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JEFF POTTER/COMMONS FILE PHOTO; FACEBOOK.COM (INSET)

Brattleboro Memorial Hospital's co-interim chief executive officers, Dr. Elizabeth McLarney and Dr. Tony Blofson, shown here in a recent video to the community, are looking at measures to reverse the hospital's fortunes.

NEWS

Stabilizing the patient

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

By Joyce Marcel

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BRATTLEBORO-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.

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

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

"I'm a family doc who wants to get things done," Blofson said at a Jan. 12 press conference. McLarney is an orthopedic surgeon.

"Bring in the problem. Let's diagnose it. Let's fix the problem because the patient is suffering," Blofson said. "So that's the mindset that we come into this with."

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

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

The 2026 budget, developed under the leadership of BMH's former chief executive officer, Chris Dougherty, and submitted to the GMCB last year, was not acceptable because it included "aspirational budget cuts and revenue gains," according to BMH Chief of Staff Gina Pattison.

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

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

Suddenly and without explanation, it was announced that Dougherty had taken a leave of absence. Then, in November 2025, it was announced that he would not return and that McLarney and Blofson would take over temporarily while the hospital searches for a new CEO.

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

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

No one accuses Dougherty of anything, either.

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

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

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

Rural hospitals in danger

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

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

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

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

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

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

Many concerns

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

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

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

Being a Medicare-dependent hospital — currently defined by, among other criteria, Medicare patients accounting for 60% of inpatient care— comes with some fiscal advantages that are determined by the federal budget, requiring annual votes by Congress, which did not approve funding for the program this year.

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

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

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

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

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

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

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

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

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

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

Solutions exist

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

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

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

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

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

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

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

BMH has union negotiations going on. “They were paused very graciously by the union while we were switching the CEOs and the CFOs,” Blofson said. “So it can get paused until we can get the new budget put together. We know people have financial pressures, but we also have the hospital’s financial pressure and

whether we could be able to accommodate a deserving staff, but within financial limitations this year."

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

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

She said they "wanted to know what we could do to make employees' lives better, and what we could help them to make patients' experiences better."

"We also asked them, 'What can we do to increase revenue in your department?' And 'What can we do to decrease expenses?' And a number of things have come out of those meetings that are going to net us some savings."

There is still a long way to go.

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

She acknowledged the business decisions that will be needed, "but they need to be thoughtful. And they can't be rash."

"We want to stabilize things and then bring in somebody to run the hospital, but I think we need to stabilize things first," McLarney said.

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

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

She also stressed that the hospital is hiring.

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

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