

Chair Lyons, Chair Black, and members of the Senate Health and Welfare and House Health Care Committees, thank you for the opportunity to be here today.

For the record, my name is Mike Del Trecco, and I serve as President and CEO of the Vermont Association of Hospitals and Health Systems. Today you will hear from three hospital leaders. I wanted to open by noting that the work they share reflects what is happening across all of Vermont's not-for-profit hospitals.

Hospitals recognize the significant financial pressure facing Vermonters and the state, and we agree the status quo is not sustainable. That reality has required difficult but necessary changes.

A key component of this work is our VAHHS Affordability Action Plan, which reflects a shared commitment across all hospitals. The plan is grounded in three pillars:

First, meeting the FY 2026 budgeted guidance: Working alongside legislative leaders and the Green Mountain Care Board, hospitals committed to eliminating \$230 million in operating expenses. These reductions came from real and specific changes in how hospitals operate, including administrative reductions, operational changes, and asking all staff—including physicians—to work more efficiently. These decisions required difficult tradeoffs and were made with one goal in mind: minimizing impacts to patient care.

Second, examining and committing to additional cost savings: VAHHS and its members partnered with Kaufman Hall, a nationally recognized consulting firm and through this work, hospitals have committed to reducing an additional \$100 million in costs over the next two years, \$50 million each year, bringing total operating expense reductions to \$330 million by FY 2028.

Third, committing to transformation: We are working with the Agency of Human Services, and with each other to develop regionalization and transformation plans that preserve access to care, particularly in rural communities where hospitals play a critical role beyond health care alone. These transformation efforts, some of which you'll hear about today, have identified additional targeted savings of approximately \$40 million.

Taken together, these efforts will meet the Oliver Wyman 2030 savings target two years ahead of schedule.

Over the next hour, you will hear more details about individual hospital plans and collaborative initiatives that are already producing results. These efforts—and many others—demonstrate hospitals' commitment to controlling costs, preserving access to care, and improving quality for Vermonters.

As the voice for all of Vermont's hospitals, you have my word that VAHHS will continue to make affordability a priority and we are committed to keeping this momentum going.

Thank you again for the opportunity to testify, and for all you do in service to our state.