



State of Vermont
Agency of Human Services
Office of the Secretary
280 State Drive
Waterbury, VT 05671-1000
humanservices.vermont.gov

Michael K. Smith, *Secretary*

For Immediate Release:

January 5, 2020

Press Contact:

Candace Morgan, Principal Assistant
Agency of Human Services
802-585-0407 or Candace.Morgan@vermont.gov

Statement from Vermont Human Services Secretary Mike Smith Regarding the Brattleboro Retreat

“Less than two months ago, the Brattleboro Retreat and the Agency of Human Services entered into yet another special agreement with rate increases that impact both the fiscal year 2020 and 2021 state budgets by nearly \$5.3 million. This agreement was made in order to, once again, assist in alleviating a reoccurring financial crisis.

The agreement is on top of a significant recent investment by the State of Vermont to build 12 new Level-1 beds and pay for the ongoing operations of those beds. This total financial package to the Brattleboro Retreat is valued at an estimated \$16 million.¹ In addition, the Retreat recently received a rate increase that was valued at an estimated \$3.5 million annually.

Last week the Retreat came back asking for an additional \$2 million. Their reason: the number of patients they had budgeted for was much lower than expected. This is at a time when other inpatient mental health and substance use facilities are not experiencing the same amount of decreases in patient count.

I rejected that request for the following reasons: First, their financial strategy appears to be built on a flawed premise--that continued financial bailouts from taxpayers is an effective long-term solution or is expected when Retreat management makes a financial miscalculation (budgeting a higher patient count). Second, the Retreat has not made any significant management or strategic operational changes. And third, there is little clarity on where they stand financially and the prospects of better financial conditions in the future, including how they plan to pay over \$1 million of taxes that are owed to the State of Vermont.

According to a letter delivered to me on Friday, the Retreat’s board has voted to begin the process of either closing or selling the Retreat. Make no mistake, any threat of closure is both the decision and the result of the

¹ The November financial assistance package to the Retreat included: \$2.74 million in rate increases for FY20; \$2.52 million in continued rate increases in the FY21 budget; the continuation of spending already legislatively approved of capital and tobacco funds for the construction costs of the new Level 1 beds of \$5.5 million plus an additional new request in the FY21 capital bill budget adjustment of \$250,000 to help offset the cost overruns for those new beds; plus \$1.08 million in the FY20 base budget for roughly one quarter of operating costs for the new beds in FY20 and an additional \$3.94 million of new monies in the FY21 budget to annualize the full cost of operating those 12 new beds. The total package worth = \$16,040,232.

Retreat's current leadership. On Monday I will communicate with the Board and management that their decision must be executed in a manner that protects patient safety.

I understand, however, the pressure that closing would put on the mental health system, and the adverse fiscal impact it would have on the Brattleboro region. The most recent agreement granting rate increases was not the first, and is in fact just the latest in numerous and large investments Vermont taxpayers have made in the Retreat. Despite the investment of millions of state dollars Retreat management has failed to deliver fiscal stability to the institution.

The Agency has provided every reasonable financial option it can, but the Retreat is clearly at a point where significant management and operational changes are necessary to save it — and the jobs there. It is the responsibility of the Retreat's board to accomplish this task or assemble a team that can.

I will be meeting with the Retreat again this week, and hope they will have reasonable and detailed proposals that take measurable steps toward improving their current and future financial viability.

I want to be clear: just asking taxpayers to put up more money, in order to avoid necessary change, is not an option I can support, or an option I believe the Governor or Legislature would want me to bring forward.”

###