

THE
University of Vermont
HEALTH NETWORK

Porter Medical Center

July 8, 2024

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

We submit this letter to formally request that the Board consider that Porter Hospital not be required to participate in a budget hearing this summer. While we are happy to appear for a budget hearing if the Green Mountain Care Board desires, for the reasons set forth below, we want to provide the option of allocating Board, staff, and hospital time toward those budgets that require more discussion.

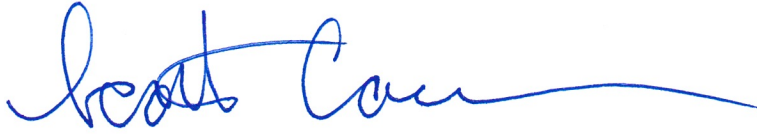
In this year's FY 2025 hospital budget guidance and associated Section 1 benchmarks, the Board states that hospitals proposing budgets under 3.5% NPR growth and 3.4% commercial rate increase are presumptively not required to participate in a budget hearing. Porter Hospital's FY 2025 budget includes a commercial rate increase of 3.0% and NPR growth of \$5.3 million, which equates to a 4.2% growth rate. However, \$2.8 million of that is pharmaceutical revenue growth, which is primarily driven by the increasing cost of drugs and the introduction of new drugs. The UVM Health Network and Porter Hospital Pharmacy and Therapeutics Committees regulate the introduction of new drugs. They are only added to our formulary when clinical efficacy is supported, and there is not a less expensive alternative. With that said, given the rapid development by pharmaceutical companies, many new drugs that benefit our patients clear this hurdle, and we are usually unable to plan for them in our budget, which is built many months in advance of the fiscal year. In addition, the cost of existing drugs continues to rise. We have limited ability to impact both of these, which directly translates to NPR. If the Board deducts the \$2.8 million from Porter Hospital's NPR solely for the purpose of determining whether a budget hearing is necessary, it would put Porter Hospital at an NPR growth rate of 2.0%, which is substantially below the Board's NPR benchmark, and obviate the need for a hearing.

As the Board is aware, Porter Hospital has separately responded to the Board's FY 2023 budget enforcement letter with a request to adjust its FY 2023 budget to take account of the unbudgeted revenue it realized in that fiscal year. If that request is granted, and the requested adjustment were to carry through to FY 2024, that fact would only strengthen the argument that Porter Hospital's proposed FY 2025 budget is within the Board's guidance.

Should the Board need any further information in support of this request, our team would be

happy to provide it. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Scott Comeau". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Scott A. Comeau
Vice President and Chief Financial Officer
Porter Medical Center