

By Electronic Mail & U.S. Mail

March 12, 2024

Ms. Donna Jerry
Senior Health Policy Analyst
Green Mountain Care Board
144 State Street
Montpelier, VT 05602
Donna.Jerry@vermont.gov

Re: Docket No. GMCB-004-23con, Development of Outpatient Surgery Center on Tilley Drive, Project Cost: \$129,640,703

Dear Ms. Jerry:

The University of Vermont Medical Center Inc. ("UVM Medical Center") hereby responds to the Green Mountain Care Board's ("Board") February 29, 2024 request for amended responses to its Requests for Additional Information Q.009 (January 25, 2024), Q.3 and Q.10, regarding the above-referenced project.

- 1. On page 6 of your response to Q.009 (Question 3, additional notes 3), you note that the new workbook is based "exclusively" on updated Claritas population forecasts. Please create and submit a Version B workbook that is updated by including the Sg2 impact growth factors along with the updated Claritas population estimates.
  - a. Please provide an updated response to Question 10 in Q.009 by revising the financial tables based on this updated Version B workbook.

## Response:

Please see the attached a) Q.009, Q.3 Version B workbook (amended); and b) response to Q.009, Q.10 (amended).

The below table compares volume projections pursuant to the Q.009, Q.3 Version B workbook (amended) to projections pursuant to CON Application Scenario 1 (Sg2 Impact of Change®, Claritas 2020 forecast), and CON Application Scenario 3 (Sg2 Impact of Change®, POS 2021 forecast).

Demand Model Results Comparison:

2030 Surgical Volume Demand	Sg2 Scenario 1	Sg2 POS Adjusted Scenario 3	Q009 Sg2 Claritas- Updated Model
Inpatient Volume	6,231	6,717	6,444
Growth from 2019 baseline	2%	10%	5%
Outpatient Volumes	15,938	17,050	16,374
Growth from 2019 baseline	20%	28%	23%
Total Volume	22,169	23,767	22,817
Growth from 2019 baseline	14%	22%	17%

Notes to Q.009, Q.3 Version B workbook (amended):

- 1. For ease of comparison to previously submitted models, and because of the confusion that results when calculating partial day closures across 25 ORs, we opted to keep the number of ORs at the current 25 OR inventory and note only full days of closure in the Days Closed row. Days Closed includes only full days when the Fanny Allen Campus ORs were closed due to air quality issues and issue remediation, or due to COVID-19.
- 2. UVM Medical Center's demand model assumes a 37-minute turnaround time in the Main Campus ORs (IP and OP cases); and a 25-minute turnaround time in MPUs 1 and 2 at the Main Campus (IP or OP), in the Fanny Allen ORs, and at the OSC. Due to the structure of the Q.009, Q.3 workbook model, which does not permit the entry of turnaround time by site of service, we use weighted average IP and OP turnaround times of 37 min or .62 hr. (IP) and 31.8 min or .53 hr. (OP) in the Q.3 workbook.
- 3. Please see UVM Medical Center's response to the Board's Q.006, Q.3 (November 16, 2023) regarding turnaround time assumptions and applicable benchmarks.
- 4. UVM Medical Center's demand model supporting the CON Application incorporates average IP and OP case length by service line (and sub-service line within Orthopedics) in FY19 and assumes no change in average case length within each service line over the projection period. See Response to Q.006, Q.3 (November 16, 2023).

The Board's Q.009, Q.3 workbook model differs in that the case length input is the overall average for all IP surgeries, and the overall average for all OP surgeries, which could change due to variations in the IP and OP volume of cases within each service line over the projection period.

Over time, average case lengths may slightly increase in many service lines in both the IP and OP setting, because lower-complexity IP cases will transition to the OP setting, such that the average complexity of an IP case increases, while the average complexity of an OP case may also increase. As previously stated, however, UVM Medical Center conservatively assumed for its demand modeling purposes that average IP and OP case length will remain the same within each service line over the projection period.

<sup>1</sup> OP joint surgeries are an exception because, as explained in the response to Q.006, Q.3, UVM Medical Center performed no OP joint surgeries in FY19.

Thank you for your attention to UVM Medical Center's application.

Sincerely,

Eric Miller

SVP and General Counsel

and the

The University of Vermont Health Network Inc.

cc: Interested Parties

	A		В		C		D		E		F	G	Н		I		J		K		L		1 M
2			INCREMENT	ΓALI	Pro-Forma: Ou	tpa	tient Surgery C	ent	er			INCREMENTAL Pro-Forma: Outpatient Surgery Center											
3													<u> </u>										
4																							
5			FY25 (Half Year)		FY26		FY27		FY28		FY29			FY2	6 (Half Year)		FY26		FY27		FY28		FY29
6	Total Patient Revenue	\$	19,023,794	\$	42,129,506	\$	47,875,051	\$	55,722,820	\$	58,765,854		Rate	\$	(1,056,671)	\$	(1,973,508)	\$	(2,126,178)	\$	(1,997,335)	\$	(2,033,735)
7	Inpatient												Inpatient										
8	Medicare	\$	3,381,567	\$	6,372,922	\$	6,796,120	\$	7,071,156	\$	8,423,806		Medicare	\$	130,060	\$	245,112	\$	229,820	\$	239,121	\$	284,863
9	Medicare Advantage	\$	888,472	\$	1,674,419	\$	1,785,610	\$	1,857,873	\$	2,213,268		Medicare Advantage	\$	34,172	\$	64,401	\$	60,383	\$	62,827	\$	74,845
10	Medicaid	\$	1,675,293	\$	3,157,268	\$	3,366,928	\$	3,503,186	\$	4,173,315		Medicaid	\$	64,434	\$	121,433	\$	113,857	\$	118,465	\$	141,127
11	Commercial	\$	4,761,554	\$	8,973,655	\$	9,569,556	\$	9,956,832	\$	11,861,486		Commercial	\$	183,137	\$	345,141	\$	323,608	\$	336,704	\$	401,113
12	<u>Other</u>	\$	933,946	\$	1,760,121	\$	1,877,003	\$	1,952,964	\$	2,326,549		<u>Other</u>	\$	35,921	\$	67,697	\$	63,474	\$	66,042	\$	78,676
13	Total	\$	11,640,832	\$	21,938,386	\$	23,395,219	\$	24,342,012	\$	28,998,425		Total	\$	447,724	\$	843,784	\$	791,143	\$	823,160	\$	980,623
14																							
15	Outpatient												Outpatient										
16	Medicare	\$	311,767	\$	1,471,460	\$	2,084,649	\$	3,108,809	\$	2,788,065		Medicare	\$	(1,090,686)	\$	(2,159,342)	\$	(2,238,711)	\$	(2,288,267)	\$	(2,385,007)
17	Medicare Advantage	\$	92,740	\$	437,707	\$	620,109	\$	924,760	\$	829,350		Medicare Advantage	\$	(324,440)	\$	(642,327)	\$	(665,937)	\$	(680,678)	\$	(709,454)
18	Medicaid	\$	682,680	\$	1,767,385	\$	2,094,388	\$	2,614,534	\$	2,506,018		Medicaid	\$	26,257	\$	67,976	\$	70,825	\$	88,414	\$	84,745
19	Commercial	\$	5,875,934	\$	15,427,644	\$	18,392,661	\$	23,124,793	\$	22,102,819		Commercial	\$	(131,674)	\$	(125,404)	\$	(127,054)	\$	5,661	\$	(56,759)
20	<u>Other</u>	\$	419,841	\$	1,086,924	\$	1,288,027	\$	1,607,912	\$	1,541,176		Other	\$	16,148	\$	41,805	\$	43,556	\$	54,374	\$	52,117
21	Total	\$	7,382,962	\$	20,191,121	\$	24,479,833	\$	31,380,808	\$	29,767,429		Total	\$	(1,504,396)	\$	(2,817,292)	\$	(2,917,320)	\$	(2,820,495)	\$	(3,014,358)

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2		INCREMENTAL Pro-Forma: Outpatient Surgery Center											INCREMENTAL Pro-Forma: Outpatient Surgery Center									
3																						
4																						
5		FY2	5 (Half Year)		FY26		FY27		FY28		FY29		FY25	Half Year)		FY26		FY27		FY28		FY29
6	Utilization	\$	20,080,466	\$	44,103,014	\$	50,001,229	\$	57,720,155	\$	60,799,589	Payer Mix Shifts	\$	-	\$	-	\$	-	\$	-	\$	-
7	Inpatient											Inpatient										
8	Medicare	\$	3,251,507	\$	6,127,810	\$	6,566,300	\$	6,832,035	\$	8,138,943	Medicare	\$	-	\$	-	\$	-	\$	-	\$	-
9	Medicare Advantage	\$	854,300	\$	1,610,019	\$	1,725,227	\$	1,795,047	\$	2,138,423	Medicare Advantage	\$	-	\$	-	\$	-	\$	-	\$	-
10	Medicaid	\$	1,610,859	\$	3,035,835	\$	3,253,071	\$	3,384,721	\$	4,032,189	Medicaid	\$	-	\$	-	\$	-	\$	-	\$	-
11	Commercial	\$	4,578,417	\$	8,628,514	\$	9,245,948	\$	9,620,127	\$	11,460,373	Commercial	\$	-	\$	-	\$	-	\$	-	\$	-
12	<u>Other</u>	\$	898,025	\$	1,692,424	\$	1,813,530	\$	1,886,922	\$	2,247,874	<u>Other</u>	\$	-	\$	<u>-</u>	\$		\$	<u>-</u>	\$	_
13	Total	\$	11,193,108	\$	21,094,602	\$	22,604,076	\$	23,518,852	\$	28,017,802	Total	\$	-	\$	-	\$	-	\$	-	\$	-
14																						
15	<u>Outpatient</u>											Outpatient										
16	Medicare	\$	1,402,454	\$	3,630,802	\$	4,323,359	\$	5,397,076	\$	5,173,072	Medicare	\$	-	\$	-	\$	-	\$	-	\$	-
17	Medicare Advantage	\$	417,180	\$	1,080,034	\$	1,286,045	\$	1,605,438	\$	1,538,804	Medicare Advantage	\$	-	\$	-	\$	-	\$	-	\$	-
18	Medicaid	\$	656,423	\$	1,699,409	\$	2,023,563	\$	2,526,120	\$	2,421,274	Medicaid	\$	-	\$	-	\$	-	\$	-	\$	-
19	Commercial	\$	6,007,607	\$	15,553,048	\$	18,519,715	\$	23,119,131	\$	22,159,578	Commercial	\$	-	\$	-	\$	-	\$	-	\$	-
20	<u>Other</u>	\$	403,694	\$	1,045,119	\$	1,244,471	\$	1,553,538	\$	1,489,059	<u>Other</u>	\$		\$		\$		\$	_	\$	
21	Total	\$	8,887,358	\$	23,008,412	\$	27,397,153	\$	34,201,303	\$	32,781,787	Total	\$	-	\$	-	\$	-	\$	-	\$	-

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## STATE OF VERMONT GREEN MOUNTAIN CARE BOARD

In re:	The University of Vermont Medical Center Inc.	)	Docket No. GMCB-004-23con
	Development of Outpatient Surgery Center on	)	
	Tilley Drive	)	

Stephen Leffler, M.D., being duly sworn, states on oath as follows:

- 1. My name is Stephen Leffler, M.D. I am the President and Chief Operating Officer of The University of Vermont Medical Center Inc. ("UVM Medical Center"). I have reviewed UVM Medical Center's amended response to the Green Mountain Care Board's Requests for Additional Information Q.009 (February 29, 2024) in the above-referenced docket ("the Amended Response").
- 2. Based on my personal knowledge, after diligent inquiry, the information contained in the Amended Response 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 Amended Response 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 UVM Medical Center 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 UVM Medical Center in connection with the Certificate of Need program.
- 5. The following certifying individuals have provided information or documents to me in connection with the Amended Response, and each such individual has certified, based on his or her actual knowledge of the subject information or, where specifically identified in such certification, based on information reasonably 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:

## Eve Hoar, Network Vice President, Strategic & Business Planning Marc Stanislas, Network Vice President, Treasury & Financial Services

6. In the event that the information contained in the Amended Response becomes untrue, inaccurate or incomplete in any material respect, I acknowledge my obligation to notify the Green Mountain Care Board, and to supplement the Amended Response, 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 Leffler, ND.

On March 12, 2024, Stephen Leffler, M.D., appeared before me and swore to the truth, accuracy and completeness of the foregoing.

Marie Mc Henry Notary Public

My commission expires [-31-2025]

Notary Public State of Vermont

Marie McHenry

Commission \* No. 157.0005167\*