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Feb 13

## UVMHC Benchmark to Medicare

Our first [newsletter](#) highlighted that hospitals account for **44.5%** of healthcare spending in the state, and that our six largest hospitals spend more on salaries for operating their hospitals, including administration & management, than hospitals of similar size and capabilities in other states. The high costs to run Vermont's hospitals translate into high costs for commercial insurance, impacting affordability for businesses, schools, and all Vermonters.

### **UVMHC is losing \$119,417,240 a year treating Medicare patients**

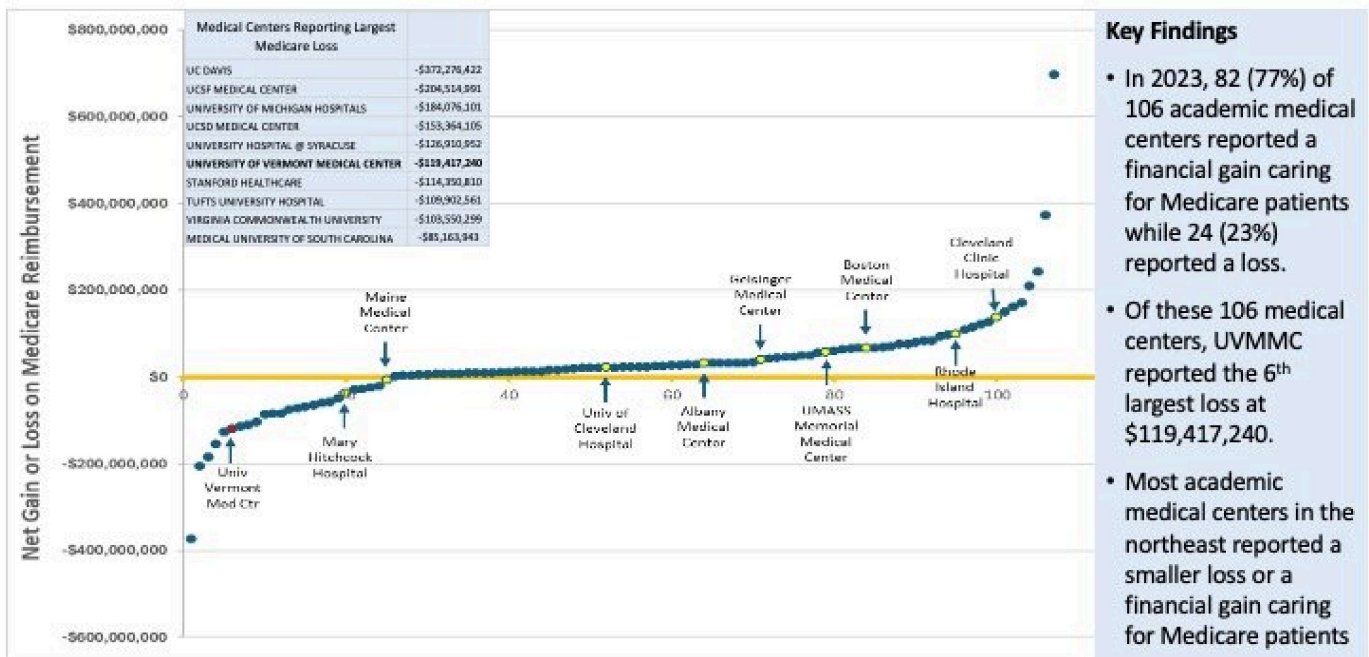
Today we explore high operating costs at our largest hospital, the University of Vermont Medical Center (UVMHC), bench marked against Medicare reimbursements. Medicare data is available nationally, allowing us to compare performance at UVMHC with other academic medical centers across the country. Also, Medicare pays for an older and medically complex population. Since Vermont has one of the oldest populations of any state, we should pay attention to how our hospitals stack up on this measure.

UVMHC has told the Green Mountain Care Board (GMCB) they are losing money caring for Medicare patients and that this forces them to charge commercial insurers higher rates to make up for that loss. However, national data suggests over three-quarters of academic medical centers either break even or make a profit caring for Medicare patients.

**Figure 1.** Academic medical centers experiencing a financial gain or loss on Medicare reimbursement.

## Costs To Operate Vermont's Hospitals

### Medical Centers With a Gain or Loss on Medicare Reimbursement



- Key Findings**
- In 2023, 82 (77%) of 106 academic medical centers reported a financial gain caring for Medicare patients while 24 (23%) reported a loss.
  - Of these 106 medical centers, UVMHC reported the 6<sup>th</sup> largest loss at \$119,417,240.
  - Most academic medical centers in the northeast reported a smaller loss or a financial gain caring for Medicare patients

### If most academic medical centers can break even or make money treating Medicare patients than why not UVMHC?

For over 80 of UVMHC’s peers, providing healthcare to an older population isn’t a financial disadvantage but UVMHC repeatedly cites Vermont’s aging population to excuse high costs. Meanwhile in Maine, where the population is even older than Vermont, the largest hospital system is closer to breaking even on Medicare reimbursements (see Maine Medical Center in Figure 1). While most academic medical centers in the northeast report a financial gain from Medicare reimbursement, **UVMHC claimed a \$119,417,240 loss** in fiscal year 2023 alone.

These results highlight the fact that the majority of academic medical centers across the country are able to break even or have a profit from Medicare reimbursement, and that many well-respected academic medical centers operate more cost effectively than UVMHC. The next newsletter will explore drivers that contribute to these high costs and highlight where there may be opportunities to improve affordability in Vermont.

Data from this analysis comes from NASHP Hospital Cost Tool Data Set, Release Date December 20, 2024 [NASHP Hospital Cost Tool | Overview](#)

### About VHC911

[VT Healthcare 911](#) is a coalition dedicated to bringing a wide range of Vermonters together to support action that will reduce the cost of commercial insurance in Vermont (currently the most

expensive in the nation). We use nationally available data to try and understand what is driving the high cost of insurance, identify opportunities to improve affordability, and work to make the information available for public use through a series of newsletters and other means.

### In Case You Missed It

- A consultant for Vermont’s Healthcare Advocate, Dr. Nancy Kane a retired professor who taught healthcare management and financial accounting at Harvard, testifies to the Vermont Senate Health & Welfare committee about the impact of owning New York hospitals on the UVMHN. Take ten minutes and watch the startling analysis <https://www.youtube.com/live/Rz1itNvKxJc?t=5237s>
- Former AHS Secretary Mike Smith sent the UVMHN a letter accusing the network of a “failure of leadership at the highest level.” Read VT Digger’s coverage here: <https://vtdigger.org/2025/02/12/mike-smith-former-human-services-secretary-accuses-uvm-health-network-of-a-failure-of-leadership/>

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