

DELIVERED ELECTRONICALLY

June 5, 2024

Rutland Regional Medical Center
C/O: Judi Fox, Chief Executive Officer
160 Allen Street
Rutland, VT 05701

RE: RRMC FY23 BUDGET VIOLATION

Dear Ms. Fox:

As you are likely aware, the Rutland Regional Medical Center (RRMC) FY23 year-end actual operating results were out of compliance with and varied substantially from its FY23 budget. The FY23 year-end results for RRMC indicate that its NPR/FPP was \$325,035,199, which exceeds its GMCB-approved budget of \$313,970,338 by 3.52%. Vermont law requires that “[e]ach hospital . . . operate within the budget established” by the Board. 18 V.S.A. § 9456(d)(1); *see also* GMCB Policy on Hospital Budget Enforcement.¹ Accordingly, this letter is to advise you that RRMC’s variance from its approved budget is subject to review and potential enforcement action. *See* 18 V.S.A. § 9456(g)-(h); GMCB Rule 3.000, § 3.401.

In connection with GMCB’s review, please provide any information that you think is relevant to the Board’s review of compliance with the subject budget order. Please additionally provide the following information:

1. All internal communications and presentations (internal and/or to hospital boards of directors) discussing RRMC’s performance vis-à-vis its FY23 budget, including with respect to NPR/FPP, utilization, and operating expenses;
2. Contemporaneous documents and a description of the drivers of the NPR/FPP variance;
3. Contemporaneous documents and a description of the drivers of operating expense variance;
4. A description of FY23 service lines that exceeded budgeted utilization together with backup documentation and additional costs, if any, specifically tied to that additional utilization.
5. Year-to-date (YTD) results, as of the date of this letter:
 - a. NPR/FPP YTD variance, including comparison to prior year;
 - b. Operating margin variance, including comparison to prior year; and

¹ <https://gmcboard.vermont.gov/document/policy-hospital-budget-enforcement>



- c. Operating expense variance, including comparison to prior year.
6. FY24 forecast for NPR/FPP, operating expenses, and operating margin, and a description of any variance from budgeted.

Please provide the requested materials by June 12, 2024, and be prepared to address potential enforcement actions at RRMC's FY25 hospital budget hearing. The Board shall defer any potential enforcement action until this hearing is held. Should RRMC desire that the Board consider retroactive adjustment to its FY23 budget, it may apply for a budget adjustment in writing within 30 days of receipt of this notice, pursuant to 18 V.S.A. § 9456(f) and GMCB Rule 3.000, § 3.401(c).

We appreciate your cooperation in this process.

Sincerely,

/s/ Owen Foster

Owen Foster, Chair
Green Mountain Care Board

cc: Michael Barber, GMCB
Alena Berube, GMCB
Mark Hengstler, GMCB
Matthew Sutter, GMCB
Health Care Advocate Policy Team
Green Mountain Care Board Members

