



March 25, 2024

Green Mountain Care Board
c/o Owen Foster, Chair
144 State Street
Montpelier, VT 05602

Dear Chair Foster:

UVM Medical Center, Central Vermont Medical Center and Porter Medical Center each join in the comments and arguments regarding the FY 2025 hospital budget guidance that are set forth in the letter submitted to you by VAHHS earlier today. That letter is attached hereto and its contents are incorporated herein.

Additionally, the UVM Health Network's Vermont hospitals seek adjustments to the budget guidance addressing these concerns:

- NPR Growth. I have written previously to the Board about the need to measure revenue growth on a per capita basis, recognizing the changing demands for care based on population and acuity shifts by service area. Once again, I request the 3.5% to 4.3% growth rate be based on a per capita measurement. This request is reinforced by Board's intention to evaluate the appropriateness of this growth against other units of per capita measurement, such as CPI, market basket increase %, etc. This basis of measurement is listed in 18 V.S.A. 9372 as one of the purposes of the GMCB and is also consistent with a value-based approach to regulating health care expenses, rather than the fee-for-service based system that the Board has long said it wants to move away from.
- Operating Expense Growth and FTE Growth for Direct Patient Care. Like my comment on NPR growth, this needs to be measured on a per capita basis, similar to the Medicare market basket increase being proposed as a benchmark.
- Commercial Price Growth. The budget guidance proposes a benchmark of PCE + 1%. This approach means that only a portion of a hospital's revenue will be compared to an all-encompassing inflation metric. Total (as opposed to just commercial) price growth is the only measure that can be compared to PCE + 1%, which would avoid the effective absorption of inflationary increases for a subset of our overall revenue.

Thank you for your careful consideration and action in response to all of this feedback.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Vincent".

Rick Vincent
Chief Financial Officer and Executive Vice President