

# VT Healthcare: A system (still!) in crisis

April 23, 2025

Jessica Holmes, PhD, GMCB Board Member

# Hospital Sustainability 2019-Present



## Trends of Rural Hospital Closures

- GMCB convenes Rural Health Services Task Force (Act 26 of 2019)
- GMCB requires 6 of 14 hospitals to develop sustainability plans

## Expanded focus on Sustainability Planning

- GMCB requirement for sustainability planning expanded to all hospitals
- Legislature passes Act 159 requiring GMCB to provide options to improve hospital sustainability

## GMCB Develops Recommendations

- GMCB’s Act 159 Hospital Sustainability Report provides recommendations for hospital sustainability; shares HMA/Burns and Berkeley Research Group cost, efficiency, and sustainability analyses

## Legislature Passes Act 167

- Act 167 Sec 1 and 2 provide funding to implement the recommendations from the hospital sustainability report, including community engagement to support hospital transformation

## Act 167 GMCB Leads Community Engagement

**Act 51 signed: AHS to Lead Hospital Transformation Planning**

## Act 167 Community Engagement; Act 51 Hospital Transformation

- GMCB concludes Community Engagement; Act 167 Oliver Wyman Report Submitted

## System Transformation

- Ongoing under Act 51 AHS leadership and RHRC contract (consultant)

# 2018-2019 Alarm bells begin

HEALTH

## Springfield Hospital can't pay its bills. 'It's very unnerving.'

By Katy Savage  
December 11, 2018, 6:16 pm

## Brattleboro Memorial wrestles with financial losses

HEALTH

## Hospitals tackle changes amid financial bleeding

By Mike Faher  
April 3, 2019, 9:22 pm

Local News

## As Losses Mount, Some Hospitals Request Steep Rate Increases

Vermont Public | By Howard Weiss-Tisman  
Published August 1, 2019 at 3:20 PM EDT

Local News

## Vermont's Springfield Hospital Files For Bankruptcy

Vermont Public | By Howard Weiss-Tisman  
Published June 27, 2019 at 12:00 PM EDT



## More than half of Vermont hospitals posted operating losses in 2018

By Mike Faher  
March 13, 2019, 9:34 pm

## Green Mountain Care Board Pushes Sustainability As Rural Hospitals Struggle

Vermont Public | By Jane Lindholm, Howard Weiss-Tisman, Matthew F Smith, April Qian  
Published October 15, 2019 at 3:51 PM EDT



# 2020-2023 COVID/Additional financial hardship

HEALTH

## Vermont rural hospitals continue to suffer losses

By Katie Jickling  
February 27, 2020, 1:10 pm

HEALTH

## Projecting Millions in Losses, Vermont's Largest Hospitals Ask for Rate Increases

POSTED BY COLIN FLANDERS ON FRI, MAR 18, 2022 AT 5:31 PM



MONEY

## Faced with \$35M in shortfalls, UVM Medical Center plans to cut costs, boost efficiencies



**Dan D'Ambrosio**  
Burlington Free Press

Updated Feb. 19, 2020, 10:00 p.m. ET



HEALTH

## Higher costs led to big hospital system losses in Vermont in 2022

By Kristen Fountain  
March 30, 2023, 6:28 pm

NEWS > HEALTH CARE

## As Costs Rise, Vermont's Largest Hospitals Demand More Money

By COLIN FLANDERS

Published March 23, 2022 at 10:00 a.m. | Updated May 17, 2022 at 3:53 p.m.



# Reporter debrief: State-appointed consultants propose eliminating beds, consolidating services as Vt. hospitals lose money

Vermont Public | By [Howard Weiss-Tisman](#), [Henry Epp](#)

Published November 3, 2021 at 5:28 PM EDT



[BRG Report presented to GMCB Oct 27, 2021: VT Hospital Quality Review and Capacity Planning in Preparation for Value-Based Care.](#)

# Act 167 Report (2024) Yet Another Call to Action



HEALTH

## Consultant deems Vermont health care system ‘badly broken’

In a presentation to the Green Mountain Care Board, the consultant called for an urgent — if not yet specific — transformation of the state’s hospital and broader health care system.

## Health Care Report Suggests Major Cuts to Gifford

*Hospital Leaders Call Report ‘Shocking’*

SEPTEMBER 26, 2024

BY ISABEL DREHER

NEWS AND FEATURES

## ‘You Do Not Have Five Years’: Consultant Warns Vermonters to Fix Health Care Soon

August 6, 2024 · by Jenny Blair

## Northwestern Medical Center's operating margin is in the red; Green Mountain Care Board seeks out solutions

Josh Ellerbrock Jul 16, 2024 Updated Jul 19, 2024 0

NEWS

## Report: 4 Vermont hospitals face risk of closure, but all are in financial distress



Dan D'Ambrosio  
Burlington Free Press

Sept. 20, 2024, 5:08 a.m. ET

## Vermont hospitals are heading for bankruptcy. A plan to keep them afloat calls for dramatic changes

Vermont Public | By Lexi Krupp, Elodie Reed  
Published September 19, 2024 at 1:47 PM EDT



HEALTH CARE

## Green Mountain Care Board: “State health care system in crisis” with 20%+ insurance premium rate bump looming

ON JULY 30, 2024 · ( 13 COMMENTS )

# 2024: Act 167 Report Response, UVMHN Essential Service Cuts, Soaring Costs



## NEWS

### Hospital association head calls on Care Board to retract health care report and apologize



**Dan D'Ambrosio**  
Burlington Free Press

Nov. 1, 2024, 4:55 a.m. ET

## HEALTH

### ‘Leave us alone’: administrators, officials push back on recommendations for hospital restructuring

A lengthy report, issued by a consultant Wednesday, proposed

## LOCAL NEWS

### UVM Health outlines millions of dollars in cuts to patient care

by [Brian Wallstin](#)  
Posted: Nov 14, 2024 / 02:16 PM EST  
Updated: Nov 15, 2024 / 08:13 AM EST

## HEALTH

### As UVM Health Network cuts services in Vermont, it expands in New York

Different regulatory environments in the two states have led to contrasting situations on either side of Lake Champlain.

By Peter D'Auria  
December 22, 2024, 6:54 am

## HEALTH CARE

### Health Care Costs in Vermont Continue to Soar

The price of health care plans in Vermont has doubled in six years, and hospitals expenses are rising rapidly. The prognosis for cost containment is grim.

By [COLIN FLANDERS](#)

Published November 6, 2024 at 10:00 a.m. | Updated November 13, 2024 at 10:47 a.m.



# Here we are in 2025....

Local News

## Several Vermont hospitals report another year of multi-million dollar losses

Vermont Public | By Lexi Krupp  
Published March 14, 2025 at 5:32 PM EDT



## 'We are in a crisis situation,' Vermont's top health care regulator says

By Mikaela Lefrak, Daniela Fierro

Published April 1, 2025 at 4:16 PM EDT

## Healthcare Advocate warns of imminent crisis and urges urgent action

April 16, 2025 | Health Care, HOUSE OF REPRESENTATIVES, Committees, Legislative, Vermont



Subscribe

## Vermont hospitals and health centers face imminent financial crisis amid rising costs

February 04, 2025 | Health & Welfare, SENATE, Committees, Legislative, Vermont



Subscribe

## Vt. health care regulators say hospital budgets continue to hemorrhage

### 2024 FINAL HOSPITAL BUDGETS

- Northwestern Medical Center lost \$3.4 million
- Brattleboro Memorial Hospital lost \$5.8 million
- Gifford Hospital lost \$10.6 million

HEALTH

## 'Very, very financially fragile': Vermont's federally qualified health centers are struggling

The health centers serve roughly a third of the state's population, including many of its most vulnerable residents. They are tallying annual operating losses in the millions of dollars.

By Peter D'Auria  
February 28, 2025, 6:56 am

## 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



# FRAGILE HOSPITAL SYSTEM

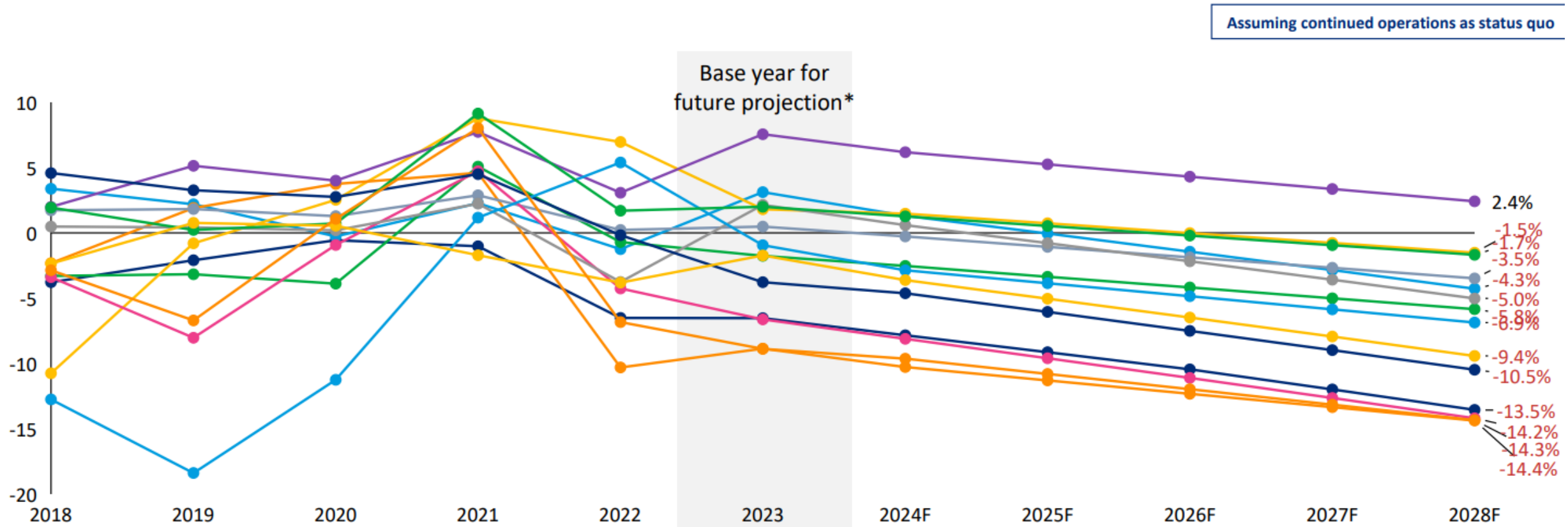
## HISTORICAL OPERATING MARGINS BY HOSPITAL

Hospital	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 Q1
Brattleboro Memorial Hospital	0.76%	0.55%	-1.71%	-3.81%	-1.70%	-5.12%	-14.33%
Central Vermont Medical Center	-2.09%	-0.56%	-1.02%	-6.51%	-6.52%	1.73%	-1.29%
Copley Hospital	-3.17%	-3.88%	5.08%	-0.71%	-1.31%	1.16%	4.83%
Gifford Medical Center	-0.80%	2.53%	8.78%	6.97%	-8.32%	-18.18%	-7.87%
Grace Cottage Hospital	-6.70%	1.07%	8.02%	-6.83%	-7.19%	-9.90%	-12.87%
Mt. Ascutney Hospital & Health Ctr	-0.08%	0.95%	9.14%	1.69%	2.01%	1.24%	1.03%
North Country Hospital	1.91%	3.74%	6.96%	-10.31%	-8.86%	-3.09%	-2.72%
Northeastern VT Regional Hospital	1.83%	1.29%	2.88%	0.23%	-3.62%	0.10%	4.39%
Northwestern Medical Center	-8.04%	-0.93%	4.73%	-4.26%	-6.63%	-2.55%	-1.05%
Porter Medical Center	5.15%	4.09%	7.73%	3.07%	7.56%	4.74%	4.17%
Rutland Regional Medical Center	0.43%	0.19%	2.24%	-3.76%	2.14%	0.93%	4.10%
Southwestern VT Medical Center	3.26%	2.76%	4.50%	-0.17%	-3.77%	0.03%	-0.49%
Springfield Hospital	-18.39%	-11.24%	1.17%	5.39%	-0.94%	-1.11%	-3.06%
The University of Vermont Medical Center	2.19%	-0.27%	2.27%	-1.24%	3.12%	2.72%	0.67%



# 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

# 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.”

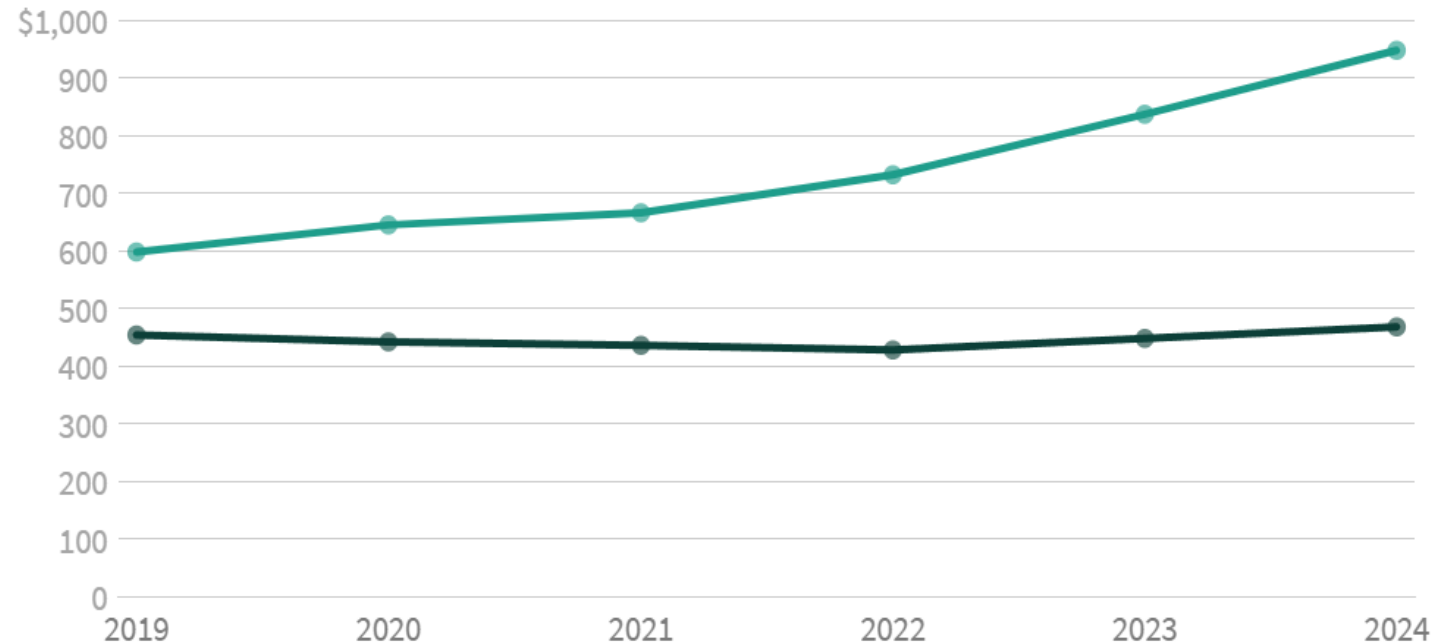
Source: <https://kffhealthnews.org/news/article/vermont-low-uninsured-rate-high-costs-long-waits/>



## 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.

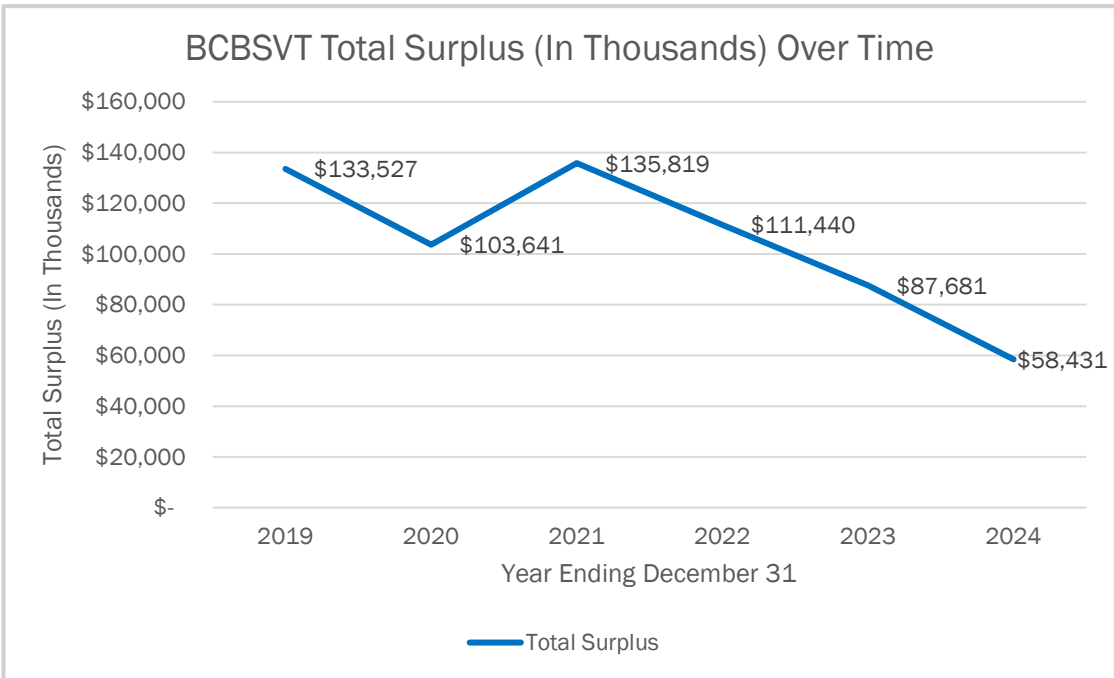
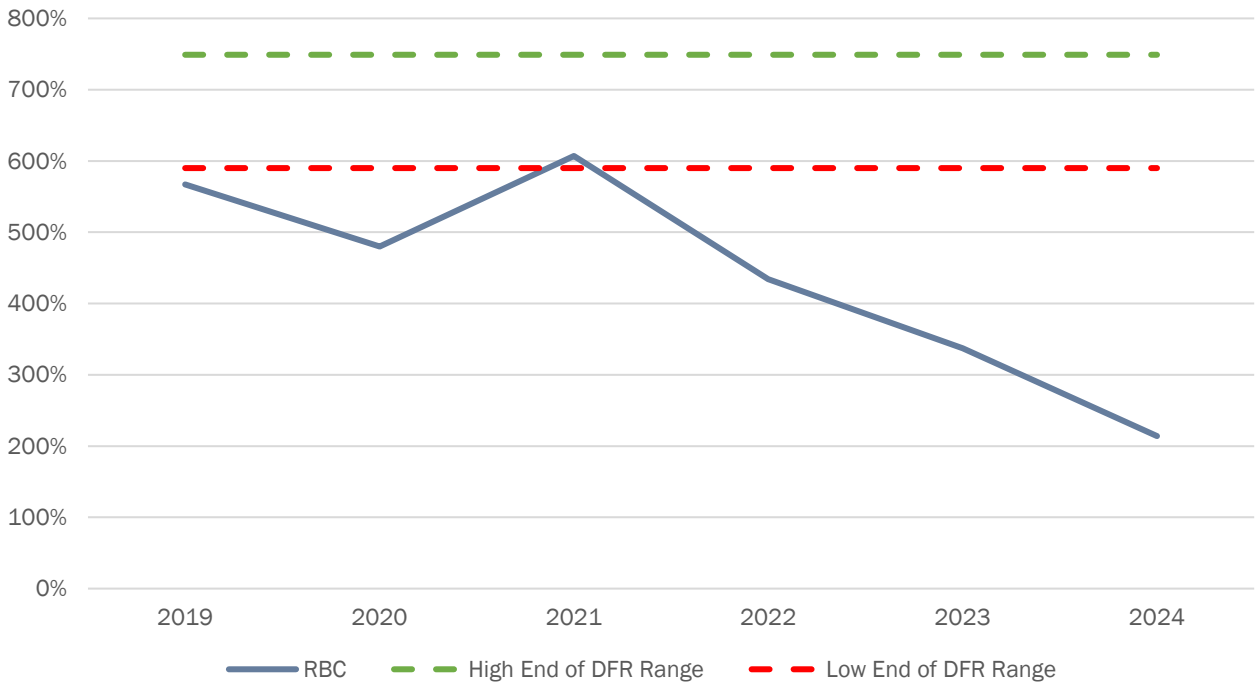
— U.S. average — Vermont average



# BCBSVT: Declining RBC/Total Surplus



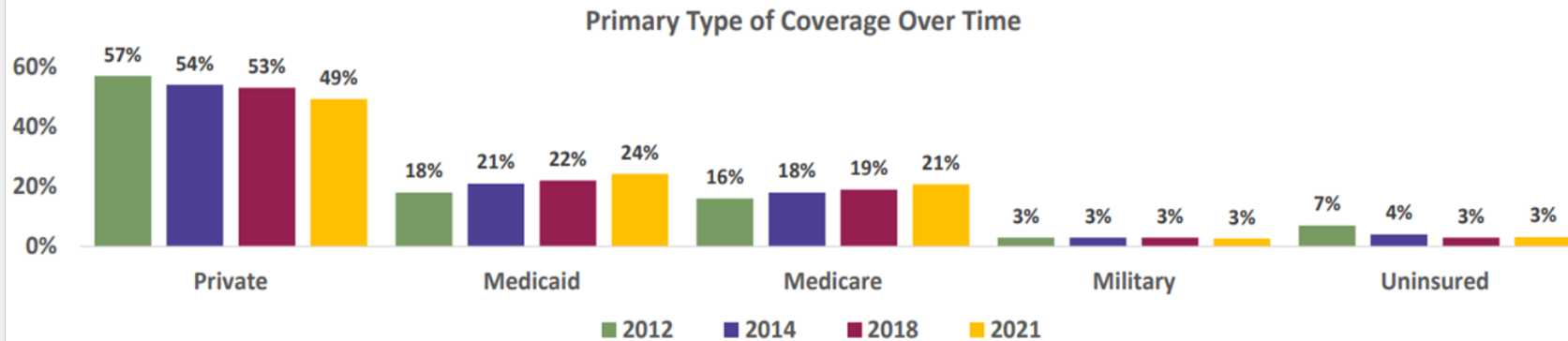
BCBSVT's RBC 2019-2024\*



# Vt Shrinking Commercial Population

## Primary Type of Coverage Over Time

In 2021, the percentage of Vermonters reporting their primary source of health insurance as private insurance (49%) has significantly decreased since 2012 (57%). The percentage reporting Medicaid has significantly increased since 2012 (24% in 2021 compared to 18% in 2012) as has the percentage reporting Medicare (21% in 2021 compared to 16% in 2012).



Insurance Type	Estimated Population Over Time			
	2012	2014	2018	2021
Private	355,900	341,100	329,800	304,600
Medicaid	111,800	132,800	136,900	150,000
Medicare	100,500	110,900	121,100	128,200
Military	15,500	18,600	16,900	16,600
Uninsured	42,800	23,200	19,800	19,400

# Urgent need for System Transformation

1. Communities at risk of losing essential services, hospitals (with AHS leadership and GMCB collaboration) must execute on Act 167 options to protect communities from losing critical, life saving and preventative services
2. Hospital (and other providers') financial health is poor and continuing to deteriorate
3. Reliance on commercial prices to sustain the system is not a viable strategy given the affordability crisis and the shrinking commercial population
4. Despite the high expenditures on healthcare, many Vermonters lack access to care and by some measures, hospital quality is declining

# Berkeley Research Group

## Sustainability Recommendations 10/27/21



Category	Key Opportunities
Consolidation of Services	<ul style="list-style-type: none"> <li>• Transition inpatient from Grace Cottage → Brattleboro and Springfield → Mt. Ascutney</li> <li>• Consolidate ICUs:               <ul style="list-style-type: none"> <li>Gifford → Central VT</li> <li>North Country → Northeastern/UVM</li> <li>Northwestern → UVM</li> </ul> </li> <li>• Create Centers of Excellence (e.g. Ortho)</li> </ul>
Reimagining Acute Care Delivery	<ul style="list-style-type: none"> <li>• Hospital at Home, Rural Emergency Hospitals, Freestanding EDs</li> <li>• Reconfigure low occupancy/high ED use hospitals (e.g., Northwestern, Springfield)</li> </ul>
Value-Based Care Optimization	<ul style="list-style-type: none"> <li>• Study and reduce low-value care, low-intensity ASC-eligible procedures</li> <li>• Address potentially avoidable utilization (PAU)</li> </ul>
Regulatory Enhancements	<ul style="list-style-type: none"> <li>• Expand data and quality reporting across settings and payers</li> <li>• Require cost reduction plans for high-cost hospitals</li> </ul>
Strategic Considerations	<ul style="list-style-type: none"> <li>• Strengthen All-Payer ACO model with global budgets</li> <li>• Align incentives across providers for sustainability and value</li> </ul>

[BRG Report presented to GMCB Oct 27, 2021: VT Hospital Quality Review and Capacity Planning in Preparation for Value-Based Care.](#)



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



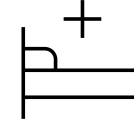
**At the state-level, Vermont must support development of infrastructure and legislation to enable future provider-level transformation work**

- 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

# WE DEVELOPED A LIST OF RECOMMENDED/POTENTIAL CENTERS OF EXCELLENCE (COE SITES) BASED ON EXISTING HOSPITAL EXPERTISE AND POSSIBLE SYSTEM CHANGES

## Purpose of COEs:

- COEs will drive patient volumes to hospitals with relevant expertise and support Vermont's specialty regionalization plan

## Rationale for Recommended COE Sites:

- Existing patient volumes and specialized expertise
- Financial position to support inpatient beds
  - Hospitals unable to sustain inpatient beds are recommended to become COEs for mental health and specialized elderly care services








## Further discussions are needed to finalize the redesign plan and COE sites including:

- Health system strategy and consolidation
- Inpatient bed repurposing (e.g., mental health / specialized elderly care)
- HSA reconfiguration to balance population needs and travel distances

## List of specialties considered for COE regionalization

Surgery	Acute General	Cancer (Complex)
	Cancer (Non-Complex)	Minimally Invasive
	Robotic	
Specialty Services	Infusion Therapy	Neurology
	Orthopedics	Radiation Therapy
	Rheumatology	
Women's Health	Obstetrics	
Mental Health	Emergency Dept	Psych {Adolescent}
	Psych (Adult)	Psych (Pediatric)
Specialized Elder Care	Geriatrics	Hospice
	Memory Care	Rehabilitation
	Skilled Nursing	

# HOSPITAL COST REDUCTION STRATEGIES ARE REQUIRED TO SUPPORT INVESTMENTS FOR FUTURE SYSTEM REDESIGN

Recommended action	Sub-category	Descriptions/detailed options	Rationale/impact
 <b>Seek operational synergy</b>	 <b>Improve EMR functionality</b>	Speed up adoption of VITL and embed into hospital workflow	✓ Improve efficiency of patient care
		Increase connectivity between hospital systems	✓ Reduce duplication of testing
	 <b>Expand tele-health</b>	Use of tele-pharmacy to support pharmacy technicians and nurses in outlying hospital/delivery sites	
 <b>Seek cost synergy</b>	 <b>Pursue group purchase</b>	Pursue group purchasing (supplies, drug purchasing, insurance and group employee benefits) - <i>Ongoing</i>	✓ Reduce hospital operating expense
		Consider group purchase of equipment, services on equipment and common IT system	
	 <b>Centralize services</b>	Centralize interpretative and linguistic services across all agencies with single phone number, website	<i>Cost-benefit analyses should be conducted to ascertain whether centralization creates savings in the long-run when all direct and indirect costs are considered</i>
		Centralize laundry services and/or kitchen to prepare flash frozen meals for delivery to hospitals, SNFs, adult day care	
		Centralize central sterile supply for operating rooms <i>[Northwestern, Southwestern and Rutland only]</i>	
		Consider sub-contracting dietary and house-keeping services	
	 <b>Share staffing</b>	Build a regional ambulatory surgery centers with 4-6 operating/procedure rooms and a recovery area to replace aged small inpatient ORs	
		Develop mobile health services with resources and cooperation between several HSAs	
		Allow smaller hospitals to form a corporation to jointly employ a "regional physician group" (esp. medical specialists) which could rotate MDs among the locations and provide internal telehealth support to the EDs	✓ Maintain patient access to essential yet low-volume services whilst allowing for potential specialization
		Develop a statewide nurse pool to manage per-diem and flex nursing staff to address nursing staffing needs across multiple locations to reduce reliance on travel / agency staff	
Centralize laboratory services, telepathology for surgical services		✓ Reduce staff cost	
Centralize radiology interpretation			
Centralize monitoring for critically ill patients (e.g. sitters)			
Centralize monitoring for patients at home			
Share executive staff, operational staff (e.g. HR, quality, Infection Control, etc) and IT security staff between small hospitals	✓ Reduce staff cost		

# RECOMMENDED TRANSFORMATION IS EXPECTED TO YIELD >\$400MM IN SAVINGS WHICH CAN BE REINVESTED INTO THE SYSTEM TO PROMOTE THE HEALTH OF VERMONTERS

Hospital transformation initiatives are expected to yield

**>\$400 MM**  
in direct savings in 5 years\*

\*Independent of savings from payment reform activities (e.g., AHEAD)

Savings can be reallocated to improve VT's healthcare system **outside of hospital-based care** including:

- Invest in community-based care (e.g., primary care, home health)
- Invest in social needs programs (e.g., housing, mental health)
- Bend the trend of rising health insurance premiums

Hospital transformation recommendations are expected to achieve direct and indirect savings

## Sources of Direct Savings

**>\$100 MM**

1. **Close inpatient facilities with unsustainable financials...because**  
Finances are projected to continue to decline, requiring a significant cash infusion to compensate for budget deficits

**>\$300 MM**

2. **Reduce hospital administrative costs ...because**  
Exceedingly high administrative costs in some hospitals have been driving hospital budget increases and state-wide costs
3. **Reduce costs through synergies ...because**  
Individual hospitals could benefit from shared services/staff

## Sources of Indirect Savings (to system)

1. **Deliver same procedures in Ambulatory Surgical Units and outpatient settings...because**  
Low-risk procedures can be delivered in non-hospital settings at a lower cost
2. **Expand access to primary care settings to manage patient needs...because**  
Some emergency visits are preventable if patients can access timely primary care
3. **Address social determinants of health ...because**  
Some inpatient stays and ED visits are avoidable if SDOH needs are addressed in the first place (e.g., housing)

# System Transformation – A Lifeline to Protect Vermont’s Essential Services.

- Statewide, Holistic Approach
- Intentional Redesign
- Address immediate challenges
- Prepare for future needs
  
- Continued inaction → market forces will lead to loss of essential services and abrupt hospital closures. Patients and entire communities will suffer.

