

# Act 167: Community Engagement to Support Hospital Transformation - Update

January 31, 2025

Jessica Holmes, PhD, GMCB Board Member

Hilary Watson, Senior Health Policy Analyst, GMCB

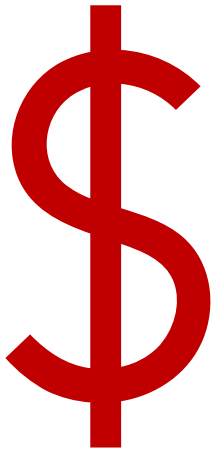
# Act 167: Sections 1 and 2



The Green Mountain Care Board, in collaboration with the Director of Health Care Reform in the Agency of Human Services, shall develop and conduct **a data-informed, patient-focused, community-inclusive engagement process** for Vermont's hospitals to:

- reduce inefficiencies
- lower costs
- improve population health outcomes
- reduce health inequities
- increase access to essential services while maintaining sufficient capacity for emergency management

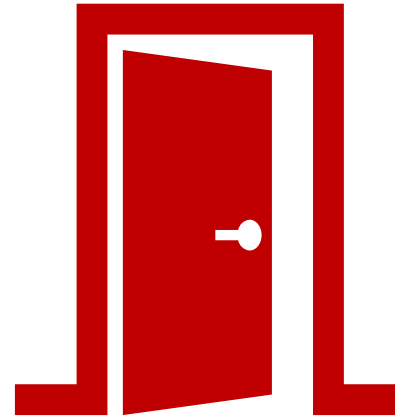
# Vermont is Experiencing Unprecedented Challenges in Health Care



Affordability



Hospital Margins



Access



Quality

# In Vermont, Where Almost Everyone Has Insurance, Many Can't Find or Afford Care

November 20, 2024

“Vermont consistently ranks among the healthiest states, and its unemployment and uninsured rates are among the lowest. Yet **Vermonters pay the highest prices nationwide** for individual health coverage and state reports show its **providers and insurers are in financial trouble**. Nine of the state’s 14 hospital are losing money, and the state’s largest insurer is struggling to remain solvent. **Long waits for care** have become increasingly common, according to state reports and interviews with residents and industry officials.”

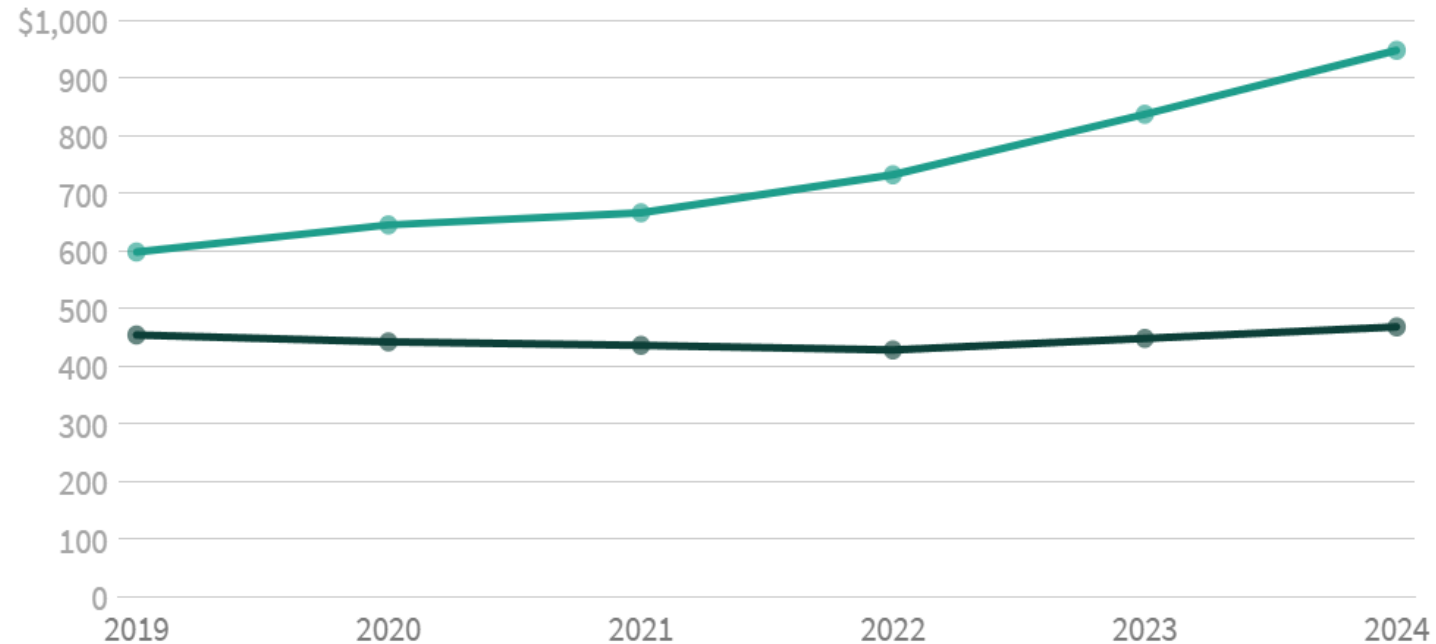
Source: <https://kffhealthnews.org/news/article/vermont-low-uninsured-rate-high-costs-long-waits/>



## Vermont ACA Insurance Costs Highest in US

Vermont for years has had the highest monthly Affordable Care Act marketplace premiums in the country, and the gap is widening.

— U.S. average — Vermont average



# The head of Vermont's largest insurance company says health care spending is out of control

Vermont Public | By Lexi Krupp  
Published January 16, 2025 at 4:23 PM EST



[The head of Vermont's largest insurance company says health care spending is out of control | Vermont Public](#)

**“Vermont’s commercial cost of care greatly exceeds that of the rest of the nation.** BlueCross BlueShield-VT’s spend is 33.5% higher than the average for BlueCross BlueShield plans in the Northeast and 42.7% higher than the national average. **Why? Charges from Vermont hospitals and healthcare system account for most of the difference.”**

# Operating Margins by Hospital



Hospital	FY19	FY20	FY21	FY22	FY23	FY24
Brattleboro Memorial Hospital	0.76%	0.55%	-1.71%	-3.81%	-1.72%	-0.15%
Central Vermont Medical Center	-2.09%	-0.56%	-1.02%	-6.51%	-6.52%	0.68%
Copley Hospital	-3.17%	-3.88%	5.08%	-0.71%	-1.76%	0.03%
Gifford Medical Center	-0.80%	2.53%	8.78%	6.97%	-8.32%	-4.32%
Grace Cottage Hospital	-6.70%	1.07%	8.02%	-6.83%	-7.19%	-6.68%
Mt. Ascutney Hospital & Health Ctr	0.22%	0.72%	9.14%	1.69%	2.01%	0.13%
North Country Hospital	1.91%	3.74%	4.60%	-10.31%	-8.86%	-0.37%
Northeastern VT Regional Hospital	1.83%	1.29%	2.88%	0.23%	0.48%	-0.74%
Northwestern Medical Center	-8.04%	-0.93%	4.73%	-4.26%	-6.63%	-0.78%
Porter Medical Center	5.14%	4.00%	7.73%	3.07%	7.56%	4.00%
Rutland Regional Medical Center	0.43%	0.19%	2.24%	-3.76%	2.14%	2.03%
Southwestern VT Medical Center	3.26%	2.76%	4.50%	-0.17%	-3.77%	1.10%
Springfield Hospital	-18.39%	-11.24%	1.17%	5.39%	-0.94%	0.12%
The University of Vermont Medical Center	2.19%	-0.27%	2.27%	-1.24%	3.12%	3.01%
<b>All Vermont Community Hospitals</b>	<b>0.73%</b>	<b>0.05%</b>	<b>2.77%</b>	<b>-1.77%</b>	<b>0.79%</b>	<b>1.90%</b>

Note: FY24 figures are projected as of 1/21/25 but subject to change as hospitals submit their final end-of-year actuals.

# BECKER'S Hospital CFO Report



## Financial Management

# 705 hospitals at risk of closure, state by state

Molly Gamble (Twitter) - Friday, November 22nd, 2024

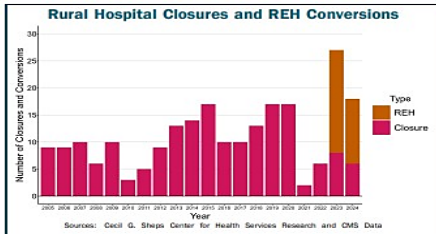


## RURAL HOSPITALS AT RISK OF CLOSING

### Millions of Americans No Longer Have Hospital Care in Their Community

Over the past two decades, nearly 200 rural hospitals have closed. As a result, the millions of Americans who live in those communities no longer have access to an emergency room, inpatient care, and many other hospital services that citizens in most of the rest of the country take for granted.

In addition, 31 hospitals eliminated inpatient services in 2023 and 2024 in order to qualify for federal grants that are only available for Rural Emergency Hospitals (REHs). Every year, more than 7,000 rural residents had received inpatient care in those hospitals, but now seriously ill individuals in their communities will have to be transferred to a hospital far from home in order to receive the services they need.



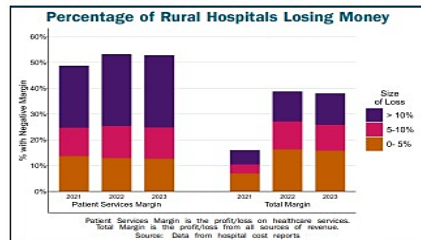
### Hundreds More Rural Hospitals Could Close in the Near Future

More than 700 rural hospitals – over 30% of all rural hospitals in the country – are at risk of closing because of the serious financial problems they are experiencing. Over half (364) of these rural hospitals are at *immediate* risk of closing because of the severity of their financial problems. (See RuralHospitals.org for the methodology used to estimate risk of closing.)

- **Losses on Patient Services:** The majority of rural hospitals in the country are losing money delivering patient services. It costs more to deliver health care in small rural communities than in urban areas, and many health insurance plans do not pay enough to cover these costs.
- **Insufficient Revenues From Other Sources to Offset Losses:** Many hospitals have managed to remain open despite

- **Low Financial Reserves:** The hospitals at greatest risk of closing have more debts than assets, or they do not have adequate net assets (i.e., assets other than buildings & equipment, minus debt) to offset their losses on patient services for more than a few years.

Rural hospitals are at risk of closing in almost every state. In the majority of states, over 25% of rural hospitals are at risk of closing, and in 10 states, over 50% are at risk.



### Rural Hospital Closures Harm Patients and the Nation's Economy

Most at-risk hospitals are in isolated rural communities, where closure of the hospital would force residents of the community to travel a long distance for emergency or inpatient care. Moreover, in many cases, the hospital is the only place where residents can get laboratory tests or imaging studies, and it may

**Vermont**  
 8 hospitals at risk of closing (62%)  
 4 at immediate risk of closing in next 2-3 years (31%)

# Hospital Quality Considerations



Hospital	CMS Star Rating (CY 2023)	Leapfrog Grades (Fall 2024)
Brattleboro Memorial Hospital	4/5	C
Central Vermont Medical Center	3/5	D
Copley Hospital	2/5	
Gifford Medical Center	3/5	
Grace Cottage Hospital	–	
Mt. Ascutney Hospital and Health Center	–	
North Country Hospital	3/5	
Northeastern Vermont Regional Hospital	1/5	
Northwestern Medical Center	3/5	D
Porter Medical Center	2/5	
Rutland Regional Medical Center	2/5	C
Southwestern Vermont Medical Center	4/5	C
Springfield Hospital	–	
The University of Vermont Medical Center	4/5	D

Source: [CMS Star Ratings](#); [Leapfrog](#)



# Hospital system transformation is critical to address the following:

1. Hospital (and other providers') financial health is poor and continuing to deteriorate
2. Reliance on commercial prices to sustain the system is no longer a viable strategy, given the affordability crisis and the shrinking commercial population
3. Despite the high expenditures on healthcare, many Vermonters lack access to care and by some measures, hospital quality is declining

# Oliver Wyman Expertise

- Clinician leader & facilitator
- Executive leadership in healthcare systems
- Rural hospitals
- Examining health disparity and overcoming health equity barriers (Southerlan)
- 3 years experience in VT with COVID data modeling and health services wait time report (Hamory)



**Bruce H. Hamory, MD  
FACP**

*Partner & Chief Medical Officer,  
Healthcare & Life Sciences*

- Helps providers, health systems and countries to redesign their delivery systems to improve value by improving quality and reducing costs
- Has worked with many groups to improve their operations, design appropriate physician compensation and institute new systems of care and management to improve performance
- Prior to joining Oliver Wyman, he was Executive Vice President, System Chief Medical Officer at Geisinger, and was previously Executive Director of Penn States' Hershey Medical Center and COO for the campus
- Has over 50 years of experience in health care practice, teaching, leadership, and redesign of systems for improvement



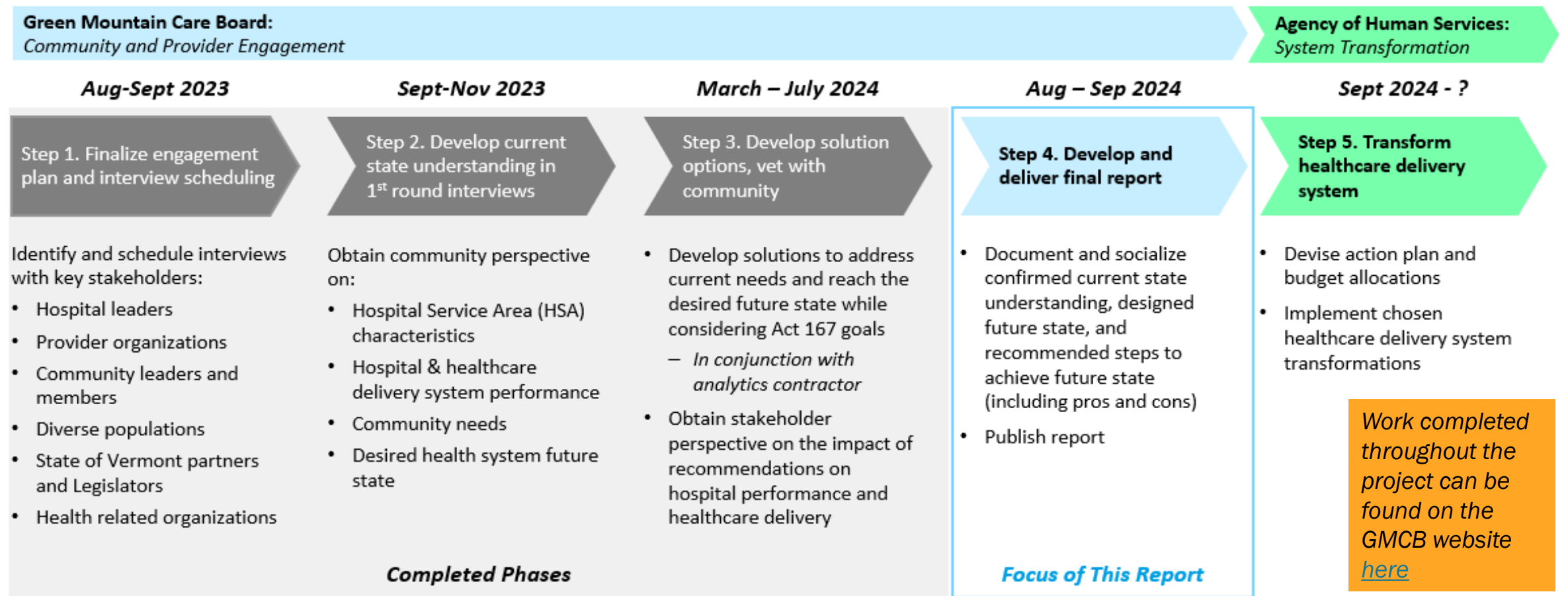
**Elizabeth Southerlan**

*Managing Director,  
Healthcare & Life Sciences*

- Has more than 15 years of experience partnering with healthcare provider systems to identify and deliver value from expansion opportunities
- Provides strategic guidance to healthcare leaders in a range of areas: corporate and operational strategy, organizational strategic design, health equity strategy and operationalization, product and service line design and launch, M&A strategy and execution, strategic transformation, contracting and renegotiation strategy, and operational performance improvement
- Earned a bachelor's degree in industrial engineering from The Pennsylvania State University and a master's degree in systems engineering and management from the Massachusetts Institute of Technology

# SCOPE AND APPROACH: TO IMPROVE THE VERMONT HEALTHCARE DELIVERY SYSTEM, WE SOUGHT OUT INPUT FROM COMMUNITY STAKEHOLDERS OVER 12 MONTHS

Act 167 (of 2022) requires GMCB, in collaboration with the Agency of Human Services, to develop and conduct a data-informed, patient-focused, community-inclusive engagement process for Vermont's hospitals to **reduce inefficiencies, lower costs, improve population health outcomes, reduce health inequities, and increase access to essential services**



# WE WORKED WITH STATE AGENCIES, HOSPITALS, COMMUNITY PROVIDERS AND PATIENTS TO BETTER UNDERSTAND CURRENT AND FUTURE NEEDS OF VT'S HEALTHCARE SYSTEM

<b>3100+</b> PARTICIPANTS	Across all stakeholder types and meetings <sup>1</sup>	<b>Meeting Type</b>	<b># of Meetings</b>	<b>Estimated # of Attendees<sup>1</sup></b>
<b>~68</b> PARTICIPANTS	On average per Ph2 community meeting, including state-wide meetings	Stakeholder meetings on engagement plan	16	91 <sup>2</sup>
<b>100+</b> ORGANIZATIONS	Contacted	Hospital Leadership and Boards	57	243
<b>120</b> PUBLIC COMMENTS	Received	Diverse Populations	15	96
<b>14</b> HOSPITALS	Visited in person	State Partners	45	109
		Community Leaders	10	29
		Community Meetings ( <i>public HSA level</i> )	50	1947
		Provider Meetings	35	596
		Payers / insurer meetings	3	5

1. The number of attendees provided is an estimate as there are pending meetings, and technical errors/malfunctions in producing some attendance reports;

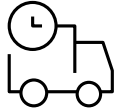
2. The 91 participants are excluded from the total as they are accounted for in the other meeting types

## SIMILAR COMMENTS WERE MADE IN OTHER COMMUNITIES ACROSS THE STATE



*The lack of housing is a problem making it hard to attract providers, and impossible for patients who have nowhere to be discharged*

*Keeping staff is a function of addressing the cost of living, inflation, and ability to find affordable housing, and these have all been difficult*



*There isn't enough transportation to other hospitals if the community needs a major surgery or other locally inaccessible service*

*Getting patients home has been a challenge because the hospitals sending the patients back are also experiencing challenges arranging transportation*



*When I go to the urgent care clinic, I may not see a provider because of the workforce shortages*

*It's difficult to find primary care providers, and difficult to communicate between physicians in the community and in other hospitals*



*Many individuals don't go to care because the premiums and out of pockets are too high*

*I can no longer afford the procedures or medications – only option is not to take my medications*



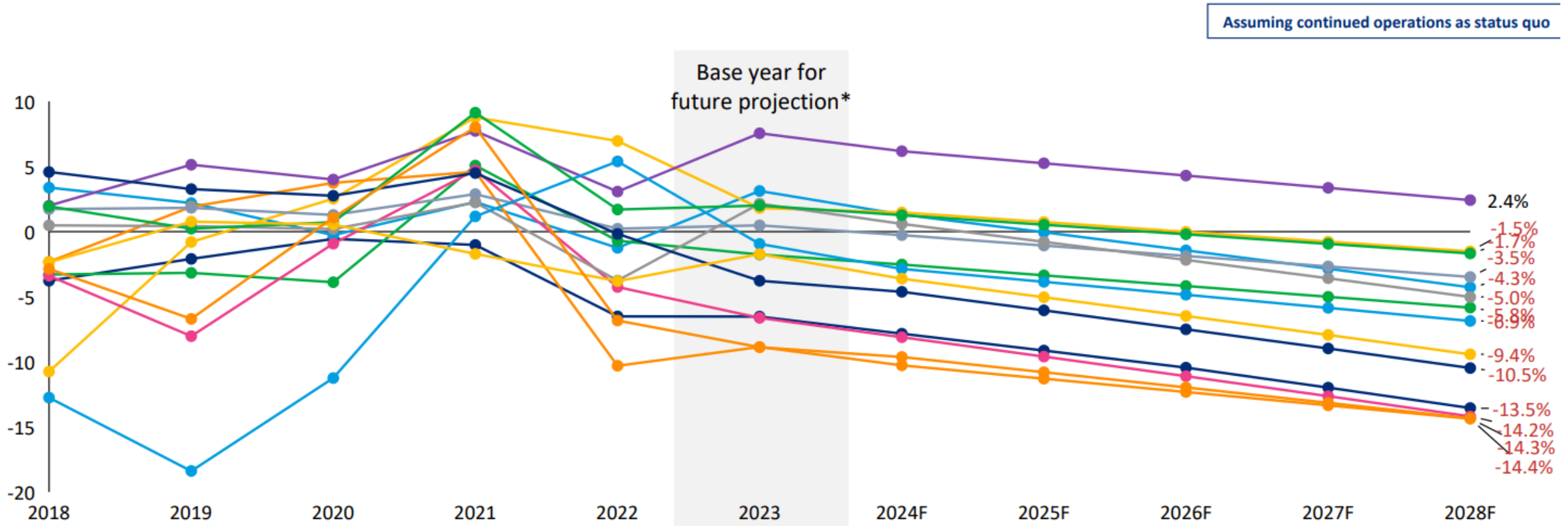
*No one tells patients about financial services or campaigns available to support their broader health and social needs*

*Gender-affirming and reproductive health access is an issue and there needs to be greater availability*



# THE TREND OF DECLINING FINANCES IS EXPECTED TO CONTINUE, WITH ALL BUT ONE HOSPITAL PROJECTED TO REPORT A LOSS IN 2028

Vermont hospital operating margin forecasts, assuming 3.5% non-340B revenue growth and 5% expense growth annually  
(%, 2018-2028F)



\*Gifford Medical Center using hypothetical 2023 jump-off assuming 1.84% operating margin for FY2023

# EXECUTIVE SUMMARY: HEALTH SYSTEM TRANSFORMATION IS URGENTLY NEEDED ACROSS THE STATE, SYSTEM AND HOSPITAL LEVELS



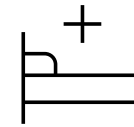
**At the state-level, Vermont must support development of infrastructure and legislation to enable future provider-level transformation work**

- Foundational infrastructure including a robust workforce, greater access to transportation, and an affordable housing supply are all tightly linked to hospitals through various access points (e.g., staffing, inter-facility transfers, borders, avoidable ED visits)
- Agency of Human Services sub-units and community-based care models will require reconfiguration to better coordinate health and social service needs at the community and individual level
- Current administrative processes and requirements should be streamlined to minimize the provider burden (e.g., simplify prior authorization process and state agency documentation)



**At the system-level, new regional specialized centers of care are recommended to drive hospital efficiency and shift care outside of the hospital setting**

- Regional centers for different specialties should be identified to support acute, complex medical / surgical needs in a targeted and coordinated manner vs. managed in the community
- Community-based care, primary care, mental health care, and housing capacity should be increased to divert care to lower cost settings
- Healthcare workforce affected by system changes could be redistributed or retrained to perform services needed by the community



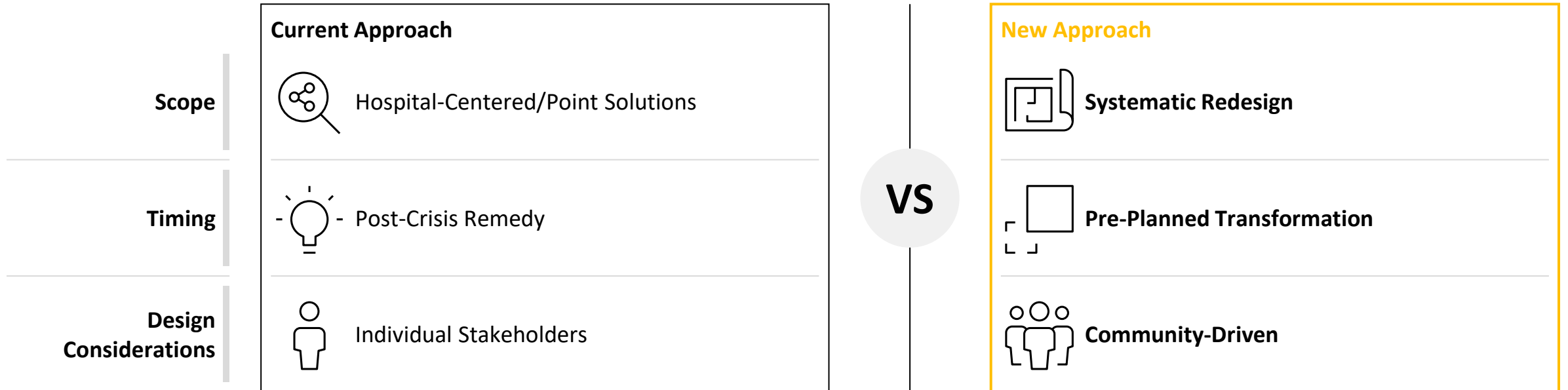
**At the hospital-level, hospitals should consider reconfiguring their services based on their financial position and community population needs**

- Several hospitals are at risk of closing their inpatient beds and should consider repurposing their facilities and clinical staff through several options e.g., Rural Emergency Hospital, Community Ambulatory Care Center, Care at Home support program
- Regional specialized centers will need to adapt services to accommodate new patient volumes and changing population health needs
- UVM needs to examine current overhead and administrative costs, especially the proportion of providers supporting non-patient care activities

# NEW APPROACHES NEED TO BE CONSIDERED TO DRIVE SIGNIFICANT TRANSFORMATION AT THE STATE, SYSTEM, AND HOSPITAL LEVELS



How should the approach change?





# Act 167 Hospital Transformation - An incredible opportunity for Vermont but we must act now

- Statewide, Holistic Approach
- Intentional Redesign
- Address current challenges
- Prepare for future needs
  
- BUT Time to act is now!
- Risk of Inaction: market forces will lead to service disruptions and hospital closures



# UVM Health Network to close CVMC Inpatient Psychiatric Center amid budget cuts

Share



Updated: 1:17 PM EST

Infinite Scroll End



**Alexis Crandall** ✉

Anchor/Reporter



**Michael Cusanelli** ✉

Digital Content Manager

**BERLIN, Vt.** — The University of Vermont Health Network will close a series of administrative and clinical services across the state, including Central Vermont Medical Center's Inpatient Psychiatric Center.

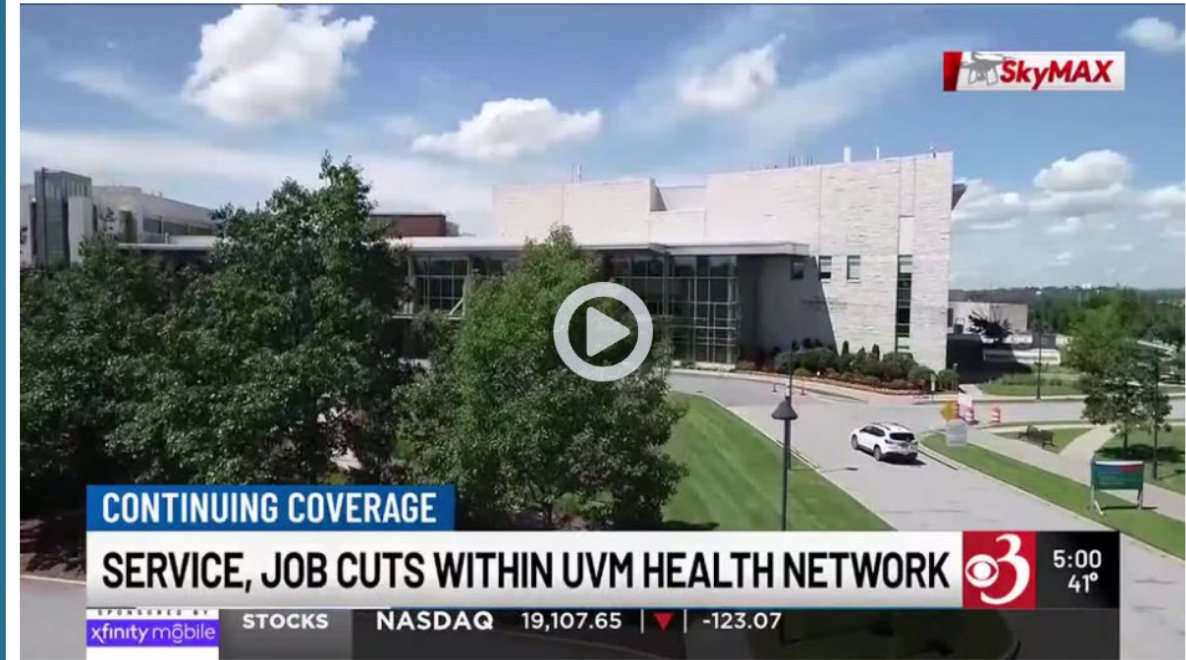
## Lamoille Health Partners turns to Copley amid financial crisis

A search for fiscal solvency has meant turning to its health care neighbor, Copley Hospital. The two providers share many patients but have had a sometimes strained relationship in recent years.

By News & Citizen

December 13, 2024, 8:26 am

# UVM Health Network announces sweeping cuts to programs, jobs



## UVM Health Network Announces Service Cuts, Blames Regulators

The cuts include the closure of an inpatient mental health unit and a gradual 50-bed reduction at the University of Vermont Medical Center.

By **COLIN FLANDERS**

Published November 14, 2024 at 1:09 p.m.



# Federal Pressures on VT

## ACA Changes: What You Need to Know for 2025

### House G.O.P. Floats Medicaid Cuts and More to Finance Trump's Huge Agenda

President Trump wants a massive tax cut and immigration crackdown bill. Now Republicans must decide what to cut to pay for it.

FEATURED

### 'Devastating': Medicaid Cuts in Republican Crosshairs, With Nursing Homes Seen as Bearing Major Pain

By Zahida Siddiqi | January 28, 2025

### GOP plan to cut Medicaid expansion could cost coverage for 900,000 Illinoisans, Dems say

Illinois has a "trigger" law that would automatically end Affordable Care Act Medicaid expansions in the state if federal funding is cut — which means 931,169 Illinoisans would lose their health coverage.

By Tina Sfondeles | Jan 29, 2025, 7:00am EST

### Republican plans to cut Medicaid could cost 22 million Americans their health care

Russell Payne

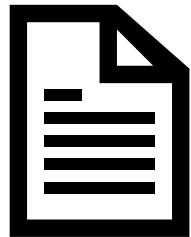
Wed, January 29, 2025 at 10:16 AM EST · 3 min read

CONGRESS

### House GOP puts Medicaid, ACA, climate measures on chopping block

The menu of potential spending offsets has been circulated by House Budget Chair Jodey Arrington.

# Next Steps: AHS-led Hospital Transformation Planning Effort (ACT 51)



Act 167 (of 2022)



-  More Efficient
-  More Affordable
-  Improved Population Health
-  More Accessible
-  More Equitable