SOLVENCY RISKS NECESSITATE SIGNIFICANT, IMMEDIATE, AND INTENTIONAL TRANSFORMATION

Legislative Joint Fiscal Committee

Thursday, October 16, 2025

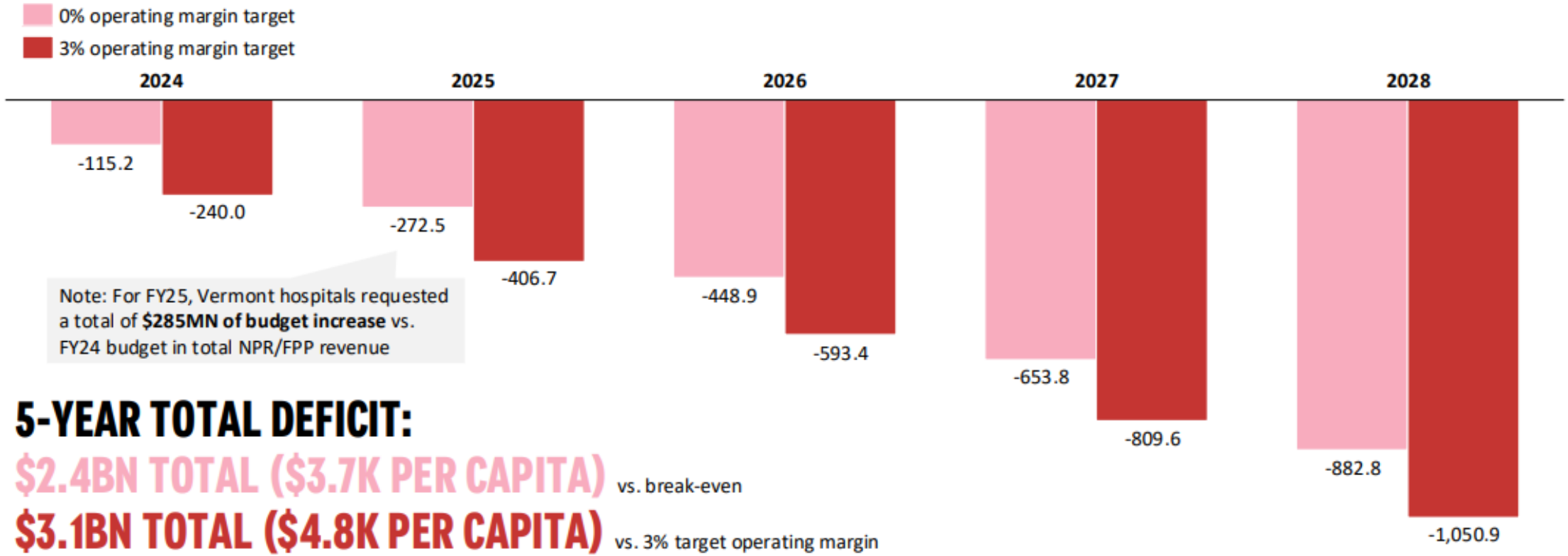
Green Mountain Care Board

Owen Foster, Board Chair

Emily Brown, Executive Director

ACROSS ALL VT HOSPITALS: CUMULATIVE LOSSES OVER A 5-YEAR PERIOD WILL REQUIRE AN ADDITIONAL $2.4BN TO BREAK EVEN, ASSUMING 3.5% REVENUE, 7-8% EXPENSE GROWTH

Financial deficit vs. revenue needed to achieve 0% or 3% operating margin, assuming 3.5% revenue and 7-8% expense growth[1]
2024F-2028F, USD MN



5-YEAR TOTAL DEFICIT:

$2.4BN TOTAL ($3.7K PER CAPITA) vs. break-even

$3.1BN TOTAL ($4.8K PER CAPITA) vs. 3% target operating margin

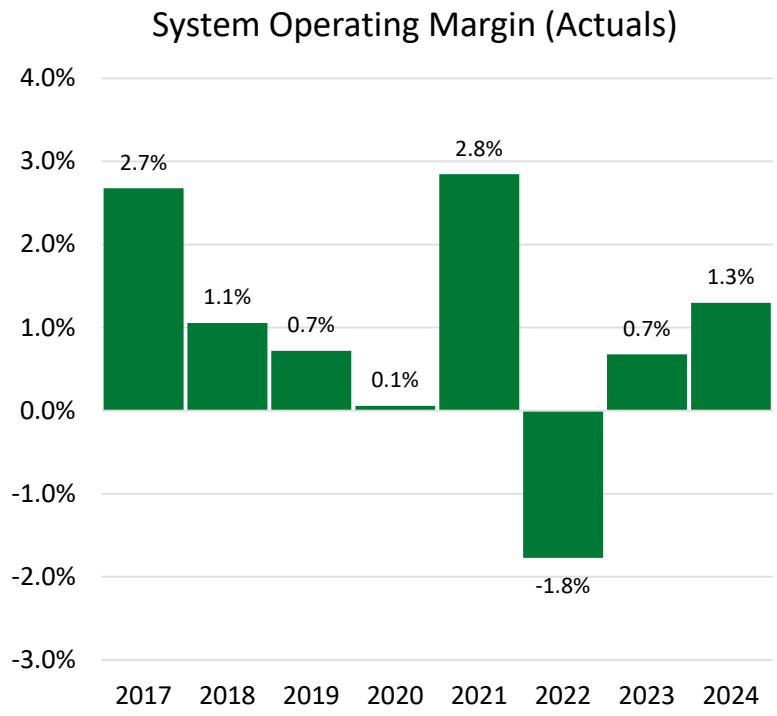
1. Assuming 340B payments remain constant, with growth due to inflation only at 3%, 3.5% annual non-340B revenue growth, 10% annual expense growth on non-MD salaries and benefits, 5% annual expense growth on physician fees, salaries, and benefits, and 7% growth in other operating expenses from 2024 onwards 2. Projection were based on FY2023 actuals as baseline (except Gifford Medical Center using a 1.84% operating margin hypothetical baseline for FY23)
Source: GMCB hospital financial records, GCMB FY25 budget requests (accessed August 2024), Oliver Wyman analysis

Slide from Oliver Wyman final report posted on GMCB website.

Solvency Risks Necessitate Immediate, Significant and Intentional Transformation

	Operating Margin								
Hospital	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Brattleboro Memorial Hospital	-3.1%	-2.4%	0.8%	0.6%	-1.7%	-3.8%	-1.7%	-5.1%	-2.3%
Central Vermont Medical Center	-0.9%	-3.8%	-2.1%	-0.6%	-1.0%	-6.5%	-6.5%	1.7%	-0.8%
Copley Hospital	-0.6%	-3.3%	-3.2%	-3.9%	5.1%	-0.7%	-1.3%	1.2%	1.6%
Gifford Medical Center	-1.6%	-10.7%	-0.8%	2.5%	8.8%	7.0%	-8.3%	-18.2%	-4.3%
Grace Cottage Hospital	-6.9%	-2.9%	-6.7%	1.1%	8.0%	-6.8%	-7.2%	-9.9%	-0.4%
Mt. Ascutney Hospital & Health Ctr	2.7%	1.9%	-0.1%	0.9%	9.1%	1.7%	2.0%	1.2%	0.4%
North Country Hospital	-2.3%	-2.3%	1.9%	3.7%	7.0%	-10.3%	-8.9%	-2.5%	0.2%
Northeastern VT Regional Hospital	1.9%	1.7%	1.8%	1.3%	2.9%	0.2%	-3.6%	0.1%	-1.4%
Northwestern Medical Center	-1.2%	-3.4%	-8.0%	-0.9%	4.7%	-4.3%	-6.6%	-2.5%	-2.4%
Porter Medical Center	2.7%	1.8%	5.2%	4.1%	7.7%	3.1%	7.6%	4.7%	4.6%
Rutland Regional Medical Center	1.6%	0.5%	0.4%	0.2%	2.2%	-3.8%	2.1%	0.9%	4.6%
Southwestern VT Medical Center	3.7%	4.6%	3.3%	2.8%	4.5%	-0.2%	-3.8%	0.0%	-0.8%
Springfield Hospital	-7.1%	-12.8%	-18.4%	-11.2%	1.2%	5.4%	-0.9%	-1.1%	-3.7%
The University of Vermont Medical Center	5.2%	3.4%	2.2%	-0.3%	2.3%	-1.2%	3.1%	2.7%	2.7%

FY17-24 Actuals, FY25 Projected



Cash and Margin through June 2025

Days Cash on Hand	FY24 Actuals	FY25 Actuals (Q3)	% Change
BMH	100.3	84.1	-16%
CVMC	78.1	79.9	2%
Copley	63.4	61.2	-4%
Gifford	78.1	65.4	-16%
Grace	86.2	80.5	-7%
Mt. Ascutney	221.4	217.1	-2%
North Country	201.3	170.3	-15%
NVRH	101.0	96.5	-4%
Northwestern	256.8	220.8	-14%
Porter	118.0	109.3	-7%
Rutland	244.1	237.9	-3%
SVMC	52.9	46.0	-13%
Springfield	42.9	32.7	-24%
UVMMC	136.5	126.4	-7%

Operating Margin	FY25 (Q3)	
	Income ($M)	Margin (%)
BMH	-$10.86	-12.8%
CVMC	$0.16	0.1%
Copley	$1.39	1.6%
Gifford	-$2.97	-6.4%
Grace	-$0.96	-4.1%
Mt. Ascutney	-$0.26	-0.5%
North Country	-$0.00	0%
NVRH	-$3.04	-3.1%
Northwestern	-$2.21	-2.1%
Porter	$4.99	4.9%
Rutland	$10.23	3.7%
SVMC	-$0.25	-0.1%
Springfield	-$2.34	-4.7%
UVMMC	$17.36	1.0%

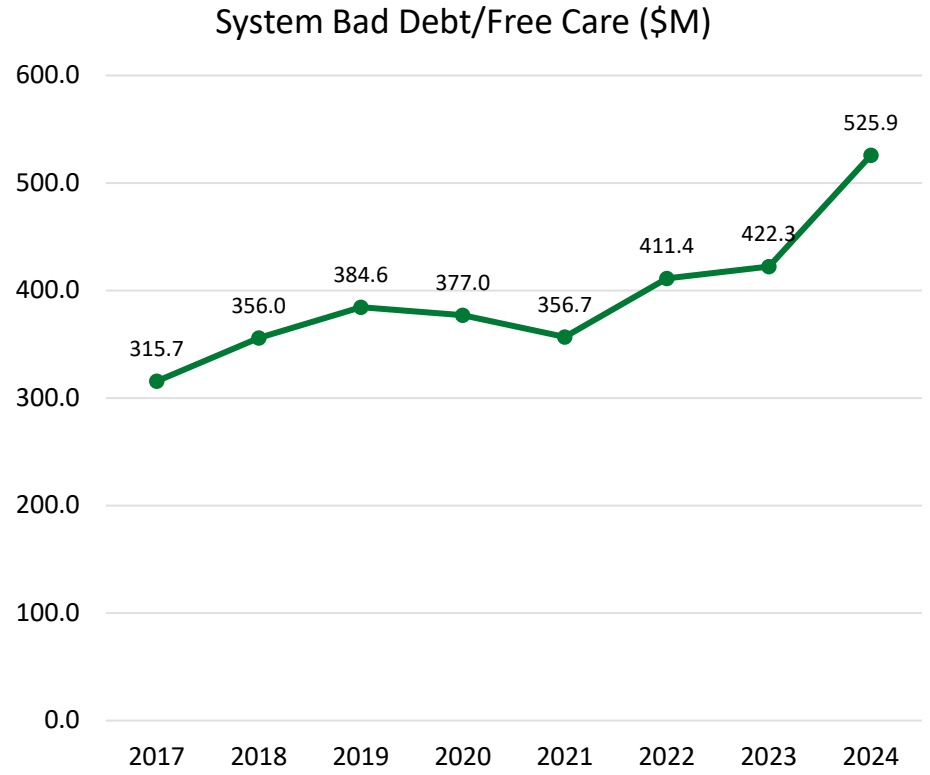
Cash and Margin - Proposed Budget 2026

	FY26 Budget as submitted			
	DCOH	Operating Income	Operating Margin	Reduced NPR *from submitted*
BMH	93.4	$0.2M	0.2%	-$1.9M
CVMC	79.0	$0.1M	0.0%	-$0.1M
Copley	66.3	$3.5M	2.7%	-$0.7M
Gifford	89.9	$1.6M	2.3%	
Grace	81.1	$0.3M	0.8%	
Mt. Ascutney	186.5	$0.6M	0.7%	
North Country	189.3	$0.8M	0.7%	
NVRH	81.8	$1.1M	0.8%	
Northwestern	198.6	-$8.0M	-5.7%	
Porter	110.8	$9.8M	6.9%	-$0.03M
Rutland	154.1	-$5.0M	-1.4%	
SVMC	50.9	-$1.0M	-0.4%	-$3.3M
Springfield	33.4	$0.03M	0.0%	
UVMMC	134.4	$72.0M	3.0%	-$88.5M

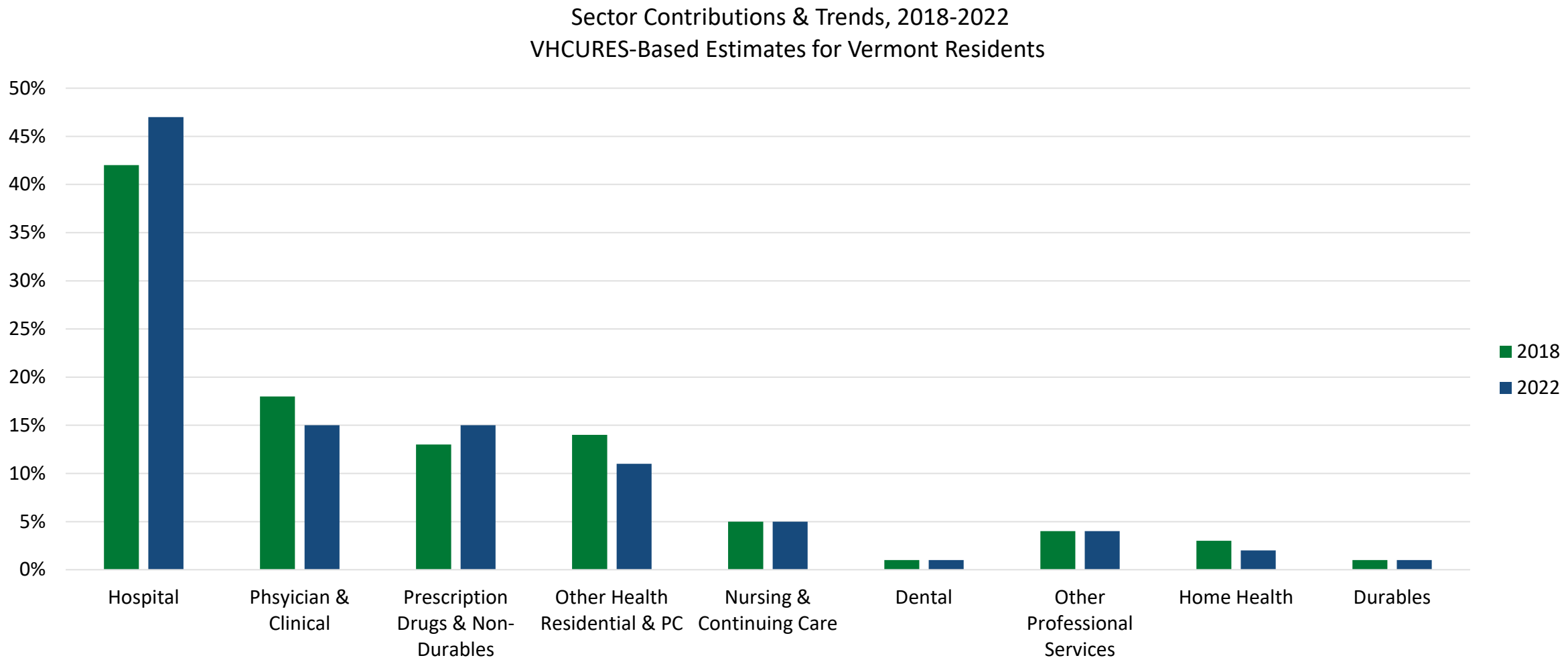
DCOH S&P Global Ratings	
Highly Vulnerable	<80
Vulnerable	80-110
Adequate	110-160
Strong	160-205
Very Strong	205-275
Extremely Strong	>275
Source: FY26 HBR Metric Inventory	

Bad Debt + Free Care

Hospital	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY17-FY24 CAGR
BMH	17.35	18.00	16.42	15.89	13.93	18.68	20.42	22.14	3.5%
CVMC	26.12	24.37	28.96	26.39	28.13	29.09	28.71	32.09	3.0%
Copley	7.05	7.00	7.44	10.12	12.30	17.53	20.04	23.30	18.6%
GMC	10.18	9.62	8.87	8.49	9.02	7.47	7.54	7.66	-4.0%
Grace Cottage	2.40	2.17	2.06	2.58	2.99	2.92	3.02	4.36	8.9%
Mt. Ascutney	5.90	6.46	8.88	8.97	8.67	9.40	10.71	10.77	9.0%
North Country	11.00	10.99	14.89	16.00	8.86	18.59	11.86	16.13	5.6%
NVRH	18.18	18.26	19.28	17.70	17.24	16.66	23.70	24.15	4.1%
NMC	16.36	22.91	22.77	24.91	27.18	26.23	19.93	49.06	17.0%
Porter	14.44	16.06	16.89	16.72	16.42	20.65	17.12	15.81	1.3%
Rutland	34.00	38.25	42.28	44.02	35.04	35.08	43.43	62.98	9.2%
SVMC	20.63	23.32	24.91	26.88	26.29	26.75	28.54	31.55	6.3%
Springfield	20.63	22.11	21.02	15.84	8.50	12.41	11.60	15.02	-4.4%
UVMMC	111.43	136.44	149.95	142.44	142.10	169.91	175.70	210.86	9.5%
System total	**315.66**	**355.97**	**384.63**	**376.98**	**356.68**	**411.38**	**422.31**	**525.90**	**7.6%**

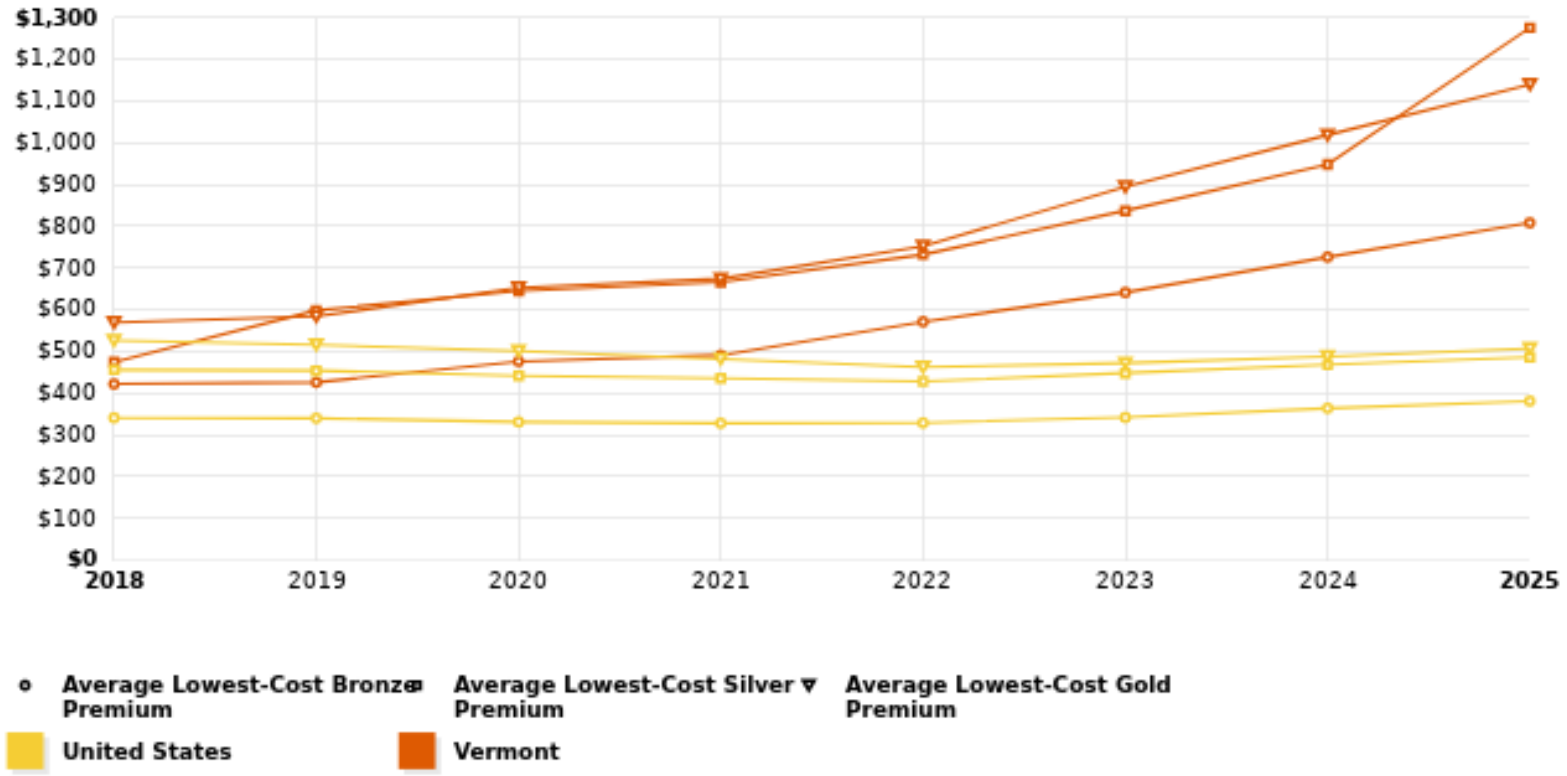


Hospital spending is a major driver of health care spending



Vermont: An Outlier on Health Care Affordability

Average Marketplace Premiums by Metal Tier



SOURCE: KFF's State Health Facts.

Between 2018 and 2025 marketplace premiums in Vermont experienced a compound annual growth rate between 10% and 15%, compared to -1% and 2% Nationally.

Over this period, premiums for the average lowest cost silver plan grew 169%.

eAPTC Expiration

Blue Cross

Estimated membership loss: -3,017 members (12.6% of Feb. 2025 membership of 23,952)

Total premium impact: +6.6%

Approach: Blue Cross categorized its subscribers by 1) the expected change in their net premiums as a percentage of income, and 2) their claims level. To categorize claims, Blue Cross created a low claims category (fewer than $1 in claims) and a high claims category (top 5%) and split the remaining subscribers into four quartiles. It then ran 5,000 simulations, varying the percentage of members in each category choosing to remain in the market.

MVP

Estimated membership loss: -22,052 member months (17.0% of total)

Total premium impact: +6.7%

Approach: MVP relied on analyses done by the Congressional Budget Office and consulting groups, as well as its own historical claims and risk score data. Based on these inputs, it assumed the lapse of 25% of APTC-subsidized contracts that have no hierarchical condition categories (HCCs) and 12.5% of APTC-subsidized silver and bronze contracts that have one HCC.

Accessibility Requests

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Kristen LaJeunesse
Communication & Information Officer
Green Mountain Care Board
Kristen.LaJeunesse@vermont.gov
(802) 622-4134