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STATE OF VERMONT
OFFICE OF THE STATE AUDITOR

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Kevin Mullin, Chair
Green Mountain Care Board
144 State Street
Montpelier, Vt 05620

Kevin:

A retired Vermonter contacted me last year regarding increases in his annual health insurance premium (he is not yet eligible for Medicare). In addition to the higher cost, he was struck by the salaries of top health care administrators as reported in a VTDigger article that you may recall.

<https://vtdigger.org/2017/08/21/pay-ceo-uvm-health-network-exceeds-2-million/>

His concerns and the VTDigger article got me thinking. I'm aware that the Board has authority to review wage and salary data from hospitals [Rule 3.203] and can consider such matters when dealing with rate cases [Rule 2.401(e)]. Unless I'm mistaken, however, it does not appear that hospitals or insurers are required to report such information to the Board.¹

I realize that the \$38 million paid to the top 60 as reported by VTDigger is less than one percent of the \$6 billion we spend annually for health care in Vermont. But that doesn't mean it's peanuts either. To put it in perspective, the pay for those 60 positions is about the same as the total wages for the 1,293 Vermonters who work in "Transit and ground passenger transportation" (VT DOL).

If the top 60 salaries were halved, the savings (~ \$19m/yr) would pay for the annual Medicare Part B fees for 12,000 seniors.

As you know, the cost of administration has grown over time at UVMHC. In addition to the hospital itself, there are now additional top-level administrators for the Network, UVMMG, and the ACO.²

¹ Hospitals report "Total non-MD \$/FTE" to the Board, but do not break out salaries for top administrators.

² The latest UVMHC 990 shows almost 20 positions paying more than \$300,000 not including benefits.

I was also curious about the change over time in the top salaries, so I compared the CEO's salary with other occupations, including some in the health care industry. Wage figures are the median for each occupation (BLS), which is the 50th percentile or midpoint. The CEO figures come from the hospital's IRS 990 forms and do not include benefits or bonuses.³

Occupation	1997		2015	Δ
	Nominal	2015 dollars		
UVMHC CEO	\$185,523	\$272,521	\$1,976,486	625%
Accountants & Auditors	\$32,136	\$47,206	\$64,958	38%
Computer-Controlled Machine Tool Ops	\$27,498	\$40,393	\$55,182	37%
Respiratory Therapists	\$31,283	\$45,953	\$58,926	28%
Computer Programmers	\$35,651	\$52,369	\$64,293	23%
Physical Therapists	\$42,224	\$62,024	\$74,422	20%
Janitors	\$15,933	\$23,404	\$27,394	17%
Carpenters	\$24,357	\$35,779	\$41,829	17%
Registered Nurses	\$36,608	\$53,775	\$62,774	17%
Medical Records & Health Info. Techs	\$21,466	\$31,532	\$36,338	15%
Home Health Aides	\$15,870	\$23,313	\$26,478	14%
Civil Engineers	\$42,390	\$62,268	\$70,678	14%
Nursing Assistants	\$16,411	\$24,107	\$27,310	13%
Childcare Workers	\$15,080	\$22,151	\$23,400	6%
Auto Mechanics	\$23,442	\$34,435	\$36,150	5%
Receptionists	\$19,240	\$28,262	\$29,141	3%

Obviously, the Board can't micromanage hospitals or insurance companies. But I can understand why hard-pressed Vermonters express anger and frustration at the high salaries paid to top health care industry administrators while premiums keep growing and wages don't keep up. Therefore, I hope you and your colleagues will consider a more granular analysis of hospital and insurer salaries, benefits, and bonuses as you review proposed budgets and rate increases.

Respectfully,



Douglas Hoffer

³ The latest UVMHC 990 reports paying \$209,789 for the CEO's benefits in 2015.