

September 10, 2024

Mr. Owen Foster, JD, Chair
Green Mountain Care Board
144 State Street
Montpelier, Vermont 05602

Re: Impact Summary due to FY2023 Enforcement and FY25 Rate Reduction

Dear Members of the Green Mountain Care Board:

RRMC has always been deeply committed to serving the needs of our community. We view our role as more than just a healthcare provider; we are a cornerstone of the region, dedicated to improving access to quality care for all those who rely on us. This commitment has guided our actions as we have worked to expand services, enhance patient care, and ensure that residents both within and outside our immediate community have access to the treatments they need. Over the years, RRMC has operated in a spirit of collaboration; however, this once unified approach is becoming fragmented. As the healthcare landscape shifts, RRMC is now put in a position to reduce access and redirect care elsewhere to avoid exceeding revenue thresholds. This trend undermines the principles on which our healthcare system was built, which is to provide affordable, accessible healthcare to Vermonters.

In 2022, GMCB engaged Oliver Wyman to conduct an extensive evaluation of Vermont's healthcare landscape under Act 167, including how hospitals can sustain and meet the needs of their communities. RRMC took that process very seriously, fully supporting the work and has been an active participant. Oliver Wyman recommended that growth for RRMC was necessary, reflecting our commitment to expanding access to care in a responsible and strategic manner.

As we have worked and continue to fulfill this shared vision of improved access and high-quality care, GMCB's recent decision to reduce our revenues by millions due to our growth in patient volume—particularly from those outside our community—appears at odds with the recommendations set forth by Oliver Wyman. Our actions have been in direct alignment with the endorsed strategy, and we continue to focus on delivering affordable care to Vermonters.

Both GMCB and RRMC share a commitment to ensuring healthcare affordability and high-quality care for all Vermonters. Our goal is to preserve the state's legacy of accessible, affordable healthcare without destabilizing the system that supports it. Limiting RRMC's ability to serve more patients, even those from outside our community, risks undermining this shared vision and threatens the sustainability of our healthcare system.

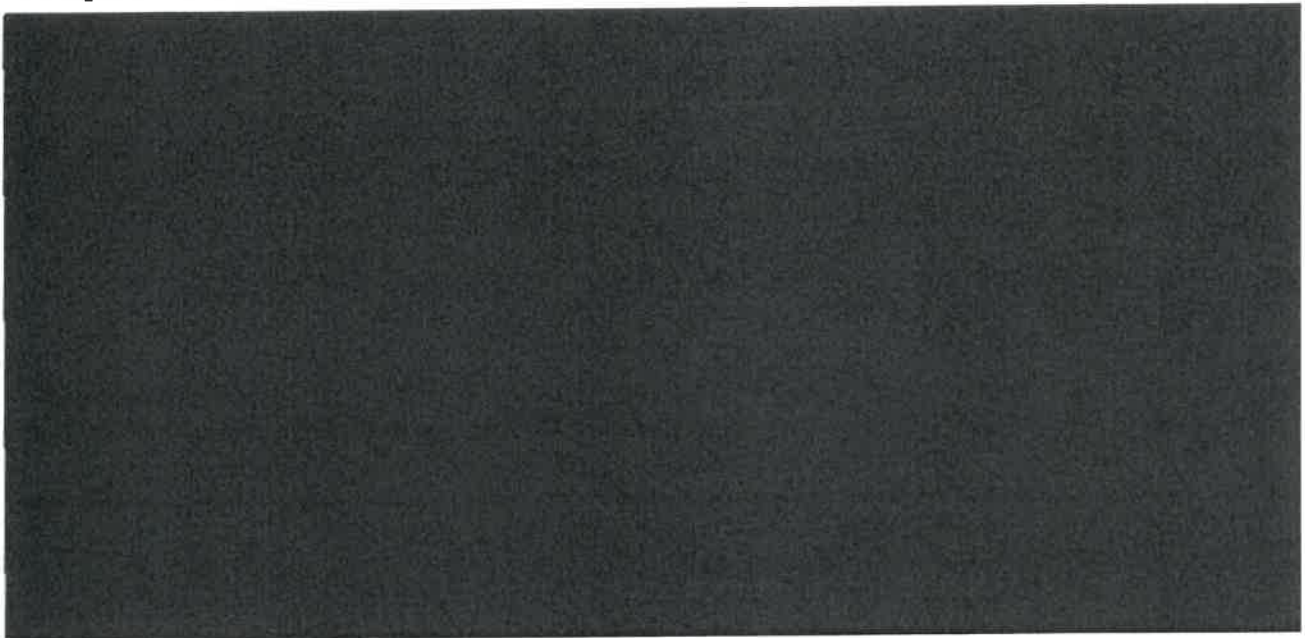
Unfortunately, to meet the GMCB-proposed net patient service reduction, we would be forced to consider eliminating or reducing essential patient care programs. Such decisions would run

counter to both the Oliver Wyman study and our own strategic planning, which has been focused on expanding, not limiting, access to care for our community.

We cannot turn away patients seeking care in our emergency room due to the legal requirements of Emergency Medical Treatment and Labor Act (EMTALA). Our inpatient beds are consistently full, and we continue to face wait times for patients needing placement from the emergency room. This leaves us with no option but to limit the services we offer or restrict access by reducing capacity. To manage net revenue, outpatient services would inevitably be the primary focus for these cuts.

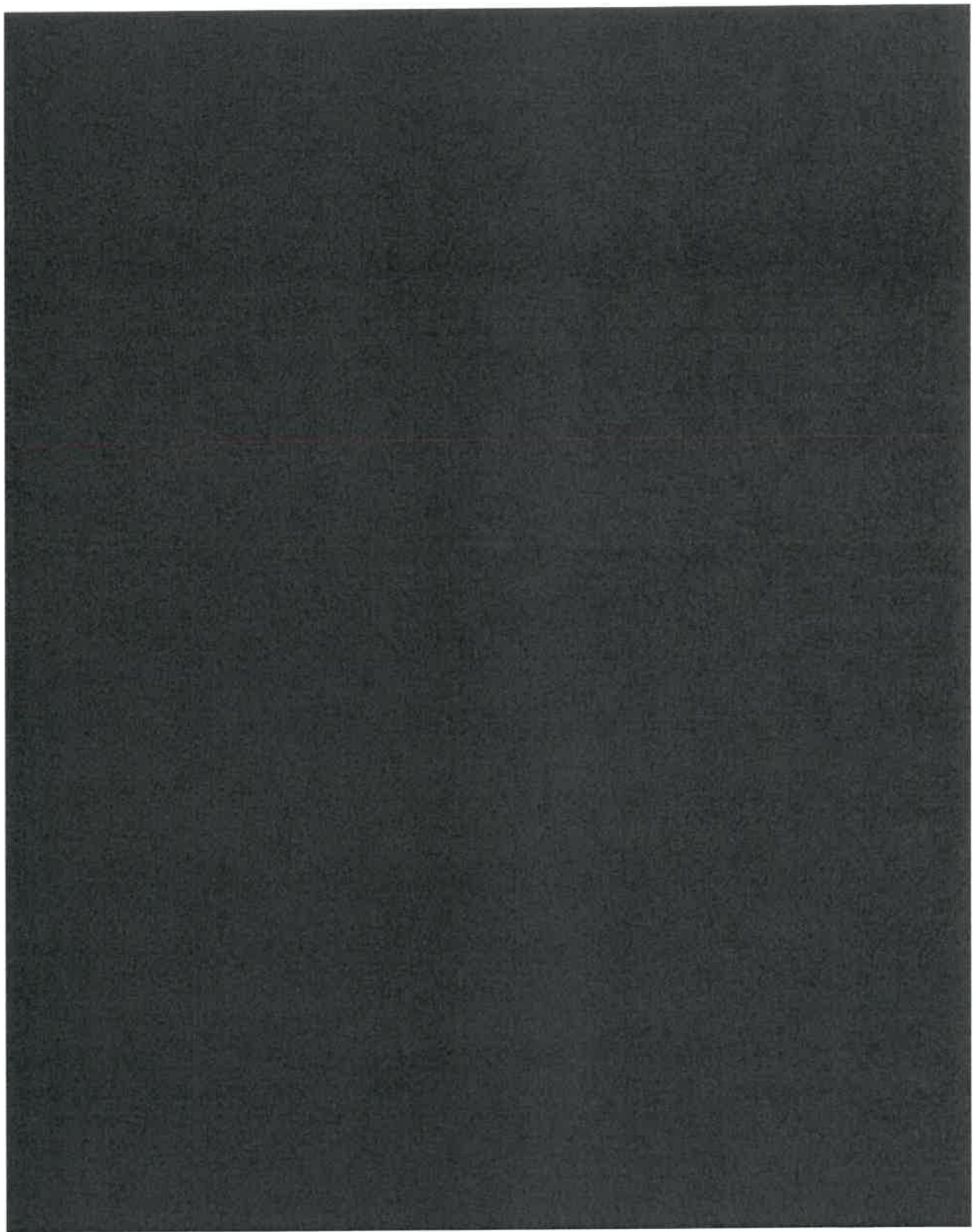
The gravity of these choices cannot be overstated. The well-being of our patients and the future of healthcare access in our region hang in the balance. These decisions cannot easily be reversed once they are made.

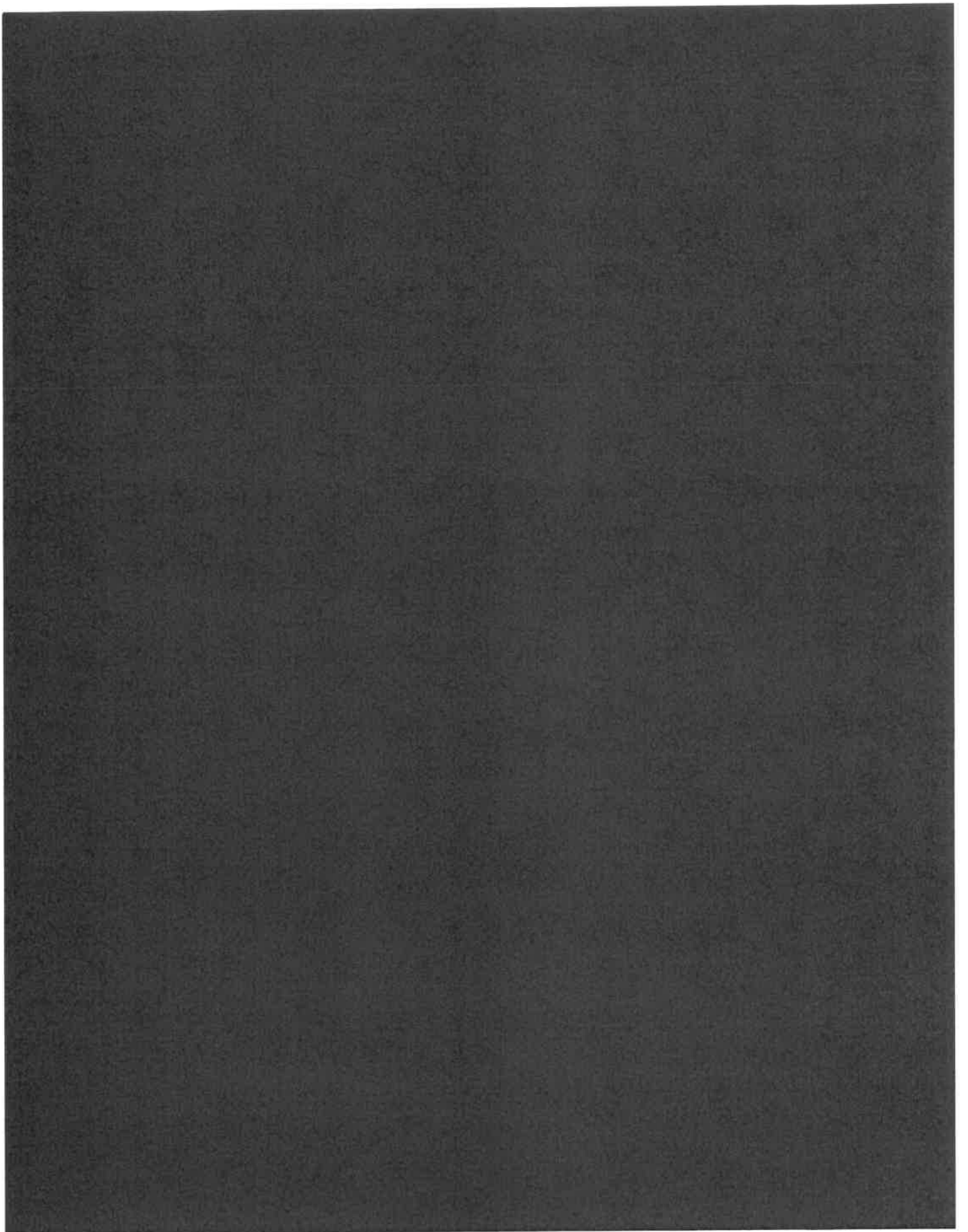
It is important for the GMCB to fully understand the impact of this proposed motion. To achieve the proposed \$3.5 million net revenue and expense reduction, we would be forced to consider difficult changes in the following critical programs:



MRI	February 2024	50.22%	34,799	4,799
	March 2024	63.6% <th>31,295</th> <th>4,476</th>	31,295	4,476
Total		61.74% <th>33,237</th> <th>4,451</th>	33,237	4,451







Reducing Cost of Care

In addition to the focus on expanding access to care RRMC has also focused on reducing the cost of care. Efforts to reduce operating expenses have been successful and anchored in the last three years, including in the most recent FY2025 Budget submission. RRMC has been successful in reducing expenses by \$10.7 million since 2022. These reductions were highly focused on administrative costs rather than clinical costs, as was outlined in our budget.

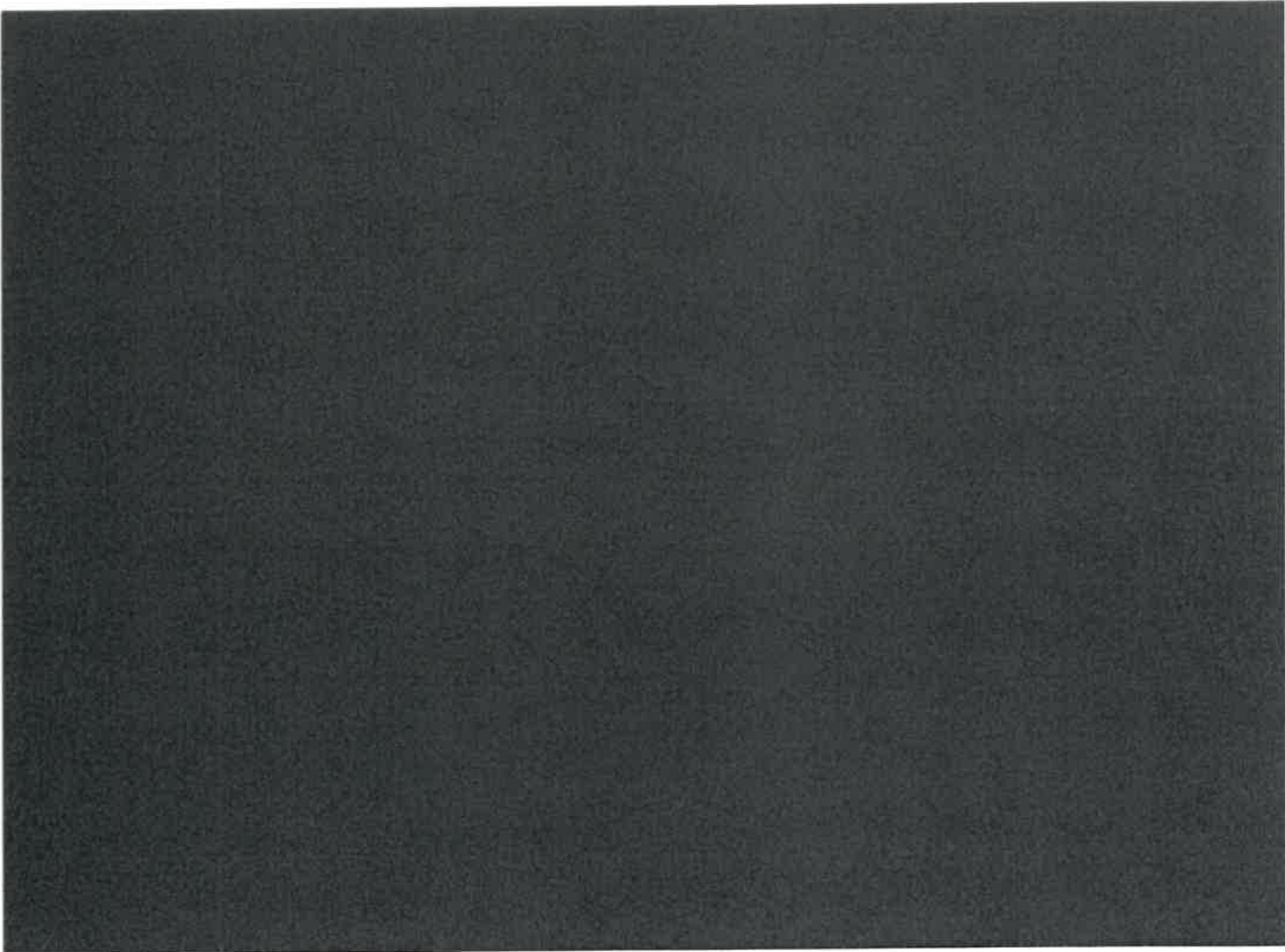
	General & Administrative Costs					
	FY2019	FY2020	FY2021	FY2022	FY2023	% Δ
RRMC Defined	11.8%	12.3%	10.1%	11.4%	10.9%	-7.6%
Wang & Bai Defined	22.7%	23.0%	21.9%	21.9%	20.9%	-7.9%

These cost savings served to reduce our cost per adjusted discharge by \$1,143, equivalent to a reduction of 6.5%. This was achieved at the same time that healthcare experienced pronounced inflationary pressures.

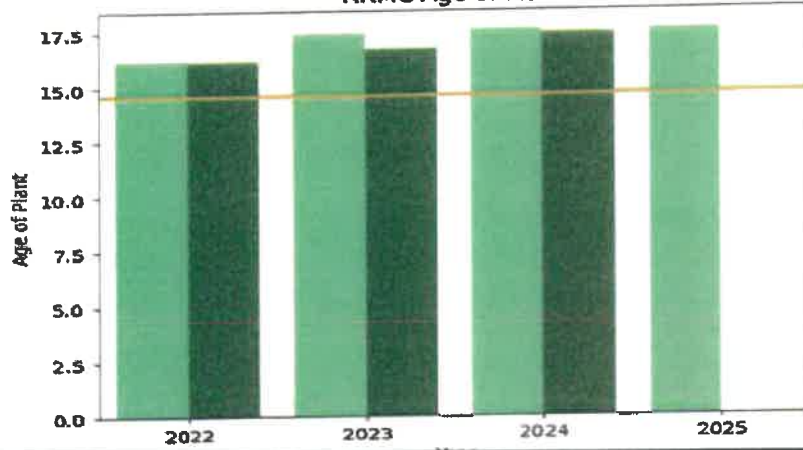
	FY 2021A	FY 2022A	FY 2023A	FY 2024B	FY 2025B
Cost Per Adjusted Discharge	\$ 16,755	\$ 17,703	\$ 17,236	\$ 16,760	\$ 16,560

These cost savings have also served to reduce our commercial rate request by 7.5% for the same time period.

	2021	2022	2023	2024	2025
Cost Savings	3,400,000	1,208,000	675,000	5,000,000	3,800,000
Proposed Aggregate Increase	6.00%	3.64%	17.80%	5.62%	2.80%
GMCB Approved Increase	6.00%	3.64%	17.40%	5.62%	
Value of 1% Increase	1,377,458	1,246,892	1,276,149	1,498,359	1,474,525
Impact of Cost Savings on Commercial Rate	2.47%	1.00%	0.53%	3.34%	2.58%



RRMC Age of Plant



This line indicates the 75th percentile of average age of plant (14.63 years).

Type
Budgeted
Actual/Projected

Financial Health: Profitability

Rutland Regional Medical Center



	FY22 Budget	FY22 Actuals	FY23 Budget	FY23 Actuals	FY24 Budget	FY24 Projected	FY25 Budget
Operating Margin	0.0%	-3.8%	2.2%	2.1%	2.3%	2.0%	2.5%
Total Margin	2.2%	-13.6%	2.3%	-0.3%	4.4%	6.3%	5.3%
EBIDA	5.0%	0.5%	6.3%	6.3%	6.4%	6.2%	6.6%



Thank you.

Respectfully,

Judi K. Fox
 President & CEO
 Rutland Regional Medical Center