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**Notes from editor (not for publication):**

I'm glad we have such a strong original piece about BMH. Thanks, Joyce.

**HEADLINE ELEMENTS:**

####BEGIN HED####

Stabilizing the patient

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####BEGIN SUBHED####

Brattleboro Memorial Hospital, facing a \$14.5 million deficit, is working with the Green Mountain Care Board to find solutions

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**TEXT BODY:**

####BEGIN TEXT####

One part of Brattleboro Memorial Hospital's long financial nightmare may be ending this week, if and when the Green Mountain Care Board (GMCB), which oversees hospital budgets, accepts BMH's revised budget for 2026.

However, the hospital's problems will be far from over.

11           Some of its problems are shared by almost all the rural  
12 hospitals in the United States. Some are unique to Brattleboro.  
13 For both kinds, solutions will be a long time coming.

14           If you regard BMH, with its \$14.5 million budget deficit,  
15 as a beloved patient whose life may be ebbing as it bleeds out, it  
16 would be natural to call a doctor. BMH called two. Its current  
17 acting co-CEOs are Dr. Elizabeth McLarney and Dr. Tony Blofson.

18           “I’m a family doc and an orthopedic surgeon who wants  
19 to get things done,” Blofson said at a Jan. 12 press conference.  
20 McLarney is an orthopedic surgeon.

21           “Bring in the problem. Let’s diagnose it. Let’s fix the  
22 problem because the patient is suffering,” Blofson said. “So that’s  
23 the mindset that we come into this with.”

24           How did BMH, one of the largest employers in Windham  
25 County and the only hospital for miles in every direction, get to  
26 the point where it was bleeding out?

27           For starters, it was losing money every year, and that  
28 comes down to budgets.

29           The 2026 budget, developed under the leadership of  
30 BMH’s former chief executive officer, Chris Dougherty, and  
31 submitted to the GMCB last year, was not acceptable because it  
32 included “aspirational budget cuts and revenue gains,” according  
33 to BMH Chief of Staff Gina Pattison.

34           “In December 2025, the hospital submitted a revised  
35 budget showing an expected operating loss of \$14.5 million, a  
36 dramatic shift from the surplus that had originally been  
37 projected,” Pattison told *The Commons*.

38           The new “realistic” budget “is based on current  
39 circumstances, adjusted by known and certain changes,” she  
40 said. “This resulted in an honest and realistic picture of where  
41 BMH is at this time.”

42           Suddenly and without explanation, it was announced  
43 that Dougherty had taken a leave of absence. Then, in November  
44 2025, it was announced that he would not return and that

45 McLarney and Blofson would take over temporarily while the  
46 hospital search for a new CEO.

47 The two doctors have been in the driver's seat for three  
48 months now. It usually takes a year to find a new hospital CEO,  
49 Pattison said.

50 Some of the medical workers at BMH thought the GMCB  
51 had fired Dougherty, who was a well-liked figure around the  
52 hospital. "No," Pattison said. "The GMCB doesn't have the  
53 authority to fire anyone at BMH."

54 No one accuses Dougherty of anything, either.

55 "We ran into some trouble with the first submission,"  
56 Blofson said. "The Green Mountain Care Board wondered about  
57 the accuracy of that submission. We redid that with new financial  
58 people involved; it turned out to be quite different, as was  
59 suspected, and that's getting put in."

60 Not too long after Dougherty left, the hospital's chief  
61 financial officer, Laura Bruno, departed in December 2025. She  
62 was replaced with an interim senior director of finance, David  
63 Sanville, and an interim chief financial officer, Patrick Nudo.

64 The new team will be meeting with the GMCB on Jan.  
65 21. McLarney said she expects the board's reaction to the new  
66 budget to be "confirmatory."

## 67 **Rural hospitals in danger**

68 The financial problems of rural hospitals are well-known,  
69 as well as numerous, complicated, and difficult to overcome.

70 "Brattleboro Memorial Hospital has lost money all but  
71 one year over the past nine years because it has been caught  
72 between rising costs and flat or declining revenue, a challenge  
73 facing many rural hospitals," Pattison said.

74 She explained that a large share of BMH patients are  
75 covered by Medicare and Medicaid, "which reimburse at rates  
76 that often do not cover the full cost of care, while commercial  
77 insurance makes up a smaller portion of its payer mix."

78 “At the same time, expenses have steadily increased due  
79 to higher staffing costs, greater reliance on contract and travel  
80 workers, rising employee health insurance costs, inflation, and  
81 growing levels of uncompensated care and bad debt,” she said.

82 It gets even more difficult when one considers changes to  
83 drug pricing rules and tighter state oversight, which “have also  
84 reduced some revenue the hospital previously relied on,” Pattison  
85 said.

86 “Compounding these pressures, state regulators have  
87 raised concerns about budgeting and financial reporting  
88 accuracy, which made it harder to respond quickly to mounting  
89 losses,” she said. “Together, these long-term structural, financial,  
90 and operational challenges have resulted in repeated operating  
91 deficits year after year.”

## 92 Many concerns

93 BMH is a small hospital meeting almost all the medical  
94 needs of a rapidly aging population. It is well known that  
95 Medicare, which covers most medical costs for people over 65,  
96 does not reimburse doctors or hospitals for the full cost of  
97 treatment. BMH is the only Medicare-dependent hospital in the  
98 state, Blofson said.

99 “Our particular institution has a majority of Medicare  
100 and Medicaid patients,” Blofson said. “If you’re a business and  
101 your expenses go up, you raise your prices. We can’t do that. We  
102 can’t raise our Medicare prices. The federal government tells us  
103 what they’re going to pay. The state says what it’s going to pay.  
104 We can only raise our commercial prices by the limit of the  
105 Green Mountain Care Board, which has asked all the hospitals to  
106 stay around 3% a year.”

107 Meanwhile, costs are rising more than 3% a year, not  
108 only because of inflation (currently at 2.7%) but because of tariffs  
109 and other factors.

110 Being a Medicare-dependent hospital — currently  
111 defined by, among other criteria, Medicare patients accounting

112 for 60% of inpatient care — comes with some fiscal advantages  
113 that are determined by the federal budget, requiring annual votes  
114 by Congress, which did not approve funding for the program this  
115 year.

116 “So we would get that additional money, and it generally  
117 ran \$3 million to \$4 million a year,” Blofson said.

118 Adding to the problems is that in rural areas, population  
119 density becomes a workforce issue. Many younger people do  
120 want to live in rural areas. And when BMH finds a good doctor,  
121 that new recruit often cannot find a place to live.

122 Without a sufficiently large pool of potential employees  
123 to draw upon, BMH has had to hire traveling nurses and other  
124 staff. These temporary contract workers cost more.

125 That is when “outsourcing” of treatment becomes an  
126 issue. If you clean your home yourself, it costs you nothing but  
127 time and perhaps a sore back. But if you hire a cleaner, you have  
128 to pay out of pocket.

129 The emergency room at BMH, which treats nearly  
130 14,000 patients each year, sees patients from southeast Vermont,  
131 northwest Massachusetts, and southwest New Hampshire. It is  
132 being run by an organization based in Maine.

133 “BMH’s Emergency Department is staffed with a team of  
134 board-certified, residency-trained emergency medicine specialists  
135 from BlueWater Health,” BMH’s website states. BMH also  
136 outsources its anesthesia and its radiology departments.  
137 Practitioners come on a rotating basis.

138 When McLarney and Blofson started looking at the  
139 budget, they considered outsourcing BMH’s satellite primary care  
140 offices, such as the one in Putney, to a federally qualified health  
141 care center in either Springfield or Rutland. They eventually  
142 found that it would not be a workable solution.

143 Another problem faced by BMH is that its no-show rate  
144 is skyrocketing. If a patient does not show up for a scheduled  
145 appointment, the time cannot be filled by a different patient.  
146 “This then leads to decreased revenue,” Blofson said.

147 Act 55, which became state law in 2025, changes  
148 reimbursement on a certain number of medications. BMH,  
149 Blofson said, is estimated to lose between \$2.5 million and \$3  
150 million on Act 55 unless it can get an exemption.

151 These are only some of the problems facing BMH. And it  
152 is not the only area hospital posting losses. According to Blofson,  
153 Cheshire Medical Center in Keene, New Hampshire, posted  
154 substantial losses last year.

## 155 Solutions exist

156 Blofson and McLarney are looking to change how  
157 insurance coverage is denied, to find ways to get fairly  
158 reimbursed for services BMH does perform, to improve the no-  
159 show rate, and to apply for grants to help in other areas.

160 “We are looking at a variety of ways that might help us in  
161 our turnaround,” Blofson said. “For example, we run a mobile  
162 integrated health program. It’s essentially partnering with Rescue  
163 to get to see people in their homes after surgery with congestive  
164 heart failure, with chronic pulmonary disease. It is getting the  
165 paramedics to the homes to get patients seen and to save them  
166 trips to the ER.”

167 The “really good program” has cut down on visits to the  
168 emergency department, he said. “It’s helpful for patients. It’s very  
169 popular. But it’s not funded.” The program initially had some  
170 grant funding, “but we’ve been footing the bill since then.”

171 “This is such a good program that the state is looking to  
172 expand it statewide,” Blofson said. “This could be very helpful in  
173 helping to fund that program. It might make it self-sustaining, for  
174 example.”

175 Blofson and McLarney want people to know that they are  
176 not just placeholders until a new CEO is found.

177 “We are not just waiting for new CEO,” Blofson said,  
178 praising the new interim financial team.

179            “We’re actually working on the things we can work on  
180 right away,” he said, including staffing levels. “But we also want  
181 to keep patients safe.”

182            BMH has union negotiations going on. “They were  
183 paused very graciously by the union while we were switching the  
184 CEOs and the CFOs,” Blofson said. “So it can get paused until we  
185 can get the new budget put together. We know people have  
186 financial pressures, but we also have the hospital’s financial  
187 pressure and whether we could be able to accommodate a  
188 deserving staff, but within financial limitations this year.”

189            In general, the hospital is working to stabilize its staffing,  
190 increase its revenue through grants, and to examine its programs  
191 and services to see what might be curtailed.

192            “We met with every department in the hospital, Tony and  
193 I,” McLarney said. “We met with the leader of the department,  
194 but we also met with frontline workers, because those are really  
195 the people that we needed to hear from.”

196            She said they “wanted to know what we could do to  
197 make employees’ lives better, and what we could help them with  
198 to make patients’ experiences better.”

199            “We also asked them, ‘What can we do to increase  
200 revenue in your department?’ And ‘What can we do to decrease  
201 expenses?’ And a number of things have come out of those  
202 meetings that are going to net us some savings.”

203            There is still a long way to go.

204            “We have to make really thoughtful decisions about how  
205 to move forward,” McLarney said. “Everything is on the table, but  
206 nothing is for certain. We have a duty to our community, to our  
207 patients, and to our employees, and that is really at the forefront  
208 of what really drives us.”

209            She acknowledged the business decisions that will be  
210 needed, “but they need to be thoughtful. And they can’t be rash.”

211            “We want to stabilize things and then bring in somebody  
212 to run the hospital, but I think we need to stabilize things first,”  
213 McLarney said.

214 At the end of the Jan. 12 press conference, McLarney  
215 said there were some things she wanted the BMH community to  
216 know.

217 "We are still providing excellent, high-quality health  
218 care, and we need the community to support us by coming and  
219 utilizing our health care," McLarney said. "I think that's  
220 important."

221 She also stressed that the hospital is hiring.

222 "We need people to apply for those jobs," McLarney  
223 said. "We need them to trust that we'll still be here, and be  
224 willing to come and work with us."

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