



August 22, 2023

Russ McCracken  
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Green Mountain Care Board  
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Dear Russ,

I write in follow-up to our conversation of yesterday afternoon.

On August 11, 2023, the UVM Health Network learned that Green Mountain Care Board (“GMCB” or “Board”) Member David Murman, MD, intends to participate in the hospital budget decisions for the UVM Medical Center and Porter Hospital, while recusing himself from the Central Vermont Medical Center budget decision. Shortly afterward, we discovered that this decision was based on information that we believe was inaccurate and incomplete in several respects. In order to protect the integrity of the Board’s decisions and decision-making process, the UVM Health Network is obligated to ensure that the Board and its Members are making recusal decisions based on accurate and materially complete information. After discussions with your office, we determined that a formal request to recuse Dr. Murman from the hospital budget hearings for all of the UVM Health Network’s Vermont hospitals was the appropriate vehicle for those purposes. I write now on behalf of those hospitals with that request, and I understand you will present it to the Board.

We appreciate that this formal request comes just one day before our hospitals’ August 23, 2023 budget hearings. We therefore consent to Dr. Murman participating in those hearings while our recusal request is pending, provided that the Board decides this request prior to deliberations and votes on the relevant hospital budgets.

I have summarized below the facts we believe are most relevant to, but in some instances missing from, the Board’s analysis of whether or not Dr. Murman can participate in the budget decisions for the UVM Health Network’s Vermont hospitals, consistent with his obligations under the Vermont State Code of Ethics. We can provide the Board with additional detail, or answer additional questions, upon the Board’s request.

- Dr. Murman and his spouse are both employees of the UVM Health Network Medical Group (“Medical Group”), which employs most of the physicians who work in the UVM Health Network’s hospitals and clinics. Dr. Murman works as a physician in CVMC’s

emergency room; his spouse works as a .25 FTE physician in the CVMC emergency room, and a .75 FTE physician at the UVMHC emergency room where she performs clinical informatics work.

- The UVM Health Network is the sole corporate “parent” of both the Medical Group and its hospitals. As such, the UVM Health Network’s CEO must approve the Medical Group’s budget and compensation plan, and the UVM Health Network’s Board of Trustees must also approve the hospitals’ budgets and the Medical Group’s compensation plan.
- The Medical Group does not bill for any of its physician services or have a balance sheet. Instead, the UVM Health Network’s hospitals bill payers for the services the Medical Group’s physicians provide, as well as for the services the hospitals provide. Of course, the commercial rates the hospitals are allowed to charge for both physician and hospital services (including the clinical services provided by Dr. Murman and his spouse), as well as the total net patient revenue the hospitals receive, are subject to the Board’s hospital budget review and approval.
- All of the UVM Health Network’s hospitals then provide the Medical Group with the funds it uses to pay the physicians it employs, utilizing both the revenue they receive for physician services, and the revenue they receive for hospital services. Those funds are not segregated by hospital. For instance, the pay received by a physician who works solely at Central Vermont Medical Center (“CVMC”) – whether it is base or incentive compensation – is not derived solely from the revenue provided to the Medical Group by CVMC.
- The Medical Group strives to pay its physicians at a level that is consistent with fair market value, as derived from external benchmarks, in order to attract and retain the physician workforce necessary to care for Vermonters. However, as summarized above, the revenue available to fund the Medical Group physician compensation plan – and therefore the ability of the Medical Group to pay market rates to its physicians – is provided by the hospitals. The hospitals’ revenue, in turn, is subject to GACB approval through the budget setting process.
- Under the FY2024 Medical Group compensation plan, which has been discussed at regular meetings of the Medical Group membership (including meetings of its CVMC-based physicians and its Emergency Medicine Department physicians), the Medical Group’s employed physicians are eligible for incentive pay. For the coming year, that incentive pay will be based in part on the financial performance of the UVM Health Network and its hospital subsidiaries, including CVMC, UVM Medical Center, and Porter Hospital (but will not vary based on the volume or value of a physician’s referrals, in compliance with applicable regulations). Any incentive compensation paid to those physicians will be drawn from a pool that is shared by that physician’s entire Network-

wide department, such as the Network Department of Emergency Medicine. As a result, the compensation that Dr. Murman and his spouse are eligible to receive is in part the result of the fiscal performance of all the hospitals whose budgets the GMCB will consider. That performance, in turn, is directly affected by the Board's hospital budget decisions.

We ask that the Board take account of all of these facts, along with any other evidence in its possession, in deciding our request for recusal, and that it explain its decision in a written order.

I look forward to your reply.

Sincerely,

A handwritten signature in blue ink, appearing to read "Eric Miller".

Eric Miller  
Sr. Vice President and General Counsel  
The University of Vermont Health Network Inc.