

DELIVERED ELECTRONICALLY

May 30, 2024

The University of Vermont Health Network
C/O: Sunil Eappen, Chief Executive Officer
462 Shelburne Road
Burlington, VT 05401

RE: UVMHC AND PORTER FY23 BUDGET VIOLATIONS

Dear Dr. Eappen:

As you are likely aware, the University of Vermont Medical Center's (UVMHC) and Porter Hospital's (Porter) FY23 year-end actual operating results were out of compliance with and varied substantially from their FY23 budgets. The FY23 year-end results for UVMHC indicate that its NPR/FPP was \$1,739,015,783, which exceeds its GMCB-approved budget of \$1,658,725,627 by 4.8%. Porter's NPR/FPP was \$115,464,374, which exceeds its GMCB-approved budget of \$104,464,068 by 10.5%. 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 these hospitals' variances from their approved budgets are 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 orders. Please additionally provide the following information:

1. All internal communications and presentations (internal and/or to hospital boards of directors) discussing UVMHC's and Porter's performance vis-à-vis their FY23 budgets, 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:

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



- a. NPR/FPP YTD variance, including comparison to prior year;
 - b. Operating margin variance, including comparison to prior year; and
 - 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 your FY25 hospital budget hearings. The Board shall defer any potential enforcement action until these hearings are held. Should either hospital 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

