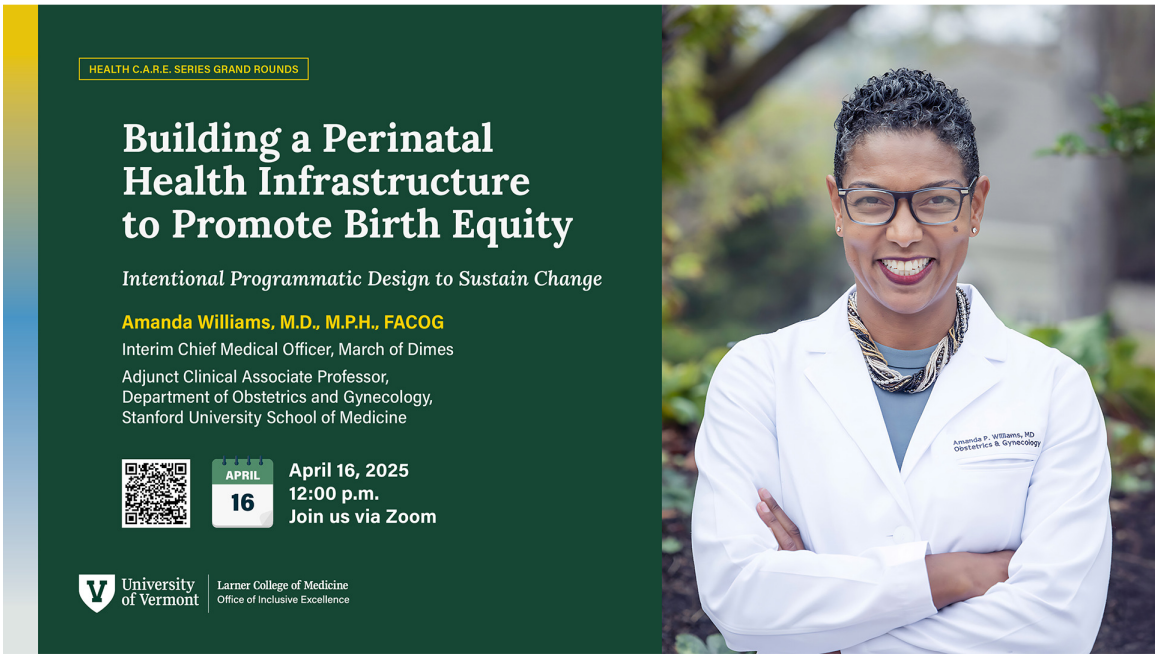
Dear Chair Black and Members of the Committee on House Health Care:

Thank you for inviting Dr. Leffler to testify in the Committee on House Health Care on S. 126 on April 17, 2025. Please see below some follow up information to address some questions raised by the committee.

1. What is the UVMMC and UVMHN doing to advance Black women's maternal health?

   Lerner College of Medicine (LCOM) and University of Vermont Health Network (UVMHN) Culture, Experience, and Community Health (formerly known as DEI) team collaborate on events to advance Black women's maternal health. This year we supported the following event and assisted in spreading the word widely. Additionally, in the past, our Labor and Delivery team has collaborated with the DEI team on the work they do with our community partner, AALV, to offer support groups and records reviews for Congolese women in our community. Dr. Marj Myer, Marti Churchill, and Amelie Thurston continue to engage in this work. In 2023 UVMHN hosted the VT AWHONN conference (info attached).



2. Please share a network member agreement/contract template. I'm interested in the benefits of joining AND terms of joining with regard to outcomes, reporting, any quality measures and data collection standards.

   There is no such template. Rather, each affiliation was unique, and the terms of the individual affiliation agreements have largely been replaced by standard operating and governance procedures. If members of the committee are interested in learning more, we can set up a time for UVMHN to walk them through our organizational structure and

how decisions are made. Porter Medical Center was the last partner hospital to join the Network in 2017.

3. What is the network member payment structure?

There is no single document that explains the "payment structure". However, UVMHN is available to meet with members of the committee to explain how the Network's partner hospitals pay for shared services, as well as the due-to-and due-from.

4. During the committee, Rep. Cina asked how housing and residential care would fit into global payments.

Assuming Rep. Cina was referring to Skilled Nursing Facilities (SNFs) and Long-Term Care, global hospital budgets would not change their payments so they would this will still bill fee for service.

A hospital with a global budget is incentivized to care for patients based on outcomes and not volume. In doing so a hospital would look at their data (full claims data being very important) and determine what their patients need, and this could and likely would be SNFs and Long-Term Care for a Medicare population. The hospital can choose to make investments for patients based on those needs. This could include unique partnerships with SNFs and Long-Term Care facilities, like paying for beds or providing special care services.

Additionally, under a global payment system, hospitals would be incentivized to address Social Determinants of Health (SDOHs) and Health Related Social Needs (HRSNs) to keep patients healthy and out of the highest care settings. While this would depend on the details of the model, this could include projects to address housing needs for certain populations.

5. On April 8, 2025, the Office of the Health Care Advocate testified to the committee and shared a presentation with some information about University of Vermont Health Network's finances and the costs of care at University of Vermont Medical Center. Given the rapidly changing federal landscape, the volatility of the stock market, and legislation current under consideration by the Vermont Legislature, it is necessary to provide some context around the information presented to the committee. Specifically, slide 3 of OHCA's Presentation on April 8, 2025 includes a bullet stating, "University of Vermont Health Network OG reported $259 million dollars of excess revenue over expenses in 2024".

The $259M figure comes from UVM Health Network's audited financial statement (see below). In FY 2024, UVM Health Network generated $92M from operations (taking care of patients) and $167M from nonoperating sources, primarily driven by the "value" of our investments ($146M of the $167M). The unrealized gain or loss figure of $146M (see chart below) goes up or down based on the market. Profit and loss statements are generated for a specific period of time, in this case for FY 2024.

Through March of FY25, our unrealized gain or loss (value of our investments) will be a negative amount and will likely remain in the red through the end of this fiscal year. In other words, the value of investments will be less than they were in FY24. This means for FY25, nonoperating gains will likely take away from our operating gain, versus adding to UVM Health Network's total excess revenue over expenses as was the case in FY24. Again, this number fluctuates with the market. The value of our investments and our cash balances determine our Days Cash on Hand (DCOH). DCOH measures the number of days an organization can continue paying its operating expenses if incoming cash were to stop. DCOH is vital for maintaining operations during disruptions, operating flexibility, strategic planning and creditworthiness. UVMMC ended FY 2024 with 134 days cash on hand. The S&P A rated median, which is critical to ensure access to low-cost loan and bond financing, is 200 days.

With respect to the cost of care at UVM Medical Center, we are happy to report that the Green Mountain Care Board recently approved a Settlement Agreement, which outlines how UVM Health Network and UVM Medical Center will work collaboratively with the GMCB and other stakeholders to address the affordability crisis we are facing in Vermont. Much of this work will focus on bringing down the costs of care at UVM Medical Center. We are proud to share that we recently cut prices across the board by one percent. There is still more work to be done and we are looking forward to tackling these significant challenges together.

The University of Vermont Health Network Inc. and Subsidiaries

Consolidated Statements of Operations

	Year Ended September 30 2024	2023
	(In Thousands)	
Revenue and other support without donor restrictions		
Net patient service revenue before Enhanced Medicaid Graduate Medical Education revenues	$ 2,585,636	$ 2,308,096
Enhanced Medicaid Graduate Medical Education revenues – Hospital	21,894	29,415
Enhanced Medicaid Graduate Medical Education revenues – Professional	36,471	43,020
Net patient service revenue	2,644,001	2,380,531
Fixed prospective payment revenue	327,953	300,941
Premium revenue	5,911	7,729
Outpatient and specialty pharmacy revenue	332,760	278,556
Net assets released from restrictions	19,372	19,472
Other revenue	109,136	93,504
Total revenue and other support without donor restrictions	3,439,133	3,080,733
Expenses		
Salaries, payroll taxes, and fringe benefits	1,989,986	1,850,908
Supplies and other	970,301	864,907
Purchased services	123,364	129,150
Provider tax	136,792	112,025
Depreciation and amortization	97,537	100,780
Interest expense	28,722	28,014
Total expenses	3,346,702	3,085,784
Gain (loss) from operations	92,431	(5,051)
Nonoperating gains (losses)		
Investment income, net	34,845	5,243
Change in fair value of interest rate swap agreements	(3,052)	3,200
Other components of pension expense	(14,012)	(619)
Net change in unrealized gains and losses on investments	146,387	85,527
Other	2,417	(141)
Total nonoperating gains, net	166,585	93,210
Excess of revenue over expenses	259,016	88,159

Thank you for your consideration and please reach out with any questions or for additional clarification.

Best,
Linda