THE
University of Vermont
MEDICAL CENTER

By Courier & Email *Office of the General Counsel*

December 13, 2019

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

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

Dear Donna:

This Addendum responds to your letter to us, dated September 9, 2019, in which you outlined areas where the Board has requested additional information regarding our request to amend the Certificate of Need for the implementation of a unified electronic health record to include the remaining two UVM Health Network hospitals: Alice Hyde Medical Center and Elizabethtown Community Hospital.

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

Very truly yours,

Amanda S. Angell, Esq.
Assistant General Counsel

Cc: Interested Party (email only)

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re:	The University of Vermont Medical Center Inc.	)
	Addendum to 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 (the "Amendment").

2. Based on my personal knowledge, after diligent inquiry, the information contained in the Amendment 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 Amendment 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 individuals have provided information or documents to me in connection with the Addendum, and each such 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 they have 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:

(a) Adam Buckley, M.D., 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.

(b) Jonathan Grange, Lead Financial Specialist, The University of Vermont Medical Center Inc. This individual certified to the accuracy of all financial information submitted with the Amendment, including the Financial Tables and the underlying financial assumptions associated with the financial feasibility analysis.

6. In the event that the information contained in the Amendment 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 December 12 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 1/31/2021

Notary Public State of Vermont
Kimberly Stearns
Commission No. 0004680
My Comm. Exp. Jan. 31, 2021

STATE OF VERMONT

GREEN MOUNTAIN CARE BOARD

ADDENDUM TO THE AMENDED AND RESTATED CERTIFICATE OF NEED APPLICATION

by

THE UNIVERSITY OF VERMONT MEDICAL CENTER

for

AN ELECTRONIC HEALTH RECORD REPLACEMENT PROJECT

Dated December 13, 2019

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ADDENDUM
to the
AMENDED AND RESTATED CERTIFICATE OF NEED APPLICATION
by
THE UNIVERSITY OF VERMONT MEDICAL CENTER
for
AN ELECTRONIC HEALTH RECORD REPLACEMENT PROJECT

The University of Vermont Medical Center Inc. ("UVM Medical Center") further supplements its Certificate of Need ("CON") application to enable the implementation of the unified electronic health record system at Alice Hyde Medical Center ("AHMC") and Elizabethtown Community Hospital ("ECH"), which are part of the University of Vermont Health Network Inc. (the "Network") but were not included in the original CON application.

Each request for additional information by the Green Mountain Care Board ("GMCB") in its September 9, 2019 correspondence is **bolded** below and followed by our response. It is our intent for this submission to add to our Amended and Restated CON Application, dated February 23, 2017, and subsequent Request to Amend, dated August 1, 2019. Some information presented herein is duplicative of that provided in previous submissions but is included to provide a full picture of the proposed expansion.

RESPONSES

A. A description of the proposed expansion and an updated timeline for implementation of the overall project in the format provided in section D of the revised CON application (dated February 23, 2017)

The CON issued by the GMCB approved the installation and implementation of a unified electronic health record and related health information technology system, licensed by Epic Systems Corporation (the "EHR System"), across four of the six Network hospitals: UVM Medical Center; Central Vermont Medical Center ("CVMC"); Champlain Valley Physicians Hospital ("CVPH"); and Porter Medical Center ("PMC"). The CON approved UVM Medical Center's expenditure, over a six-year period, of $109,254,817 in capital costs, plus an additional $42,438,386 in net operating costs to be allocated proportionately among the participating Network hospitals by patient volume. The total approved project cost is $151.7 million.

The requested amendment will increase the authorized capital expenditures by $16.0 million and the net operating expenditures by $4.1 million, but will result in savings of approximately $9.5 million—a 33% discount—when compared to the cost of a future standalone Epic implementation at these facilities. In our August 2019 submission, we calculated the total capital cost for the project expansion to be $15.8 million, including $50,363 of capitalized interest.[1] When preparing this more detailed submission, we discovered an error in our calculation of capitalized interest which, when corrected, yields capitalized interest of $278,516 and total capital expenditures of approximately $16.0 million. Even with this increase in estimated capital costs, expanding Epic now will result in significant savings when compared to the cost of a future standalone Epic implementation at AHMC and ECH.[2]

[1] *See e.g.*, Exhibit A, Traditional 5-year Project Pro Forma "Cap Interest Non-Cash Credit" entry.

[2] *See* Exhibit A TCOs demonstrating approximately $9.5 million in savings between proposed expansion and stand-alone expansion at a later date. Note: Neither TCO includes capitalized interest.

Adding AHMC and ECH to the ongoing Epic implementation will also further UVM Medical Center's ability to provide timely and coordinated care for the thousands of patients whose home hospital is AHMC or ECH, but still receive care at UVM Medical Center. Finally, adding AHMC and ECH as part of the ongoing implementation will allow the future implementation of Epic at UVMHN Home Health and Hospice, pending any GMCB review, to occur at a much earlier date, for the establishment of a truly Network-wide electronic health record.

Alice Hyde Medical Center and Elizabethtown Community Hospital

AHMC, a New York-licensed nonprofit community hospital located in Malone, New York, provides high-quality care to the 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. AHMC also has a walk-in clinic, a robust primary care practice that includes offices on the Malone campus, and four health centers that bring primary and preventive services into the community. Additionally, AHMC offers specialty care including women's health services, a family maternity center, cancer center, orthopedic and rehabilitation center, dental center, general surgery and cardiology. AHMC joined the 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 six health centers that provide care throughout Essex County. ECH joined the Network as an affiliate on January 1, 2013.

Patients from both AHMC and ECH receive a substantial amount of specialty and tertiary care from other providers in the Network, equating to approximately 80,000 patient encounters annually.[3] AHMC patients have approximately 25,000 specialty care visits each year at UVM Medical Center and approximately 20,000 visits at CVPH. Much the same is true for ECH where, due to proximity, patients have approximately 2,800 specialty care visits at PMC. Further, ECH patients have 20,000 specialty care visits at UVM Medical Center, and another 13,000 visits at CVPH. The tables below show patient encounter totals, for the last two fiscal years, for AHMC and ECH patients receiving care at another Network hospital.

[3] For our purposes, "encounter" includes any hospital-based, inpatient or outpatient encounter, as well as any ambulatory or office-based encounter, including ancillary procedures (e.g., labs and imaging).

Patient encounters for those who reside in either the Malone, NY (AHMC) or Elizabethtown/Ticonderoga, NY (ECH) Health Service Areas and received care at a Network Hospital outside their community HSA Hospital[4]

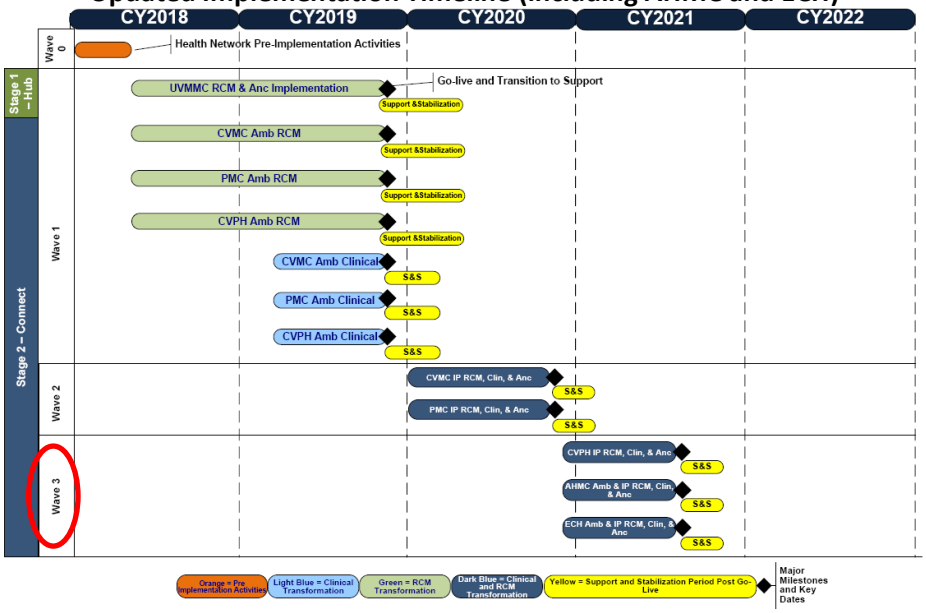
Malone HAS Patient Encounters at Network Affiliates		
	FY17	FY18
UVMMC	25,059	24,660
CVPH	19,045	21,165
ECH	57	65
CVMC	42	47
PMC	2	8

Elizabethtown /Ticonderoga has Patient Encounters at Network Affiliates		
	FY17	FY18
UVMMC	19,449	20,484
CVPH	12,949	13,275
PMC	2,754	2,673
AHMC	45	37
CVMC	41	6

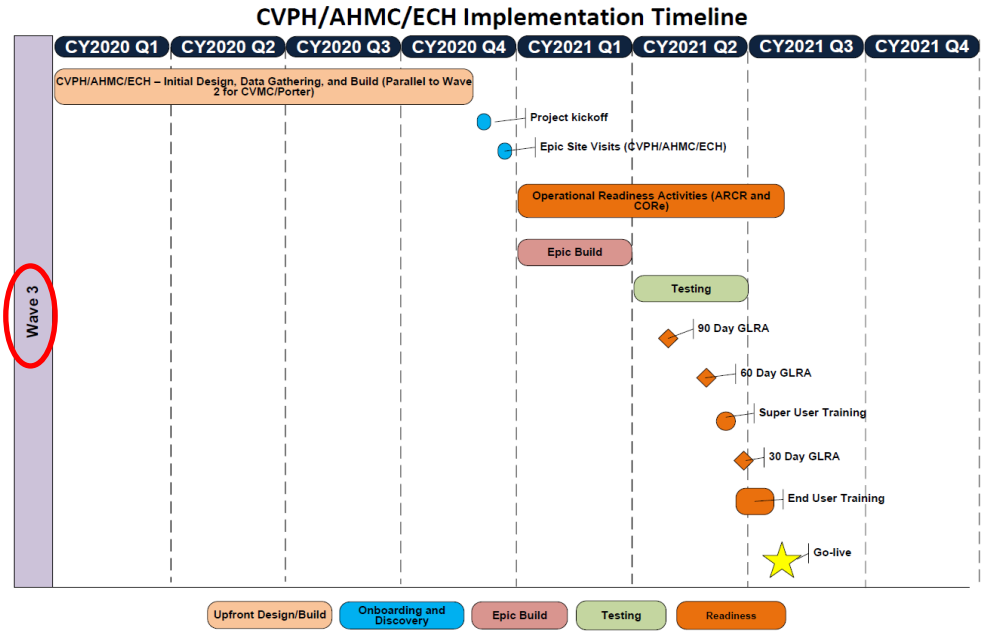
Epic Implementation Timeline

In order to maximize efficiencies and reduce risks, the project has been implemented in "waves," over 40 months. This staggered process keeps costs down and controls operational risk as we deploy implementation teams to bring each system online essentially in series, thus reducing the number of external personnel needed. If approved, the implementation of the EHR System at AHMC and ECH would occur concurrently with the Wave 3 implementation already scheduled to begin at CVPH. This portion of the implementation will take approximately eight months to complete, with an estimated go-live date of July 2021. The implementation phasing is illustrated below. The second table offers a detailed view of Wave 3.

Updated Implementation Timeline (including AHMC and ECH)



[4] In its August 1, 2019 submission, UVM Medical Center mistakenly identified *patients* rather than *patient encounters* or *patient visits* in its discussion of AHMC and ECH patients who receive specialty care at other Network hospitals. The data contained herein is the accurate count of patient visits, rather than unique patients.



B. A description of the need and rationale for the expansion and a table in the same format as the table on page 8 of the revised CON application identifying the existing electronic systems used by AHMC and ECH

Implementing a unified EHR System across the Network will:

- improve information sharing and coordination of care among Network providers;
- support the transition to population health management for patients in both Vermont and New York;
- allow providers to reduce care variation by enabling the creation of uniform care protocols that would be implemented through the unified EHR System;
- support the research mission of UVM Medical Center by allowing it to expand research recruitment across the Network;
- reduce administrative burden for providers and lessen the risk of medical error;
- 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
- afford the least-costly option for the establishment of a unified EHR System across the Network, given UVM Medical Center's substantial capital investment in the Epic system.

To be sure, the four Network hospitals and their patient populations that were part of the original CON application will realize many of the above benefits. These benefits, however, will not be achieved in their entirety across the Network without the inclusion of AHMC and ECH (as well as the future inclusion of UVMHN Home Health and Hospice). To accomplish the main objective of the project—a single, coordinated patient record across the Network—adding AHMC and ECH to the implementation is essential. These two hospitals currently treat patients who also receive care from other hospitals in the Network;

however, each hospital operates a patchwork system of disparate clinical records systems that do not adequately meet today's standards for integrated patient care. As a result, absent the inclusion of AHMC and ECH, the Network cannot achieve the full, seamless sharing of patient medical information.

The following table summarizes the various systems in use today at AHMC and ECH.

Current Clinical Record Systems of AHMC and ECH

Organization	Inpatient Clinical System	Inpatient Financial System	Ambulatory Clinical System	Ambulatory Financial System	Clinical Ancillary Systems
ECH	CPSI Evident	CPSI Evident	GE Centricity	GE Centricity	Fuji (imaging), CPSI Evident (Lab, Pharm), T-System (ER), Scottcare (Card), WebPT (outpatient PT)
AHMC	Meditech	Meditech	Medent	Medent (Prof claims) & Meditech (Tech claims)	Fuji (imaging), Meditech (Rad, Lab, Pharm), Medhost (ED), ORArray (OR), Sigmacare (nursing home)

C. A description of the planning process for the proposed expansion and a complete copy of the "feasibility assessment" referred to in the Request to Amend

The original CON application for the project was filed nearly three years ago and was based on a planning assessment that occurred in 2015-2016. At that time, AHMC 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 after it was determined that: (a) PMC could no longer wait to replace its obsolete EHR system; and (b) the costs of including PMC, which is similar in size to ECH, would be roughly the same as the costs of including ECH. As such, AHMC and ECH were not included in the initial CON application.

Earlier this year, an internal feasibility assessment was completed to determine future options and needs for the implementation of the EHR System at AHMC, ECH and UVMHN Home Health and Hospice.[5] The assessment was performed in early 2019 by Network Information Technology leadership and was designed to determine whether the Network could complete the Epic implementation at AHMC and ECH without jeopardizing the Wave 3 implementation at CVPH and in a manner that would expedite eventual implementation at UVMHN Home Health and Hospice. The assessment concluded that:

- The concurrent expansion would allow the Network to take advantage of implementation personnel and processes already engaged and developed for the other Network hospitals, including CVPH.
- Adding UVMHN Home Health and Hospice to Wave 3 did not hold the promise of similar efficiencies. Nonetheless, advancing the AHMC and ECH implementations would have the effect of expediting the UVMHN Home Health and Hospice implementation as soon as the hospital implementations are completed.

[5] UVM Medical Center completed the assessment internally, with assistance from Cumberland Consulting, to prevent the expenditure of additional external consultancy fees.

The assessment also focused on financial implications of implementing Epic at AHMC and ECH as part of Wave 3. It concluded that implementing the EHR System at AHMC and ECH *now*, as part of the ongoing implementation occurring at the other four Network hospitals, would be the least costly option to achieve substantial operational and clinical efficiencies. As noted above, by implementing the EHR System at AHMC and ECH in Wave 3, it was determined the project expansion could achieve an overall savings of $9.5 million when compared to later, stand-alone implementation at those hospitals. The assessment also concluded that it would be necessary to implement the EHR System at UVMHN Home Health and Hospice at a later date, following completion of the implementation at the Network hospitals, due to the significant differences in the platforms required for home health and hospice providers, as compared to those used by hospitals.

A copy of the feasibility assessment is attached hereto as Exhibit A and includes two Total Cost of Ownership ("TCO") tables noting the cost of stand-alone implementation at AHMC and ECH and the costs to include AHMC and ECH in Wave 3 of the approved implementation, as well as a Traditional Five-Year Project Pro Forma.

D. An explanation of how the expansion meets the statutory criteria outlined in 18 V.S.A. § 9437 (note that the only Health Resource Allocation Plan standard that applies to this expansion is CON Standard 3. 4, which requires applicants subject to budget review to demonstrate that a proposed project has been included in hospital budget submissions or explain why inclusion was not feasible)

This Application Addendum demonstrates, and the GMCB should find, that the addition of AHMC and ECH to the CON serves the public good and is fully consistent with the statutory criteria set forth in 18 V.S.A. § 9437. The statutory language contained in Section 9437 is **bolded** below followed by the UVM Medical Center's explanation of how the project expansion is consistent with each requirement.

1. Proposed project aligns with statewide health care reform goals and principles because the project:

A. takes into consideration health care payment and delivery system reform initiatives;

A fully-unified EHR System will integrate health, clinical, registration, billing, scheduling, the patient portal and insurance information into one system that will improve patients' experience of care while giving them, their families and their providers access to consistent, timely and accurate information regardless of where in the Network care is delivered. The project expansion is essential to provide the Network with the IT tools it needs to carry out its leading role in health reform initiatives.

In Vermont, the Network and its affiliates have been active participants in existing value-based payment programs, including the three shared savings programs (Medicare, Medicaid and commercial payers) that have been in existence for several years. Our affiliated Accountable Care Organization ("ACO"), OneCare Vermont, was chosen by CMS as one of the first "Next Generation" ACOs. In addition, leaders from the Network have been instrumental in developing and implementing the framework that will support the "All-Payer Model" designed to transform the way health care is delivered and paid for in the state.

The Network has been engaged in similar population health activities in New York through its affiliate, the Adirondacks ACO, which is collaborating with Adirondack Health Institute ("AHI"), a medical home project in northeastern New York, with the objective of lowering costs and reducing avoidable hospital admissions. AHI initiatives include the Delivery System Reform Incentive Payment Program and

Population Health Improvement Program. Adirondacks ACO is also collaborating with the State of New York to explore the possibility of implementing a total cost of care model in six Upstate counties that include Network's patient populations in New York State.

Having a unified EHR System will support our successful transition to population health management both in Vermont and New York by allowing us to use clinical data to monitor care trends and better coordinate care for at-risk populations using standardized practices across the Network which, in turn, take into account and support payment and delivery support reform initiatives. Indeed, a unified, high-quality EHR System is a foundational component of successful population health management.

B. addresses current and future community needs in a manner that balances statewide need (if applicable); and

This project does not require a balancing of needs, as the benefits, which are discussed throughout our submissions to the GMCB, are shared. In particular, the use of a unified EHR System by the area's largest and most specialized health system will drive care coordination, which is both a community and statewide need.

C. is consistent with appropriate allocation of health care resources, including appropriate utilization of services, as identified in the Health Resource Allocation Plan pursuant to section 9405 of this title.

The project expansion is consistent with the one applicable HRAP CON Standard, 3.4, as the capital investment of $15.8 million, not including capitalized interest, to be funded by UVM Medical Center was included as an FY20 capital budget request in our July 2019 budget submission.

2. The cost of project is reasonable because each of the following conditions is met:

A. The applicant's financial condition will sustain any financial burden likely to result from completion of the project;

The UVM Medical Center will be able to sustain the financial burdens of the project expansion. Project expansion expenses are included in the Network's long-term financial framework. That model, reviewed and updated regularly by the Network and our Board of Trustees, allows us to plan for needed capital investments over time within the financial parameters established by the GMCB. The framework's premise is that the Network will strive to meet national financial benchmarks that support our current Standard and Poor's "A" credit rating within the parameters established by the GMCB. Using those benchmarks, we planned our revenue and spending profile over a period of several years to determine available capital.

Following this approach, the Network developed detailed projections to determine the financial impact of the project expansion, incorporating the cash expenses included in the TCO and other non-cash expenses associated with the project expansion. These costs are summarized in the second chart of Exhibit A. The specific financial impact of expanding implementation to AHMC and ECH is minimal when compared to the large scope of the approved project.

- The total capital investment needed for the expansion is $16.0 million, which would be funded by UVM Medical Center.
- Operating expenses during implementation are estimated to be $4.2 million; a portion of these costs will be charged back to AHMC and ECH consistent with the cost allocation method

approved in the CON.

- The implementation and ongoing support estimates include $6.2 million in staffing and system offsets through FY25, consisting of costs that would have gone to legacy software payments and related employee expenses.

B. The project will not result in an undue increase in the costs of medical care or an undue impact on the affordability of medical care for consumers. In making a finding, the Board shall consider and weigh relevant factors, including:

(i) The financial implications of the project on hospitals and other clinical settings, including the impact on their services, expenditures and charges; and

(ii) Whether the impact on services, expenditures, and charges is outweighed by the benefit of the project to the public;

The project expansion will not result in any increase in the costs of medical care or an undue impact on the affordability of medical care for consumers. UVM Medical Center expects to fund the expansion with available operating capital without long-term borrowing or rate increases. The benefits to the public, which can only be generated by a truly Network-wide EHR System, outweigh the capital and operating cost increases that are necessary for implementing such a system.

C. Less expensive alternatives do not exist, would be unsatisfactory, or are not feasible or appropriate.

Reasonable alternatives to the expansion are not appropriate or reasonable. The only alternative would be to replace the electronic health record system at AHMC and ECH on a stand-alone basis, which would eliminate the valuable efficiencies discussed throughout our submissions and, thereby, come at a significantly higher cost. Furthermore, replacing the existing patchwork of systems across the Network with more of the same would fail to achieve the integration mandated under the current HRAP CON standards and would not create the necessary improvements to patient care discussed in response to CON Statutory Criterion 4, below.

D. If applicable, the applicant has incorporated appropriate energy efficiency measures.

Not applicable.

3. There is an identifiable, existing, or reasonably anticipated need for the proposed project that is appropriate for the applicant to provide.

The need for this expansion of the project stems from the fact that AHMC and ECH's administrative and clinical software require replacement. The current inpatient systems used by AHMC and ECH are no longer meeting their needs and will require a significant investment in the near future. Simply put, the hospitals can either pay to move from their legacy platforms to new versions without solving the issue of disparate systems that cannot interface with each other, or implement the unified EHR. Inaction is not an option.

To benefit from the efficiencies (which generate financial savings) and cross-Network operability, it makes the most business and clinical sense to implement a unified EHR System, across all six Network hospitals, now rather than later.

4. The project will improve the quality of health care in the State or provide greater access to health care for Vermont's residents, or both.

To be sure, we are seeking approval to include two New York hospitals. There are, however, a number of benefits to the residents of Vermont that will flow from Network-wide Epic implementation, including improved access to medical information for patients' clinicians, greater care coordination and improvement of clinical workflows.

The Network's establishment of a unified EHR System will increase the availability of electronic health information, promote interoperability and facilitate a greater exchange of information through the Vermont Health Information Exchange. A fully implemented, unified EHR System also strengthens the Network's ability to better connect to community providers, such as Hudson Headwaters Health Network, with one point of access for all provider connections (i.e., Epic's Care Everywhere). It is through this enhanced access and improved connection that providers will able to have a full view into the treatment a patient has received in our service area. This expanded pool of health information also proves beneficial for researching and working to improve population health.

Further, implementing the project at AHMC and ECH will allow us to identify workflows that can be improved and normalized among all Network entities. These alignments and efficiencies are not only beneficial for providers who practice at multiple locations, but also create a single and streamlined process throughout our region that benefits patient care and saves time and money. At the end of the day, what is good for the Network is good for *all* the patients it serves.

5. The project will not have an undue adverse impact on any other existing services provided by the applicant.

Expanding implementation to AHMC and ECH will not have an undue adverse impact on any other existing services offered by the Network. All existing services will continue to be provided by the Network.

6. REPEALED

7. The applicant has adequately considered the availability of affordable, accessible transportation services to the facility, if applicable.

Not applicable.

8. If the application is for the purchase or lease of new Health Care Information Technology, it conforms with the Health Information Technology Plan established under section 9351 of this title.

By its terms, the fundamental goals of the Health Information Technology Plan (the "HIT Plan") are to:

1. *Create One Health Record for Every Person* - Support optimal care delivery and coordination by ensuring access to complete and accurate health records.
2. *Improve Health Care Operations* - Enrich health care operation through data collection and analysis to support quality improvement and reporting.
3. *Use Data to Enable Investment and Policy Decisions* - bolster the health system's ability to learn by using accurate, comprehensive data to guide investment of time, labor and capital and inform policymaking and program development.[6]

The Network's plan to establish a unified EHR System among its providers, of which the proposed expansion is an essential part, is consistent with these goals. The Network's unified EHR System will be a collaboration among separate health care providers for the purpose of increasing the availability of electronic health information, promoting interoperability, and facilitating improved and greater exchange of information with the Vermont Health Information Exchange ("VHIE"). In addition, instead of patients having to access multiple patient portals when they see different Network providers, with limited information available in each portal, a unified EHR System will eventually allow for the creation of one patient portal, where patients can view their medical information, communicate with their providers, schedule appointments, and view and pay bills.

Further, using one EHR System vendor across the Network hospitals will enable improved communication, and thereby operations, among providers, as well as the VHIE and the New York State Health Information Exchange ("HIXNY"). A large percentage of the UVM Medical Center's patients are New York residents who travel to Burlington for tertiary services but, at this time, HIXNY and the VHIE do not connect with each other. Thus, having all the New York Network hospitals on the same EHR System as the UVM Medical Center will, in the interim, go a long way toward the meaningful exchange of health information, as the majority of the UVM Medical Center's New York patients are referred to it by the New York hospitals.

Consolidation from many EHR System vendors to one (i.e., Epic) will also further the Network's goal of maintaining national standards for privacy, security and transmission protocols. Maintaining a myriad of systems from vendors, which creates opportunities for security issues, has been a major struggle for the Network. Using one vendor whose product is fully compliant with all federal and state security and safety standards will increase safeguards and bring additional audit capabilities to ensure that patient information remains secure. A single, integrated EHR System will also enhance the ability of the Network to maintain federal standards for billing and reporting on clinical trials.

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[6] Vermont's Health Information Exchange Strategic Plan, 9 (Nov. 2018) https://gmcboard.vermont.gov/sites/gmcb/files/HIEPlan_SubmittedbyDVHAtoGMCB_Submitted11.1.18_UpdatedConnectivityCriteria12.6.18.pdf.

More, Epic is heavily invested in patient-centered research, and the creation of a single record across the Network would facilitate identification of patients who are eligible for innovative treatment protocols. Data gathered from across the Network will provide the material from which to build meaningful, numbers-backed health policies and programming, and the ability to measure the effects of the same. For all these reasons, the project expansion is in conformance with, and will help further, the objectives set forth in the HIT Plan.

9. The project will support equal access to appropriate mental health care that meets standards of quality, access, and affordability equivalent to other components of health care as part of an integrated, holistic system of care, as appropriate

It is becoming increasingly clear that "[p]romoting EHRs and strengthening HIT infrastructure in behavioral health practice settings can help reduce mental health disparities and promote better health and well-being for individuals, families, and communities of diverse backgrounds."[7] And that "[t]hrough improved coordination of services and overall patient care, adoption [of EHRs] may increase the effectiveness of prevention and intervention strategies, which are essential to reducing health disparities."[8]

For example, in light of the opioid crisis, one area of mental health in which the need for interoperable EHRs has become more evident is substance abuse disorders ("SUD"). When hospitals use disparate EHR systems that do not "talk" with each other, practitioners have no way of knowing about a patient's SUD and associated treatment unless the patient discloses that information during a visit.[9] The use of interoperable EHRs leads to improved communication among providers, which promotes a stronger patient-provider relationship, better treatment adherence among patients, and—presumably—improved health outcomes.[10] Here, such benefits would flow from the implementation of a single EHR across the Network. It follows that the use of a single EHR system would increase equity and parity between mental and physical health care, help drive improvement in population health and, in so doing, reduce per capita costs of care through coordinated treatment among providers as part of an integrated, holistic system.

[7] Brian McGregor *et al*. "Improving Service Coordination and Reducing Mental Health Disparities through Adoption of Electronic Health Records." Psychiatry Serv. 66, no. 9 (Sept. 2015): 985-987.

[8] *Id*.

[9] Bipartisan Policy Center. "Integrating Clinical and Mental Health: Challenges and Opportunities" (Jan 2019) https://bipartisanpolicy.org/wp-content/uploads/2019/01/Integrating-Clinical-and-Mental-Health-Challenges-and-Opportunities.pdf (last visited Oct. 28, 2019).

[10] *See* McGregor, "Reducing Mental Health Disparities" 985.

E. Please update the table on page 18 of the revised CON application by including a row for projected patient volumes attributed to each entity used to reach the subscription fees and by amending the period covered to include all years from start to full implementation for the seven entities.

The response to this request is set out in two parts. The tables in part one summarize the allocation of project costs for implementing the EHR System for (i) the approved CON; (ii) the requested CON amendment (i.e., just AHMC and ECH); and (iii) all Network hospitals, including the expansion, through full implementation.[11] In part two, the projected patient volumes used to determine subscription fees (i.e., the shared operating costs) are set out in separate tables to demonstrate the year-by-year change in the allocation of fees as the EHR System is implemented and operating costs are incurred in waves across all six hospitals.[12]

Part One:

Summary of Approved CON Project Costs

	A: Total Project Summary of Epic Costs & Funds Flow (Approved CON 01/05/2018) [5]						
	Total University of Vermont Health Network (UVMHN)	University of Vermont Medical Center (UVMMC)	Central Vermont Medical Center (CVMC)	Porter Medical Center (Porter)	Champlain Valley Physicians Hospital (CVPH)	Elizabethtown Community Hospital (ECH)	Alice Hyde Medical Center (AHMC)
Total Capital Costs[1]	**$109,254,817**	$109,254,817	$0	$0	$0	$0	$0
Total Operating Costs[2]	**$85,889,541**	$85,889,541	$0	$0	$0	$0	$0
Subscription Fees[3]	**$0**	($32,369,455)	$11,138,319	$4,918,797	$16,312,339	$0	$0
Total System & Staffing Offsets[4]	**($43,451,154)**	($27,101,902)	($4,322,229)	($2,748,998)	($9,278,024)	$0	$0
Total Project Net Capital & Operating Cost of Epic Implementation	**$151,693,203**	**$135,673,000**	**$6,816,090**	**$2,169,799**	**$7,034,315**	**$0**	**$0**
Capital Interest Expense	$2,813,465	$2,813,465	$0	$0	$0	$0	$0
Total Net Capital & Operating Cost of Epic Implementation with Capital Interest Expense	**$154,506,668**	**$138,486,465**	**$6,816,090**	**$2,169,799**	**$7,034,315**	**$0**	**$0**

Footnotes:
1 UVMMC as the licensee has all the capital costs.
2 UVMMC as the Epic licensee will be allocated all operating costs.
3 The UVMHN hospitals reimburse UVMMC for their share of the operating costs.
4 Staffing & system offset savings generated from Epic implementation.
5 Amounts are based on August 2019 projection file with no change to total UVMHN project CON budget.

[11] UVMHN Home Health and Hospice is not included in the scope of the EHR project or expansion and, as such, it will not incur costs from the project expansion and has not been included in the table. To the extent a CON is needed for future EHR System implementation at UVMHN Home Health and Hospice, costs will be submitted in the application.

[12] Please note that capitalized interest expenses were included in the narrative of the February 23, 2017 CON application, but were not included in the analogous table that appeared on page 18. Capitalized interest expenses are, however, included in the tables within this Addendum.

Summary of Requested CON Amendment Project Costs (AHMC & ECH only)

	B: Total Project Summary of Epic Costs & Funds Flow (Submitted CON 08/01/2019)						
	Total University of Vermont Health Network (UVMHN)	University of Vermont Medical Center (UVMMC)	Central Vermont Medical Center (CVMC)	Porter Medical Center (Porter)	Champlain Valley Physicians Hospital (CVPH)	Elizabethtown Community Hospital (ECH)	Alice Hyde Medical Center (AHMC)
Total Capital Costs[1]	**$15,732,386**	$15,732,386	$0	$0	$0	$0	$0
Total Operating Costs[2]	**$6,410,023**	$6,410,023	$0	$0	$0	$0	$0
Subscription Fees[3]	**$0**	($3,062,204)	$871,916	$382,931	$1,303,022	$156,270	$348,065
Total System & Staffing Offsets[4]	**($2,341,339)**	$0	$0	$0	$0	($803,527)	($1,537,812)
Total Project Net Capital & Operating Cost of Epic Implementation	**$19,801,070**	**$19,080,204**	**$871,916**	**$382,931**	**$1,303,022**	**($647,258)**	**($1,189,747)**
Capital Interest Expense	$278,516	$278,516	$0	$0	$0	$0	$0
Total Net Capital & Operating Cost of Epic Implementation with Capital Interest Expense	**$20,079,586**	**$19,358,720**	**$871,916**	**$382,931**	**$1,303,022**	**($647,258)**	**($1,189,747)**

Footnotes:
1 UVMMC as the licensee has all the capital costs.
2 UVMMC as the Epic licensee will be allocated all operating costs.
3 The UVMHN hospitals reimburse UVMMC for their share of the operating costs.
4 Staffing & system offset savings generated from Epic implementation.

Summary of Costs for Implementation at all Six Hospitals

	C: Combined Total Project Summary of Epic Costs & Funds Flow (Approved CON 01/05/2018 + CON Amendment 08/01/2019)						
	Total University of Vermont Health Network (UVMHN)	University of Vermont Medical Center (UVMMC)	Central Vermont Medical Center (CVMC)	Porter Medical Center (Porter)	Champlain Valley Physicians Hospital (CVPH)	Elizabethtown Community Hospital (ECH)	Alice Hyde Medical Center (AHMC)
Total Capital Costs[1]	**$124,987,203**	$124,987,203	$0	$0	$0	$0	$0
Total Operating Costs[2]	**$92,299,564**	$92,299,564	$0	$0	$0	$0	$0
Subscription Fees[3]	**$0**	($37,711,839)	$11,325,898	$4,982,416	$16,823,875	$1,419,018	$3,160,632
Total System & Staffing Offsets[4]	**($45,792,493)**	($27,101,902)	($4,322,229)	($2,748,998)	($9,278,024)	($803,527)	($1,537,812)
Total Project Net Capital & Operating Cost of Epic Implementation	**$171,494,273**	**$152,473,025**	**$7,003,669**	**$2,233,418**	**$7,545,851**	**$615,491**	**$1,622,820**
Capital Interest Expense	$3,091,981	$3,091,981	$0	$0	$0	$0	$0
Total Net Capital & Operating Cost of Epic Implementation with Capital Interest Expense	**$174,586,254**	**$155,565,005**	**$7,003,669**	**$2,233,418**	**$7,545,851**	**$615,491**	**$1,622,820**

Footnotes:
1 UVMMC as the licensee has all the capital costs.
2 UVMMC as the Epic licensee will be allocated all operating costs.
3 The UVMHN hospitals reimburse UVMMC for their share of the operating costs.
4 Staffing & system offset savings generated from Epic implementation.

Part Two:

Projected Patient Volume by Affiliate including Proposed Expansion[13]

Volume Attribution	FY18	FY19	FY20	FY21	FY22	FY23
UVMMC - Admissions	22,077	22,077	22,077	22,077	22,077	22,077
UVMMC - Inpatient Days	110,484	110,484	110,484	110,484	110,484	110,484
UVMMC - ED Visits	83,183	83,183	83,183	83,183	83,183	83,183
UVMMC - Ambulatory Clinic Visits	591,220	591,220	591,220	591,220	591,220	591,220
CVMC - Admissions	-	-	4,534	4,534	4,534	4,534
CVMC - Inpatient Days	-	-	18,844	18,844	18,844	18,844
CVMC - ED Visits	-	-	25,366	25,366	25,366	25,366
CVMC - Ambulatory Clinic Visits	-	-	216,786	216,786	216,786	216,786
PMC - Admissions	-	-	1,855	1,855	1,855	1,855
PMC - Inpatient Days	-	-	5,360	5,360	5,360	5,360
PMC - ED Visits	-	-	15,018	15,018	15,018	15,018
PMC - Ambulatory Clinic Visits	-	-	97,527	97,527	97,527	97,527
CVPH - Admissions	-	-	9,883	9,883	9,883	9,883
CVPH - Inpatient Days	-	-	50,522	50,522	50,522	50,522
CVPH - ED Visits	-	-	49,042	49,042	49,042	49,042
CVPH - Ambulatory Clinic Visits	-	-	97,315	97,315	97,315	97,315
ECH - Admissions	-	-	-	389	389	389
ECH - Inpatient Days	-	-	-	1,296	1,296	1,296
ECH - ED Visits	-	-	-	8,260	8,260	8,260
ECH - Ambulatory Clinic Visits	-	-	-	44,382	44,382	44,382
AHMC - Admissions	-	-	-	1,945	1,945	1,945
AHMC - Inpatient Days	-	-	-	5,148	5,148	5,148
AHMC - ED Visits	-	-	-	11,618	11,618	11,618
AHMC - Ambulatory Clinic Visits	-	-	-	89,257	89,257	89,257
Total - Admissions	**22,077**	**22,077**	**38,349**	**40,683**	**40,683**	**40,683**
Total - Inpatient Days	**110,484**	**110,484**	**185,210**	**191,654**	**191,654**	**191,654**
Total - ED Visits	**83,183**	**83,183**	**172,609**	**192,487**	**192,487**	**192,487**
Total - Ambulatory Clinic Visits	**591,220**	**591,220**	**1,002,848**	**1,136,487**	**1,136,487**	**1,136,487**

Percentage of Total Patient Volume by Affiliate including Proposed Expansion

Volume Allocation %	FY18	FY19	FY20	FY21	FY22	FY23
UVMMC	100.0%	100.0%	56.6%	52.2%	52.2%	52.2%
CVMC	0.0%	0.0%	14.9%	13.6%	13.6%	13.6%
PMC	0.0%	0.0%	6.6%	6.0%	6.0%	6.0%
CVPH	0.0%	0.0%	21.9%	20.3%	20.3%	20.3%
ECH	0.0%	0.0%	0.0%	2.4%	2.4%	2.4%
AHMC	0.0%	0.0%	0.0%	5.4%	5.4%	5.4%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Allocated Subscription Fees by Affiliate including Proposed Expansion

Subscription Fees (allocated on volume)	FY18	FY19	FY20	FY21	FY22	FY23	TOTAL
UVMMC (net operating expense after subscription fees)	$ 2,537,022	$ 8,716,846	$12,933,737	$ 14,215,090	$ 10,878,393	$ 5,306,636	$ 54,587,724
CVMC	$ -	$ -	$ 3,408,398	$ 3,702,222	$ 2,833,202	$ 1,382,077	$ 11,325,898
PMC	$ -	$ -	$ 1,505,184	$ 1,625,953	$ 1,244,294	$ 606,985	$ 4,982,416
CVPH	$ -	$ -	$ 4,991,682	$ 5,532,732	$ 4,234,038	$ 2,065,424	$ 16,823,875
ECH	$ -	$ -	$ -	$ 663,533	$ 507,782	$ 247,703	$ 1,419,018
AHMC	$ -	$ -	$ -	$ 1,477,911	$ 1,131,002	$ 551,719	$ 3,160,632
Total	**$ 2,537,022**	**$ 8,716,846**	**$22,839,000**	**$ 27,217,440**	**$ 20,828,711**	**$10,160,544**	**$ 92,299,564**

[13] Actual patient volumes will vary as we have carried forward static patient volumes for consistency in planning purposes.

Additionally, create:

1) **a table reflecting updated costs (specify date) by line item for the current approved CON that excludes the two additional hospitals;**

The following table, which excludes AHMC and ECH, reflects updated costs as of August 1, 2019 for the approved CON.

Updated Costs for Approved CON *excluding* Proposed Expansion (using August 2019 projections)

Cost Estimate - Approved CON 01/05/2018 based on August 2019 projections							
	FY18	FY19	FY20	FY21	FY22	FY23	TOTAL
Epic Software Costs	$ 3,046,335	$ 3,481,524	$ 3,481,524	$ 870,381	$ -	$ -	$ 10,879,764
Epic Implementation and Travel Costs	$ 2,350,453	$ 6,565,649	$ 3,305,000	$ 1,999,971	$ -	$ -	$ 14,221,072
Required 3rd Party Software	$ 19,192	$ 1,462,250	$ 1,030,000	$ 419,144	$ -	$ -	$ 2,930,586
RCM Bolt On Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
UVMHN Internal Staffing	$ 2,127,347	$ 5,546,625	$ 2,685,000	$ 1,199,922	$ -	$ -	$ 11,558,894
External Staffing	$ 4,595,390	$ 11,484,981	$ 11,175,000	$ 7,099,889	$ -	$ -	$ 34,355,260
Epic Related Technology Costs (Hardware, Network, Integration, Conversion)	$ 164,702	$ 9,389,327	$ 1,300,000	$ 293,064	$ -	$ -	$ 11,147,093
Network Related Technology Costs (Hardware, Network, Integration, Conversion)	$ 4,822,367	$ 8,391,917	$ 2,050,000	$ 1,070,331	$ -	$ -	$ 16,334,615
Facilities, Marketing, Travel, and OOPs	$ 583,871	$ 568,475	$ 197,798	$ -	$ -	$ -	$ 1,350,145
Pre-Implementation - External Staffing	$ 1,248,041	$ -	$ -	$ -	$ -	$ -	$ 1,248,041
Total Capital Costs	**$ 18,957,698**	**$ 46,890,747**	**$ 25,224,322**	**$ 12,952,702**	**$ -**	**$ -**	**$ 104,025,469**
Contingency 9.9%	$ -	$ 240,000	$ 2,875,000	$ 2,114,348	$ -	$ -	$ 5,229,348
Grand Total Capital Costs	**$ 18,957,698**	**$ 47,130,747**	**$ 28,099,322**	**$ 15,067,049**	**$ -**	**$ -**	**$ 109,254,817**
Epic Software Costs	$ -	$ 8,000	$ 1,309,000	$ 2,187,000	$ 2,988,000	$ 1,494,133	$ 7,986,133
Epic Implementation and Travel Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Required 3rd Party Software	$ 809,742	$ (507,759)	$ 730,000	$ 835,000	$ 840,000	$ 420,929	$ 3,127,912
RCM Bolt On Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
UVMHN Internal Staffing	$ 429,191	$ 1,803,188	$ 6,620,000	$ 7,780,000	$ 7,915,000	$ 3,929,541	$ 28,476,921
External Staffing	$ 513,094	$ 1,391,675	$ 4,900,000	$ 3,244,977	$ -	$ -	$ 10,049,745
Epic Related Technology Costs (Hardware, Network, Integration, Conversion)	$ 119,789	$ 1,034,539	$ 1,800,000	$ 1,800,000	$ 1,800,000	$ 901,992	$ 7,456,320
Network Related Technology Costs	$ 412,319	$ 4,013,184	$ 3,820,000	$ 3,500,000	$ 3,000,000	$ 1,497,438	$ 16,242,942
Facilities, Marketing, Travel, and OOPs	$ 252,887	$ 754,020	$ 1,020,000	$ 890,000	$ 454,614	$ -	$ 3,371,521
UVMHN Staffing Offsets	$ (750,644)	$ (1,562,078)	$ (4,728,944)	$ (9,222,203)	$ (9,746,603)	$ (5,005,749)	$ (31,016,221)
UVMHN Legacy System Offsets	$ -	$ -	$ (687,202)	$ (3,130,323)	$ (5,515,296)	$ (3,102,113)	$ (12,434,933)
Total OpEx	**$ 1,786,378**	**$ 6,934,769**	**$ 14,782,854**	**$ 7,884,451**	**$ 1,735,715**	**$ 136,172**	**$ 33,260,338**
Contingency 10%	$ -	$ 220,000	$ 2,640,000	$ 2,540,000	$ 2,520,000	$ 1,258,048	$ 9,178,048
Grand Total OpEx	**$ 1,786,378**	**$ 7,154,769**	**$ 17,422,854**	**$ 10,424,451**	**$ 4,255,715**	**$ 1,394,220**	**$ 42,438,386**
Total Project Cost	**$ 20,744,076**	**$ 54,285,516**	**$ 45,522,176**	**$ 25,491,500**	**$ 4,255,715**	**$ 1,394,220**	**$ 151,693,203**
Capital Interest Expense	**$ 157,978**	**$ 1,740,896**	**$ 681,665**	**$ 232,926**	**$ -**	**$ -**	**$ 2,813,465**
Total Project Cost	**$ 20,902,054**	**$ 56,026,411**	**$ 46,203,842**	**$ 25,724,426**	**$ 4,255,715**	**$ 1,394,220**	**$ 154,506,668**

2) **a table reflecting revised costs by line item for each entity including the proposed expansion to AHMC and ECH to reflect total revised costs. Explain in detail whether the proposed expansion to the two additional New York hospitals will increase or decrease costs to any Vermont hospital(s) in any given year.**

The proposed expansion of the EHR System for use by AHMC and ECH will initially increase costs for the three Vermont hospitals through FY 21, as demonstrated in the table below. The only Vermont hospital that will incur additional capital expenses, however, is UVM Medical Center, as it holds the EHR System license. These capital costs amount to $ 16,010,902.

The "subscription fees" (i.e., operating costs for the entire EHR System) are proportioned among the Network hospitals based on patient volume, and then reimbursed back to UVM Medical Center, as the EHR System as UVM Medical Center incurs operating expenses for implementation at each of the respective hospitals. Though expanding the project will increase costs, more hospitals will be sharing these costs. Further, the operating costs will decrease post-implementation, which will be reflected in reduced subscription fees across the hospitals beginning in FY 22.

In summation, the Vermont hospitals will see a $1,318,837 increase in operating costs because of the expansion. The subscription expense incurred by UVM Medical Center will increase by $1,316,477 in FY21, but will decrease in FY22 by $174,441 and in FY23 by $74,397, for a total increase of $1,067,639. Initially, subscription costs for CVMC will increase by $303,080, but will reduce by $79,526 and $35,975 in FY22 and FY23, for a total increase of $187,579. Subscription costs for PMC will increase by $124,857, but will reduce by $41,997 and $19,242 in FY22 and FY23, for a total increase of $63,619.

Revised Costs by Entity as a result of Proposed Expansion[14]

Combined Cost Estimate = Approved CON 01/05/2018 + CON Amendment 08/01/2019 Increase / (Decrease) of Expense								
	FY18	FY19	FY20	FY21	FY22	FY23	TOTAL
Capital Expense (UVMMC holds all expense)							
UVMMC	$ -	$ -	$ -	$ 15,732,386	$ -	$ -	$ 15,732,386
CVMC	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PMC	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CVPH	$ -	$ -	$ -	$ -	$ -	$ -	$ -
ECH	$ -	$ -	$ -	$ -	$ -	$ -	$ -
AHMC	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total	**$ -**	**$ -**	**$ -**	**$15,732,386**	**$ -**	**$ -**	**$15,732,386**
Operating Expense (staffing and legacy system offsets)							
UVMMC	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CVMC	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PMC	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CVPH	$ -	$ -	$ -	$ -	$ -	$ -	$ -
ECH	$ -	$ -	$ -	$ (60,067)	$ (457,621)	$ (285,839)	$ (803,527)
AHMC	$ -	$ -	$ -	$ (120,133)	$ (922,081)	$ (495,598)	$ (1,537,812)
Total	**$ -**	**$ -**	**$ -**	**$ (180,200)**	**$ (1,379,702)**	**$ (781,437)**	**$ (2,341,339)**
Operating Expense Subscription Fees (allocated on volume)							
UVMMC (net operating expense after subscription fees)	$ -	$ -	$ -	$ 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	$ -	$ -	$ -	$ 663,533	$ 507,782	$ 247,703	$ 1,419,018
AHMC	$ -	$ -	$ -	$ 1,477,911	$ 1,131,002	$ 551,719	$ 3,160,632
Total	**$ -**	**$ -**	**$ -**	**$ 4,440,463**	**$ 1,311,097**	**$ 658,463**	**$ 6,410,023**
Total Capital and Operating Expense							
UVMMC (net operating expense after subscription fees)	$ -	$ -	$ -	$ 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
Total	**$ -**	**$ -**	**$ -**	**$19,992,649**	**$ (68,605)**	**$ (122,974)**	**$19,801,070**

[14] Because operating costs are proportioned on an annual basis as determined by that year's patient volume per affiliate, the actual yearly costs incurred by each affiliate will vary from the projections in the table, which are based on a "snapshot in time" of patient volumes for purposes of consistency in planning.

Updated Costs for Approved CON *plus* Proposed Expansion (as of August 2019)

Combined Cost Estimate = Approved CON 01/05/2018 + Submitted CON 08/01/2019							
	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	$ 6,565,649	$ 3,305,000	$ 2,638,971	$ -	$ -	$ 14,860,072
Required 3rd Party Software	$ 19,192	$ 1,462,250	$ 1,030,000	$ 1,287,844	$ -	$ -	$ 3,799,286
RCM Bolt On Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
UVMHN Internal Staffing	$ 2,127,347	$ 5,546,625	$ 2,685,000	$ 1,199,922	$ -	$ -	$ 11,558,894
External Staffing	$ 4,595,390	$ 11,484,981	$ 11,175,000	$ 11,442,434	$ -	$ -	$ 38,697,805
Epic Related Technology Costs (Hardware, Network, Integration, Conversion)	$ 164,702	$ 9,389,327	$ 1,300,000	$ 6,786,688	$ -	$ -	$ 17,640,717
Network Related Technology Costs (Hardware, Network, Integration, Conversion)	$ 4,822,367	$ 8,391,917	$ 2,050,000	$ 1,070,331	$ -	$ -	$ 16,334,615
Facilities, Marketing, Travel, and OOPs	$ 583,871	$ 568,475	$ 197,798	$ -	$ -	$ -	$ 1,350,145
Pre-Implementation - External Staffing	$ 1,248,041	$ -	$ -	$ -	$ -	$ -	$ 1,248,041
Total Capital Costs	**$ 18,957,698**	**$ 46,890,747**	**$ 25,224,322**	**$ 27,254,871**	**$ -**	**$ -**	**$ 118,327,638**
Contingency 9.9%	$ -	$ 240,000	$ 2,875,000	$ 3,544,564	$ -	$ -	$ 6,659,564
Grand Total Capital Costs	**$ 18,957,698**	**$ 47,130,747**	**$ 28,099,322**	**$ 30,799,435**	**$ -**	**$ -**	**$ 124,987,203**
Epic Software Costs	$ -	$ 8,000	$ 1,309,000	$ 2,301,677	$ 3,454,736	$ 1,731,515	$ 8,804,929
Epic Implementation and Travel Costs	$ -	$ -	$ -	$ 71,000	$ -	$ -	$ 71,000
Required 3rd Party Software	$ 809,742	$ (507,759)	$ 730,000	$ 885,904	$ 1,044,565	$ 523,686	$ 3,486,138
RCM Bolt On Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
UVMHN Internal Staffing	$ 429,191	$ 1,803,188	$ 6,620,000	$ 9,303,357	$ 8,086,161	$ 4,015,969	$ 30,257,867
External Staffing	$ 513,094	$ 1,391,675	$ 4,900,000	$ 3,952,651	$ -	$ -	$ 10,757,419
Epic Related Technology Costs (Hardware, Network, Integration, Conversion)	$ 119,789	$ 1,034,539	$ 1,800,000	$ 2,308,053	$ 2,144,071	$ 1,074,027	$ 8,480,480
Network Related Technology Costs	$ 412,319	$ 4,013,184	$ 3,820,000	$ 3,500,000	$ 3,000,000	$ 1,497,438	$ 16,242,942
Facilities, Marketing, Travel, and OOPs	$ 252,887	$ 754,020	$ 1,020,000	$ 1,951,120	$ 459,987	$ -	$ 4,438,013
UVMHN Staffing Offsets	$ (750,644)	$ (1,562,078)	$ (4,728,944)	$ (9,402,403)	$ (10,545,890)	$ (5,434,625)	$ (32,424,584)
UVMHN Legacy System Offsets	$ -	$ -	$ (687,202)	$ (3,130,323)	$ (6,095,711)	$ (3,454,674)	$ (13,367,909)
Total OpEx	**$ 1,786,378**	**$ 6,934,769**	**$ 14,782,854**	**$ 11,741,036**	**$ 1,547,919**	**$ (46,662)**	**$ 36,746,293**
Contingency 10%	$ -	$ 220,000	$ 2,640,000	$ 2,943,678	$ 2,639,191	$ 1,317,908	$ 9,760,777
Grand Total OpEx	**$ 1,786,378**	**$ 7,154,769**	**$ 17,422,854**	**$ 14,684,714**	**$ 4,187,110**	**$ 1,271,246**	**$ 46,507,070**
Total Project Cost	**$ 20,744,076**	**$ 54,285,516**	**$ 45,522,176**	**$ 45,484,149**	**$ 4,187,110**	**$ 1,271,246**	**$ 171,494,273**
Capital Interest Expense	**$ 157,978**	**$ 1,740,896**	**$ 681,665**	**$ 511,442**	**$ -**	**$ -**	**$ 3,091,981**
Total Project Cost	**$ 20,902,054**	**$ 56,026,411**	**$ 46,203,842**	**$ 45,995,591**	**$ 4,187,110**	**$ 1,271,246**	**$ 174,586,254**

F. Also, please include one or more tables reflecting UVM Medical Center's depreciation and capital costs year by year for year 1 through the year of full implementation/operation, reflecting:

1) updated costs (specify date) for the current approved CON, excluding the two additional hospitals; and

2) total costs, including costs for the proposed expansion to AHMC and ECH.

Tables demonstrating UVM Medical Center's depreciation and capital costs for the approved CON and the proposed expansion are set out below.

Seven-Year UVMMC Depreciation & Capital Costs for Approved CON

	A: Total Capital and Depreciation Costs (Approved CON 01/05/2018)											
University of Vermont Medical Center (UVMMC)	**Total**	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Capital Expense	**$109,254,817**	$18,957,698	$47,130,747	$28,099,322	$15,067,049	$0	$0	$0	$0	$0	$0	$0
Capital Interest Expense	**$2,813,465**	$157,978	$1,740,896	$681,665	$232,926	$0	$0	$0	$0	$0	$0	$0
Capital Expense Depreciation[1]	**$109,254,817**	$23,265	$92,121	$9,287,786	$14,061,564	$15,611,625	$15,611,625	$15,578,003	$15,543,829	$15,543,829	$6,345,783	$1,555,385
Capital Interest Depreciation	**$2,813,465**	$0	$0	$278,120	$376,967	$401,924	$401,924	$401,924	$401,924	$401,924	$123,804	$24,956
	Footnotes:											
	1 Depreciation calculation based on spreading total capital costs over the useful life of the asset(s), per external auditor guidance.											

Seven-Year UVMMC Depreciation & Capital Costs for Approved CON *plus* Proposed Expansion

	C: Total Capital and Depreciation Costs (Approved CON 01/05/2018 + CON Amendment 08/01/2019)											
University of Vermont Medical Center (UVMMC)	**Total**	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Capital Expense	**$124,987,203**	$18,957,698	$47,130,747	$28,099,322	$30,799,435	$0	$0	$0	$0	$0	$0	$0
Capital Interest Expense	**$3,091,981**	$157,978	$1,740,896	$681,665	$511,442	$0	$0	$0	$0	$0	$0	$0
Capital Expense Depreciation[1]	**$124,987,203**	$23,265	$92,121	$9,287,786	$14,623,435	$17,859,109	$17,859,109	$17,825,486	$17,791,313	$17,791,313	$8,593,267	$3,240,997
Capital Interest Depreciation	**$3,091,981**	$0	$0	$278,120	$386,914	$441,712	$441,712	$441,712	$441,712	$441,712	$163,592	$54,797
	Footnotes:											
	1 Depreciation calculation based on spreading total capital costs over the useful life of the asset(s), per external auditor guidance.											

G. Revise and submit all the standard financial tables through Adaptive Insights for the proposed expansion.

As requested, for the proposed expansion, the financial table reflecting depreciation and capital costs for UVM Medical Center has been included immediately above and submitted contemporaneously though Adaptive Insights in the format per GMCB instructions.

H. Additionally, the application should explain the impact of the project on rates and net patient revenue. *See* GMCB Rule 4.000 § 4.202.

The project expansion, which involves expediting the implementation of Epic at two of the Network's New York hospitals, is not expected to affect rates or net patient revenue of the Network's Vermont hospitals.

The impact on net patient revenue as part of this expansion would only be applicable to AHMC and ECH, in that there may be a temporary effect on the respective hospital's revenue cycle during the first months of the implementation. Once fully implemented, the EHR System should allow us to achieve efficiencies in scheduling and caring for more patients with our existing resources.

CONCLUSION

For the reasons set forth herein, the Applicant respectfully requests that this Application Addendum be reviewed on an expedited basis in accordance with 18 V.S.A. § 9440b and following review, that the project expansion be approved.

Dated at Burlington, Vermont, this 13th day of December, 2019.

APPLICANT:

THE UNIVERSITY OF VERMONT MEDICAL CENTER INC.

By: _____

Eric S. Miller
Sr. Vice President & General Counsel

EXHIBIT A
Feasibility Study

The original CON submission included a five-year TCO as developed by Cumberland Consulting. To illustrate the incremental increase to the current project using the same time frame, the analyses below were developed. These TCOs do not contemplate capitalized interest.

TCO - Stand-Alone Implementation at AHMC and ECH: $29,387,231

Cost Estimate	FY18	FY19	FY20	FY21	FY22	FY23	TOTAL
Epic Software Costs	$ -	$ -	$ -	$ 1,958,300	$ -	$ -	$ 1,958,300
Epic Implementation and Travel Costs	$ -	$ -	$ -	$ 511,667	$ 878,333	$ -	$ 1,390,000
Required 3rd Party Software	$ -	$ -	$ -	$ -	$ 868,700	$ -	$ 868,700
RCM Bolt On Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
UVMHN Internal Staffing	$ -	$ -	$ -	$ 30,033	$ 50,056	$ -	$ 80,089
External Staffing	$ -	$ -	$ -	$ 4,149,543	$ 6,915,905	$ -	$ 11,065,448
Epic Related Technology Costs (Hardware,	$ -	$ -	$ -	$ 3,305,991	$ 3,187,633	$ -	$ 6,493,624
Network Related Technology Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Facilities, Marketing, Travel, and OOPs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -	
Total Capital Costs	**$ -**	**$ -**	**$ -**	**$ 9,955,534**	**$ 11,900,627**	**$ -**	**$ 21,856,161**
Contingency 10%	$ -	$ -	$ -	$ 995,553	$ 1,190,063	$ -	$ 2,185,616
Grand Total Capital Costs	**$ -**	**$ -**	**$ -**	**$ 10,951,088**	**$ 13,090,689**	**$ -**	**$ 24,041,777**
Epic Software Costs	$ -	$ -	$ -	$ -	$ 275,608	$ 237,382	$ 512,989
Epic Implementation and Travel Costs	$ -	$ -	$ -	$ -	$ 145,000	$ -	$ 145,000
Required 3rd Party Software	$ -	$ -	$ -	$ -	$ 119,725	$ 102,757	$ 222,482
RCM Bolt On Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
UVMHN Internal Staffing	$ -	$ -	$ -	$ 26,530	$ 1,557,218	$ 86,428	$ 1,670,177
External Staffing	$ -	$ -	$ -	$ 96,501	$ 1,576,183	$ -	$ 1,672,684
Epic Related Technology Costs (Hardware,	$ -	$ -	$ -	$ 100,000	$ 494,071	$ 172,036	$ 766,107
Network Related Technology Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Facilities, Marketing, Travel, and OOPs	$ -	$ -	$ -	$ 401,938	$ 664,554	$ -	$ 1,066,492
UVMHN Staffing Offsets	$ -	$ -	$ -	$ -	$ (427,675)	$ (418,665)	$ (846,339)
UVMHN Legacy System Offsets	$ -	$ -	$ -	$ -	$ (140,743)	$ (328,987)	$ (469,730)
	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total OpEx	**$ -**	**$ -**	**$ -**	**$ 624,969**	**$ 4,263,941**	**$ (149,049)**	**$ 4,739,861**
Contingency 10%	$ -	$ -	$ -	$ 62,497	$ 483,236	$ 59,860	$ 605,593
Grand Total OpEx	**$ -**	**$ -**	**$ -**	**$ 687,466**	**$ 4,747,177**	**$ (89,189)**	**$ 5,345,454**
Total Project Cost	**$ -**	**$ -**	**$ -**	**$ 11,638,554**	**$ 17,837,866**	**$ (89,189)**	**$ 29,387,231**

****NOTE: This model covers 60 months of implementation/post-live to be consistent with what was shown in the Original CON application budget. This means that FY 2023 above only shows costs estimated for October 2022 - March 2023.**

TCO - Addition of AHMC and ECH to Wave 3 of current Epic Implementation: $19,801,070

Cost Estimate - AHMC and ECH	FY18	FY19	FY20	FY21	FY22	FY23	TOTAL
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, Network,	$ -	$ -	$ -	$ 6,493,624	$ -	$ -	$ 6,493,624
Network Related Technology Costs (Hardware, Network,	$ -	$ -	$ -	$ -	$ -	$ -	$ -
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**
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, Network,	$ -	$ -	$ -	$ 508,053	$ 344,071	$ 172,036	$ 1,024,160
Network Related Technology Costs (Hardware, Network,	$ -	$ -	$ -	$ -	$ -	$ -	$ -
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**

Traditional 5-year Project Pro Forma

The below pro forma was developed to provide a five-year prospective cost analysis beginning at the start of the project expansion implementation and extending five years (FY21-FY25). This method shows both the cost of the project during implementation, as well as the ongoing expense to support and maintain the system operationally. This method also includes depreciation and amortization.

Incremental Pro-Forma: AHMC/ECH Epic

Implementation Period | Ongoing OpEx

	FY21	FY22	FY23	FY24	FY25	*5 Yr. Total*
Incremental Volume						
# Cases	0	0	0	0	0	***0***
Total Volume						
Incremental Net Revenue						
Net Revenue	$ -	$ -	$ -	$ -	$ -	$ -
Total Revenue						
Incremental Expenses						
Epic Software Costs	$ 114,677	$ 466,736	$ 474,764	$ 474,764	$ 474,764	***$ 2,005,705***
Epic Implementation and Travel Costs	$ 71,000	$ -	$ -	$ -	$ -	***$ 71,000***
Required 3rd Party Software	$ 50,904	$ 204,565	$ 205,514	$ 205,514	$ 205,514	***$ 872,011***
UVMHN Internal Staffing	$ 1,523,357	$ 171,161	$ 172,856	$ 172,856	$ 172,856	***$ 2,213,086***
External Staffing	$ 707,674	$ -	$ -	$ -	$ -	***$ 707,674***
Epic Related Technology Costs	$ 508,053	$ 344,071	$ 344,071	$ 344,071	$ 344,071	***$ 1,884,337***
Network Related Technology Costs	$ -	$ -	$ -	$ -	$ -	$ -
Facilities, Marketing, Travel, and OOPs	$ 1,061,120	$ 5,373	$ -	$ -	$ -	***$ 1,066,492***
Depreciation	$ -	$ 4,308,518	$ 4,308,518	$ 4,308,518	$ 1,428,597	***$ 14,354,152***
Cap Interest Non-Cash Credit	$ (50,363)	$ -	$ -	$ -	$ -	***$ (50,363)***
Operating Contingency	$ 403,678	$ 119,191	$ 119,720	$ 119,720	$ 119,720	***$ 882,031***
UVMHN Staffing Offsets	$ (180,200)	$ (799,287)	$ (857,752)	$ (857,752)	$ (857,752)	***$ (3,552,742)***
UVMHN Legacy System Offsets	$ -	$ (580,415)	$ (705,122)	$ (705,122)	$ (705,122)	***$ (2,695,782)***
Total Incremental Op. Expense	***$ 4,209,900***	***$ 4,239,913***	***$ 4,062,569***	***$ 4,062,569***	***$ 1,182,648***	***$ 17,757,601***
Incremental Contribution Margin						
Total Incremental Contribution Margin	***$ (4,209,900)***	***$ (4,239,913)***	***$ (4,062,569)***	***$ (4,062,569)***	***$ (1,182,648)***	***$ (17,757,601)***