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GMCB STATEMENT REGARDING UVMMC ANNOUNCEMENT

Vermont's healthcare system, for patients, providers across the spectrum, and payers, is severely strained. While Vermonters struggle with a healthcare affordability crisis, those providing us critical care face financial uncertainty. Vermont's demographic and housing challenges create a difficult environment for our healthcare system, and today's announcement by UVMMC reflects the seriousness of these issues. The Green Mountain Care Board (GMCB) is deeply concerned about the impact of UVMMC's decisions on patients, its dedicated staff, and the broader healthcare system.

Yesterday, the GMCB learned of UVMMC's decisions to reduce services and positions. The GMCB was not consulted on, and did not approve, these reductions. The GMCB is reaching out to UVMMC to better understand UVMMC's rationale and how it evaluated alternatives, such as those identified in the GMCB's budget and enforcement orders.

The GMCB approved a nearly \$1.9 billion budget for UVMMC for FY25, an increase of \$64 million over UVMMC's FY24 budget. As set forth in its budget order, the GMCB found that compared to other hospitals UVMMC has significant opportunity to improve its expense management and control the excessively high prices it charges commercially insured Vermonters. The GMCB also found that in FY23 UVMMC failed to properly account for government revenue and thereby requested higher than necessary commercial reimbursements from Vermonters. Accordingly, the GMCB reduced UVMMC's high commercial prices by 1% from its FY24 approved amount.

The GMCB's budget and enforcement orders identified opportunities where UVMMC could improve access and affordability, including by using its administrative infrastructure and large network to move care out of an expensive hospital setting to more appropriate care settings. The orders identified opportunities for UVMMC to reduce its commercial prices, enhance operational efficiency, reduce administrative costs, and evaluate financial support provided by UVMMC to other hospitals, including its New York-based network hospitals. Specifically, the GMCB found that UVMMC was owed \$87 million as of September 30, 2023, from other UVM network hospitals. This included \$60 million from Champlain Valley Physician's Hospital in Plattsburgh, NY. These funds included \$30 million in pharmacy expenses, \$20 million in physician salaries



and fringe benefits, and \$10 million in shared services. The GMCB has inquired as to the status of repayment of these amounts and is awaiting further information related to this issue.

We have no doubt that UVMMC gave careful and thoughtful consideration to these difficult decisions. The GMCB recognizes and appreciates UVMMC's efforts to focus any staffing reductions largely on travelers and vacant positions. Nonetheless, important, hard-working Vermonters will be impacted by UVMMC's decisions. The GMCB is committed to reviewing UVMMC's decision with the hospital and discussing whether there are alternatives available. The GMCB expects that UVMMC will engage with the Agency of Human Services on Act 167 transformation to protect the affordability of, and access to, healthcare in Vermont.

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About: The Green Mountain Care Board (GMCB) is a 5-member, independent Board with a vision of a sustainable and equitable healthcare system that promotes better health outcomes for Vermonters. The GMCB was created in 2011 with an ambitious mission to drive system-wide improvements in access, affordability, and quality of healthcare to improve the health of Vermonters. Through public meetings, the GMCB ensures a transparent approach to healthcare regulation and a voice for stakeholders, including healthcare organizations, clinicians, and members of the public. With a holistic, data driven approach, the GMCB carries out its regulatory duties, supports innovation in healthcare delivery and payment reform, and serves as an important resource for independent, transparent analyses of Vermont's healthcare system performance.

