

Office of the President

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August 22, 2025

From: Thomas A. Dee, FACHE, President & CEO of Southwestern Vermont Medical Center (SVMC)
To: The Green Mountain Care Board (GMCB), the Agency of Human Services (AHS), the Office of the Health Care Advocate (HCA) and the Bennington Legislative Delegation

RE: Healthcare Transformation at SVMC: An overview of service enhancements and proposed efficiencies and reductions to meet the challenges of the moment, and the future

To the distinguished members of the GMCB, AHS, HCA and our local delegation:

I am writing today to give you an overview of SVMC's work to improve healthcare affordability and protect and enhance services for our community.

Across the country, hospitals, health systems, insurers and many other participants in the healthcare ecosystem are challenged by a multitude of factors. At SVMC, we have been proactively preparing to meet these challenges and those which are unique to our region and state. At the state level, we have been working diligently to do our part to address the rising healthcare costs that impact individuals and businesses in Vermont.

One of SVMC's challenges in the FY26 budget is the projected loss of our 340B program. In order to qualify to purchase pharmaceuticals at a lower price, a sole community hospital needs to maintain a Disproportionate Share Hospital (DSH) percentage of 8.0% or higher. This is a complex formula that incorporates the inpatient Medicaid patient days as well as Supplemental Security Income (SSI) percentage, as provided by the Centers for Medicare and Medicaid Services. SVMC's SSI percentage dropped significantly, with the strong potential of disqualifying SVMC from the program. The budget assumes a \$4.5 million negative impact related to this. At the local level – our hospital and practice sites – we have prioritized efforts to reduce expenses while improving patient care and access. To address this projected shortfall, I am writing to share several areas where we are planning to improve access to critical services and others where we will discontinue non-core or low-volume services.

Importantly, these changes reflect the needs of our patients and community, allowing us to continue to be financially viable and align SVMC with statewide healthcare transformation recommendations. Below are the details of our work.

Thanks to our partnership with and membership in Dartmouth Health (DH), SVMC is expanding its scope of services, as recommended in the Oliver Wyman report, to treat more complex patients. The goal is to reduce the need for Vermonters to travel to out of state to facilities in New York, Massachusetts and New Hampshire, where healthcare is more expensive than at SVMC, lowering the cost of care for all Vermonters. The opportunities that SVMC will continue to pursue through our partnership within DH are the following clinical enhancements and expansions.

- **Oncology:** SVMC has submitted plans for an expanded and renovated cancer center for Act 250 approval. And, we are recruiting an additional oncologist, an effort which is enhanced by our integration with Dartmouth Cancer Center.
- **Cardiology and Vascular Care:** SVMC's Cardiac Computed Tomography (CT) scanner was installed in July, allowing us to keep patients closer to home for detailed, advanced cardiac diagnostics. Vascular services launched at SVMC Cardiology in February 2025, with Dartmouth Hitchcock Medical Center (DHMC) surgeons coming to SVMC monthly to perform consultations, procedures and follow-up care.
- **Mental Health:** Following GMCB approval in March, we are fast-tracking construction and renovation plans for the Inpatient Adolescent Mental Health Unit, a critical statewide need. The DH Psychiatry team will assist in the staffing of this unit.
- **Inpatient Dialysis:** With the support of the DHMC Nephrology physicians, we began offering inpatient dialysis this summer, meeting a serious regional need. The DHMC team provides medical oversight and monitoring via TeleHealth.
- **Surgical Services:** Later this year, will be the first hospital in the state to acquire a da Vinci 5 robot for surgical services, thanks to an agreement and price negotiations with DH. This will vastly enhance the robotic-assisted

surgery program, which has become a standard of surgical care.

- **Primary Care:** In addition to recruiting new physicians for our practice sites, SVMC is nearing completion of an expansion of our Internal Medicine practice, creating a larger primary care practice to reduce wait lists for primary care and get more patients in our region the preventative screenings they need. We are also in development of a long-term plan to create a DHMC sponsored family medicine residency at SVMC, commencing in early 2028.
- **Staffing:** SVMC has successfully recruited new providers in the areas of primary care, surgery, cardiology and interventional pain. We will continue to recruit in many areas.

More than ever, we rely on philanthropy for the support we need to renovate our aging physical plant and enhance programs. Thankfully, we have a community that is truly invested in improving the future of care for their neighbors, as evident through the success of the *Vision 2020: A Decade of Transformation Capital Campaign*. This campaign has raised nearly \$30 million to date, allowing us to build our new emergency department and front entrance and now focus on renovating and expanding our regional cancer center. We will continue to leverage philanthropy to help reduce the costs to patients for capital expenses.

Per needs identified in SVMC's latest Community Health Needs Assessment, we are improving access to care for the population struggling with mental health issues and substance use disorders (SUD). In addition to the development of an Inpatient Adolescent Mental Health unit, we have taken two existing programs, Alcohol Detoxification (now the "First Steps" program) and Safe Arms (a program to support mothers with addiction and their newborns), and are putting more resources and focus on these areas, to ensure we are reaching those who need this additional support.

While expanding access is a key part of our affordability strategy, we must also reduce costs. To that end, we have implemented targeted reductions and restructuring to address our financial realities. Our FY26 budget proposal reflects a reduction of administrative costs to 15.2% of our total expenses, compared to 17.4% in FY 2025 and 18.1% in FY24. We are working with DH on additional administrative cost reductions through shared positions. As we move forward, we will continue to review and adjust for greater efficiency. We are also cutting back significantly on traditional marketing that does not have a direct impact on access to patient care.

Per requirements set out in Act 68, and after careful deliberation, we want to make you aware of key program reductions that we are proposing,

- **Closure of our Mountain Medical Services** walk-in urgent care center in the Deerfield Valley in Windham County. While we have encouraged the community to use this seasonal weekend clinic for urgent needs, it is serving mostly out-of-state patients vacationing at the ski mountain. We will, instead, continue to focus on provider recruitment to our Deerfield Valley Health Center, to expand access to more comprehensive care.
- **Elimination of Plastic Surgery**, a non-core clinical area, due to low volume.
- **Closure of the Occupational Health Department**, due to low volume. We are helping businesses find alternative options for this service.

We feel strongly that the enhancements we are making to care as described above far outweigh the impact of eliminating these lower-utilized and non-core services, however, we know that every adjustment we make is felt. Our new and expanded service lines fall within the state's health strategic plan and the Oliver Wyman recommendations, allowing us to meet critical patient needs in the years to come.

In my years at SVMC, I have seen time and again that our greatest strength is our people, and their willingness to collaborate and adapt to meet the needs of our patients. We are also looking beyond our own walls and the DH system, collaborating with other hospitals in Vermont. We are fully engaged to work with various state agencies as we look to transform healthcare in Vermont. Important to note, we never sit back and hope for the best when challenges arise. This has served us well and will continue to do so.

Our patients remain at the forefront of all our decisions. SVMC has served this community for more than 100 years and we are committed to keeping it strong through the next century of caring.

Please do not hesitate to reach out to me directly to discuss any of these initiatives further.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas A. Dee".

Thomas A. Dee, FACHE, President & CEO