

July 8, 2024

Alena Berube, Director of Health Systems Finances  
Green Mountain Care Board  
144 State Street  
Montpelier, Vermont 05633

Dear Alena,

The following narrative summarizes Rutland Regional Medical Center's FY 2025 Budget submission, addressing the pertinent information and requirements set forth in the FY 2025 Hospital Budget Guidance issued by Green Mountain Care Board.

**A. Executive Summary**

In early FY 2024, RRMC undertook a comprehensive revision of its strategic plan. This plan distinctly outlines our commitment to enhancing access to care, delivering high quality services, prioritizing our workforce, responsibly managing our finances and resources, and positioning ourselves as a key partner in payment transformation initiatives. Guided by our strategic plan, RRMC has presented a budget that not only aligns with our immediate financial objectives, but also establishes a thoughtful long-term financial framework, ensuring sustained financial resilience for the future.

RRMC's dedication to improving access to care is reflected in our FY 2025 budget, which includes significant investments in expanding our service lines, particularly in diagnostic imaging, surgical care, infusion services, and specialty practice areas. Ensuring the delivery of high-quality care is of the utmost importance and is evident in the exceptional patient care provided by our staff as well as the investment in quality programs and initiatives throughout the organization. RRMC's FY 2025 budget prioritizes our workforce, incorporating enhancements such as increased 403b contributions to maintain market competitiveness, an annual wage increase guided by appropriate compensation benchmarks, and an organizational-wide minimum wage increase to begin alignment with prevailing area rates.

As financial stewards, it is essential that we carefully balance our investments with effective cost management. To this end, we have incorporated \$3.8 million in cost-saving initiatives into the FY 2025 budget. Our ability to achieve expense reductions at this level has enabled us to decrease our proposed commercial rates by approximately 2.6%. This budget also allows for substantial investments in our infrastructure and equipment needs. Furthermore, RRMC remains committed to exploring alternative payment and care delivery models to ensure that our patients receive timely and appropriate healthcare while addressing affordability concerns.

As we look ahead, it is imperative that RRMC addresses the challenges posed by our aging infrastructure to effectively meet the evolving healthcare needs of our patient community. To

ensure we continue to uphold our commitment to provide exceptional care, we are prioritizing significant investments in facility upgrades and expansions in the upcoming budget year. These considered investments include relocating and expanding our sleep center to a new, enhanced space, equipped to accommodate more patients and improve sleep-related services. Additionally, we are planning to establish a dedicated procedure center to handle lower acuity procedures, thereby optimizing the use of our operating rooms for more complex cases and increasing our capacity to meet rising demand. Furthermore, to streamline operations and enhance care delivery, we are consolidating our women's and children's units with our birthing center. This strategic consolidation aims to create operational efficiencies while maintaining our focus on providing comprehensive care to our patients. These initiatives underscore our commitment to advancing our facilities to better serve the healthcare needs of our patients, ensuring we remain at the forefront of delivering high-quality, accessible care.

As we navigate the challenges facing the healthcare industry, our focus remains steadfast on investing in our workforce. Recruitment and retention have become increasingly competitive, necessitating strategic initiatives to attract talent both locally and nationally. Our commitment extends beyond regional boundaries as we strive to position RRMC as an employer of choice across the healthcare landscape.

It is also important to acknowledge that wages for our registered nurses, who constitute a sizeable portion of our workforce, are determined through a collective bargaining agreement. The current agreement is valid through September 2024. While our FY 2025 budget includes provisions for labor costs, the rapidly evolving competitive landscape may require further adjustments beyond our initial considerations and poses an inherent risk to our budget.

RRMC's proposed budget aligns with two out of the three benchmarks set forth by the Green Mountain Care Board. Although RRMC exceeds one of the benchmarks, it is the commitment to enhancing access to care and the goal of reducing wait times that led to the net patient revenue benchmark of 3.5% being surpassed. Driven by our commitment to reduce expenses, both the commercial rate growth and operating margin benchmarks have been met in our proposed budget.

Maintaining a stable margin and supporting gradual margin increases over time is vital for the long-term viability, quality of care, and overall success of a healthcare organization. It ensures that the organization can meet current demands, plan for the future, and continue to serve its patients and community effectively. RRMC is aiming for a modest 2.5% margin. RRMC relies on its financial resiliency model to inform its operating margin target. This year's targeted operating margin was thoughtfully approached to ensure that operational performance was sufficient to support investments in our workforce and benefit programs, enhanced services, capital equipment investments and principal payments, and necessary facility infrastructure improvements.

Similar to other healthcare institutions in Vermont, RRMC contends with ongoing challenges in striking the delicate balance between delivering high-quality healthcare and managing our cost structure, all while addressing concerns related to patient affordability. RRMC has undertaken substantial and impactful initiatives to increase access to care while diligently managing cost

escalation and has put forward a budgeted commercial rate that reflects our careful consideration of affordability. Our FY 2025 budget includes a 3.4% increase for inpatient charges, and a corresponding 3.4% increase to outpatient charges, and does not apply an increase to professional charges. Based on these charge increases, the impact on commercial rates for any payer does not exceed 3.05%.

In our ongoing effort to increase access to care and reduce wait times, RRMC's FY 2025 budget incorporates several initiatives to enhance services. We are investing in a mobile MRI, aimed at improving diagnostic capabilities and reducing wait times (RRMC believes that the mobile MRI will not trigger the Board's jurisdiction and has submitted a letter requesting jurisdictional determination to confirm). Additionally, we are increasing our operational capacity by adding five additional surgical days per month, focusing on orthopedic, ENT, and general surgery specialties to meet growing demand. Furthermore, in the fall, we will be employing a talented General Surgeon and two Obstetrician/Gynecologists to supplement our team and address the increasing demand for specialized medical services. These three physicians will fill vacancies that have persisted for the past 12 to 18 months. Our budget also encompasses the full-year operation of our second CT scanner, enhancing our diagnostic imaging capacity, and the expansion of our infusion services, ensuring comprehensive care for our patients. These initiatives underscore our commitment to delivering high-quality healthcare services while addressing the evolving needs of our patients.

The budget we are proposing is responsible, thoughtful and one that is dedicated to increasing access to care, proactively addressing workforce challenges, allowing for critical investments in our facilities and equipment, and striving to meet the needs of the patients we serve.

## **B. Background**

- a) RRMC has not experienced any changes to its corporate structure over the last year.
- b) In exploring a corporate affiliation where either party has a financial stake, it is crucial to define strategic objectives and ensure alignment with both organizations' missions. A comprehensive due diligence process is performed to assess operational strengths and compatibility, and in certain circumstances evaluating financial health. The development of a partnership structure with clear financial terms, governance (if necessitated), and an operational plan is essential. Lastly, ensuring there is legal and regulatory compliance with any transaction is imperative.
- c) Participation in regional collaborations with other service organizations and providers has significantly enhanced our ability to deliver comprehensive and coordinated healthcare services.

RRMC is actively engaged in a noteworthy partnership with the Rutland Community Collaborative, a coalition comprising a diverse array of community organizations and stakeholders. This collaborative effort includes representation from RRMC, the FQHC, independent primary care providers, home health, mental health, the regional housing authority, skilled nursing facilities, the area agency on aging, the Public Health District Director, the Agency for Human Services, and the Vermont Blueprint

for Health, among others. Together, we are dedicated to achieving population health goals and advancing accountable care organization objectives. Our collective focus includes reducing hospital readmissions, managing chronic conditions, minimizing emergency department visits, addressing social determinants of health, promoting health equity, and ensuring that patients receive appropriate care in the most suitable settings.

At our Foley Cancer Center, we offer an integrated approach by providing both Medical Oncology and Radiation Oncology services within the same outpatient practice, which while atypical, is a highly effective approach to meeting our cancer patients' needs. This unique model is made possible through our collaboration with an independent community Oncologist/Hematologist and a permanently situated UVMHC Radiation Oncologist. This arrangement ensures comprehensive and coordinated cancer care for our patients in both the inpatient and outpatient setting. RRMC's investment in this partnership is approximately \$863K.

We have various partnerships with other providers or institutions to offer Pathology services, additional Radiation Oncology services, and telehealth services.

RRMC has established a collaborative arrangement with the Brattleboro Retreat to provide psychiatric telehealth consultations for pediatric patients who require admission to the Retreat but are currently boarding in our ED. Under this arrangement, Rutland Mental Health (RMH) serves as the intermediary, assisting with the admission process. This partnership ensures that these patients receive the specialized care they need and has significantly improved patient care, ED staff morale, and workflow.

RRMC partners with and extends support to Rutland County Health Partners (formerly Rutland County Free Clinic), providing financial support through its Bowse Health Trust, supplementary donations, and hospital-paid nursing hours volunteered by staff. RRMC's investment in this collaboration is approximately \$50K.

The Bowse Health Trust (BHT) at Rutland Regional Medical Center funds collaborative community-based programs that measurably improve the health of people in the Rutland region.

The BHT awards funding to not-for-profit organizations providing programs that align with priority areas outlined in the hospital's most recent Community Health Needs Assessment (CHNA).

The Bowse Health Trust supports the Rutland County Housing Coalition, the Center for Social Justice, Companions in Wholeness, the Housing Trust of Rutland, Come Alive Outside, Rutland County Pride, among others. RRMC's FY 2025 BHT support is budgeted at approximately \$355K.

In addition to the annual Bowse Health Trust grants, Rutland Regional Medical Center (RRMC) extends its support to local nonprofit organizations through sponsorships and donations. These contributions are directed towards entities engaged in community building, infrastructure development, and health and wellness programs, such as the Chamber & Economic Development of the Rutland Region, United Way of Rutland County, VNA & Hospice, and Dismas House, among others. RRMC’s FY 2025 additional program support is budgeted at approximately \$315K.

Furthermore, within our service area, we provide specialized respiratory care staffing at the Pines Skilled Nursing Facility for complex patients requiring ventilator support, tracheostomies, and non-invasive mask ventilation. Our therapists also offer educational support to patients, families, and facility staff as required, collaborating closely with the contracted physician medical director, who is a member of the RRMC medical staff.

- d) RRMC's FY 2025 budget reflects our commitment to continuity, with no closures or transfers of any service lines. By contrast, as noted in the executive summary, RRMC’s FY 2025 budget includes several strategic initiatives designed to improve and expand our healthcare services. We are planning to allocate funds to acquire a mobile MRI unit, which will enhance our diagnostic capabilities and significantly reduce patient wait times. To further meet the rising demand for specialized surgical procedures, we are increasing our surgical capacity by adding five additional surgical days each month, focusing on orthopedics, ENT, and general surgery.

Moreover, we are excited to welcome a new General Surgeon and two Obstetrician/Gynecologists to our team this fall. These additions will help us meet the growing need for specialized medical care. Our budget also supports the full-year operation of our second CT scanner, bolstering our diagnostic imaging services. Additionally, we are expanding our infusion services to provide more comprehensive care to our patients.

Initiative	FY 2025 Budgeted Gross Revenue
Mobile MRI	\$ 5,700,000
Surgical Services	\$ 7,800,000
New Providers (Including Downstream Revenue)	\$ 9,100,000
2nd CT Scanner	\$ 15,700,000
Infusion Service Expansion	\$ 12,700,000

The amounts included in the above chart reflect increased gross revenue based on expanded services and does not include other routine impacts relative to that service line.

**C. Budget Questions**

- a) Please reference the table below outlining changes in service lines from current year approved budget to current year projection, to the proposed budget prior to a charge increase being applied. The provided revenue information is presented at the gross patient revenue level. Additionally, the requested information regarding staffing

increases is included, along with the associated expenses and any other notable costs related to the specified changes.

FY 2024 Approved Budget	FY 2024 Projection	Variance	Reason For Change	New / Divested / Improve Access	Increased Staffing	Increased Expense
2,568,801	3,222,100	653,299	Infusion Expansion	Improved Access	No	-
58,633,464	68,376,373	9,742,909	2nd CT Scanner	Improved Access	Yes	135,000
29,286,721	25,714,879	(3,571,842)	Low MRI Volume in Q1		No	-
99,259,726	101,737,696	2,477,970	Increase in Surgical Service Volume	Improved Access	No	-
155,939,910	170,881,344	14,941,434	Increased Pharmacy Due to Infusion Expansion	Improved Access	No	-
558,865,972	562,043,319	3,177,347	Other Misc Utilization Changes			-
904,554,594	931,975,711	27,421,117				135,000

FY 2024 Approved Budget	FY 2025 Budget Prior to Charge Inc.	Variance	Reason For Change	New / Divested / Improve Access	Increased Staffing	Increased Expense
2,568,801	3,678,808	1,110,007	Infusion Expansion (Full Year)	Improved Access	No	-
58,633,464	78,197,725	19,564,261	2nd CT Scanner (Full Year)	Improved Access	Yes	231,000
29,286,721	32,515,386	3,228,665	Mobile MRI	Improved Access	Yes	212,000
99,259,726	110,413,335	11,153,609	5 Additional OR Days & Downstream Rev for New Providers	Improved Access	Yes	980,000
155,939,910	177,223,020	21,283,110	Pharmacy Portion of Infusion Expansion (Full Year)	Improved Access	No	-
-	2,300,000	2,300,000	New Provider Volume - General Surgery & OB/GYN	Improved Access	Yes	1,370,790
558,865,972	570,053,641	11,187,669	Other Misc Utilization Changes			-
904,554,594	974,381,915	69,827,321				2,793,790

b) As mentioned previously, RRMC’s FY 2025 budget complies with two of the three benchmarks. RRMC’s budgeted net revenue exceeds the benchmark by 2.6%:

GMCB Benchmark Requirements		RRMC
Net Revenue	≤ 3.50%	6.10%
Commercial Rate Growth	≤ 3.40%	3.05%
Operating Margin	> 0.00%	2.50%

The primary catalyst for the increase in net revenue is attributed to the rise in utilization, stemming from RRMC's dedication to enhancing access to care and its objective of reducing wait times. As referenced in C.a) and C.c)b., there are several outpatient service lines contributing to the utilization changes. Those areas include, outpatient surgical services, laboratory volume, diagnostic imaging, MRI, Infusion Center services, CT Scan, Pharmacy, and Endoscopy.

Budget-to-Budget Change		
Net Patient Revenue Increase		% Δ
FY 2024 Budget	328,821,700	
FY 2025 Budget	348,766,196	
<b>Total Increase</b>	<b>19,944,496</b>	<b>6.1%</b>

Budget 2024	328,821,700	\$ Δ	% Δ
Mix	329,429,084	607,384	0.2%
Utilization	343,415,203	13,986,119	4.3%
Commercial Rate	347,543,872	4,128,669	1.3%
Governmental & MCR ADV Rate	348,766,196	1,222,324	0.4%
<b>Budget 2025</b>	<b>348,766,196</b>	<b>19,944,496</b>	<b>6.1%</b>

- c) In developing the FY 2025 budget, we have made several key assumptions regarding expenses, cost-saving initiatives, government reimbursement rate changes, payer mix, and utilization. Our expense assumptions include a 3% cost of living adjustment for both providers and staff, and expense assumptions also account for the planned increases associated with our upcoming union negotiations. Additionally, we have factored in an increase to the organizational minimum wage, included the employer portion of the childcare tax, factored in a 3% rise in benefit-related expenses, and an increase in our 403b matching contributions. Expenses are also expected to rise commensurate with volume increases and inflationary factors.

To mitigate these increases in costs, we have integrated various cost-saving initiatives into the budget. This includes a reduction in expenses for contract labor, several FTE reductions, and assumptions for open position vacancies. We also plan to achieve staffing efficiencies, further supporting our cost-saving measures.

Regarding government reimbursement changes, we anticipate a 2.6% increase in the Medicare and Medicare Advantage market basket. However, we do not expect any increase for Medicaid, whether in-state or out-of-state. Our assumptions also include slight overall changes in our payer mix, reflecting the evolving healthcare landscape.

Furthermore, we anticipate increases in utilization across several service lines, driven by ongoing market trends and the growing demand for our services. These combined assumptions aim to create a balanced and forward-looking budget that addresses current financial realities while positioning us for a sustainable future.

- a. Please refer to the tables below that provide the requested labor expense data:

FY 2024 Budget				
	Nursing	Clinical - Other	Non-Clinical	Total
Physicians		34,403,725		34,403,725
Locums		4,120,668		4,120,668
Salaries - Other	26,962,632	31,538,908	41,841,653	100,343,194
Contract Staff	11,853,996	1,439,064	729,960	14,023,020
<b>Total</b>	<b>38,816,628</b>	<b>71,502,365</b>	<b>42,571,613</b>	<b>152,890,606</b>

FY 2024 Projection				
	Nursing	Clinical - Other	Non-Clinical	Total
Physicians		36,351,968		36,351,968
Locums		4,655,643		4,655,643
Salaries - Other	30,552,443	32,321,937	42,224,962	105,099,342
Contract Staff	10,369,023	2,168,861	763,330	13,301,214
<b>Total</b>	<b>40,921,466</b>	<b>75,498,409</b>	<b>42,988,292</b>	<b>159,408,167</b>

FY 2025 Budget				
	Nursing	Clinical - Other	Non-Clinical	Total
Physicians		37,426,973		37,426,973
Locums		2,486,506		2,486,506
Salaries - Other	32,404,615	33,589,409	42,771,489	108,765,512
Contract Staff	8,726,985	2,719,622	912,450	12,359,057
<b>Total</b>	<b>41,131,600</b>	<b>76,222,510</b>	<b>43,683,939</b>	<b>161,038,048</b>

The FY 2025 budget as it compares to the FY 2024 budget equates to an increase of \$8.1M. Noteworthy, clinical-related trends include:

- The increase in physician expense is related to provider vacancies being filled in general surgery and women’s health.
- There is an increased reliance on per diem staff, leading to higher budgeted hours and salaries. This approach is more cost-effective compared to relying on locums.
- Budget-to-budget, locum expenses are reduced due to the aforementioned shift toward reliance on per diem staff.
- The decline in contracted labor expense is related to a reduction in the hourly rate for travel staff and planned initiatives aimed at decreasing reliance on temporary labor.

The FY 2025 budget as it compares to the FY 2024 projection equates to an increase of \$1.6M. Noteworthy, clinical-related trends include:

- The increase in physician expense is attributed to the 3% cost of living adjustment incorporated into the budget.
- The reduction in locums expense is expected as provider vacancies are filled.
- Contracted labor expenses are anticipated to decrease with the onboarding of new nursing graduates to fill vacant positions.

- b. In conjunction with the information provided in section C. a), RRMC's notable utilization variances for budget FY 2025 are primarily attributed to outpatient service areas. These service lines include:



- *Outpatient Surgical Services* (\$14.0M) – incorporated five additional days per month into our surgical schedule for FY 2025. Additionally, the rise in OR volume is also attributed to the downstream revenue associated with the new providers joining RRMC in general surgery and obstetrics/gynecology. This increase in revenue is accompanied by an increase in staffing and supply expenses, as outlined in C.a. above.
- *Laboratory Services* (\$2.5M) – we have experienced notable increases in lab volume, particularly in chemistry, cytology, and hematology testing, which have been trended forward in the FY 2025 budget.
- *Diagnostic Imaging* (\$4.8M) – imaging services have demonstrated consistent performance, and we expect this trend to continue in FY 2025.
- *MRI* (\$3.2M) – revenue is budgeted to increase in FY 2025 with the addition of a mobile MRI unit in the latter half of the upcoming fiscal year. Corresponding increases in staffing and supply expenses have been reflected in C.a. above.
- *Infusion Center Expansion* (\$1.2M) – The expansion of our infusion center, which includes adding four chairs, has been budgeted to reflect a full year of operations and is aimed at improving access to care.
- *CT Scan* (\$20.3M) – following the acquisition of a second CT scanner in May of FY 2024, the FY 2025 budget reflects a full year of enhanced service capabilities. This increase in revenue is accompanied by higher staffing expenses, as outlined in section C.a.
- *Pharmacy* (\$24.7M) – anticipated increase in pharmaceutical volume to meet patient demand, driven by the use of higher-priced drugs in our oncology and infusion services.
- *Endoscopy* (\$2.9M) – there has been a conscientious effort to improve access to our endoscopy services. The operational changes we have implemented are anticipated to reduce wait times.

The quantified information provided for each of the service areas listed includes the associated charge increase and is representative of the gross patient charges.

Each of these initiatives underscores our commitment to improving patient access and reducing wait times, ensuring we continue to deliver exceptional care to the patients we serve.

To establish budgeted utilization trends, a baseline is developed by applying the annualization of year-to-date volume data through February. This baseline is then compared to a two-year historical lookback to validate the assumptions. After establishing the baseline, anticipated changes in

utilization for the upcoming fiscal year are integrated into the budgeting process.

- c. Please refer to the table below, which details the pharmaceutical expense assumptions, categorized by utilization and price. It is important to note that these expense estimates are based on an estimated cost-to-charge ratio, as expenses are not differentiated between utilization factors and price. Additionally, it is important to highlight that comparing expenses to gross patient revenue will not yield a meaningful relationship between the two variables. Any such comparison should be made against net revenue, and we are unable to provide net revenue assumptions at the individual department level.

<b>GPSR:</b>	<b>FY 2023A</b>	<b>FY 2024B</b>	<b>FY 2024P</b>	<b>FY 2025B</b>
Utilization	\$ 812,867	\$ 8,109,013	\$ 19,846,735	\$ 21,283,111
Price	\$ 15,419,007	\$ 4,678,276	\$ 5,618,923	\$ 6,025,583

<b>Expense:</b>	<b>FY 2023A</b>	<b>FY 2024B</b>	<b>FY 2024P</b>	<b>FY 2025B</b>
Utilization	\$ 141,629	\$ 1,340,821	3,221,920	3,671,336
Price	\$ 2,686,522	\$ 773,551	912,176	1,039,413

Net revenue data is tracked exclusively at an aggregated payer level, rather than at the detailed drug unit or department level. A significant portion of RRMC’s reimbursement framework is structured through bundled payments for primary service types. Additionally, inpatient services are not reimbursed separately; instead, they are based on a per-case payment model. Attempting to use an aggregated collected rate to estimate reimbursement would likely result in an overstatement. Providing such an inflated assumption could lead to significant inaccuracies, which we aim to avoid. It is crucial for our financial planning and reporting to reflect realistic and reliable figures to maintain the integrity of our budget and operational decisions.

RRMC's 340B program benefit is generated through reduced purchase price rather than receiving rebates. Absent these 340B savings, RRMC would incur an additional \$15M in pharmaceutical expenses in the FY 2025 budget.

- d. The FY 2025 budget incorporates several inflationary assumptions: a 3% increase in salaries, a 3% rise in benefit expenses, a 4% increase in pharmaceutical expenses, a 3.8% increase in medical surgical supply costs, a 2% rise in other non-medical supply costs, a 2% increase in purchased services, and a 2% overall increase in utility costs.

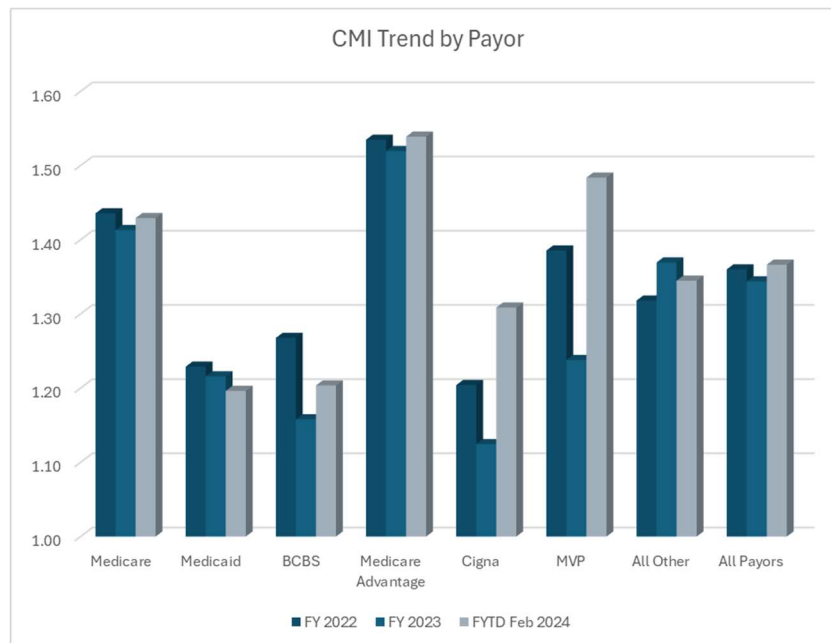
Inflationary Impact:	\$	%
Wages & Benefits	5,667,306	3.0%
Pharmaceuticals	1,200,043	4.0%
Med/Surg Supplies	297,089	3.8%
Purchased Services	40,376	2.0%
Other	107,865	2.0%
<b>Total Inflation</b>	<b>7,312,679</b>	<b>2.1%</b>

To address pharmaceutical inflation, we align inflationary projections with our drug formulary and utilization. This alignment is critical due to the high cost and long-term nature of oncology pharmacy treatment protocols we provide. Our budgeted inflation is based on estimates from our group purchasing organization, projecting pharmaceutical inflation at \$1.2 million, equating to a 4.0% inflation rate. Similarly, the inflationary increase for medical surgical supplies is derived from data provided by our group purchasing organization, accounting for the elevated costs associated with certain medical surgical supplies.

- e. RRMC has experienced a slight increase in its overall Case Mix Index over the past several years:

FY 2022A	FY 2023A	FY 2024 YTD
1.36	1.34	1.37

The chart below illustrates the trend, by payer, since FY 2022:



From our perspective, substantive changes in case mix are defined as any variance exceeding 0.15 over the prior year. Currently, two payers—Cigna

and MVP—meet this criterion. However, it is important to note that the volume of patients from both payers is relatively low, thus the overall impact is not significant:

	FY 2022A	FY 2023A	FY 2024 YTD
Cigna	1.20	1.12	1.31
MVP	1.39	1.24	1.48

The changes in the Cigna payer-specific Case Mix Index (CMI) for 2024 are noteworthy. An increasing number of Cigna patients (30%) are seeking surgical services, specifically in orthopedics, resulting in a 15% rise compared to FY 2023. This shift underscores a growing demand of our aging population needing complex surgical interventions within this payer group. Although this increase meets our 0.15 variance threshold, it is important to note that it pertains to only 38 discharges YTD.

Similarly, the MVP payer-specific CMI for 2024 reflects noteworthy changes. We have observed a notable 95% increase in the CMI compared to FY 2023 as patients are opting for surgical care services (27%). This rise highlights the evolving needs of our aging patient population. Although this increase meets our 0.15 variance threshold, it is important to note that it pertains to only 26 discharges YTD.

It is important to note that our budgeting process does not rely on fluctuations in case mix. Instead, we focus on incorporating trended changes in service demand. Therefore, RRMC does not budget the impact of any payer specific case mix trends.

- f. RRMC’s FY 2025 budget proposes a 3.4% increase in inpatient charges, a 3.4% increase in outpatient charges, and a 0% increase in professional fees.

For Medicare reimbursement, RRMC has applied the anticipated inflationary market basket increase of 2.6% to both inpatient and outpatient services. This results in an aggregated improvement of 0.97% in the Medicare rate, budget-to-budget.

Similarly, a 2.6% inflationary market basket increase has been applied to inpatient and outpatient Medicare Advantage reimbursement, leading to an aggregated improvement of 0.96%.

There are no changes included in the budget for either in-state or out-of-state Medicaid reimbursement.

Consequently, RRMC is proposing a 2.82% aggregate increase in commercial rates. The rate impact on any commercial payer does not exceed 3.05%.

It is crucial to highlight that RRMC’s commercial category encompasses military benefit insurance, which constitutes approximately 34% of that category and is not subject to negotiation.

Please refer to the rate decomposition file, for supporting details. For further commentary, please see item #11 located towards the end of this document.

- g. As previously highlighted, RRMC must address its aging infrastructure and equipment needs. Capital expenditure deferrals resulting from the pandemic have compounded over time and exacerbated the urgency of necessary investments essential to adapt to the evolving demands of our patients and to address the lifecycle replacements of critical clinical and information systems equipment.

Please reference the tables below for a summary of the planned 2025 capital projects and the associated funding sources.

<b>FY 2025 Capital Expenditures</b>	
Facility	17,981,680
Land & Building Purchase	1,000,000
Equipment	8,035,783
Information Technology	1,033,875
Planning & Design	150,000
Contingency	800,000
<b>Total Spend</b>	<b>29,001,338</b>

<b>Funding Sources</b>	
Sourcing From Operations	16,403,000
One Time Excess Funds Allocation	5,350,000
Fundraising Proceeds for Specific Projects	350,000
Debt Issuance Required	6,900,000
	<b>29,003,000</b>

It is important to underscore that the one-time allocation of excess funds originates from the surplus generated by the termination of our defined benefit plan. We intend to utilize these funds for capital purchases, thereby minimizing the need for additional borrowing to achieve the projects and initiatives outlined for FY 2025.

We have submitted and plan to submit Certificate of Need applications for essential equipment replacements and facility improvements planned for FY 2025 and FY 2026. These initiatives are designed to accommodate the growing patient demand for certain services in our area, enhance access to care, and achieve our objective of reducing patient wait times.

- h. Below is a detailed explanation of the key drivers or changes to RRMC's operating margin, days cash on hand, and debt service coverage ratio for the FY 2024 projections and its comparison to the FY 2025 budget:

- *Operating Margin* – RRMC has demonstrated significant improvement in its operating margin from -3.8% in FY 2022 to a budgeted 2.5% in FY 2025. The increase in the operating margin can be attributed to effective cost management strategies, efforts to improve access to care, and efficiency initiatives. The projected FY 2024 operating margin is currently 2.0%, slightly lower than the FY 2024 budgeted target of 2.3%. RRMC's budgeted operating margin for FY 2025 is above the 2022 reported S&P median of 0.4% and the Fitch median of 0.2%. While RRMC is performing well against these benchmarks, striving to maintain financial resiliency now and into the future is a critical catalyst to our long-term success.
- *Days Cash on Hand* – Days cash on hand has increased to an anticipated 202.9 in the FY 2025 budget, a slight increase from the FY 2024 projection of 201.5 and an FY 2024 budget of 197.0. Improved cash flow management, strategic use of cash reserves for necessary investments while balancing liquidity needs, and operational efficiencies have contributed to maintaining higher days cash on hand. RRMC's budgeted days cash on hand for FY 2025 is below the S&P median of 215.3, and lower than Fitch's median of 209.7. To achieve financial resiliency, further enhancements in the management of days cash is necessary.
- *Debt Service Coverage Ratio* – The debt service coverage ratio (DSCR) has significantly improved from 1.27 in FY 2022, when RRMC was in default of its bond covenants, to a budgeted 4.39 in FY 2025, indicating significant improvement over the last couple of years. Enhanced profitability and effective debt management strategies have strengthened the DSCR. Maintaining a high DSCR is crucial for sustaining financial health and ensuring capacity for future borrowing if needed. RRMC's budgeted DSCR is above the S&P median of 3.4 and Fitch's median of 3.1. However, our internal target of 4.5 will require continued focus on meeting our budgeted revenue and ensuring cost-saving initiatives are achieved.

Other Key Financial Indicators:

- *Debt to Capitalization* – RRMC's debt to capitalization ratio has improved from 17% in FY 2022A to a consistent 13%. This is significantly lower than the benchmarks, indicating a strong equity position and lower reliance on debt financing.
- *Average Age of Plant* – The average age of plant is projected to increase to an unfavorable 17.5 in FY 2025. Continued investments in infrastructure are necessary to ensure patient needs are met. The need to maintain both our buildings and equipment necessitates that we continue to operate with a strong balance sheet. It is essential that we build days cash to fund future lifecycle replacement initiatives that are aimed to responsibly manage the age of our plant and equipment.

RRMC has demonstrated significant improvements in key financial metrics over the past couple of years. The budgeted metrics for FY 2025 indicate a sensible financial position compared to industry benchmarks. However, continued focus on operational efficiency, strategic investments, and effective cash flow management will be essential to sustain and enhance financial resilience. Addressing the increasing average age of the plant and maintaining liquidity while achieving profitability targets will be key areas of focus for the future.

- i. The assumptions for uncompensated care at RRMC are primarily influenced by external factors. One significant external change is the ongoing Medicaid disenrollment. Since May 1, 2023, we have observed that 12% of our patients with Medicaid coverage have moved to either self-pay or commercial insurance.

Additionally, the activity of underinsured patients accounts for a substantial portion of our uncompensated care. In FY 2023, 75% of our uncompensated care write-offs were attributed to underinsured patients. Notably, 40% of all financial assistance granted during this period was for patients with primary insurance coverage who faced significant out-of-pocket expenses, making them eligible for our Financial Assistance Program.

We have observed an ongoing trend where patients are opting for lower-premium Vermont Health Connect plans, which come with high deductibles. Consequently, a portion of these patients depend on our Financial Assistance Program to assist with their high deductible balances, while others fall to bad debt. Furthermore, custodial care patient balances are not deemed medically necessary and, therefore, are not billable to insurance companies, which is increasing the amount of uncompensated care we must account for.

The convergence of higher co-pay and deductible balances from commercially insured patients, the increase in self-pay activity due to the replacement of Medicaid coverage, and custodial care balances are collectively driving an increase in uncompensated care at RRMC.

RRMC initiates the patient balance collection process once insurance activity has been finalized. Patient statements are issued on a 30-day cycle. As long as payments are being made, patients will not be referred to bad debt collections. However, if no payment or an insufficient payment is received, the patient will be sent three statements followed by a final notice, which serves as our last courtesy collection effort. Should the patient fail to make a payment after the final notice and 120 days have elapsed since the initial statement, the account is then referred to a bad debt collection agency.

Simultaneously, our Financial Counseling team, which includes three Certified Application Counselors with Vermont Health Connect and two others actively working towards certification, diligently monitors payment and collection activities. Utilizing our revenue cycle information system, we perform outreach to offer our Financial Assistance Program, establish payment plans, and screen uninsured patients for Vermont State programs, including Medicaid and Vermont Health Connect plans. This approach underscores our commitment to providing compassionate financial support while ensuring the financial health of our organization.

The budgeted bad debt to free care ratio for FY 2025 is 1.76, reflecting an increase over the FY 2024 budget. This adjustment is primarily driven by the Medicaid redetermination matter described above and aligns with current FY 2024 trends and projections.

The FY 2025 budget reflects an increase in uncompensated care of 22.68% as it compares to the FY 2024 budget.

We formulate our budgeted bad debt and free care based on a historical trend rate calculated as a percentage of gross revenue.

- j. RRMC demonstrates its commitment to community benefit through various initiatives, as detailed in Schedule H of our IRS Form 990. In FY 2023, our community benefit contributions amounted to \$57.5M, representing 17.0% of our total expenditures.

Aside from the customary financial assistance and government programs, RRMC’s other community benefits include the following:

RRMC Other Community Benefits		
	Net Benefit Expense	Description
Line e	737,625	Community Health Team, Bridges & Beyond
Line f	904,934	Allied Health Education, Student Internships & Job Shadowing
Line g	9,911,831	RRMC Provider Practice Investment
Line i	531,189	Cash & In Kind Contributions
Total	12,085,579	

Among our noteworthy initiatives, the Bridges & Beyond program offers transportation services to eligible patients residing in Rutland County, assisting them with travel to medical appointments, pharmacies, and even for essential shopping and errands. These ride services are provided by dedicated volunteers who have been thoroughly trained and screened by the hospital to ensure safety and reliability.

RRMC is proud to support a variety of local, state, and national organizations through both in-kind and cash contributions. These contributions underscore our commitment to fostering community well-



being and supporting vital initiatives beyond our immediate healthcare services.

- d) There are several risks associated with our FY 2025 budget:
- a. *Unpredictable Changes in Volume* – in response to unpredictable changes in patient volume, RRMC is focused on decreasing the variable cost structure to maintain financial stability.
  - b. *340B Program* – the continued impact of manufacturer exclusions has significantly eroded the revenue relied upon under the program. Additionally, RRMC’s 340B eligibility may be at future risk due to the Medicaid redeterminations. RRMC is actively working with state and federal agencies to educate and communicate the benefits of the 340B program.
  - c. *Unanticipated Loss of Physician/Provider* – RRMC would leverage the use of locum physicians and per diems to fill vacancies as they arise, which results in additional expenses. There is also an opportunity to expand telehealth provider services, which can help mitigate this risk.
  - d. *Continued Payment Rule Changes from Commercial Payers* – the impact of commercial payment rule changes is significant. This is a sizable financial burden and necessitates close monitoring and adaptation to ongoing changes in payment rules.
  - e. *Increase in Bad Debt* – with the continuance of Medicaid redeterminations, there is the risk our budgeted bad debt amount may underestimate actual results. Our Financial Counselors will actively support patients in maintaining coverage and accessing free care whenever possible.
  - f. *Shifts in Payer Mix* – negative shifts in payer mix can have adverse financial implications for healthcare providers, impacting revenue streams and operational sustainability.
  - g. *Continued Workforce Challenges* – workforce challenges related to recruitment and retention, coupled with potential overreliance on travelers and persistent wage pressures, pose significant risks to our budget. To mitigate these risks, we are prioritizing initiatives aimed at enhancing our strategic goal of being the employer of choice.
  - h. *Upcoming Union Negotiation* – our FY 2025 budget allocates resources for nursing labor costs; however, the rapidly evolving competitive landscape and upcoming union negotiations may necessitate further adjustments beyond our initial plans, posing inherent risks to our budget.
- e) The article by Wang, Bai, and Anderson claims that U.S. hospitals' administrative expenses increased sharply during the COVID-19 pandemic. While this observation may hold true for the healthcare industry during that time, not all healthcare organizations have experienced the stable or increasing administrative expenses, post-COVID, Wang, Bai, and Anderson hypothesized. In certain contexts, particularly in the study sample which prominently featured for-profit, metropolitan hospitals, this may prove true. After evaluating and reclassifying each of the cost categories based on our alternative estimates, although RRMC’s costs (for many reasons) did surge

during COVID and peaked again during the second wave of COVID, our administrative and general costs over the last three filed cost reports have been below pre-COVID levels. This trend is also reflected in our submitted cost reports, where expenses demonstrate a consistent reduction.

To understand the impact on administrative costs more accurately, it is essential to correlate these expenses with the reporting mechanisms used by hospitals. RRMC files its Administrative & General expenses in accordance with the Medicare Provider Reimbursement Manual, Form CMS 2552-10, Section 4013, which defines the information required for Worksheet A, Line 5:

Line 5--Enter A&G costs on this line. A&G includes a wide variety of provider administrative costs such as but not limited to cost of executive staff, legal and accounting services, facility administrative services (not already included in other general service cost centers), etc.

As indicated, Administrative & General expenses encompass a wide range of costs. While classified as administrative, it is important to note that a significant portion of these costs originate from departments that provide essential support to our patients. These departments include Quality & Safety, Infection Prevention, Case Management, Community Health Team, Financial Advocacy/Counselors, Patient Registration, Prior Authorizations, Patient Financial Services, Medical Records, Supply Chain, among others. Furthermore, these costs include the expenses associated with the operation of our electronic medical record and supporting software, as well as the necessary training that is provided to our clinical staff.

RRMC believes that the reclassified departments should ideally be reported and classified differently on the cost report. However, line 5 is the only appropriate classification available that ensures compliance with the reimbursement submission requirements for these department expenses. No alternative line accommodates these expenses while adhering to the established guidelines.

Please refer to the submitted detailed spreadsheet outlining RRMCs alternative estimate of administrative, clinical, and mixed expenses. RRMC cannot comment on the categorizations and impacts experienced by peer hospitals as we lack access to their work papers, which are necessary to map the complete departmental trial balance to cost report lines. However, we are pleased to note that our percentage of administrative expenses is decreasing, particularly given that these expenses represent only a small portion of the total in other categories.

It is noteworthy that, as a result of RRMC's ongoing commitment to cost reduction strategies and the identification of savings opportunities, the cost per adjusted discharge is decreasing year over year, as demonstrated in the table below:

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

- f) RPMC follows a structured methodology to establish its facility fees for hospital-owned, provider-based outpatient clinics. The facility fee structure adheres to Medicare regulations outlined in 42 CFR § 413.65, confirming compliance and alignment with Medicare policies aimed at ensuring access to care, promoting improved patient care, and enhancing clinical integration.

Medicare billing requires a professional and facility claim for an office visit and other services in a provider-based clinic. Commercial payers and Medicaid require a single professional claim for an office visit and other services. The Medicare facility and professional billed amounts together match the total single billed amount to Medicaid and Commercial payers on the professional bill. The Medicaid and Commercial facility fees are not billed separately but are critical to ensuring comprehensive reimbursement alignment. RPMC's FY 2023 facility fees equated to \$11.4M of gross charges.

As mandated by CMS, our hospital-specific price transparency file, accessible on our website, provides detailed information on charge amounts:

<https://www.rpmc.org/patient-visitors/billing-insurance/pricing-estimates/>

This file specifies comprehensive details on our fee structures and ensures transparency in accordance with federal regulations.

- g) RPMC has diligently considered patient affordability in establishing its charge increases for the FY 2025 budget. Our objective was to balance the financial sustainability of our operations with the economic realities faced by our patients. This approach ensures that our healthcare services remain accessible and affordable while maintaining the high standards of care our community expects. To achieve this objective, we employed the following strategies:
- We compared our proposed charge increases with those of similar institutions within our region and across the nation. This benchmarking process helped us ensure that our charges are in line with industry norms.
  - We conducted a thorough analysis of our cost structure, identifying areas where efficiencies could be realized without compromising the quality of care. This included evaluating operational expenses, contract labor costs, and salary related expenses to identify potential savings.
    - These identified savings (\$3.8M) have enabled us to propose a 2.6% reduction in the commercial rate for the FY 2025 budget.
    - Last year, we incorporated \$5M in expense savings, which resulted in a 5% reduction in the proposed commercial rate.
  - We evaluated our ability to meet the benchmark set forth by the GMCB, which applies the Personal Consumption Expenditures Price Index plus 1% to arrive at the 3.4% threshold. We were able to successfully achieve the

benchmark due to the cost-saving initiatives incorporated into our FY 2025 budget.

- h) If RRMC’s proposed rate request or net revenue were to be denied or reduced, we would need to reassess the investments we make in our community programs and initiatives as we are not willing to reduce access or impact patient care. This would certainly have a significant negative impact on the community as RRMC supports many community programs that address food insecurity, housing, wellness, education, among many others. We feel we have provided the Board with what we believe is a fair, responsible, and realistic approach to our budget, which takes into account patient affordability, improvements in access to care, encompasses the objective to reduce wait times, incorporates cost saving initiatives, invests in our workforce and infrastructure, and enhances services that meet the needs of the patients we serve.
- i) For the FY 2025 budget, RRMC has allocated funds to support various lobbying activities aimed at protecting and advancing our interests and ensuring compliance with healthcare regulations. We engage several entities to act on our behalf, with detailed expenditures as follows: Leonine is estimated at \$76K for their comprehensive advocacy services, American Hospital Association (AHA) lobbying fees amounted to \$10K, and the Vermont Hospital Association lobbying fees are anticipated to be \$16K for their efforts in healthcare advocacy. Additionally, we plan to contribute \$1K to 340B Health, supporting their mission to protect the 340B program, and \$9K to the Alliance for Rural Hospital Access, which advocates for the needs of rural hospitals. The total expenditure for these lobbying activities is approximately \$112K.

These investments are critical in ensuring that our voice is heard in legislative and regulatory discussions, which ultimately helps us to better serve our patients and community. However, it is essential to recognize that changing political landscapes can influence the effectiveness of these activities, and we remain committed to adapting our strategies as necessary to address any emerging risks or opportunities.

Please reference the table below outlining the marketing, advertising, and branding expenses anticipated in FY 2025:

Marketing, Advertising, Branding	Amount
Web Hosting & Website Support	225,000
Videography & Photography	79,000
Signage	10,000
Print Advertising	94,900
Television/Radio Advertising	117,500
Online Advertising	90,480
Market Research	25,000
<b>Total</b>	<b>641,880</b>

- j) Community sponsorship and donations help to support the renovation and expansion of our facilities, the acquisition of advanced medical equipment and technologies,

enhance patient care programs, community health initiatives and patient support services. These advancements enhance the availability, quality, and equity of the healthcare services we provide, and ensure that the communities we serve have access to high quality healthcare.

To raise funds each year, RRMC conducts annual and capital campaigns to support hospital needs. Our campaigns include a variety of fundraising methods to help us reach our goals. These methods include direct mail appeals, personal solicitations of major donors and prospects, planned giving programs, special events, and grant writing.

RRMC hosts two signature events annually, the Green Mountain Gala, and the Rutland Health Foundation Golf Invitational tournament. Both events have a long history of supporting RRMC's capital fundraising efforts. They receive strong support from our local region and present opportunities for providers and staff to engage with community members and cultivate awareness and support for hospital programs and services.

In FY 2025, RRMC's primary fundraising efforts will center on the *Scanning for a Brighter Tomorrow* campaign, dedicated to supporting our planned capital investment in a positron emission tomography (PET) scanner. The new PET scanner will support a reduction in wait times, enhance clinical efficiency, and improve the overall patient experience. With the new scanner permanently housed and operational five days a week within the hospital, RRMC will no longer require an external mobile unit, enhancing both patient comfort and workflow efficiency.

RRMC plays a crucial role in the health and well-being of the Rutland region. The communities we serve have significant needs, and face ongoing challenges. As a rural area, community members rely on RRMC to provide accessible, affordable, high-quality care, close to home. Our donors are invested in the care the hospital provides. They continue to support the hospital's needs to ensure that essential services, equipment, and technology are available when patients and community members need them most.

RRMC also collaborates with several community partners and benefits from a variety of community events. For many years Rutland Regional Medical Center and Castleton State College, now Vermont State University (VTSU), have enjoyed a longstanding collaborative relationship. This connection extends to academic collaborations such as nurse education and training programs and opportunities, as well as a strong partnership with the Castleton hockey community. Over the years this relationship has helped to raise awareness and support for important hospital programs and services. We appreciate the dedication of both the Castleton Women's and Men's ice hockey teams on behalf of Rutland Regional and those we serve.

- k) For the FY 2025 budget, investment income is projected using the median expected rate of return over the past five years. For our long-term assets, we anticipate a net

rate of return of 5.42%. It is important to note that while this methodology provides a solid foundation for our budget assumptions, market volatility remains an inherent risk and fluctuations in market conditions can impact actual returns.

- l) In the past two years, RRMC has experienced a reduction in payment from certain payers, particularly five Medicare Advantage Plans/Commercial Insurances, due to their interpretation of Medicare's readmission rule. These payers have increasingly denied payment based on readmission occurrences. Despite our diligent efforts in the appeal process, we have not been successful in overturning these denials.

The revenue impact of these payment reductions is approximately \$650K. As a result, we are in the process of implementing and evaluating several initiatives to address this issue.

- m) At RRMC, we are deeply committed to fostering the growth and development of our nursing staff and healthcare professionals through a range of strategic programs and partnerships.

Our Nurse Residency Program is a year-long initiative, supported by our Education and Clinical Excellence team, that is grounded in the American Association of Colleges of Nursing Nurse Residency Program (NRP) approach. The NRP curriculum enhances the onboarding process for new hires through a comprehensive framework of education, learning, and skill acquisition. The program has yielded substantial benefits, including increased patient interactions, improved feedback, and employee engagement. This program has been successfully implemented throughout our organization. The estimated investment in this program is approximately \$85K.

Our commitment to workforce development is further demonstrated by our "Grow-Our-Own" LNA Program, which launched in May 2024 with four successful graduates in the first cohort. We are planning to welcome a second cohort later this year, which will continue into the FY 2025 budget year. The estimated investment in this program is approximately \$80K.

We have a Nurse Preceptor Program to incentivize and reward skilled frontline nurses interested in mentoring and onboarding new hires, students, prospective employees, and new graduate nurses. We are enhancing formal training for our Nurse Preceptors to ensure they are well-prepared for this critical role, fostering an environment of continuous learning and professional growth. The estimated investment in the preceptor program is approximately \$215K.

To further support our employees' educational pursuits, RRMC offers tuition reimbursement for those enrolled in educational advancement programs. The estimated investment in tuition reimbursement is approximately \$335K.

Additionally, we have been selected to participate in the Johnson & Johnson Nursing Innovation Fellowship through the University of Pennsylvania's Penn Nursing and

The Wharton School. This year-long fellowship, fully funded by Johnson & Johnson, allows two RRMC nurse executives to develop innovative projects aimed at strengthening our nursing workforce using the Human-Center Design methodology.

As part of our commitment to support the next generation of healthcare providers, RRMC actively collaborates with several educational institutions, including UVMMC and DH, to offer clinical rotations for Advanced Practice Providers (APPs) and medical students. These rotations play a pivotal role in providing invaluable experiential learning opportunities. By participating in these programs, we not only contribute to the professional development of future healthcare professionals, but also foster a culture of excellence in patient care.

Our Pharmacy department offers a comprehensive postgraduate year 1 (PGY1) Pharmacy Residency program. The purpose of the PGY1 pharmacy residency program is to build on Doctor of Pharmacy (Pharm.D.) education and outcomes to contribute to the development of clinical pharmacists responsible for medication-related care of patients with a wide range of conditions. The program is a 12-month postgraduate curriculum that is designed to build upon their existing knowledge of medication-related care by providing frequent and direct patient care experience. The estimated investment in the pharmacy residency program is approximately \$440K.

Our Lab Services department is dedicated to advancing professional development and education through our affiliations and innovative training programs. We collaborate with UVM to host interns, providing valuable hands-on experience. Additionally, we have implemented a “Grow-Our-Own” training initiative designed to guide staff towards becoming Medical Lab Technicians (MLT) or Medical Lab Scientists (MLS). This program begins with team members as Lab Support Associates (LSA), typically while they are pursuing a bachelor's degree in biology. LSAs perform specific functions within the lab with limited testing capabilities. Upon earning their degree, they advance to Lab Technical Associates (LTA), taking on increased responsibilities and broader testing roles. Throughout this phase, we offer comprehensive support for their training and internships necessary to achieve MLT or MLS certification.

Additionally, and new for FY 2025, RRMC is hiring a Diagnostic Imaging Clinical Site Instructor who will oversee and support x-ray technologist students in their clinical rotations within our organization. RRMC has experienced a significant inability to attract x-ray technologists since the college that sourced most of our applicants closed in 2019 (College of St Joseph, Rutland, VT). With a dedicated individual assigned as a coordinator, clinical resource, liaison, and mentor, we are already observing a growing interest from schools wanting to partner with us, the first cohort is expected to arrive in late fall 2024. We expect this initiative to enhance our capacity to attract these essential individuals to join RRMC permanently, thereby reducing our dependence on temporary staff. RRMC expects to host first and second year students in this field from Vermont Technical College (Williston, VT), River Valley Community College (Lebanon, NH), Massachusetts College of Liberal Arts

(North Adams, MA), and Massachusetts College of Pharmacy and Health Sciences (Boston & Worcester, MA). The estimated investment in the imaging Clinical Site Instructor program is approximately \$85K.

We also offer a "Grow Your Own" phlebotomy program in collaboration with Stafford Technical Center. This initiative nurtures individuals from our Environmental Services and Food and Nutrition Services teams, providing them with the opportunity to become first-level phlebotomists. Through this program, participants receive hands-on training, ultimately transitioning into qualified phlebotomy positions.

We have established an apprenticeship program for our Maintenance and Facilities team members, offering specialized training in HVAC, Electrical, Plumbing, and Biomedical Engineering. These programs underscore our commitment to professional development and internal growth, ensuring a skilled and capable workforce.

Project Search, developed at Cincinnati Children's Hospital Medical Center in 1996, is a unique transition-to-work program specifically designed for high school students and young adults with intellectual and developmental disabilities. The program aims to provide these individuals with comprehensive job training and workplace immersion experiences to enhance their employability skills and promote successful employment outcomes. RRMC has served as a Project Search site since 2015 (coordinated by staff from the Education & Clinical Excellence team) and has supported 56 individuals with training and employment opportunities across 22 departments. While not all Project Search interns ultimately remain at RRMC for employment, we are committed to the program as a community workforce improvement initiative and pipeline for entry level positions. Project Search is hosted at no additional direct cost to RRMC; however, we support the program through the salaries of our employees who oversee its operations.

In FY 2025, RRMC will reinstate its Summer Internship Program, which was suspended during the pandemic. This initiative will offer 10 students—both high school seniors and college students with an interest in healthcare careers—the opportunity to work at RRMC over the summer. Internships will be available in disciplines such as Nursing, Allied Health, Healthcare Technology, and Finance. The program, which costs RRMC approximately \$85K, is an important investment in developing a pipeline for our future workforce.

RRMC's development staff oversees an annual fundraising campaign, working with a volunteer committee of providers to raise funds for The Rutland Area Medical Community Scholarship program, managed by RRMC, and has been made possible through the generosity of Rutland area physicians, retired physicians, physician assistants, and nurse practitioners. This scholarship is designed to inspire the region's brightest students to pursue careers in healthcare, empowering them to achieve educational excellence. Eligible candidates include high school seniors, local college students, and Rutland area medical community employees aiming to further their



healthcare careers. Since its inception in late 2016, the scholarship program has awarded over \$84K to 47 local students, supporting future physicians, nurses, physician assistants, nurse practitioners, and allied health professionals.

Each of the aforementioned initiatives are accounted for within our operational expenses on our income statement.

- n) At RRMC, we are dedicated to becoming the Employer of Choice by hiring and retaining top talent. As of our budget submission, our annual organizational turnover rate was 15.3%, with a 32.5% turnover rate for employees within their first year. These rates were 18.5% and 36.6% respectively in 2023. To enhance employee retention, we have implemented several initiatives:

To ensure our employees feel genuinely seen, heard, and valued, we have established strategies to revitalize our leadership training with a comprehensive and modernized Service Excellence program. This initiative is designed to empower our leaders with the skills and strategies necessary to foster a supportive and inclusive work environment. By focusing on meaningful engagement and recognition, we aim to enhance job satisfaction, boost morale, and create a workplace culture where every team member's contributions are acknowledged and appreciated. This investment in our leaders is a testament to our commitment to excellence and our dedication to our employees' well-being and professional growth.

Intentional succession planning stands as a foundational cornerstone of our organizational strategy, ensuring continuity and resilience in an increasingly competitive market landscape. By meticulously cultivating future leaders from within our organization, we safeguard against talent shortages and elevate our ability to swiftly respond to evolving challenges. In a climate where attracting top-tier talent grows ever more challenging, our commitment to nurturing and developing our own leaders reinforces our operational strength.

At RRMC, we are entrusting our Engagement Committee to lead the development of innovative programs and activities aimed at engaging and retaining a diverse workforce. By leveraging the collective creativity and insights of our committee, we aim to cultivate a dynamic work environment that not only attracts new talent, but also significantly improves employee satisfaction and retention.

We are actively reviewing our benefit programs to better address the diverse needs of our employees. This includes enhancing retirement plan contributions, forging partnerships with regional childcare providers, exploring the feasibility of workforce housing initiatives, and enhancing voluntary benefits, inclusive of exploring Lifestyle Savings Accounts.

We offer sign-on bonuses for critical positions that are challenging to fill, complemented by retention agreements requiring multi-year commitments, ensuring stability and continuity in our workforce.

We are currently updating and implementing a unified organizational Code of Conduct while fostering a culture of accountability. Our goal is to support employee retention through clear standards and expectations, emphasizing professionalism. Organizations that fail to prioritize accountability may risk losing valuable talent.

Each of the aforementioned collaborations is accounted for within our operational expenses on our income statement.

- o) RRMC believes that certain expenses within its budget are beyond our control and, as such, RRMC should be held harmless for the increase in these costs. These expenses include the GMCB billback expense, ACO dues, provider tax payments, and expenses associated with the care of custodial patients.
  - a. *ACO Dues* – Participation in the OneCare ACO is crucial for improving patient outcomes and reducing healthcare costs, yet the dues are determined by the ACO and are not negotiable. Given their fixed nature, these expenses should be exempted.
  - b. *GMCB Billback Expense* – this expense is mandated by regulatory requirements, and RRMC has no influence over the amount of these charges. As these costs are imposed externally, they should not be factored into evaluating our cost structure.
  - c. *Cost of Caring For Custodial Patients* – The cost of providing care for custodial patients awaiting placement in a more suitable care facility is estimated to be \$6.2M in the FY 2025 budget. These patients require long-term care that is not typically reimbursed at a rate that covers the actual costs incurred.
  - d. *Provider Tax Payments* – Provider tax payments are state-mandated and are used to fund Medicaid and other healthcare programs. These taxes are obligatory, and RRMC has no control over the rates or amounts.

#### **D. Hospital & Health System Improvement**

- a) RRMC is actively engaged in addressing access challenges related to Mental Health, Substance Use Disorder, Long Term Care, and Primary Care through several targeted initiatives:
  - a. *RRMC Offers Primary Care Type Services* – While RRMC does not own or manage primary care facilities in the community, we provide essential primary care-type services through our specialized practices, including substance use and addiction medicine, women’s health, and behavioral health outpatient services. Our outpatient behavioral health practice ensures that patients discharged from inpatient care have immediate access to follow-up care without lengthy wait times.

- b. *Mental Health Services* – RRMC offers comprehensive inpatient psychiatric services and has invested significantly in maintaining this service, despite relying heavily on traveling healthcare professionals. As mentioned previously, to alleviate pressure on inpatient services, we provide outpatient behavioral health services post-discharge, facilitating smoother transitions and continuity of care.
- c. *Substance Use Disorder* – Our addiction medicine practice is a critical component of our strategy to improve access to care for patients with substance use disorders. This practice not only addresses immediate health needs but also connects patients with long-term support systems.
- d. *Long Term Care* – RRMC is focused on lessening the clinical and financial impact of custodial and awaiting placement patients through several initiatives:
  - Enhanced communication with skilled nursing facilities (SNF), Level III facilities, and home care providers, including regular community calls to discuss bed capacity and challenges.
  - Collaboration with SNFs to manage challenging patients without unnecessary transfers to the emergency department.
  - Training and education for Level III facilities to handle more complex cases.
  - Agreements with Springfield Hospital to transfer Medicare patients requiring swing bed care.
  - Utilization of the ACO Medicare Waiver to eliminate the 3-day inpatient stay requirement for SNF coverage.
  - Assistance in obtaining Vermont Medicaid waivers for patient placements outside of the state.

b) RRMC is dedicated to strengthening care collaboration with various community partners to ensure smooth transitions along the care continuum. This includes community partnerships such as the Rutland Community Care Coordination program, a collaborative partnership involving RRMC, the FQHC - Community Health Centers of the Rutland Region, and VNAHSR. This program focuses on coordinating care and resources to optimize patient outcomes. Participants collaborate by sharing healthcare information to ensure care coordination, enhance care quality, and improve patient outcomes. Please refer to B.c) for information pertaining to the Rutland Community Collaborative and D.a) above for additional relevant information.

c) This request does not apply to RRMC.

d) This request does not apply to RRMC.

**E. Other** (FY 2025 Budget Guidance, Labeled F.)

- a) While we appreciate the concept of zero-based budgeting and recognize its benefits in certain contexts, such as fostering cost-conscious decision-making, our organization has not adopted a strict zero-based budgeting approach. Our budgeting process incorporates thorough evaluation and justification of expenses based on both

historical data and current operational needs. This method allows us to maintain operational efficiency while ensuring resources are allocated effectively to support our mission and strategic objectives. Implementing a true zero-based budgeting approach across our organization, given our size and complexity, could introduce significant inefficiencies. It would require considerable people resources and time to develop budgets from scratch and justify every expense comprehensively. We prioritize ensuring that our support and clinical leaders can focus on patient needs and delivering high-quality care, without diverting their attention to extensive budgeting exercises. Our current budgeting practices emphasize prudent financial management and accountability, striking a balance between continuity and fiscal responsibility, while allowing us to adapt to evolving healthcare demands and priorities effectively.

b) Patient Financial Assistance

- a. Self-Pay – RRMC is no longer contracted with a third party for its self-pay payment collection services. As of September 1, 2023, RRMC established its own internal team for managing patient payments. Our in-house team is currently matching the collection metrics previously achieved by our vendor. RRMC has also implemented Interactive Voice Response (IVR) payments, enabling patients to make phone payments without waiting on hold, in addition to offering online bill payment options. Our previous self-pay vendor utilized auto-dialing features, which resulted in numerous patient complaints and dissatisfaction. By discontinuing the use of autodialing for outstanding balances, we have substantially enhanced patient satisfaction and effectively addressed this prevalent concern. Notably, transitioning to an in-house team has generated cost savings of \$444K, after factoring in salary expenses and equipment.

Bad Debt – RRMC currently has a contract with a third-party vendor specializing in bad debt recovery, CBCS Revco Solutions. Fiscal year-to-date as of May 2024, revenue recovered from bad debt collection efforts netted approximately \$215K, inclusive of associated fees.

RRMC has requested that its third-party contract be submitted under confidentiality in accordance with the provisions under 1 V.S.A. § 317(c)(9).

- b. Utilizing a third-party agency for bad debt collections offers several key advantages over managing these efforts in-house. Third-party agencies specialize in debt collection and possess the expertise, resources, and technology necessary to efficiently and effectively recover outstanding debts. They have established methodologies, regulatory compliance knowledge, and experienced staff dedicated solely to collections, which can significantly enhance the recovery rates compared to an in-house team.

Moreover, outsourcing bad debt collections allows hospital staff to focus on core responsibilities, such as self-pay payments, patient financial assistance,

and administrative duties, rather than diverting time and resources to debt recovery efforts. This can lead to improved operational efficiency and better allocation of internal resources.

From a financial perspective, third-party agencies typically work on a contingency fee basis, meaning they only get paid a percentage of the amounts they successfully collect. This model ensures that the hospital incurs no upfront costs and pays only for results, providing a favorable return on investment. The higher recovery rates achieved by specialized agencies can more than offset the fees paid, ultimately resulting in increased net revenue for the hospital. Partnering with a third-party agency for bad debt collections leverages their specialized expertise and resources, enhances recovery rates, improves internal efficiency, and offers a cost-effective solution that delivers a strong return on investment.

- c. As part of our commitment to supporting uninsured and underinsured patients, the Financial Counseling team at RRMC visits each patient upon admission. Our Financial Assistance Program is made accessible at various points of contact, including pre-registration, outpatient registration, check-in at any location, and prior to discharge. Additionally, detailed information about the program is provided on the back of patient statements, and we prominently display signage throughout our facilities to promote awareness of the Financial Assistance Program. Our Financial Counseling team actively contacts patients with outstanding balances to offer payment plans or financial assistance.
  - d. While RRMC does not send electronic statements, our paper statements detail the Financial Assistance program and how to apply on the back of each statement. This section clearly states that the program may cover a portion or the entirety of their care. Additionally, there is a section on the front of each statement, below the service description, that provides a phone number for those interested in exploring Financial Assistance.
- c) Estimated patient boarding discharges are determined by projecting the current years' experience. Boarding days are estimated based on historical and projected trends, adjusted for internal and external community-based transition initiatives aimed at ensuring patients are placed in the most suitable setting to receive optimal care. Associated costs are calculated using per diem rates as outlined in the Medicare cost report, while reimbursements are estimated using Medicaid per diem nursing facility rates.

The primary reasons and trends contributing to patients boarding without discharge to a skilled nursing facility or other appropriate settings include: lack of available beds due to specific care needs, funding constraints, behavioral considerations, medication requirements, and absence of a designated decision-maker.

Custodial patients awaiting placement in a more suitable care facility is a persistent challenge for RRMC, adversely impacting our ability to accept acute care admissions. These patients represent 8.4% of the budgeted patient day activity with minimal associated reimbursement. The reimbursement impact to RRMC of caring for these custodial patients is estimated at \$7.5M for FY 2025.

The emergency department boarding data is primarily focused on Behavioral Health ED activity. However, it is important to note that there are also medical patients who may remain in the ED for more than 24 hours while waiting for appropriate care to avoid a non-acute inpatient admission.

The longer length of stay for behavioral health patients is primarily due to the time required for comprehensive mental health evaluations and the scarcity of appropriate inpatient or community-based placements. For medical patients, extended ED stays are driven by the need for suitable community care options, ensuring patients are discharged to appropriate care levels without necessitating non-acute inpatient admissions.

In FY 2023, pediatric patients constituted 17% of the total patients remaining in the ED for over 24 hours. In FY 2024, this percentage decreased to 12%. The decrease in pediatric patients staying over 24 hours from 2023 to 2024 suggests improvements in pediatric care pathways or increased availability of community resources for this demographic.

**Section VI Hospital Reporting Requirements**

4. Rate Decomposition – RRMC has requested that its Rate Decomposition file be submitted under confidentiality in accordance with the provisions under 1 V.S.A. § 317(c)(9).

Supplemental Exhibits – for the information pertaining to case mix index, please refer to Section V, C. c) e. For the requested information pertaining to unique patients, please refer to the chart below:

Unique Patient Count						
	FY 2022A	%	FY 2023A	%	FY 2024 YTD	%
Vermont	57,489	88%	54,384	89%	46,441	91%
Out Of State	7,558	12%	6,604	11%	4,771	9%
<b>Total</b>	<b>65,047</b>	<b>100%</b>	<b>60,988</b>	<b>100%</b>	<b>51,212</b>	<b>100%</b>

Repeat Patients						
	FY 2022 Pts Seen Again in FY 2022		FY 2022 Patients Seen in FY 2023		Patients Seen in FY 2022, 23, and 24	
Vermont	41,611	93%	40,983	94%	30,603	95%
Out Of State	2,999	7%	2,554	6%	1,482	5%
<b>Total</b>	<b>44,610</b>	<b>100%</b>	<b>43,537</b>	<b>100%</b>	<b>32,085</b>	<b>100%</b>

It is important to note that our budgeting process does not rely on unique patient count data. Therefore, we are unable to provide the requested projected and budgeted counts. Additionally, we would not want to rely on an annualization of the year-to-date information provided above as it could lead to significant inaccuracies, which we aim to avoid.

7. Financial Assistance Policy & Reporting

A copy of our updated Financial Assistance Plain Language Summary has been submitted via the adaptive software system. Please refer to the tables below, which proved the entirety of the requested information:

FY 2024 YTD										
Month	New FAP Enrollments	FAP Renewals	Total Denied FAP	Over Income	Over Assets	Incomplete Application	Approval Level 100%	Approval Level 75%	Approval Level 50%	Total FAP Processed (C+D+E)
<b>Total</b>	640	507	93	20	12	61	878	174	95	<b>1240</b>

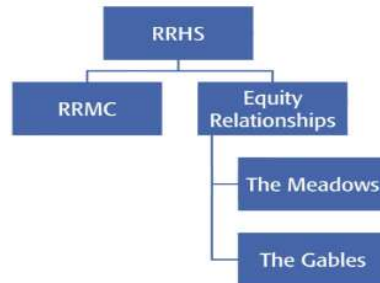
FY 2023										
Month	New FAP Enrollments	FAP Renewals	Total Denied FAP	Over Income	Over Assets	Incomplete Application	Approval Level 100%	Approval Level 75%	Approval Level 50%	Total FAP Processed (C+D+E)
<b>Total</b>	635	841	186	38	48	97	1118	252	106	<b>1662</b>

FY 2022										
Month	New FAP Enrollments	FAP Renewals	Total Denied FAP	Over Income	Over Assets	Incomplete Application	Approval Level 100%	Approval Level 75%	Approval Level 50%	Total FAP Processed (C+D+E)
<b>Total</b>	313	654	95	17	27	51	683	155	128	<b>1062</b>

8. RRMC has requested that its Medicare Advantage contracts be submitted under confidentiality in accordance with the provisions under 1 V.S.A. § 317(c)(9).

9. Corporate Structure

Entity/Investment	Relationship	Business Purpose/Description
Rutland Regional Health Services, Inc.	Parent company	Planning, development, and coordination of healthcare activities for Rutland County.
The Gables	50% Ownership (recognized as investment)	40 Unit senior housing complex
The Meadows	50% Ownership (recognized as investment)	Assisted living residence - generates positive cash flows.



## 10. Salary

RRMC has requested that its salary information be submitted under confidentiality in accordance with the provisions under 1 V.S.A. § 317(c)(9).

RRMC's salary structure is both comprehensive and competitive, spanning from \$16 per hour for entry-level positions to \$1.1 million annually for physicians. This intricate system encompasses both exempt and non-exempt roles, with compensation determined by qualifications and scope of responsibility. Each position is assigned a specific grade, featuring minimum, midpoint, and maximum salary ranges, all benchmarked against industry standards using third-party compensation consultants.

RRMC utilizes a comprehensive system to conduct physician salary valuations, ensuring compliance with Fair Market Value (FMV) and Commercial Reasonableness standards. Every new physician payment agreement undergoes a rigorous analysis through this system, which incorporates a blend of survey data from multiple reputable medical associations and proprietary data. Agreements that are at the higher end of the FMV spectrum are subject to additional review by a Compensation Analyst. A detailed report is provided for each physician agreement to demonstrate RRMC's adherence to the Stark Law, confirming that all agreements are within FMV and commercially reasonable.

*RRMC's Executive Compensation Philosophy* – the goal of our comprehensive executive compensation program is to fairly compensate our executives in a manner consistent with our identified peers.

Our compensation programs will support management's goal of hiring, retaining, and rewarding exceptionally qualified executives who embrace our Organization's Vision and Mission and contribute to the successful execution of our business strategies. All our executive compensation programs will be strategy-focused, competitive, and where appropriate, experience and performance-based. Base pay is benchmarked to the 50<sup>th</sup> percentile of the market for non-for-profit, non-teaching hospitals in both the regional and national labor market with similar revenues and operating budgets.

Executive's base salaries may be above or below the 50<sup>th</sup> percentile of the market dependent upon performance, years of experience in their field of expertise, competitive market conditions, and considers that RRMC does not offer incentive compensation and is a stand-alone hospital in the northeast.

*Benchmarking* – The salary surveys used obtain data using five varying data sources from comparable organizations in not-for-profit healthcare. The position is market matched using the following criteria to be consistent with the Rebuttable Presumption guidelines of the IRS:

- Data is collected from reputable, commercially available market data.
- Data is collected from organizations similar in revenue and number of employees to RRMC.



- All national data is geographically indexed to Rutland, VT by a factor of 96.1% to account for differences in salaries paid in the area compared to the national average.
- Data is generally gathered from the entire U.S. or the region, as these positions would be recruited from a regional or national pool of applicants.
- Market matches are determined by job responsibility, not job title alone. Several executive staff members have diverse responsibilities. In these cases the data may be blended to reflect the added accountabilities.

## 11. Net Revenue & Public Payer Reimbursement

In our commitment to maintaining patient affordability, we have aimed to stay within the allowable 3.4% commercial rate growth target. In our FY 2025 budget, the rate impact on any commercial payer does not exceed 3.05%. In aggregate, the commercial rate increase is 2.8%. If we were to consider the additional request from commercial payers to offset the increased reimbursement from Medicare, the impact would rise by an additional 0.58%. We consider Medicare Advantage as an outlier because, despite reimbursing at government rates, it is not a government payer; therefore, we have excluded it from our calculations. Additionally, our cost-saving initiatives at RRMC have allowed us to propose a lower commercial rate. Without these initiatives, our proposed rate would have been approximately 5.38%, and excluding the Medicare portion, the increase would have equated to 5.96%.

Please refer to the table below, which provides the requested analysis:

<b>Total Rate Increase All Payers</b>	
Charge Increase = 3.4%, Impact on Commercial Rate < 3.1%	4,128,669
Medicare Advantage Reimbursement Increase (2.6%)	364,753
Medicare Reimbursement Increase (2.6%)	857,571
Medicaid Reimbursement Increase = 0.0%	-
<b>Total Rate Increase All Payers</b>	<b>5,350,993</b>

<b>Total Rate Increase w/o Medicare Advantage</b>	
Charge Increase = 3.4%, Impact on Commercial Rate < 3.1%	4,128,669
Medicare Reimbursement Increase (2.6%)	857,571
Medicaid Reimbursement Increase = 0.0%	-
<b>Total Rate Increase All Payers</b>	<b>4,986,240</b>

<b>Commercial Increase Needed w/o Public Payer Increase</b>	
Charge Increase = 3.4%, Impact on Commercial Rate < 3.1%	4,128,669
Additional Commercial Amount Needed	857,571
Medicare Reimbursement Increase = 0.0%	-
Medicaid Reimbursement Increase = 0.0%	-
<b>Commercial Rate Amount Needed w/o Medicare 2.6%</b>	<b>4,986,240</b>
Value of 1% Net Revenue w/o Medicare 2.6%	1,474,525
<b>Rate Required w/o Medicare 2.6%</b>	<b>3.38%</b>

<b>Commercial Increase Needed w/o Public Payer Increase &amp; Cost Saving Initiatives</b>	
Charge Increase = 3.4%, Impact on Commercial Rate < 3.1%	4,128,669
Incorporated Cost Saving Initiatives Approximately	3,800,000
Medicare Reimbursement Increase = 2.6%	857,571
Medicaid Reimbursement Increase = 0.0%	-
<b>Commercial Rate Amount Needed Prior to MCR 2.6% &amp; Initiatives</b>	<b>8,786,240</b>
Value of 1% Net Revenue w/o Medicare 2.6%	1,474,525
<b>Rate Required w/o Medicare 2.6% &amp; Cost Saving Initiatives</b>	<b>5.96%</b>

We formulate our budgeted bad debt and free care based on a historical trend rate calculated as a percentage of gross revenue.

## 12. Capital Expenditures

Below is a summary of RRM's 4-Year Capital Plan along with the corresponding funding sources. It is important to highlight that, apart from the substantial strategic planning investments slated for FY 2025, the subsequent years will be funded through cash flow generated from operations.

<b>FY 2025 Capital Expenditures</b>	
Facility	17,981,680
Land & Building Purchase	1,000,000
Equipment	8,035,783
Information Technology	1,033,875
Planning & Design	150,000
Contingency	800,000
<b>Total Spend</b>	<b>29,001,338</b>

Funding Sources	
Sourcing From Operations	16,403,000
One Time Excess Funds Allocation	5,350,000
Fundraising Proceeds for Specific Projects	350,000
Debt Issuance Required	6,900,000
	<b>29,003,000</b>

3 Year Planned Capital Expenditures			
	FY 2026	FY 2027	FY 2028
Facility	7,350,000	10,400,000	12,100,000
Land & Building Purchase	-	-	1,000,000
Equipment	6,886,209	2,297,606	3,750,000
Information Technology	1,323,000	4,864,000	1,042,000
Planning & Design	150,000	150,000	150,000
Contingency	1,000,000	1,000,000	1,000,000
<b>Total Spend</b>	<b>16,709,209</b>	<b>18,711,606</b>	<b>19,042,000</b>

Funding Sources			
	FY 2026	FY 2027	FY 2028
Sourcing From Operations	16,899,000	18,891,218	20,227,221
Fundraising Proceeds for Specific Projects	-	-	-
	<b>16,899,000</b>	<b>18,891,218</b>	<b>20,227,221</b>

In FY 2026, we have strategically planned for the replacement of our CT scanner and the acquisition of a new linear accelerator, both of which are pivotal investments in enhancing patient care and access. Certificate of Need (CON) applications have been submitted for these critical upgrades to ensure compliance and support for these projects.

Looking ahead to FY 2027 and FY 2028, we have scheduled the replacement of essential HVAC units. Given the current CON criteria, these replacements may also require formal application submissions.

RRMC asserts that none of the planned capital expenditures for any of the outlined years are considered ancillary.

We remain available to answer any questions or inquiries you may have as it pertains to our fiscal year 2025 proposed budget.

Sincerely,

*J. Bertrand*

Jennifer Bertrand  
Chief Financial Officer

CC: Mr. Owen Foster, J.D., Chair – Green Mountain Care Board  
Judi Fox, CEO – Rutland Regional Medical Center