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Notes from editor (not for publication):

HEADLINE ELEMENTS:

####BEGIN HED####

Looking where the money is

####END HED####

####BEGIN SUBHED####

In looking for expenses to cut, BMH went for the low-hanging fruit in its decision to close its birthing center

####END SUBHED####

TEXT BODY:

####BEGIN TEXT####

OUR SMALL community hospital is facing unprecedented financial problems.

Sadly, this is a common problem throughout our country. Small hospitals close, and a community is left to drive hours and many miles for healthcare. Our community is fighting to keep our Brattleboro, Vermont hospital open while difficult decisions have to be made.

Most recently, the hospital board decided to close its birthing center because it loses too much money. Projected losses over the next year are over $4 million while facing an overall deficit of $14 million.

We have been told that the previous hospital administration provided an incorrect budget to state regulators. It is not clear if the hospital board was presented with the same false figures or if they had enough information to realize the institution was in trouble.

I have been on a number of nonprofit boards, and I always felt it was my responsibility to understand every line item in the budget. When I was on the local Selectboard, I similarly spent a lot of time understanding the town budget.

It was a lot of work, but it was something I took seriously.

* * *

IT IS MY understanding that a board has the final responsibility for making sure the books are correct.

In the case of Brattleboro Memorial Hospital (BMH), it may have been impossible for the board to know the real budget if they were given false figures. It was the state who uncovered the problem, and it was left to the board to fix it.

The board appointed two of its own members to act as co-CEOs to work on solving the budget problems. Despite the fact that they hired an outside entity to help them, the board should not have tapped their own people to solve a problem that happened on their watch.

It just doesn't smell right to me.

* * *

AS SOON AS the birthing center decision was made public, a coalition to oppose the decision quickly formed. People realized that taking away local labor and delivery care is intolerable for an area of the state that has no other options nearby.

The board went after the low-hanging fruit instead of doing the hard work of keeping the hospital a center of comprehensive care for everyone.

I have read the most recent copy of BMH's IRS 990 form, which covers Oct. 1, 2023 to Sept. 30, 2024. It is clear that the numbers on that form do not tell the whole story; aggregate categories that need to be broken down into line items to really understand the fiscal state of the hospital.

But one thing is clear from the 990s: Salaries are always the biggest item in any hospital budget, and BMH is no exception.

It does bother me that the hospital board had to hire a consultant to tell them how much to pay their top earners. It is a common practice that needs to change because these consultants control information that should be readily available to anyone.

The 990 I looked at shows a little over $65 million in salaries and compensation.

Would the unions at the hospital be willing to negotiate a short-term — say, two- or three-year, across-the-board salary cut of 10% and save the hospital $6 million?

If some of the top-paid higher-level management took a 10% cut, that alone would save over $500,000.

The board needs to look at where BMH spends the most money and do the hard work of finding solutions there. Salary cuts are the only way to save serious money. If cuts happen, they should not be applied to the lowest-paid workers, such as those people who keep the hospital clean.

The infamous bank robber Willie Sutton, when asked why he robbed banks, is reputed to have said, "Because that's where the money is." Related to this is a variation of this principle I found on Wikipedia. "A corollary, the 'Willie Sutton rule,' used in management accounting, stipulates that activity-based costing (in which activities are prioritized by necessity and budgeted accordingly) should be applied where the greatest costs occur, because that is where the greatest savings can be found."

Closing the birthing center could be the beginning of heading down the slippery slope of total closure. It is a bad idea for the women of this area, and it is a bad idea for the future welfare of the hospital.

####END TEXT####

BIO/COATTAIL:

####BEGIN BIO/COATTAIL####

RICHARD DAVIS, a retired registered nurse and tireless advocate for access to health care, is a former *Brattleboro Reformer* columnist. He continues to post his writing at Substack (rbdav63.substack.com), as well as on Facebook and iBrattleboro.

####END BIO/COATTAIL####

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