susan Barrett announced that there are two open job opportunities at the GMCB: Director of Health Systems Finances and Health Policy Analyst. Please see the postings [here](#) on the GMCB website.

**Minutes**

The Board voted (4-0) to approve the minutes from April 19, 2019.

**FY 2018 Springfield Hospital Enforcement Discussion**

Lori Perry, Senior Healthcare Financial Systems Analyst, GMCB  
Kelly Theroux, Healthcare Financial Systems Analyst, GMCB  
Agatha Kessler, Health Policy Director, GMCB

Agatha Kessler presented the FY 2018 Springfield Hospital Enforcement Discussion slide deck. She reviewed Springfield Hospital's FY 2018 Year-End Results Including a history of the hospital's FY 2018 projections. Springfield Hospital's FY 2018 projections (updated in August 2018) were significantly inaccurate, resulting in substantial discrepancies, specifically an unanticipated \$7 million operating loss. Staff also reviewed Springfield Hospital's FY 2019 year-to-date performance, FY 2019 projection and 5-year results in several financial categories. The presentation can be seen [here](#) on the GMCB website.

## **Springfield Hospital Presentation on FY 2018 Budget Enforcement**

Michael Halstead, Interim CEO, Springfield Hospital  
Wayne Scholz, Interim CFO, Springfield Hospital

Michael Halstead and Wayne Scholz were sworn in by the Court Reporter. Michael Halstead presented Springfield Hospital's Income Statement, including their Net Operating Income and Net Gain (Loss). He explained that the prior projections of revenue and expenses for the 2018 and 2019 budgets were overly optimistic. He discussed how this was true for Acute Admissions, Emergency Room visits, and Operating Room cases. A Financial Audit and a Forensic Audit was conducted by Berry Dunn in which no misappropriation of funds was found, but there is a greater need for transparency and monitoring financial policies. Michael Halstead explained the major drivers of expenses over the last three years, which include employee benefits (self-insured health program), purchased services (locums and ER provider changes), and physician fees (hiring a second Orthopedic Surgeon).

Michael Halstead reviewed the net funds transferred to Springfield Medical Care Systems (SMCS). Chair Kevin Mullin asked clarifying questions about the transfer of funds between Springfield Hospital and SMCS. Wayne Scholz explained that slide number eight reflects the actual cash that was transferred, and he discussed the growth of liabilities between September 2018 and January 2019. Chair Kevin Mullin discussed the responsibility of Springfield Hospital's leadership to notify the Board of big changes such as liabilities and reviewed the oath establishing this requirement.

Michael Halstead presented the steps taken to improve the situation at Springfield Hospital, the Expense Reduction Plan development and implementation, and other strategic activities. He reviewed the number of terminations since February 2, 2019 and discussed turnover at the hospital. Springfield Hospital is requesting to increase their hospital charges 5% and stated that rebasing may be necessary for the start of FY 2020. The presentation can be seen [here](#) on the GMCB website.

The Board asked questions and had a discussion with Michael Halstead and Wayne Scholz. Chair Kevin Mullin asked questions on behalf of Board Member Jessica Holmes and expressed her regrets on not being able to attend the Hearings. Chair Kevin Mullin asked Michael Halstead and Wayne Scholz what they attributed to the substantial drop in the YTD 2019 utilization (Acute Admissions, Emergency Room visits, and Operating Room cases) and if the drop has been equal across all three payers. Michael Halstead answered that they are still analyzing that currently, but he thinks that it is a combination of negative press and that the efforts that Springfield Hospital is making to improve population health with the Accountable Care Organization. Chair Kevin Mullin asked a follow-up question, that with the lower utilization, why physician fees are running over budget. Michael Halstead answered that it is due to hiring locums and recruiting additional physicians. Chair Kevin Mullin asked how Springfield Hospital is dealing with retention issues. Michael Halstead explained that they hope to restore employee

wages effective May 5, 2019 that were reduced in February 2019, and that they held a service awards dinner on April 11, 2019. He explained that they are being transparent by holding employee sessions and town hall meetings, as well as engaging community leaders. Chair Kevin Mullin asked about the nonoperating income being below budget in 2019. Wayne Scholz explained that a large portion of investment income was liquidated to pay down current liabilities in December 2018. Chair Kevin Mullin asked about the contract with BlueWater Emergency Partners, and Michael Halstead explained the new billing system for their Emergency Department.

Board Member Maureen Usifer discussed the 2019 projections and operating expenses with Wayne Scholz and Michael Halstead, and she asked for an updated balance sheet. She also alerted the new hospital leadership to the fact that she had challenged the budget submissions in 2017 and 2018 as being overly optimistic. Board Member Maureen Usifer also indicated that the Board had received a completely different forecast in the August Hearings and when challenged on whether this was realistic, the hospital indicated that they were expecting additional utilization of orthopedic services. Board Member Tom Pelham asked about payer mix at Springfield Hospital. Board Member Robin Lunge and Michael Halstead discussed the turnover and replacement of staff, as well as cost reports for service line analysis. The Court Reporter swore in Tom Huebner, who was appointed by Governor Scott as a liaison to Springfield Hospital, to answer Board Member Robin Lunge's question regarding whether the expense savings being projected met the requirements that the State of Vermont Agency of Human Services had required in exchange for advancing Medicaid dollars. Tom Huebner also spoke about the efforts done on behalf of the Governor to help Springfield Hospital and indicated that the State was satisfied with Springfield's expense savings estimates at this time.

### **Public Comment**

Dr. Marvin Malek  
Hamilton Davis  
Jeff Tieman  
Steven Gordon

### **FY 2018 Springfield Hospital Enforcement Deliberation Discussion – Potential Vote**

Lori Perry, Senior Healthcare Financial Systems Analyst, GMCB  
Kelly Theroux, Healthcare Financial Systems Analyst, GMCB  
Agatha Kessler, Health Policy Director, GMCB

Lori Perry reviewed Springfield Hospital's operating performance. The staff recommended no enforcement and no rebase, and that there is an expectation that Springfield Hospital will comply with the FY 2020 Budget Guidance. The staff's presentation can be seen [here](#) on the GMCB website. Board Member Maureen Usifer made a motion to have no enforcement actions or rebase for Springfield Hospital, and to have monthly updates in person or on the phone for the rest of the fiscal year. Board Member Tom Pelham seconded the motion. The Board voted to approve the motion (4-0).

**FY 2019 Springfield Hospital Amended Budget Request Staff Recommendation – Potential Vote**

Lori Perry, Senior Healthcare Financial Systems Analyst, GMCB  
Kelly Theroux, Healthcare Financial Systems Analyst, GMCB  
Agatha Kessler, Health Policy Director, GMCB

Lori Perry reviewed Springfield Hospital's request for a FY 2019 budget modification submitted on March 27, 2019. The request was for a 5.0% increase in the hospital's average charges, effective May 1, 2019. Lori Perry reviewed the reasons for the request and previous budget modification requests. The staff recommended to approve the 5.0% increase in Commercial Charge for Springfield Hospital's FY 2019 Budget. The presentation can be seen [here](#) on the GMCB website. Board Member Robin Lunge moved to approve the 5.0% increase effective May 1, 2019 per staff recommendation. Board Member Tom Pelham seconded the motion. The Board voted to approve the motion (4-0) after discussing that a commercial rate increase is a weak lever for financial sustainability, because there are no guarantees that the hospital will successfully negotiate the new amount with the payers and that there will be sufficient commercial utilization.

**Public Comment**

Hamilton Davis

**Old Business**

None

**New Business**

None

**Adjourn**

The Board voted (4-0) to adjourn at approximately 3:30 pm.