



REPORT TO THE VERMONT LEGISLATURE

Agency of Human Services

280 State Drive
Waterbury, VT
www.humanservices.vermont.gov

[phone] 802-241-0440
[fax] 802-241-0450

Department of Vermont Health Access

Report on Medicaid Provider Stabilization Grants

**Presented to the Vermont General Assembly in accordance with Act 27 of
2025, Sec. F.176**

Submitted to: **The House Committee on Health Care**
 The House Committee on Appropriations
 The Senate Committee on Health and Welfare
 The Senate Committee on Appropriations

Submitted by: **DaShawn Groves, Commissioner**
 Department of Vermont Health Access

Prepared by: **Stephanie Barrett, Chief Financial Officer**
 Department of Vermont Health Access

Report Due Date: **December 15th, 2025**

STATUTORY CHARGE AND INTRODUCTION

STATUTORY CHARGE:

Section F.176 of Act 27 of 2025 states the following:

Sec. F.176 MEDICAID PROVIDERS WITH STABILIZATION NEEDS; GRANT ELIGIBILITY

- (a) All Vermont Medicaid participating providers with demonstrated stabilization needs and a plan to achieve sustainability shall be eligible to apply for funds appropriated pursuant to 2024 Acts and Resolves No. 113, Sec. B.1100(o)(4), including substance use residential treatment facilities, federally qualified health centers, residential mental health providers, and other providers of health care and human services.
- (b) On or before December 15, 2025, the Department of Vermont Health Access shall submit a report to the House Committees on Health Care and on Appropriations and the Senate Committees on Health and Welfare and on Appropriations. The report shall include:
 - (1) A detailed account of grants distributed pursuant to the appropriation made in 2024 Acts and Resolves No. 113, Sec. B.1100(o)(4), as added by this act. This shall include the dollar amount and recipient of each grant.
 - (2) A description of each grant recipient's financial status prior to receipt of the grant, a summary of the impact of the grant for each recipient, and a summary of a revised long-term sustainability plan for each grant recipient.
 - (3) An analysis of grant outcomes and any recommendations for enhancing the financial stability of Vermont Medicaid providers.

INTRODUCTION AND SUMMARY OF APPLICATIONS TO DATE:

This document constitutes the report from the Department of Vermont Health Access (DVHA), as required by statute. The report consists of four sections:

1. Summary of the provider stabilization grant process.
2. Grants awarded (including the recipient, the amount awarded, the recipient's financial status prior to grant receipt, and a summary of the recipient's long-term sustainability plan); funding being reserved and pending requests.
3. Analysis.
4. Appendix A (applications denied funding).

As of the date of this report, 24 organizations submitted applications, requesting a total of \$26,424,518. Funding of \$3,207,000 has been awarded to 8 applicants, with another \$3,400,000 reserved, for a total of \$6,607,000 in potentially obligated funds. If the reserved funding is awarded, \$3,393,000 will remain from the \$10,000,000 appropriation. Two recently submitted applications with requests totaling \$5,000,000 are pending review; two more organizations have indicated that they will be submitting

applications, and it is anticipated that additional organizations will express interest. Thirteen applicants have been denied funding (representing \$8,409,740 in requests).

SUMMARY OF PROVIDER STABILIZATION GRANT PROCESS

To identify criteria for “demonstrated stabilization needs” the Agency of Human Services (AHS) and DVHA consulted language in Act 14 of 2025 ([ACT014 As Enacted.pdf](#)), Section 2(c.), which states: “The Secretary shall establish a process by which a provider of community-based services whose financial condition places it at imminent risk of closure may request provider stabilization from the Agency.” This language suggests that provider stabilization funding is intended for providers facing serious financial difficulty, to preserve necessary access to care.

DVHA has developed an application to obtain information from providers in the following key areas:

1. Total funds requested and a summary of the basis for the amount requested.
2. Background information (entity structure, ownership, and key employees).
3. Historical financial information (audited financial statements, detailed profit and loss statements and balance sheets, accounts receivable and accounts payable aging reports).
4. Prospective financial information (budgets, forecasts, analyses of financial plans for revenue enhancements or cost savings, plans for use of grant funds if awarded).
5. General information to assess risk (e.g., pending debt financing, litigation, regulatory issues, management fees).
6. Any other narrative or supporting information related to the funding request.

DVHA staff members review the applications and documentation and request additional information from applicants when needed. Depending on the type of provider, staff from the Department of Mental Health; the Department of Disabilities, Aging & Independent Living; and the AHS Office of Health Care Reform are consulted to develop recommendations. In some cases, DVHA submits applications and documentation to the AHS-contracted consulting forensic accounting firm for additional financial analysis. Recommendations are then provided to Department and AHS leadership for review and signature, with the Secretary of AHS determining the final decisions.

GRANTS AWARDED

Table 1 below shows grants awarded, including the recipient, provider type, the amount requested, the amount awarded, the date the award letter was signed by the Secretary of AHS, a summary of the recipient’s financial status prior to grant receipt, and a summary of the recipient’s long-term sustainability plan.

Table 2 shows applications that are pending.

Appendix A shows all grant applications that did not result in an award.

| Table 1: Medicaid Provider Stabilization Grant Program – Funds Awarded and Reserved as of 12/15/2025 | | | | | | |
|--|--|------------------|-----------------------------|---------------------|---|---|
| Recipient | Provider Type | Amount Requested | Amount Awarded ¹ | Date Award Approved | Financial Status Prior to Award | Sustainability Plan |
| Lamoille Health Partners (Phase 1) | Federally-Qualified Health Center (FQHC) | \$400,000 | \$400,000 | 04/01/2025 | Severe financial challenges, including legal action from creditors. An Interim CEO (Board Chair) stepped in to lead the organization after departure of CEO. Former CEO had operated without CFO for some time. | In addition to implementation of cost containment measures, grant also required that funds be used to pay off creditors and hire a permanent CEO and CFO. |
| Lamoille Health Partners (Phase 2) | FQHC | \$600,000 | \$600,000 | 11/24/2025 | Net losses from operations for past several years, liquidity and cash flow challenges, relatively flat revenue and other sources of cash, and aged accounts payable for several vendors. | Cost savings measures include closure of Stowe clinic; sale of Morrisville building; reductions in costs for labor, health insurance, and other insurances; and participation in a group purchasing organization. Using grant to restructure debt is intended to strengthen long-term financial viability and service continuity. |
| Gifford Health Care | Critical Access Hospital; FQHC Practices | \$350,000 | \$350,000 | 10/09/2025 | Losses in each of the past four years, in technical default on debt covenants; identified as an “at-risk” hospital in the Oliver Wyman report. | Explore, implement, and accelerate targeted financial strategies, including comprehensive 340B optimization/ opportunity analysis, clinic designation assessment, debt refinancing analysis, Medicare Cost Report optimization, revenue cycle staff augmentation, and acceleration of electronic health record reimplementation. |
| Planned Parenthood of Northern New England (PPNNE; Phase 1) | Safety Net Clinic | \$4,936,278 | \$868,000 | 11/06/2025 | Loss of Medicaid funding from changes in federal policy; losses of \$2.5M annually for Vermont health centers. Projected net income deficit of \$1.19 million in Fiscal Year 2026 budget. | Long-term plan to strengthen operating model, including actions related to staff recruitment and retention, improvements in health care delivery capacity, and increases in patient visits. |
| Little Rivers Health Care | FQHC | \$1,375,500 | \$450,000 | 10/14/2025 | Several years of net losses, critically low cash position, significant debt (including credit line balance and Bradford clinic mortgage), limited working capital, critical infrastructure needs. | Aggressive cost-cutting and operational improvements, increased services, increasing patient volume and net patient revenue per visit, 340B revenue restoration. |

¹ It can take two to three weeks after an award is approved to develop and obtain signatures on the grant agreement and disburse funds to the successful applicant.

| Table 1: Medicaid Provider Stabilization Grant Program – Funds Awarded and Reserved as of 12/15/2025 | | | | | | |
|--|------------------------------------|------------------|-----------------------------|---------------------|--|--|
| Recipient | Provider Type | Amount Requested | Amount Awarded ¹ | Date Award Approved | Financial Status Prior to Award | Sustainability Plan |
| Mountain Community Health | FQHC | \$750,000 | \$225,000 | 10/14/2025 | Net cash outflows in 2022 through 2024 and likely in 2025. | Restoring full staffing, upgrading outdated infrastructure, stabilizing leadership and governance, three-year strategic plan. |
| St. Joseph Kervick (Rutland) | Residential Care | \$198,000 | \$145,000 | 10/30/2025 | Financial documents indicate loss in fiscal year (FY) 2025 and projected loss in FY 2026. Pressures include cost of traveling nurses and projected loss of revenue due to decrease in Tier 1 Enhanced Residential Care rate. 78% of residents are Medicaid members | Sustainability plan includes focus on stabilizing workforce, hiring and retaining employees, and increasing private pay percentage. |
| St. Joseph Residential (Burlington) | Residential Care | \$355,000 | \$121,000 | 10/30/2025 | Financial documents indicate loss in FY 2025 and projected loss in FY 2026. Losses in previous years have been covered by surpluses from another facility and/or other resources. Pressures include large percentage (77%) of Medicaid residents, competitive private pay environment, and workforce challenges necessitating use of contract nursing. | Sustainability plan includes focus on stabilizing workforce, hiring and retaining employees, and increasing private pay percentage. |
| Vermont Congregational Home | Residential Care | \$50,000 | \$48,000 | 11/25/2025 | Net loss in 2025 due to increased costs and lost revenues from construction delays. Depleting reserves to cover payroll. | Sustainability plan includes adding two rooms to reduce waiting list and increase revenues. |
| Total Awarded | | | \$3,207,000 | | | |
| Valley Vista | Residential Substance Use Disorder | \$4,000,000 | \$2,700,000 | RESERVED | | The State has been working with OAS, Inc. (d/b/a/ Valley Vista) to provide stabilization funds. We last made an offer on October 31 with several conditions to help ensure the business would be financially stable. We agreed to provide funding on the grounds that the funds be used to pay off existing company debts, that future profits would go toward paying down any remaining debt, and that the owners restrain from increasing their own compensation for |

| Table 1: Medicaid Provider Stabilization Grant Program – Funds Awarded and Reserved as of 12/15/2025 | | | | | | |
|--|-------------------|------------------|-----------------------------|---------------------|---------------------------------|---|
| Recipient | Provider Type | Amount Requested | Amount Awarded ¹ | Date Award Approved | Financial Status Prior to Award | Sustainability Plan |
| | | | | | | the next three years unless agreed to be the State. The State would be making a significant investment in the company and we believe that it is important that money is not taken out of the company until it is on solid footing. To protect the State's investment, we asked that the owners commit to keeping the business open for at least three years. If the business were to close earlier, we would expect repayment of some portion of the funds, based on how long the business remained open. Because the company does not have assets provide as collateral, we requested personal guarantees from the owners to repay the State if the business closes or enters bankruptcy. The State has made good-faith efforts to reach an agreement. Valley Vista has not made a counteroffer or engaged with us since the October 31 offer. |
| PPNNE (Phase 2) | Safety Net Clinic | See Phase 1 | \$700,000 | RESERVED | See Above | The second phase of this award will be determined and finalized after required initial reporting and meeting on updated financial position in early 2026. |
| Total Awarded and Reserved | | | \$6,607,000 | | | |

Table 2: Applications Under Review as of 12/15/2025

| Recipient | Provider Type | Amount Requested |
|--|---------------------------------|-----------------------------|
| Northwestern Medical Center | Hospital | \$2,000,000 |
| Springfield Hospital | Hospital | \$3,000,000 |
| Lamoille County Mental Health Services | Designated Mental Health Agency | \$1,000,000 |
| Brattleboro Memorial Hospital | Hospital | Expected – not yet received |

ANALYSIS

It is too soon to determine the outcomes of the Medicaid Provider Stabilization Grant Program and provide recommendations, given that applications are still being received and reviewed and funds are in the process of being disbursed for the awards that have been made. Outcomes for individual awardees will take time to be realized. In each grant agreement associated with an award, DVHA requires reporting in 2026 on applicable financial indicators (e.g., liquidity, reduction of net operating losses, debt reduction) and other implementation components (e.g., improved capacity to serve patients) to support assessment of outcomes.

Several observations can be made:

1. Applications were received from a variety of provider types: Safety net community providers, including FQHCs and Planned Parenthood of Northern New England; hospitals, including Critical Access Hospitals; residential care providers; primary care providers; a substance abuse treatment provider; and an application from a designated mental health agency is expected.
2. Financial pressures varied across organizations, and applicants tailored sustainability approaches to their unique circumstances.
3. The amount of funding requested to date has exceeded the appropriation.
4. As of the date of this report, there is \$3,393,000 remaining from the appropriation, with three applications under review and additional applications anticipated.

APPENDIX A

| Table 3: Denied Applications as of 12/15/2025 | | |
|--|----------------------|-------------------------|
| Recipient | Provider Type | Amount Requested |
| Brattleboro Retreat | Psychiatric Hospital | \$2,000,000 |
| Copley | Hospital | \$766,199 |
| Southern Vermont Medical Center | Hospital | \$489,000 |
| Northern Tier Center for Health (NOTCH) | FQHC | \$160,160 |
| Converse Home | Residential Care | \$88,000 |
| Garden Path Elder Living | Residential Care | \$72,948 |
| Vernon Advent Christian Homes | Residential Care | \$2,300,000 |
| Richmond Family Medicine | Primary Care | \$422,518 |
| Pediatric Medicine | Primary Care | \$596,749 |
| Rainbow Pediatrics | Primary Care | \$450,000 |
| Thompson House | Residential Care | \$607,879 |
| Evergreen Family Health | Primary Care | \$316,287 |
| Mint Medical | Primary Care | \$140,000 |
| | | |
| | | |
| | | \$8,409,740 |