Springfield Hospital
Where People Come First

September 9, 2024

Owen Foster, Chairman, and GMCB Members
Green Mountain Care Board
144 State Street
Montpelier, VT 05602

Dear Chair Foster and Green Mountain Care Board members:

We want to thank you for the opportunity for comment relative to our FY'25 budget hearing earlier today.

We recognize and appreciate the challenging job of the Green Mountain Care Board (GMCB) and know very well that healthcare in Vermont needs reform. We look forward to participating and supporting those efforts.

As you know, Springfield Hospital has a unique history, having faced financial struggles prior to, during, and after successfully exiting Chapter 11 in December of 2020. Because of that, it is difficult to compare our situation to colleague hospitals due to various financial realities, consumer confidence, and the resulting loss of volume which notably includes approximately 150 annual discharges from our childbirth program.

Our FY'25 budget directly aligns with needs identified in our Community Health Needs Assessment: namely, access (both primary care and specialty care) and affordability. We've identified needed core services, and invested in staff and equipment to support same. Our prices are low and favorable compared to peers/State and National. We have hired a certified navigator to consult with patients needing financial assistance.

We have done all we can to reduce expenses – we now need to **rebuild volume** lost during our financial struggles and COVID. This is our path to sustainability. Merely cutting expenses is not going to get us where everyone wants us to be for a sustainable future. Our strategy, which began in FY'23, focuses on reinvestment in services and recapturing volume. Our FY24 year-over-year results show this strategy is working.

In response to the FY'25 GMCB staff recommendations, we offer the following points for consideration:

• If the staff recommendation of 6% NPR growth is approved (a reduction from our request of 13%), this would result in a **$4.2M expense reduction**.

• Meeting this goal would require holding expenses essentially flat from FY24 – with only a 0.9% increase from FY'24 projected expenses and virtually no allowance for inflation.

• **This is an unrealistic request.** $4.2M is a **drastic change**. Our staffing is already at minimum levels. Wages are already at significantly lower levels and we need to provide market increases to be competitive and recruit/retain staff, which is essential to reduce traveler expense. Ongoing use of travelers will result in higher cost.

We respectfully ask that you carefully consider the potential impact to quality of care, access, and overall cost in relation to the identified needs of our community and the State of Vermont. Care provided out of state is an unnecessary drain on Vermont resources for services that can be provided locally.

An expense reduction of $4.2M is likely to require major service line evaluation and possible negative impact to patient access… outcomes none of us want, including the Green Mountain Care Board (GMCB). Springfield Hospital has achieved low expense growth since 2020 as well as through 2025 budget. GMCB-shared data identified Springfield Hospital #6 out of 14 hospitals for lowest cumulative expenses. **We simply cannot cut any more.**

Regarding our budgeted NPR Growth of 13% vs. 3.5% benchmark, please consider our NPR growth over time.

- Since 2017 (pre-pandemic and Chapter 11), NPR budget-to-budget growth has been 16.2% - or 2.1% per year average NPR growth.
- 13% NPR growth sounds high, but aligned with our growth strategy, 10.6% of the increase is anticipated from increased utilization – not new utilization but utilization that is currently taking place outside of our service area and, mostly, outside of Vermont and at higher cost.
- Perspective – 13% sounds high but we are talking relatively small numbers and a low dollar amount.
- Higher NPR growth for Springfield means local care access, and lower cost to the system overall.

To achieve financial sustainability, we can agree that **Springfield Hospital must operate with a margin -- and increase Days Cash on Hand and Cash Reserves**. Building cash and reserves requires volume and margin. Any reduction in our budget will have a negative impact on our work in this regard.

Earlier in this process, the question was asked "what is your back-up plan?" Simply put, our plan is to succeed. Doing so will require flexibility and ongoing careful management. If necessary, adjustments will be made. However, to move forward, we cannot win the fight without the necessary resources… financial and otherwise.

Regarding today's presentation and comments, we have a few questions that need clarification:

1) Slide 80: Please review the 3.5% increase shown as we do not understand what this represents. From FY18-FY24, the graph appears to show the change in charge (charge increase) approved. For FY25, it appears to show a different metric - commercial rate growth of 3.5%. Our "change in charge" built into our budget is 5.5% which yields 2.2% commercial rate growth. It is unclear how these two metrics align with the 3.5% stated in this graph. Please clarify.
2) Please refer to slide page 3, item 3b, FY25 Standard Budget Conditions, and note that commercial change in charge (5.5%) and negotiated rate increase (2.2%) should be differentiated in this defined condition for suggested budget language as they are not the same number and are two completely different calculations.
3) Slide 82: The difference in FY24 FTE's which are actual, and FY25 is budgeted. The primary difference is unfilled positions in FY24 not included in the actual number and travelers are also not included.
4) Slide 96: This slide supports our claim that we have lost market share. However, the slide is understated as no New Hampshire (NH) hospitals (D-H, Valley Regional, and Cheshire Hospital) are included. Due to our proximity to NH, these are locations that pull utilization from Springfield at varying levels and higher cost.
5) We note Slide 100 has been corrected to reflect the Springfield Hospital name, however, please confirm the content of the recommendation language is correct as intended for Springfield.

In summary, our ask is that the budget be approved as submitted with a 13% NPR increase. Our budget is not aspirational. Our budget is the absolute minimum needed to continue our work to make Springfield Hospital sustainable. Please trust our years of experience, our knowledge of our community, and support our ongoing efforts. Moving forward with the GMCB staff recommendations will surely have a significant negative impact on our work to date and, ultimately, the care to our community.

Sincerely,

Robert A. C.

Robert Adcock, CEO
Springfield Hospital