

September 4, 2019

Agatha Kessler
Green Mountain Care Board
144 State Street
Montpelier, VT 05602

Dear Ms. Kessler,

This letter is in response to your question regarding the FY 2020 Budget impact of employment of the Anesthesia providers under the Dartmouth PSA arrangement. According to the information prepared by the accounting group for the current Anesthesia group in calendar year 2018 the group generated over \$2 million annually or \$1.5 million for a 9 month period in Net Patient Service Revenue (hereafter "NPSR") serving patients at SVMC. SVMC anticipates generating approximately \$1.3 million of NPSR for the nine-month period beginning January 01, 2020 from the employed anesthesia providers assuming the same volume and productivity. The difference of approximately \$200,000 less in reimbursement is due solely to the difference in commercial contracted rates. SVMC's projected revenue was based off the current rates SVMC has with commercial and managed care insurers.

Management does believe that services can be more efficiently delivered as a hospital owned practice but budget was based on existing volume being produced by the current group of Anesthesiologists. An example of these efficiencies is the employed group would be available to provide some services currently provided only in the operating room in less costly settings in the hospital for a potential savings to our patients.

Should you need additional information please contact me at 802.447.5011 or Stephen.majetich@svhealthcare.org.

Sincerely,

Stephen D. Majetich

Stephen D. Majetich
Chief Financial Officer

