Dear Chair Foster and the Green Mountain Care Board,

Thank you very much for receiving, reviewing, and asking several of the questions I submitted on 8/17/23 ahead of Gifford's 8/18/23 budget hearing. I watched this hearing as well as several others. I also read and reviewed many of the publicly available documents and comments. Thank you so much for all your hard work striving to make quality healthcare affordable and accessible to Vermonters. Thank you for standing by your core values of transparency and accountability.

After watching Gifford 8/18/23 hearing I have some follow-up comments to the questions I previously offered.

1.) Gifford must be including non-cash and non-cash equivalent assets in the Days Cash On Hand (DCOH) key financial indicator that they routinely report to the GMCB. Please reference page 17 of their FY22 independent audit and please refer to Copley's DCOH calculation and how the FY24 Uniform Reporting Manual defines "cash" for comparison. I have concern that Gifford's reported DCOH is not transparent, comparable to other hospitals DCOH, and potentially is not truly indicative of their cash flow, liquidity, risk of default, and true current balance sheet health. At the very least, Gifford's DCOH calculation lacks transparency. I am unable to understand their reported DCOH based on the numbers provided on their income statement and balance sheet.

2.) Gifford contracts with Medstream Anesthesia, not Spectrum. I was mistaken in naming Spectrum in my earlier submission. I have since confirmed their correct contracted Anesthesia Management Company (AMC) with a previous Gifford Anesthesiologist. See https://medstreamsolutions.com/.

    I believe it is true that CRNAs offer a slight salary savings compared to MDs. However, I'm skeptical that Medstream can provide MDs and CRNAs to Gifford for less than the median salary and benefits of employing these providers, or less than contracting directly with independent MDs/CRNAs. I'm even more skeptical that Gifford can save the $500,000/year it estimated during the hearing. For example, at least one MD anesthesiologist at Gifford was previously employed by Gifford and now provides the exact same services only at Gifford but through the third party AMC Medstream.

    AMCs like Medstream need to pay their overhead and somehow profit and I'm afraid this price is ultimately being paid by Vermonters in the form of increased insurance premiums. Other CAHs like Copley do not contract all of their anesthesia services out to an AMC because doing so is cost-prohibitive.

    Gifford, like many VT hospitals, have complained over and over again about the dire shortage of healthcare workers and the significant cost of 3rd party Travelers/Locums as one of the main reasons for seeking increased rates which ultimately translates into the

soaring insurance premiums burdening Vermonters. See FY24 Narrative Executive Summary: "The GMC team continues to manage the dual priorities of investing in the future, while dealing with significant cost pressures. These pressures are most evident in continued high contract labor expenses …..")

However, what we heard from Gifford at their 8/18/23 hearing is that they have purposely and intentionally elected to contract third party labor when it comes to Anesthesia, Orthopedics, and OB hospitalist services. Gifford should be encouraged to take their own advice and move away from this more expensive provider third party contracted labor, and seek to employ, retain, or contract directly with all physicians/providers in the future. Employing/retaining physicians or contracting with them directly not only reduces cost but improves access and quality.

3.) Gifford stated in the hearing that they have not been able to apply the approved commercial rate increases since the end of FY21 because of some administrative issue with their "charge master," yet they intend to seek this lost revenue retroactively for FY22 and FY23. At the very least, in the spirit of transparency, Gifford needs to addend its CMS-mandated publicly-posted spreadsheet of "current charges for hospital services" to reflect the fact that these published prices do not include the approved commercial rate increases which Gifford is retroactively seeking. These CMS mandated hospital service charges should reflect the 8.6% commercial rate increase that Gifford intends to implement in FY24.

Additionally, per https://www.healthvermont.gov/stats/systems/hospital-report-cards "Hospitals are required to report charges for "high volume health care services" according to Vermont law (18 V.S.A. § 9405b) with "...valid, reliable, useful, and efficient information," patients can make informed decisions about their healthcare." Gifford is one of only two hospitals in the state who have failed to submit charges for these common services (CT, MRI, etc.) for 2022 and 2023 to the Vermont Department of Health as required under Act 53. This is not price transparency.

4.) Gifford claims it met guidance/benchmarks 3 years in a row and this was without realizing and applying the approved commercial price increase which they are now retroactively seeking. This raises questions: Did they really meet guidance/benchmark during these years if they are now retroactively seeking additional revenue? Moreover, since GMC reported a 7% operating surplus in FY22 wouldn't the lost revenue they are now retroactively seeking be pure profit? Since Gifford is a 501c3 non-profit shouldn't at least some of this extra profit be returned to Vermont insurance premium payors?

5.) In the hearing, Gifford stated that physicians are paid a capped productivity incentive and citizenship incentive which if fully realized will yield the current regional median salary for each of their respective specialties. As the 990 and other documents will show, not all physicians/providers are paid a baseline median salary nor given a baseline salary inflationary raise, even though Gifford says it is incurring and budgeting for this

cost. This raises questions about why Gifford is stating it is incurring and budgeting for this inflationary wage cost if it is intentionally neglecting to actualize and implement it. In contrast, per submitted 990 forms CEO Dan Bennett has received a yearly ~12.5% salary raise from FY19 to FY21.

Moreover, what we heard from Gifford, and what is likely true for many VT hospitals, is that physicians are only materially incentivized for performing more procedures, seeing more patients, and billing more. In no way are physicians at Gifford (and likely in the rest of the State) incentivized directly for reducing the cost of healthcare or for increasing the quality of healthcare delivered. Cost reduction efforts, as well as standard reportable quality metrics, such as surgical site infections, readmissions, and reoperation rates, are completely ignored when determining physician compensation. The citizenship incentive Gifford spoke of is capped at $10,000 and has nothing to do with cost reduction and rarely ever with quality.

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In an Accountable Care Organization model, in which hospitals are incentivized for the value and quality of care they provide instead of the volume they bill for, there needs to be a mechanism to make sure this same incentive is passed on to the physicians/providers who are largely responsible for quality and cost of this care.

6.) Additionally,, during the hearing a lot of Gifford's metrics were afforded an *asterik for "provider transfer and acquisitions." I would like to point out that by transferring OB/GYN and Neurology from their FQHC to the hospital (GMC) they are transferring ~$1.5M in increased patient revenue, ~$3.5M in operating expenses, ~$2M in operating loss, 6 clinical FTEs, and 6.7 non-clinical FTEs. How does transferring $3.5M in operating expenses from these practices to the hospital, along with their projected $1.3M increase in inflationary costs, as well as other known cost risks, fit their budgeted projected (1.79%) <u>decrease</u> in total operating expenses for FY24?

7.) Lastly, the Green Mountain Care Board lists "transparency" as a core value and indeed I feel it's critical. Gifford is currently the defendant in at least three relevant and potentially costly lawsuits in both Federal and State Court – and one of them is mine. However, I believe my submitted questions and comments are based on numbers and facts and are offered in good faith with the common goal of improving Vermonters' access to quality and affordable care.

Although now public record, none of these lawsuits were mentioned in the narrative nor hearing as being potential budgetary risks despite the clear request for such information in your hospital budget guidance. I might be wrong but I'm skeptical that Gifford has been completely transparent and forthcoming with you about these lawsuits, the issues surrounding them, and the potential risk they represent to Gifford's financial well being.

I understand that Gifford appears to meeting guidance and benchmarks however I and several other physicians have serious concerns that they are sacrificing access, quality,

and sustainability to do so. In North Country's hearing Board Member Walsh spoke highly of and praised North Country for making their priorities "quality, culture, safety, and reliability." As these three lawsuits demonstrate, Gifford does not appear to share these same priorities nor do I believe our shared and critical core value of transparency.