

February 11, 2025

Board of Trustees, The University of Vermont Health Network
462 Shelburne Road
Burlington, Vermont 05401

Re: Crisis of leadership at The University of Vermont Health Network

Dear Trustees,

The University of Vermont Health Network and its Vermont hospitals (the “Network”) are, collectively, one of our state’s most important institutions. The Network’s strength – or weakness – has a direct and immediate impact on our community, from the health of its patients to the well-being of its employees to the vitality of our towns and cities. The relationship is closely intertwined: if the Network sneezes, Vermont catches a cold.

As it stands today, the Network is ill and ailing with no obvious plan for recovery. Vermonters will suffer if it continues to slide. I am, and indeed our broader community, are quickly losing confidence in the Board and chief executive (“Network leadership”) after successive waves of finger pointing, political brinksmanship, and bad judgment. This is no way to lead a health care system with charge of nearly one million lives in Vermont and New York. If Network leadership wants to save the system from its current challenges – a crisis of leadership not unlike the one faced by Fletcher Allen Health Care during the early 2000s – it must take extraordinary steps without delay.

I want to be clear that the Network’s ailment does not rest with the nurses, doctors, pharmacists, therapists, technicians, chaplains, janitors, assistants, or any of the frontline personnel required to make the hospitals run. They deliver exceptional care with skill, kindness, and compassion that is rare in today’s world. I am proud to have them in our community. Their work and dedication make the Network’s current malady more surprising and jarring: Network leadership has squandered the extraordinary goodwill generated by your frontline caregivers in political squabbles with regulators and state officials, and at the expense of patients.

The Network’s ailment is a failure of leadership at the highest level, a breach in the fiduciary responsibility of its trustees and chief executive. I fear that the Board has confused its duty of care and put the best interests of the corporate machine and its leaders above the best interests of the organization’s true mission: the care of its patients, employees, hospitals, and the community it serves. This misalignment is plainly obvious from the outside looking in.

- The Network's November 2024 announcement to cut patient services to address budget requirements is reckless and haphazard at best, dangerous and vindictive at worst. Cuts include the elimination of the kidney transplant program and rural dialysis services, as well as the closure of critically needed mental health beds in Central Vermont. Using proposed cuts as leverage to garner sympathy against regulators is fearmongering. It is unacceptable. Patient care should never be used as a political weapon. Vermonters deserve a constructive conversation about regulating our healthcare system.
- Good leaders lead by example. During these budget challenges, Network leaders failed to show shared sacrifice by taking pay cuts themselves. Instead, they awarded themselves raises. This underscores a fundamental disconnect between Network leadership and the realities faced by Vermont's patients and healthcare workers.
- Finally, in recent weeks, Vermonters have learned that the Network Board approved – and Network leaders accepted – large bonuses at the same time as the November cuts were released. This adds insult to injury. How is it acceptable that executive bonuses were prioritized over patient dialysis?

Each of these examples show bad judgment and should have been stopped.

Further, these decisions are part of a larger pattern that is troubling. In the last two years, the Network has adopted an increasingly offensive posture against the State to litigate matters where cooperation and good sense should govern. While I acknowledge collaboration is a two-way street, the Network leadership's "double down" approach only exposes its missteps and ethical shortcomings: you authorize executive bonuses while renegeing on a commitment to expand much needed mental health beds in Central Vermont; you give pay raises while reducing primary care delivery; you hire new Network executives while shelving plans for a desperately needed outpatient surgery center. It is impossible to make sense of these bad decisions.

Even if you can resolve the current disagreement with your regulators, your actions to date have deeply eroded confidence in Network leadership. It would be unwise to mistake resolution on FY2025 revenues with repairing the public trust. Network leadership has caused harm that requires a new approach, undertaken with a sincere desire to be partners instead of partisans.

This breach is only repairable with decisive action by the Board. Get out of the Network echo chamber and view your decisions through the lens of patients, employees, and community members. Listen to your advisory hospital boards who are better connected into their local communities. Re-examine compensation actions. Look at other cost reductions that do not punish Vermonters. Do not be afraid to examine an expanding

healthcare bureaucracy for those savings. Consider if the current Network structure is best serving the region and mission of the hospital system. Let reasonable thought and compromise prevail. Your success is important to every Vermonter.

I stand ready to support The University of Vermont Health Network when Network leadership is ready to stand with the needs of its patients, employees, and the Vermont community.

Sincerely,

A handwritten signature in black ink, appearing to read 'MKS', with a long horizontal stroke extending to the right.

Michael K. Smith,
Former Vermont Secretary of
Human Services and former
Vermont Secretary of
Administration

Cc: Governor Phillip B. Scott
Senator Virginia "Ginny" Lyons, Chair, Senate Committee on Health and Welfare
Representative Alyssa Black, Chair, House Committee on Health Care
Chair Owen Foster, Green Mountain Care Board
Secretary Jenney Samuelson, Agency of Human Services
Board of Trustees, The University of Vermont Medical Center
Board of Trustees, Central Vermont Medical Center
Board of Trustees, Porter Medical Center
Board of Trustees, Home Health & Hospice