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**Notes from editor (not for publication):**

HEADLINE ELEMENTS:

####BEGIN HED####

1 BMH taps outside advisers to help with budget  
2 challenges

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3 As Vermont health care regulators express financial  
4 concerns, the hospital tries to reassure staff and patients

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5 TEXT BODY:

####BEGIN TEXT####

6 Brattleboro Memorial Hospital is hiring two outside  
7 advisers to help address an operating budget shortfall and related  
8 questions from state regulators.

9 The not-for-profit will work with Ovation Healthcare, a  
10 national support organization, and David Sanville, a former chief

financial officer at Windsor's Mt. Ascutney Hospital, according to a social media announcement.

"Let me say this very clearly: Brattleboro Memorial Hospital is not closing," acting co-CEO Elizabeth McLarney, an orthopedic surgeon, said in a Facebook video posted on Oct. 17.

"We are fully engaged in ensuring that BMH remains a strong, independent and trusted part of this community," added fellow leader Tony Blofson, a primary care physician.

Administrators are still calculating the exact shortfall in a \$119 million annual budget that ended Sept. 30. They've usually offered updates through internal emails to the hospital's more than 500 staffers and 150 community "corporator" supporters.

To reach more people, McLarney and Blofson — who were appointed interim leaders after this month's unexplained leave of absence of CEO Christopher Dougherty — publicized their latest message on Facebook.

In a minute-long video, the two read a shared statement that aimed to reassure the 45,000 residents in the hospital's service area.

"For generations, BMH has been a cornerstone of care in this region," Blofson said. "We're going to keep it that way by adapting and innovating, doing whatever it takes to continue to provide you with the highest quality care."

"We're in this with you, and we are here to stay," McLarney added. "Thank you for your trust, support, and patience."

## ((Subhed))

Administrators at the 61-bed hospital, one of Brattleboro's three largest employers, have blamed their fiscal problems on everything from too many unpaid patient bills to their staff's rising health insurance costs. In response, they have launched a hiring freeze and let go of six administrators.

But regulators at Vermont's Green Mountain Care Board have questioned the budget numbers themselves, noting in an

45 Oct. 1 ruling that “missing, incomplete and inaccurate  
46 information makes it challenging to understand BMH’s current  
47 financial position.”

48 The board ordered the hospital to revise its budget or risk  
49 becoming the first Vermont health care facility to receive state  
50 intervention under a new law.

51 In a written update to VT Digger, regulators noted that “it  
52 is our understanding that BMH is working diligently to address  
53 concerns” and the board would review the new numbers once  
54 received.

55 Hospital leaders hope the outside advisers will help. On  
56 its website, Ovation Healthcare says it has worked with more  
57 than 375 hospitals and health systems in 47 states, including the  
58 nearby Springfield Hospital, a 25-bed facility that had to  
59 reorganize its finances through the Chapter 11 bankruptcy  
60 process in 2019 and 2020.

61 “Springfield Hospital,” the Ovation site says, “went from  
62 one day’s cash on hand and millions owed to vendors and banks  
63 to a lower total debt, improved cash flow, and positive days  
64 cash.”

65 Five years later, the Green Mountain Care Board noted in  
66 a recent ruling that “Springfield is an efficient hospital that can  
67 deliver care at lower-than-average cost.”

68 That said, regulators added, “we are concerned about  
69 Springfield’s financial health” because of smaller yet continued  
70 negative operating margins in the past three fiscal years.

## 71 **How the crisis grew**

72 “We fully recognize that we are in a very bad financial  
73 condition,” one hospital official said at an Aug. 6 budget review  
74 hearing. “We need to increase cash and decrease our payables  
75 and receivables.”

76 Vermont health care regulators, for their part, cited a  
77 bigger problem: fiscal figures they say don’t add up.

78 “BMH has not accurately or completely answered many  
79 questions,” the state’s Green Mountain Care Board wrote in an  
80 Oct. 1 decision on hospital spending.

81 At a Sept. 3 hearing, for example, the board said hospital  
82 filings were projecting a deficit of \$2.8 million and, at the same  
83 time, reporting a year-to-date loss of \$10.8 million.

84 The hospital is limiting comment on its finances, saying  
85 only that administrators are cooperating with regulators. But the  
86 extent of the challenge can be gleaned from Green Mountain  
87 Care Board records, reports, and recordings full of red ink.

88 BMH hasn’t reported a positive operating margin since  
89 2020, according to board figures. But regulators didn’t initially  
90 see that as a red flag, as Vermont’s 13 other community hospitals  
91 also faced budget problems during the pandemic and a  
92 subsequent boom in patients that drove up spending.

93 Brattleboro, which ranks eighth in the state for net  
94 patient revenue, isn’t as large as Burlington’s University of  
95 Vermont Medical Center, Rutland Regional Medical Center, or  
96 Berlin’s Central Vermont Medical Center, all which can offer  
97 more profitable subspecialties.

98 On the flip side, BMH’s 61-bed count isn’t small enough  
99 to be one of the state’s eight “critical access hospitals” (up to 25  
100 beds in a rural location) that qualify for federal support.

101 Brattleboro’s financial plight became public in May,  
102 when the hospital warned it had four months to find \$4 million in  
103 reductions and new revenue to balance its budget by Sept. 30.

104 “Like rural hospitals here in Vermont and across the  
105 nation, BMH faces significant financial challenges that have been  
106 imposed on us in large measure by both the state and federal  
107 governments,” Dougherty wrote in the email to community  
108 supporters.

109 The not-for-profit pointed to its status as the state’s only  
110 Medicare-dependent hospital, meaning at least 60% of its  
111 admissions are Medicare patients age 65 or older. Brattleboro’s  
112 Medicare reimbursements for professional services have declined

113 by almost 3% annually, Dougherty wrote. At the same time, the  
114 hospital is paying \$600,000 a month in Vermont health care  
115 provider taxes — charged to facilities statewide — to help fund  
116 Medicaid expenditures for people with limited incomes.  
117 “While part of that money comes back to us,” Dougherty  
118 wrote of the provider taxes, “the state recently reduced the  
119 percentage of annual return to less than 10%.”

## 120 **‘System inefficiencies’**

121 State regulators see the numbers differently. In last year’s  
122 budget decision, they noted that Brattleboro Memorial Hospital’s  
123 low Medicare payment-to-cost ratio, clinical productivity data,  
124 and higher-than-average wait times indicated “system  
125 inefficiencies” that could be reduced through better management  
126 of expenses.

127 Hospital administrators went on to launch a hiring freeze  
128 and let go of six administrators in hopes of lowering its staff count  
129 from 543 last spring to 513 this fall. The hospital also recently  
130 won selection to a Centers for Medicare & Medicaid Services’  
131 Rural Community Hospital Demonstration project that helps with  
132 financial reimbursements.

133 But during the state’s annual budget hearings in August,  
134 hospital administrators detailed an even longer list of troubles.

135 Unpaid patient bills had risen as high as \$50 million  
136 after the arrival of Covid, and BMH experienced a 2024  
137 cyberattack on its electronic claims processor. And costs had  
138 increased for everything from a self-funded employee health  
139 benefit plan to salaries of travel nurses and other contract  
140 workers.

141 As for the future, administrators told the board the  
142 hospital could lose nearly \$4 million a year if the federal  
143 government doesn’t extend a subsidy provided to Medicare-  
144 dependent and low-volume facilities.

145 Another \$700,000 is at risk annually if the hospital is  
146 dropped from a national drug pricing program, “340B,” which  
147 offers financial help.

148 Administrators also are unsure about the impact of new  
149 U.S. tariffs and a coming switch from the OneCare Vermont  
150 accountable care organization, closing at the end of 2025, to  
151 another company.

152 In response, state regulators praised Brattleboro’s high  
153 scores in patient satisfaction before pointing out their own  
154 problems receiving budget data.

155 Asked to submit management salaries, for example, the  
156 hospital didn’t provide numbers but instead simply noted, “We  
157 were just recognized by the Lown Institute as the best hospital in  
158 Vermont for pay equity, which they measured using our CEO’s  
159 comp in comparison to a median [support] employee.”

## 160 **‘Survival of the hospital’**

161 After repeatedly requesting other facts and figures to no  
162 avail, regulators began to make noise.

163 “It’s not a surprise to Brattleboro Memorial Hospital that  
164 GMCB staff have been consistently concerned about the  
165 accuracy of information that’s been submitted,” Mark Hengstler,  
166 the regulators’ attorney, said at a recent hearing, underlining the  
167 board’s multiple inquiries.

168 “It is really hard to properly evaluate your budget when  
169 we just have discrepancies, inconsistencies, and unanswered  
170 questions,” added board member Jessica Holmes, a professor of  
171 health economics and public policy at Middlebury College. “I  
172 don’t think I’ve ever said that to a hospital in the 10 years that I’ve  
173 been doing this.”

174 According to the hospital, its two staffers charged with  
175 helping regulators had been busy addressing the shortfall.

176 “Our financial condition has really interfered with  
177 preparing and submitting the documentation,” Laura Bruno, the

178 chief financial officer, told regulators in August. "I've been fully  
179 focused on the survival of the hospital."

180 The board wasn't swayed.

181 "I understand your financial condition, and we're very  
182 worried about it, and so we really need to ensure that the data  
183 that is submitted is accurate," Holmes said in response. "Your  
184 regulator is asking you questions, and it is your obligation to  
185 answer."

186 The state reiterated that in its Oct. 1 budget ruling.

187 "Stated as directly as possible, we are deeply concerned  
188 about BMH's solvency," the board wrote. "We believe that its  
189 leadership must make big strides to adjust course."

190 "While we do not yet have a budget resubmission date,  
191 we take the concerns in the budget order very seriously,"  
192 McLarney and Blofson said in a statement to VTDigger earlier this  
193 month. They reported they were "in the process of evaluating the  
194 hospital's overall financial status" and working to hire a  
195 consultant, which turned out to be Ovation Healthcare.

196 "We will be working with the GMCB to address all  
197 questions," the acting co-CEOs added, "and will continue to do  
198 so moving forward."

199 The state, for its part, said it would review the hospital's  
200 revised budget once submitted — no date has been stipulated —  
201 and publicize any follow-up hearings.

202 "This is an important hospital, one that we feel very  
203 strongly needs to be there for the community," board Chair Owen  
204 Foster said at a recent meeting. "Some of the data may not seem  
205 that important on the hospital side, but we rely on this to make  
206 really important decisions. The data needs to be right."

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