

Green Mountain Care Board
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DELIVERED ELECTRONICALLY

May 7, 2019

Mr. James Trimarchi
Southwestern Vermont Medical Center
100 Hospital Drive
Bennington VT 05201

RE: Docket No. GMCB-007-19con, Southwestern Vermont Medical Center, Develop a Family Medicine Residency Program.

Dear Jim:

Thank you for your April 11, 2019 letter regarding your proposal to develop and implement a Family Medicine Residency Program (FMRP) at Southwestern Vermont Medical Center (SVMC).

According to your letter, the communities served by SVMC are projected to lose a significant number of family medicine physicians in the coming decade. The expected loss of these family medicine physicians will coincide with a concomitant increase in the number of people over the age of 65 needing services, placing additional demands on the remaining family medicine physicians in SVMC's service area. Establishing a residency program increases the potential that some physicians will opt to remain in SVMC's service area once completing their residency. Once the program is mature, the program will have 12 residents, four residents in each year of training. SVMC anticipates recruiting one or two physicians from each cohort to remain in its service area.

18 V.S.A. § 9434(b)(3) states that, for hospitals, "new health care projects" requiring a CON include "[t]he offering of a health care service or technology having an annual operating expense that exceeds \$1,000,000 for either of the next two budgeted fiscal years, if the service or technology was not offered or employed, either on a fixed or a mobile basis, by the hospital within the previous three fiscal years." The spreadsheet submitted with your letter does not show annual operating expenses in excess of \$1,000,000 in either of the next two budgeted fiscal years. Based on your representation of the project's annual operating expenses, the project does not require review under the CON statute.

Although your letter also represents that SVMC will seek a 1% rate increase in its 2020 hospital budget submission, this jurisdictional determination does not address that request as such a request will be evaluated as part of the hospital budget process.

While the project, as described, does not meet the threshold for CON review, the Board does have concerns about the projected losses of \$8,727,910 during the first eight years; the potential for further negative financial impact if the \$750,000 grant and/or the 1% rate increase is not approved; and the



organization's ability to finance several large projects subject to CON that will be submitted in the very near future. As you proceed with developing and implementing this project, if there are any changes in the type, scope or cost of the project, please notify the Board immediately so we may determine whether the changes are subject to further review.

If you have any questions, please do not hesitate to contact me at (802) 828-2918.

Sincerely,

s/ Donna Jerry

Donna Jerry

Senior Health Policy Analyst

cc. Michael Barber, General Counsel
Green Mountain Care Board

