



Vermont Hospital Transformation Grant Opportunity

Program Guidance and Application

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Grant Opportunity Overview

In June 2025, the Vermont Legislature passed [Act 68](#) of 2025 to advance transformation of Vermont’s health care system and generate improvements in health outcomes, population health, quality of care, regional access to services, and reduction of health disparities.

Act 68 allocated \$2 million to the Agency of Human Services (AHS) to award grants to hospitals in state fiscal year 2026 that, “actively participate in health care transformation efforts to assist them in building partnerships, reducing hospital costs for hospital fiscal year 2026, and expanding Vermonters’ access to health care services, including those delivered via telehealth.”

The overall goals of Act 68 include:

- Improving health outcomes and enhancing care quality;
- Controlling costs and ensuring equitable access to health care services;
- Transforming the health care system to include an integrated care system;
- Stabilizing providers and managing hospital costs; and,
- Attracting and retaining high-quality health care professionals while supporting the workforce.

To support these goals, **the Hospital Transformation Grant Opportunity provides funding to Vermont hospitals to advance the development and implementation of hospital and regional transformation strategies and plans.**

The Hospital Transformation Grant Opportunity is one component of AHS’s approach to supporting hospital and system-wide health care transformation efforts. AHS aims to:

- Achieve health system cost sustainability and effectiveness, workforce retention and growth, improved patient access, and improved outcomes of care.
- Support the design of strategic regionalization of services to match population needs to services, establish access to regional care delivery systems with aligned referral pathways, information mechanisms, and clinical and administrative partnerships between organizations.
- Maintain access to local essential services.



AHS will continue to engage hospitals in regional and individual meetings to support the development and alignment of transformation and regionalization efforts. Throughout the process, AHS will provide analytic supports to deliver insights on patterns of healthcare delivery in Vermont that will help AHS and hospitals with transformation planning.

Eligibility

To be eligible for a hospital transformation grant:

- a. Applicant must be a Critical Access Hospital (CAH) or Prospective Payment System (PPS) hospital physically located in Vermont, excluding Academic Medical Centers and psychiatric hospitals.
- b. Applicant hospital must engage in the hospital and regional transformation work led by AHS.
- c. Applicant hospital must provide the following:
 - i. Form W-9
 - ii. Completed application, including proposed budget and transformation strategies draft outline (see Reporting Requirements below)

General Program Guidance

- a. **Application Period:** September 22, 2025 through October 10, 2025. Applications should be submitted to AHS.HealthCareReform@vermont.gov.
- b. **Grant award period:** October 1, 2025 through September 30, 2026.
- c. **Available funding:** Applicant hospitals may request up to \$153,846. Funding will be awarded on a first come, first serve basis.
- d. **Eligible expenses:** Applicant hospitals are invited to submit a budget proposal for items related to the development and implementation of hospital and regional transformation strategies. Examples of expenses for reimbursement include:
 - iii. Employee time devoted to the development of transformation strategies and plans.
 - iv. Vendor time to conduct analyses and develop implementation plans for care transformation work.
 - v. Start-up costs to implement shared service arrangements.No more than 15% of funding can be spent on indirect costs as an overhead rate.¹

¹ The 15% should use a Modified Total Direct Costs (MTDC) base, which consists of: All direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000



AHS reserves the right to negotiate proposed budgets.

Grant awards will be made to hospitals individually. Hospitals may, however, choose to coordinate the use of their awards with one or more eligible hospitals to advance regional transformation efforts. For example, two hospitals that receive grant awards may pool resources to jointly engage a single vendor that supports transformation planning within their region. Hospitals are responsible for determining and managing how such shared arrangements are coordinated. Each hospital remains responsible for fulfilling reporting requirements on an individual basis.

- e. **Payment structure:** Grant awards will be paid on a reimbursement basis. Requests for reimbursements may be submitted quarterly.² Financial reports must be submitted using an AHS approved Excel based Financial Workbook, and must include details on personnel services, operating expenses, direct charges, and administrative expenses.

- f. **Anticipated timeline:**

Milestone	Date
Grant Application Period Opens	September 22, 2025
Grant Application Period Closes	October 10, 2025
Submit Transformation Strategies Draft Outline*	October 10, 2025
Submit Draft Transformation Plan	January 15, 2026
Submit Completed Transformation Plan	March 30, 2026
Grant Award Period Closes	September 30, 2026

* Submitted as part of the grant application

Reporting Requirements

The Hospital Transformation Grant Opportunity provides funding to hospitals to support the development and implementation of hospital and regional transformation plans. Successful applicants must report on the development of their transformation plan at three stages throughout the grant award period: Draft Strategies Outline, Draft Plan, and Final Plan.

of each sub award (regardless of the period of performance of the sub awards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each sub award in excess of \$25,000. AHS may exclude other items when necessary to avoid a serious inequity in the distribution of indirect costs.

² Monthly reimbursement may be considered in some circumstances depending on grantee need and AHS capacity.



Reporting Requirement	Due Date	Details
Transformation Strategies Draft Outline <i>(submitted as part of the grant application)</i>	October 10, 2025	Can be a bulleted list or short narrative to reflect the hospital's current thinking and priority areas, including priorities identified through engagement with AHS in individual and regional convenings. See outline template provided in Appendix A.
Draft Transformation Plan	January 15, 2026 <i>Anticipated</i>	Should identify strategies, partners, resource needs, timeline, and preliminary details, but may not include fully developed operational plans.
Completed Transformation Plan	March 30, 2026 <i>Anticipated</i>	Should present fully developed operational plans, including specific activities, timelines, responsible parties, impact analysis, and metrics for success aligned with Act 68 and AHS goals. Final plans will provide a comprehensive, actionable roadmap for transformation efforts.

The Agency may provide a template or required format for draft and final plans to support consistency and ease of review. AHS will review and approve the transformation documentation at each phase.

The purpose of the Transformation Strategies Draft Outline is to identify which strategic priorities each hospital proposes for further development, based on the focus areas that have emerged as opportunities from analysis and planning work done to date and hospital and regional discussions. The outline also assists with identifying additional inputs required and supports the application process for H.R.1. Rural Health Transformation Program.

The three strategic focus areas that hospitals are asked to address (any one or more) in the Transformation Strategies Draft Outline include:

1. **Hospital to Hospital Transfers.** Effective hospital to hospital transfers are critical for managing capacity and acuity, maintaining continuity of care, improving patient outcomes, and managing costs and resource allocation within the healthcare system.
2. **Shared business/administrative/purchasing opportunities.** Sharing essential non-clinical support, such as billing, human resources, IT, training systems, etc. present a considerable opportunity for increased focus on patient care, improving efficiencies and economies of scale, and can help independent organizations navigate the challenging landscape.



3. **Clinical Services Delivery Redesign.** The goal of clinical services redesign is to ensure “the right resources reach the right patient in the right place at the right time.” Redesign will improve outcomes of care by changing how services will be enhanced for a specific population within a regional geographic area. By addressing health system organization, clinical pathways, information and transportation infrastructure, and provider collaboration, redesign can lead to improved patient outcomes, reduced costs, and standardized quality of care.

The purpose of the draft and final transformation plan is to further document the approved strategies and document goals and objectives, tasks and timelines, resource allocation, roles and responsibilities, risk management analysis, monitoring and evaluation plans, communication plan, and budget for strategies the hospital(s).

Any questions or comments may be submitted to AHS.HealthCareReform@vermont.gov.



Application for the Vermont Hospital Transformation Grant Opportunity

Please complete the following questions and submit your application to AHS.HealthCareReform@vermont.gov by **October 10, 2025**. Please note, applications submitted to the State are considered public records and may be subject to disclosure under the Vermont Public Records Act. Hospitals must submit their application in two versions:

1. **Complete Version** – the full application, including all responses.
2. **Redacted Version** – a version prepared by the hospital that includes all proposed redactions, as exemptions from public record disclosure ([1 V.S.A. § 317](#)), accompanied by a document explaining the basis for each redaction.

In the event of a public records request, the Agency will rely on all properly submitted redactions in its initial disclosure. Additional details about this procedure can be found in Vermont Statute Title 1, Chapter 5, Subchapter 3.

Applicant Information

Business Name (from Tax Return):	
Address (from Tax Return):	
City:	
State and Zip Code:	
Primary Contact Name and Title:	
Contact Phone Number:	
Email:	
Secondary Contact Name and Title:	
Contact Phone Number:	
Email:	
Signatory name and title (President, CEO, or CFO authorized to sign grant):	
Signatory Phone Number:	
Signatory Email:	

Does your organization currently participate in the hospital and regional transformation work led by AHS?

☐ Yes ☐ No

Will your organization continue to participate in the hospital and regional transformation work led by AHS during this grant period?

☐ Yes ☐ No

Have you included an updated Form W-9 for your organization with your application?

☐ Yes ☐ No



Application questions

1. Please submit the total funds requested and a summary of the basis for the amount requested. Include a table (or attach a budget document) outlining the specific item(s) and the justification for each item. (Max 600 words).
2. Using Appendix A, please attach a Hospital and Regional Transformation Strategies Draft Outline for your hospital.
3. Optional: Please provide any other information that might be helpful to evaluate your application (Max. 350 words):



Appendix A: Hospital and Regional Transformation Strategies Draft Outline

Hospital Name:	
Primary Contact Name:	
Primary Contact Email:	
Primary Contact Phone Number:	

Please complete a Hospital and Regional Transformation Strategies Draft Outline for your hospital using the prompts below. Responses can be submitted as a bulleted list or short narrative and should reflect the hospital's current thinking and priority areas, including priorities identified through engagement with AHS in individual and regional convenings. Applicants should note when sections are not applicable or where the hospital has not yet identified a transformation strategy. **This outline should be submitted as an attachment to your Hospital Transformation Grant Opportunity application and submitted no later than October 10, 2025 to AHS.HealthCareReform@vermont.gov.**

Transformation Strategies Draft Outline should include how the hospital will address one or more of the following strategic priority areas:

1. Hospital to Hospital Transfers

- AHS has consistently heard the need for a centralized and/or standardized regional process to support interhospital acuity management and patient flow. Briefly outline your hospital's proposal to address the goal of increasing timely and appropriate transfers, optimizing local acuity and bed utilization, and ensuring appropriate levels of care while preserving patient safety, proximity, and hospital fiscal health.
- Provide details about enhancements needed to the workforce, workflows, transportation, training, information transfer and other infrastructure needed to collaborate with a centralized and/or regionalized transfer center (i.e. to facilitate transfer to and from other CAH and larger hospitals such as UVM, Dartmouth, and other medical centers to ensure patient safety and quality of care, improve process efficiency, enhance patient and family experience, and achieve interoperability.)
- Describe the anticipated financial impact (investments and savings) of this work on your hospital, if known.
- Describe any resource requirements (subject matter expertise, technology, equipment, transportation, etc.) that would be anticipated that are currently outside of your scope or budget and are needed to implement the work.



2. Optimizing shared business/administrative/purchasing opportunities

- Briefly outline your hospital's proposal to engage in shared purchasing opportunity (HR, IT, EMR, Finance, Supply Chain, CMO, Clinical Education, Workforce Talent Pipeline Program, etc.)
- Provide detail about what mechanism will be used to enter into a shared arrangement.
- Describe the anticipated financial impact (investments and savings) of this work on your hospital, if known.
- Describe any resource requirements (analytic, subject matter expertise, equipment, transportation, etc.) that are currently outside of your scope or budget and are needed to implement the work.

3. Clinical Services Delivery Redesign

- Briefly outline your hospital's proposal to improve outcomes of care by changing how services could be delivered for a specific population within a regional geographic area. Identify which service/clinical pathway is under hospital consideration for:
 - Creation/joining of a regional Clinically Integrated Network (i.e., sharing of specialty services), Center of Excellence (i.e. consolidation of service to a higher volume center), or Hub/Spoke model (i.e. triaging highly specialized services to one location while providing more general services at multiple other locations), and/or
 - Reallocating or better coordinating care from the hospital inpatient setting to an outpatient setting (e.g., via Primary Care, Mobile Integrated Health, Home Health and Hospice, other community partnerships)
- Describe how this might change any service lines you currently offer (i.e., reduction, elimination, enhancement, or addition).
- Briefly describe how this proposal will impact patient access (including drive times, proximity, and transportation needs), patient safety and quality of care, process efficiency, patient and family experience, and workforce recruitment and retention.
- Describe how providers may collaborate, share data, and coordinate care, including the legal structures that may be needed to support this work.
- Share how the service will be governed to establish and share best practices and monitor outcomes.
- Provide detail about what/how planning process will engage and involve stakeholders involved in the provision of the continuum of care, ranging from other hospitals to transportation to health and human community-based services.
- Describe the anticipated financial impact (investments and savings) of this work on your hospital, if known.



- Describe any resource requirements (analytic, training/expertise, technology, equipment, transportation, etc.) that would be anticipated that are currently outside of your scope or budget and are needed to implement the work.