

September 8, 2023

Delivered electronically

The Honorable Phil Baruth
The Honorable Jill Krowinski
The Honorable Ginny Lyons
The Honorable Lori Houghton
Vermont State Legislature
115 State Street
Montpelier, VT 05633

Dear President Pro Tem Baruth, Speaker Krowinski, Chair Lyons and Chair Houghton:

We are writing as the board leaders of the UVM Health Network and its Vermont hospitals with our concern that the Green Mountain Care Board's (GMCB's) hospital budget actions may overreach its authority and venture into inappropriately micromanaging our complicated health care provider systems. The result is alarming mixed signals from State leaders who expect us to reduce wait times, tackle hard public health challenges and deliver high quality health care to every Vermonter in need – but with revenues that risk significant cuts in access to services. We have little doubt the pending actions the GMCB has signaled will harm vulnerable Vermonters.

We know that as trustees, our role is to hold the management of our Network and our hospitals accountable to our mission, to our patients, to our employees and to our communities. We exercise this responsibility by carefully reviewing all of the material submitted by management, and by regularly challenging assumptions and conclusions. We have each invested significant amounts of time over the past few years to gain a good understanding of the intricacies of hospital finance and operations. We take our roles seriously and hold ourselves and our board colleagues, we believe, to high fiduciary standards. What we have observed over the course of this year's hospital budget review process, and especially on August 23 when the GMCB reviewed and commented on the Network's budgets, is a severe erosion of our established governance role.

Before we get into the substance of what we want to raise, we want to note that writing a letter like this with such strong language to our State's legislative leadership is an irregular action. However, we believe the current situation with the GMCB has left us with little choice, and we cannot sit by and watch what is unfolding without lending our voice to the discourse.

We have grave concerns with the current regulatory system governing health care in our state, and want to specifically alert you to the very real harm we fear will come to Vermonters as a result of a regulator making critical budget and capacity decisions, which we believe are in conflict with what is set out in our State's laws. If the GMCB does what they promised to do when they issued the commercial rate orders earlier this summer and cut hospitals' budgeted commercial rate increases by 50%, our hospital leaders will have no choice but to limit access to necessary services, especially those that lose the most money. Our hospitals' approach to budgeting is an exercise in focusing on the full picture of health and health

care outcomes for our state and region. Budgets are a tool to help us advance access to care, improve outcomes, address pressing community health needs and more, all while balancing affordability. For instance, a reduction in our budgets is not simply an accounting exercise – the impacts on these goals will be real. We know the services that lose the most money through operations also tend to be the most essential, and by cutting them, those with means will travel outside our state for the care they need (which comes at a higher cost to individuals and the system), and those without means will suffer. Inequality will increase and outcomes will worsen for the people of our state.

Our concerns here do not apply universally to all five GMCB members or to all GMCB staff. Rather, they speak to an emerging trend over the last year that has escalated precipitously and warrants careful and thoughtful attention and potential action in the 2024 legislative session. In fact, the three newest GMCB members all came to the Board within the last two years with little or no prior health care finance or regulatory experience. Expressing an eagerness to learn, as the Chair said in an early news story about his appointment, simply is not good enough when it comes to regulating a system where people's lives – their literal health and wellbeing – hang in the balance. Further, the Board's reliance on outside consultants who compare Vermont to places that look nothing like our health care system, deny the most fundamental facts like the documented existence of the cost shift due to ongoing underfunding of Medicaid and Medicare, and believe that hospitals should have fewer inpatient beds, even though we have been at or nearly at full capacity for years now, exposes a fundamental misunderstanding of the health care needs of Vermonters.

What became clear over the course of the GMCB's 12-hour hearing on our FY 2024 budgets, is that a majority of the GMCB had already determined its position on these budgets and the rate of growth they intended to allow. They had done so through a process that evolved over the course of the year, outside their legislatively-mandated guidance period, with changing rules, standards and expectations, and in spite of earlier statements to hospitals encouraging them to "bring the budgets they think their organizations need." We observed several members of the GMCB employing tactics and rhetoric intended to demean our leaders, our boards and our employees. They had done so by advancing their own opinions and perceptions of expertise rather than through thoughtful review of hospital submissions and data.

After an already extensive internal process of building budgets to meet the needs of Vermonters seeking care from our providers, leadership submitted to our Network Board budgets that start to put our system on a path to recovery after the pandemic and resulting hyperinflation – inflation most intensely felt in terms of increasing wages for clinicians and staff, which accounts for more than 60% of our overall costs. After many levels of review and discussion, and with a clear focus on cost containment strategies, the Network Board approved these budgets because they balance prioritizing care for Vermonters with taking a modest step toward financial stability. It is then our job to hold management accountable to performing against these budgets over the course of the year.

We know your role is to ensure that the regulator reviews and approves budgets legally, fairly and based on the data. We believe it is critically important that the legislative leaders of our State know what is happening with this system and the impacts that Vermonters may face as a result. It is our hope that we can work together to make changes that serve to improve both our regulatory oversight and our system of care. We share this letter with you because we know you care deeply about the people of our state, and those individuals who work at our organizations, answering their calling to put patients and their communities ahead of themselves.

We welcome the opportunity to meet with you to discuss this with us in more detail and encourage you to exercise your legislative oversight abilities to hold the GMCB accountable for not only its process, but for the impact its decisions will have on the most vulnerable citizens of our state. Thank you for your service.

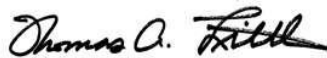
Sincerely,



Allie Stickney, Chair
UVM Health Network Board



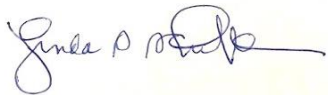
Tom Golonka, Vice Chair
UVM Health Network Board



Tom Little, Chair
UVM Medical Center Board



Paulette Thabault, DNP, APRN, JD, FAANP, Chair
Central Vermont Medical Center Board



Linda Schiffer, Chair
Porter Medical Center Board

Cc: Members of the Green Mountain Care Board
Susan Barrett, Executive Director, Green Mountain Care Board