



May 24, 2023

Green Mountain Care Board

Dear Chairperson Foster:

On behalf of Brattleboro Memorial Hospital's Board of Trustees, our dedicated employees, and the citizens in southern Vermont who depend on BMH for timely access to quality healthcare, we wish to acknowledge receipt of the Green Mountain Care Board's 2024 budget guidance and thank you and your fellow board members for your service on behalf of the health and wellbeing of all Vermonters.

We're writing this letter to share with you some of the serious concerns we have about BMH's ability to adhere to the aforementioned 2024 budget guidance. Much of what we have to say is consistent with the worries being expressed by many other hospitals in Vermont.

In particular, we are certain that the proposed net patient service revenue growth rate of 8.6 percent over two years (with a growth rate of only 0.1 percent in FY 2024) will cause a significant shortfall in BMH's ability to cover actual growth in operating expenses.

The unfortunate, but undeniable facts are that rising costs in the healthcare sector for salaries and benefits, for contract labor to fill ongoing workforce gaps, and for pharmaceuticals and specialty medicines to treat cancers and other life-threatening diseases are at an all-time high. With inflation still hovering around 8 percent, even basic supplies come at an astonishing cost.

Healthcare facilities have additional financial burdens. These include the need to invest in technology upgrades to comply with newly established regulatory mandates. We also face the costs of ensuring a violence-free workplace and managing mental health patients who come to our emergency room because they cannot be accommodated by Vermont's broken mental health system.

The remarkable upward pressure on operating costs is a result of economic stresses at the national and global level. While these dynamics are beyond the control of Vermont's hospitals, we want to reassure you that we work hard every day to manage expenses and create value for our patients.

In order to follow GMCB's 2024 budget guidance, BMH would need to realize a significant net loss for 2024. This prospect would force us to make draconian cuts that would lead to reduced access for care and limitations on potentially necessary services.

Specific to BMH, our hospital is currently paying off debt for our new Ronald Read Pavilion—a GMCB approved building project. In order to follow GMCB's 2024 budget guidance, BMH would have no choice but to break its bank covenants and usher in a scenario of great uncertainty and instability.

As Vermont's only Medicare dependent hospital, BMH has very little opportunity to cost-shift. That's because we care for a small percentage of commercially insured patients, and our intention is to only seek rate increases consistent with the approved Inpatient Prospective Payment System for Medicare.

BMH intends to propose a financially responsible budget for FY 2024 that our board will be able to approve. We apologize that this cannot be accomplished in accordance with the guidelines currently being proposed by the GMCB. We urge you to adopt a budget process that allows us to propose a sound, responsible, and expertly crafted budget that prioritizes the needs of our patients.

Yours in health,



Christopher J. Dougherty  
President and CEO



Rhonda Calhoun  
Board Chair