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Senate Health and Welfare Committee
Senator Virginia “Ginny” Lyons, Chair
House Committee on Health Care
Representative Alyssa Black, Chair
State House
115 State Street
Montpelier, VT 05633

Testimony of Michael Costa, President and CEO, Gifford Health Care

Good morning, and thank you for having me.

Before anything else, I want to acknowledge the legislators and staff in the room. This is hard work. Vermont’s health care challenges are real, complex, and deeply personal to many Vermonters. Everyone working in health care today recognizes the seriousness with which you’ve been tackling them.

That’s why today matters.

I think there’s a shared sense right now, among policymakers, regulators, and health care leaders, that we need to act. I think the evidence before us is that all of us are taking actions to improve our health system. I hope you’ve heard that come through in the testimony given already and it’s a big part of what I want you to hear from me as well. We get it.

I want to be very clear from my seat in Randolph too: **Gifford is all in.** I believe our peers at other hospitals are as well. Vermont *can* make progress if we stay focused on the fundamentals and move together in a sustained direction.

I don’t just say this as an idea. It reflects the process that Gifford Health Care began after the Oliver Wyman report and years of extraordinary losses. We did what we think responsible organizations should do: we looked in the mirror and asked two important questions.

- How do we become financially sustainable?
- How do we become important to Vermont’s broader health system?

The answer was not “do everything.” The answers were:

1. Let’s get patients to the right care, at the right place, at the right time, at the right price.
2. Let’s share resources with other mission driven health care institutions so that we’re all operating more efficiently.

This focus is already producing results.

When academic medical centers are full, Gifford can help as a pressure release valve. And, as I know you've heard from Dr. Leffler, UVM is almost always full. The same is true for Dartmouth. Gifford works with Dartmouth and UVM every day now, and we've increased our average daily census from 8 to 15, largely by accepting transfers from other hospitals. That's better for patients and better for the system. And it eases the financial and human resources pressures on our tertiary care centers and adds to our bottom line helping us be more sustainable. It's a win for them, for us, and much more importantly, it's a win for our patients.

We also became members of the New England Collaborative Health Network. We now share business insurance, health insurance, and group purchasing with a network of independent hospitals, FQHCs, and home health agencies.

Looking closer to home, we fixed schedules, reduced waitlists, and increased access to primary care, seeing more unique patients with higher productivity. We've also taken cost containment seriously. We have reduced administrative costs by shrinking staff, eliminating two service lines, and reducing clinician staffing by 15 percent, all while increasing productivity. The result is expense growth last year was just 0.6 percent, and we budgeted conservatively going forward.

Our financial picture is stabilizing. Days cash on hand has improved. We've been cash-flow positive for seven months. That's a big deal for us. We even posted positive operating income in October. The GMCB approved our FY26 budget without changes.

Just as important: we're investing in workforce, launching a nurse residency program and continuing to work on launching our family medicine residency program. Rural health care doesn't work without people, and we're growing our own.

So where do we go from here?

- We focus on the positive - what can we do right now to help with access and affordability?
- We forge more and deeper partnerships with UVM, Dartmouth, Rutland, Blue Cross and others, serving to better allocate people throughout our entire system.
- We share resources through the New England Collaborative Health Network, growing our shared services, particularly administrative services.
- We each find our leadership role within Vermont's system so each institution can be indispensable, not duplicative.

What do we need from you? Well, let me start by saying thank you for all you've done so far.

You set a plan in place with reference-based pricing and global budgets now and over the next few years. You have made real changes in our system, and hospitals have responded. Give this change time to work because it is working.

Thank you for your leadership, your partnership, and the opportunity to be part of the solution. I'm happy to take questions.