

DELIVERED ELECTRONICALLY

November 26, 2024

Eric Miller, SVP and General Counsel
UVM Health Network
462 Shelburne Road
Burlington, Vermont 05401**RE: Planned Closure of CVMC Inpatient Psychiatry Unit**

Dear Mr. Miller:

I am writing on behalf of the Green Mountain Care Board (GMCB) to request information about the planned closure of the inpatient psychiatry unit at Central Vermont Medical Center (CVMC).

The GMCB has undertaken significant efforts to preserve and indeed enhance mental health capacity at CVMC. As you recall, in 2018 the GMCB required the University of Vermont Medical Center (UVMHC) to use \$21 million of unbudgeted revenue to fund investments that measurably increase mental health capacity in Vermont. UVMHC proposed utilizing the entirety of such funds to enhance mental healthcare at CVMC. For CVMC to now announce the closure of its inpatient psychiatry unit is deeply troubling.

Statutes governing hospital budget review provide that each hospital's budget must ". . . support equal access to appropriate mental health care that meets standards of quality, access, and affordability equivalent to other components of health care as part of an integrated, holistic system of care." 18 V.S.A. § 9456(c)(6). Similar language is found in the principles of health care reform at 18 V.S.A. § 9371(4), which are relevant to the GMCB's review of hospital budgets by virtue of 18 V.S.A. § 9375(a).

In light of these statutory provisions, the GMCB instructed hospitals to include in their fiscal year 2025 (FY25) budget narratives a description of investments they were making to address challenges with access to mental health services. *See* FY 2025 Hospital Budget Guidance & Reporting Requirements (eff. Mar. 29, 2024), 16. In its narrative, CVMC described how staffing challenges had limited its inpatient psychiatric unit's census to eight patients (resulting in a financial loss of \$3.2 million). However, CVMC stated that it was recruiting additional providers



so that it could “reach our census capacity of 14 psychiatric patients.” CVMC FY25 Budget Submission Narrative, 37. In other words, CVMC described a planned expansion of inpatient mental health capacity in its FY25 budget, not a contraction. The hospital’s budget was approved by the Board in its FY25 Hospital Budget Decision and Order, subject to terms and conditions that did not modify CVMC’s budgeted expansion of its inpatient psychiatric unit.

Furthermore, a desire to expand or increase capacity for mental health treatment has driven the GMCB’s actions regarding enforcement of UVMHC’s FY17 budget overage. In April 2018, the GMCB allowed UVMHC to self-restrict approximately \$21 million of unbudgeted revenue and use it to fund investments that measurably increase mental health capacity in Vermont. Following this decision, UVMHN began planning for a new inpatient psychiatric facility to be located on CVMC’s campus. On March 22, 2023, after UVMHN stopped pursuing the inpatient psychiatric project, the GMCB voted to allow these self-restricted funds to be used to increase the capacity of mental health services in the state (not limited to inpatient capacity). *See* Letter from Sarah Lindberg and Russ McCracken to Dr. Sunil Eappen re FY2017 Budget Enforcement (March 23, 2023). The GMCB also required UVMHN to develop a proposal that reflects and incorporates priorities from the Vermont Department of Mental Health (DMH) and contributions from community members identified by DMH for planned use of those funds. *Id.*

On May 31, 2023, UVMHN and DMH submitted a joint proposal for several projects, including the reconfiguration of CVMC’s inpatient psychiatric unit and the conversion of six beds from shared rooms to private rooms. *See* UVMHN and DMH \$18M Proposal. At a projected cost of \$4.5 million, this renovation effort was the most expensive project included in the proposal. *Id.* In its FY25 budget narrative, CVMC stated that it planned to seek permission from the GMCB to undertake this project. *See* CVMC Budget Narrative, 37. Similarly, in response to questions from the GMCB, UVMHC stated in connection with the FY25 budget review process that all projects it had identified in its May 31, 2023, proposal were “still on track for execution, some just not on the original timelines.” *See* UVMHC Follow-Up Response (Aug. 16, 2024), 14.

18 V.S.A. § 9456(g) provides that a hospital shall provide information necessary for the GMCB to determine whether it is operating within its established budget. GMCB Rule 3.000, § 3.401(a) further provides that the GMCB “may conduct an independent review of a hospital’s performance under the budget established for it by the Board at any time.” Based on the foregoing, the GMCB requests answers to the following questions from CVMC and UVMHN to assist in evaluating what actions, if any, may be appropriate in response to the hospital’s action.

1. Explain how closing the inpatient psychiatric unit at CVMC complies with the FY25 budget established by the GMCB.
2. Describe the actions CVMC and UVMHN took to identify other areas for expense mediation and/or revenue reduction before deciding to close the inpatient psychiatric unit.



3. Describe why other courses of action were not pursued instead of closing the inpatient psychiatry unit.
4. Describe potential collateral financial impacts closing inpatient psychiatry will have on CVMC's budget, including costs associated with increased length of stay, patients being treated in different care settings, and any impact on other providers.
5. CVMC writes¹ that earlier this year, it implemented a Primary Care Mental Health Integration model, which places mental health clinicians in all primary care clinics. It also writes that it will support mental health needs through innovative staffing in the Emergency Department and through community partnerships like the recently opened Mental Health Urgent Care in Burlington. To what extent does CVMC believe that these programs will reduce the number of patients projected to need services in an inpatient psychiatric unit in FY25.
6. For the inpatient psychiatric unit, provide actual NPR for FY22 and FY23 and projected NPR for FY24. Include a breakout by payer type (e.g. Medicaid, traditional Medicare, Medicare Advantage, commercial, other).
7. For the inpatient psychiatric unit, provide the NPR as calculated in CVMC's proposed FY25 budget (14 beds). Provide what would have been budgeted FY25 NPR had CVMC budgeted for cap of 8 beds. Include a breakout by payer type.
8. For the inpatient psychiatric unit, provide actual expenses for FY22 and FY23 and projected expenses for FY24. Provide a breakout that at minimum separates labor expenses from all other expenses.
9. For the inpatient psychiatric unit, provide the expenses as calculated for CVMC's proposed FY25 budget (14 beds). Provide what would have been budgeted FY25 expenses had CVMC budgeted for a cap of 8 beds. For each, provide a breakout that at minimum separates labor expenses from all other expenses.
10. Provide the following for FY22 and FY23 (actuals) and FY24 (projected):
 - a. Percent of CVMC's total NPR generated by its inpatient psychiatric unit
 - b. Percent of CVMC's total expenses driven by its inpatient psychiatric unit
 - c. Average daily census & FTE staffing (by month)
11. Provide the following regarding CVMC's proposed FY25 proposed budget:

¹ <https://www.uvmhealth.org/news/uvmhn/university-vermont-health-network-takes-difficult-steps-comply-vermont-budget-reduction-orders>



- a. Percent of CVMC's total NPR generated by its inpatient psychiatric unit
 - b. Percent of CVMC's total expenses driven by its inpatient psychiatric unit
 - c. Projected average daily census (14 beds)
 - d. Updated projected cost to increase inpatient psychiatric unit from 8 beds to 14 beds
12. With the closure of the inpatient psychiatric unit, provide the projected FY25 NPR increase for all other CVMC departments and primary care practices, with a breakout by department. Provide the projected FY25 expense increase for all other departments and primary care practices, with a breakout by department.
13. With the closure of the inpatient psychiatric unit, provide the projected FY25 NPR increase for all other UVMHN departments and primary care practices, with a breakout by department. Provide the projected FY25 expense increase for all other departments and primary care practices, with a breakout by department.
14. For the inpatient psychiatric unit, provide the following for September 2022, September 2023, and September 2024:
- a. The number of open positions
 - b. The type of each open position
 - c. The duration of time each position was (or has been) open
15. For the inpatient psychiatric unit, provide the following for FY22, FY23, and FY24:
- a. The number of employee departures
 - b. The type of each position departure
 - c. The duration of time each position was (or has been) open
16. For the inpatient psychiatric unit, provide the following for FY25:
- a. Current staffing levels
 - b. Staffing levels required to support 14 beds
 - c. Staffing levels required to support 8 beds
17. For the inpatient psychiatric unit, provide the following for FY22, FY23, FY24 (projected), and FY25 (proposed budget):
- a. Number of staff FTEs
 - b. Number of traveler FTEs
 - c. Cost differential between FTE and traveler
18. For FY25 CVMC initially budgeted for 1 new clinical FTE and 29 new non-clinical FTEs. Have these numbers been revised since the GMCB established the hospital's FY25 budget? For all new non-clinical FTEs currently budgeted for FY25, provide a breakout of position type.



19. Since its FY25 budget was established, describe the actions CVMC has taken to reduce non-clinical costs.
20. CVMC has a Medicare payment to cost ratio that is 12% lower than its peers. (*See CVMC Hospital Budget Order, Findings, ¶ 15*). Since the establishment of its FY25 budget, describe the actions the hospital has taken to improve its Medicare payment to cost ratio.
21. CVMC has recently underestimated its operating expenses. (*See CVMC Hospital Budget Order, Findings, ¶ 10*). The hospital's operating expenses were approximately \$15.9 million higher than budgeted in FY22. Operating expenses were \$6.3 million higher than budgeted in FY23. Operating expenses are projected to be approximately \$11.5 million higher than budgeted in FY24. Describe measures that CVMC has taken for FY25 to ensure operating expenses are better controlled.

Please provide responses to these questions by Friday, December 13. Of course, please feel free to contact me if you have any questions.

Sincerely,



Mark Hengstler
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144 State Street
Montpelier, Vermont 05602

Cc: Owen Foster, GMCB Board Chair
Mike Barber, GMCB General Counsel
GMCB Health Systems Finance
Health Care Advocate Policy Team

