



Springfield Hospital

*Where People Come First*

October 23, 2024

Chairman Owen Foster and GMCB Members  
Green Mountain Care Board  
144 State Street  
Montpelier, VT 05602

Dear Chair Foster and Green Mountain Care Board members:

We are writing to formally request an amendment to our 2025 Budget Order dated October 1, 2024.

The FY25 budget preparations appear to have different interpretations of the phrase ‘*change in charge*.’ We respectfully ask for clarity, and reconsideration and amendment to our Budget Order.

As we discussed and agreed with Alena Berube in our Teams call on August 21, 2024, and then recounted in our letter to the GMCB dated September 9, 2024:

*“Our “change in charge” built into our budget is 5.5% which yields 2.2% commercial rate growth.”*

We also detailed this information in our GMCB presentation on August 26, 2024. See page 24 which states in red:

*“Our 5.5% gross charge increase yields 2.2% commercial rate growth (NPR). The charge increase will be applied across the board for all payers and all services (excludes pharmacy due to markup on cost).”*

To reiterate: Our FY25 budget was built incorporating a 5.5% change in charge (**gross**) which yields a 2.2% overall hospital net revenue growth (referred to as “commercial rate increase”). For purposes of simplification, Springfield expects it would raise gross charges by 5.5% for all public and private payers, which would result in a 2.2% net revenue growth from commercial payers. This projects a very minimal profit margin of 1.4% and is an extremely tight budget.

While the language text of GMCB budget order is the same as what was used last year, the number included in the FY24 budget order is different. The FY25 budget order includes the percentage which represents Springfield's requested (**net**) commercial rate growth of 2.2% and omits the required (**gross**) change in charge percentage of 5.5%. The FY24 budget order was different in that the percentage in the order reflected the (**gross**) change in charge which Springfield had originally submitted 6.95% and was approved at 6%. All prior year approvals have been based on (**gross**) change in charge. The result of this numeric change in language in the FY25 Budget Order is crippling. We estimate an approximate \$1M negative impact to net patient revenue (NPR). We cannot negotiate or achieve a 2.2% (**net**) commercial rate increase with payers without a 5.5% (**gross**) change in charge.

We simply cannot operate with a mandated budget that yields less increase than the cost of inflation. It is not possible to accomplish what is necessary to recruit and retain staff, maintain quality operations, achieve a margin and strengthen our cash on hand so we can remain sustainable into the future.

To the contrary, we remain confident that our strategy to grow volume through lower costs and regained market share is achievable over time, improves local access to care for our region, and lowers overall cost to the system.

We respectfully request an amendment to the GMCB Budget Order, Item B, to read as follows:

***Springfield's overall (gross) change in charge is approved at not more than 5.5% over current approved levels, with no (net) commercial negotiated rate increase for any payer at more than 2.2%. The change in charge increase overall or with respect to any payer may be less than 5.5% as negotiated between the hospital and payer.***

The above proposed language, with respect to impact to any commercial payer when the payer compares the gross charge increase of 5.5% to the net reimbursement after payer discounts, will result in a commercial net revenue impact of not more than 2.2%.

This amendment will allow Springfield Hospital to negotiate with its commercial payers for a (**net**) commercial rate not to exceed 2.2%. We are currently in a holding pattern with our payers relative to our FY25 budget order and negotiations, and the payer interpretation is different than ours.

We also request a correction to the Green Mountain Care Board Press Release dated September 13, 2024 ("*Green Mountain Care Board Announces FY2025 Hospital Budget Decisions and Enforcement of FY2023 Hospital Budgets*") to adjust our FY25 submitted and approved charge increase from 2.2% to 5.5% on page 2; and also amend the "change in

charge” heading to clarify that it represents “gross” change in charge to be consistent with prior years.

We urgently ask for reconsideration and support of our ongoing strategy and efforts so we can continue to serve our region, where social determinants of health are some of the weakest in the state and our population some of the most vulnerable.

Thank you for your reconsideration, and we look forward to a mutually beneficial outcome as we appreciate that we both want the same access to quality healthcare at lower cost for our communities.

Sincerely,

A handwritten signature in blue ink that reads "Robert S. Adcock". The signature is written in a cursive style with a large initial "R" and a stylized "A".

Robert S. Adcock  
Chief Executive Officer