

1 H.447

2 Introduced by Representative McFaun of Barre Town

3 Referred to Committee on

4 Date:

5 Subject: Health; hospital services; Green Mountain Care Board; global budgets

6 Statement of purpose of bill as introduced: This bill proposes to provide  
7 access to and coverage for health services provided in hospitals. It would  
8 establish a global hospital budget for the State and an individual hospital  
9 budget for each hospital in the State and create a Vermont Hospital Security  
10 Trust Fund from which a negotiated payment would be made to each hospital  
11 for health services provided. The bill would require health insurers to disclose  
12 to the Green Mountain Care Board the rates they negotiate with providers and  
13 would direct the Board to post the information on its website. It would require  
14 mandatory arbitration in medical malpractice cases and admission of practice  
15 guidelines and it would establish a Primary Care Provider and Hospitalist Loan  
16 Repayment Fund. The bill would also expand access to primary care providers  
17 and non-emergency walk-in clinics.

18 An act relating to the Vermont Hospital Security Plan

19 It is hereby enacted by the General Assembly of the State of Vermont:

\* \* \* Vermont Hospital Security Plan \* \* \*

Sec. 1. 33 V.S.A. chapter 19, subchapter 7 is added to read:

Subchapter 7. Vermont Hospital Security Plan

§ 2051. PURPOSE

The purpose of this subchapter is to provide all Vermonters with access to and coverage for health services provided in hospitals and provide the opportunity to reduce hospital and related administrative costs. The General Assembly recognizes that the health care system is in crisis, and that all Vermonters do not have the financial ability to pay for increasing health insurance premiums or for the rising costs of health care. Vermonters need access to hospital care, regardless of ability to pay or insurance coverage. Additionally, the State must seek financial sustainability of the health care system, including reducing health care spending and transaction costs. The General Assembly recognizes that systemic health care reform is needed to provide coverage of essential health services to Vermonters.

§ 2052. DEFINITIONS

As used in this subchapter:

(1) "Green Mountain Care Board" and "Board" means the Green Mountain Care Board established in 18 V.S.A. chapter 220.

(2) "Health service" means any treatment or procedure delivered by a health care professional to maintain an individual's physical or mental health

1 or to diagnose or treat an individual's physical or mental condition or  
2 intellectual disability, including services ordered by a health care professional,  
3 chronic care management, preventive care, wellness services, and medically  
4 necessary services to assist in activities of daily living.

5 (3) "Hospital" shall have the same meaning as in 18 V.S.A. § 1902 and  
6 may include hospitals located outside of the State.

7 (4) "Vermont resident" means an individual domiciled in Vermont as  
8 evidenced by an intent to maintain a principal dwelling place in Vermont  
9 indefinitely and to return to Vermont if temporarily absent, coupled with an act  
10 or acts consistent with that intent.

11 § 2053. VERMONT HOSPITAL SECURITY PLAN

12 (a)(1) The Green Mountain Care Board, in consultation with the Agency of  
13 Human Services, shall administer the Vermont Hospital Security Plan to  
14 provide Vermont residents with access to and coverage for health services  
15 received in a hospital and for payments to hospitals for health services  
16 provided.

17 (2) Vermont residents who are eligible for a program covering health  
18 benefits using federal funding, such as Medicare, Medicaid, Dr. Dynasaur, and  
19 VPharm, shall be eligible for coverage of any benefits provided by the  
20 Vermont Hospital Security Plan that are not covered under their program.

1        (b) The Vermont Hospital Security Plan shall:

2            (1) provide each hospital in the State with a negotiated annual payment  
3        based upon the individual budget of the hospital for health services provided  
4        by that hospital to all patients, including patients who are not Vermont  
5        residents;

6            (2) provide for the collection of payments for health services provided  
7        by hospitals in the State to patients who are not residents of the State, which  
8        may be by the Board or by a third party administrator under contract with the  
9        Board for this purpose; and

10          (3) provide for payments to hospitals not located in the State for health  
11        services provided by them to Vermont residents.

12          (c) The Board shall establish by rule income-sensitized deductibles,  
13        co-payments, an annual hospital care fee, or other cost-sharing amounts  
14        applicable to the Vermont Hospital Security Plan established by this  
15        subchapter.

16          (d) A beneficiary aggrieved by an adverse decision of the Board may  
17        appeal as provided in 18 V.S.A. § 9381.

18          (e) Vermont residents accessing health services at a hospital shall be  
19        considered Medicare beneficiaries for purposes of chapter 65 of this title  
20        (Medicare balance billing).

1     § 2054. GLOBAL HOSPITAL BUDGETS

2         (a) The Green Mountain Care Board shall develop annually a global  
3         hospital budget for the State and individual hospital budgets for each hospital  
4         located in Vermont. In the development of the global hospital budget for the  
5         State, the Board shall consider the portions of the Health Resource Allocation  
6         Plan under 18 V.S.A. § 9405 and the unified health care budget under section  
7         18 V.S.A. § 9375a applicable to hospitals, hospital budget review under  
8         18 V.S.A. § 9456, the negotiated global hospital payments under section 2055  
9         of this title, and all other revenue received by hospitals. The global hospital  
10        budget for the State shall be reported annually to the General Assembly on or  
11        before January 15 for the following fiscal year and shall not be effective until  
12        approved or modified by the General Assembly.

13        (b) The global hospital budget for the State shall serve as a spending cap  
14        within which hospital costs may be controlled, resources directed, and quality  
15        and access assured. The global hospital budget shall limit the total annual  
16        growth of hospital costs to the Consumer Price Index plus three percent. The  
17        Board shall ensure that the review of individual hospital budgets under  
18        18 V.S.A. chapter 221, subchapter 7 and certificate of need requests under  
19        18 V.S.A. chapter 221, subchapter 5 are consistent with the global hospital  
20        budget.

1       (c) The Board shall adopt by rule standards and procedures necessary to  
2       implement this section.

3       § 2055. NEGOTIATED GLOBAL HOSPITAL PAYMENTS

4       The Board shall negotiate with hospitals for a global hospital payment for  
5       health services provided by the Vermont Hospital Security Plan. The payment  
6       amount shall be based on the global hospital budget developed under section  
7       2054 of this title and other information necessary to the determination of the  
8       appropriate payment, including all other revenue received from other sources.

9       The Board shall adopt by rule standards and procedures necessary to  
10       implement this section.

11       § 2056. VERMONT HOSPITAL SECURITY TRUST FUND

12       (a) The Vermont Hospital Security Trust Fund is hereby established as a  
13       special fund in the State Treasury for the purpose of financing health care  
14       services provided by hospitals to beneficiaries of the Vermont Hospital  
15       Security Plan.

16       (b) Into the Fund shall be deposited:

17               (1) transfers from the General Fund, authorized by the General  
18       Assembly;

19               (2) proceeds from grants, donations, contributions, taxes, and any other  
20       sources of revenue as may be provided by statute or by rule;

1           (3) transfers of all federal receipts for health care purposes provided by  
2           hospitals, including all Medicaid receipts and all Medicare receipts upon  
3           federal approval; and

4           (4) revenue from the sources established to fund the Vermont Hospital  
5           Security Plan established under this subchapter.

6           (c) The Fund shall be administered by the Board pursuant to 32 V.S.A.  
7           chapter 7, subchapter 5, except that interest earned on the Fund and any  
8           remaining balance shall be retained in the Fund. The Board shall maintain  
9           records indicating the amount of money in the Fund at any time.

10          (d) All monies received by or generated to the Fund shall be used only for  
11          the administration and delivery of health care services provided by hospitals  
12          covered through State health care assistance programs administered by the  
13          Board or the Agency of Human Services, including the Vermont Hospital  
14          Security Plan.

15          Sec. 2. 18 V.S.A. § 9437(1) is amended to read:

16                (1) the application is consistent with the ~~health resource allocation plan~~  
17                Health Resource Allocation Plan and, as applicable, the financial parameters  
18                set by the global hospital budget established under 33 V.S.A. § 2054;

19          Sec. 3. 18 V.S.A. § 9456(c) is amended to read:

20                (c) Individual hospital budgets established under this section shall:

21                   (1) be consistent with the Health Resource Allocation Plan;

- 1           (2) take into consideration national, regional, or ~~instate~~ in-state peer
- 2           group norms, according to indicators, ratios, and statistics established by the
- 3           Board;
- 4           (3) promote efficient and economic operation of the hospital;
- 5           (4) reflect budget performances for prior years; ~~and~~
- 6           (5) include a finding that the analysis provided in subdivision (b)(9) of
- 7           this section is a reasonable methodology for reflecting a reduction in net
- 8           revenues for non-Medicaid payers; and
- 9           (6) be consistent with the global hospital budget established under
- 10          33 V.S.A. § 2054.

11          Sec. 4. FUNDING MECHANISM

12          (a)(1) A Vermont Hospital Security Fund Special Committee is created to

13          recommend to the General Assembly the appropriate funding mechanisms for

14          the Vermont Hospital Security Plan.

15          (2) The Committee shall consider at a minimum:

16                 (A) how the program will interact with the Vermont Health Benefit

17                 Exchange established pursuant to 33 V.S.A. chapter 18, subchapter 1;

18                 (B) how to fund the program in the event that the Centers for

19                 Medicare and Medicaid Services do not approve a Medicaid waiver; and

20                 (C) a variety of funding sources, including:

21                         (i) an income tax;



1                   (ii) a payroll tax;

2                   (iii) premiums or cost-sharing measures;

3                   (iv) a value-added tax;

4                   (v) a sales tax; and

5                   (vi) an annual hospital care fee or another consumption tax.

6           (b) The Vermont Hospital Security Fund Special Committee shall consist  
7 of the Chairs of the House and Senate Committees on Appropriations, the  
8 Chair of the House Committee on Ways and Means, the Chair of the Senate  
9 Committee on Finance, the Chair of the House Committee on Health Care, the  
10 Chair of the House Committee on Human Services, the Chair of the Senate  
11 Committee on Health and Welfare, the Secretary of Human Services, and  
12 Chair of the Green Mountain Care Board or their designees. The Committee  
13 may meet for no more than six meetings or public hearings and shall have such  
14 powers as are needed to carry out the purposes of this section. Committee  
15 members who are members of the General Assembly shall be entitled to  
16 compensation and reimbursement for expenses pursuant to 2 V.S.A. § 406.

17           (c) The Vermont Hospital Security Fund Special Committee shall issue a  
18 report with a recommendation on funding the Vermont Hospital Security Plan  
19 to the House Committees on Appropriations, on Health Care, on Human  
20 Services, and on Ways and Means and the Senate Committees on

1 Appropriations, on Finance, and on Health and Welfare no later than  
2 January 15, 2016.

3 Sec. 5. FEDERAL WAIVERS

4 (a) The Secretary of Human Services shall apply for a federal Medicare  
5 waiver no later than September 1, 2015, to allow the State to include Medicare  
6 funds for hospital services in the Hospital Security Trust Fund established  
7 under 33 V.S.A. chapter 19, subchapter 7 and to modify the payment standards  
8 or amounts in order to include Medicare funds in the global hospital budget  
9 established under 33 V.S.A. § 2054.

10 (b) The Secretary of Human Services shall apply for a federal Medicaid  
11 waiver no later than September 1, 2015, to allow the State to modify the  
12 payment standards or amounts in order to include Medicaid funds in the global  
13 hospital budget established under 33 V.S.A. § 2054.

14 Sec. 6. EXCHANGE WAIVER

15 The Secretary of Human Services shall seek a waiver pursuant to  
16 Sec. 1332 of the Patient Protection and Affordable Care Act of 2010,  
17 Pub. L. No. 111-148, as amended by the Health Care and Education  
18 Reconciliation Act of 2010, Pub. L. No. 111-152, to enable Vermont to:

19 (1) exclude hospital services from plans offered through the Vermont  
20 Health Benefit Exchange; and

1           (2) receive federal funds to deposit in the Vermont Hospital Security  
2           Trust Fund in an amount sufficient to pay the estimated cost of providing  
3           hospital services for individuals eligible for federal subsidies in the Exchange.

4                                 \* \* \* Rate Transparency \* \* \*

5           Sec. 7. 18 V.S.A. chapter 221, subchapter 10 is added to read:

6                                 Subchapter 10. Rate Transparency

7           § 9481. PURPOSE

8           The State of Vermont has a compelling interest in promoting cost  
9           containment in health care for Vermont residents and enabling them to identify  
10           the costs of and charges for health care services across providers.

11           § 9482. RATE TRANSPARENCY

12           (a) As used in this section:

13           (1) "Health care facility" means all persons or institutions, including  
14           mobile facilities, whether public or private, proprietary or nonprofit, which  
15           offer diagnosis, treatment, inpatient, or ambulatory care to two or more  
16           unrelated persons, and the buildings in which those services are offered. The  
17           term shall not apply to any institution operated by religious groups relying  
18           solely on spiritual means through prayer for healing, but shall include:

19                         (A) hospitals, including general hospitals, mental hospitals, chronic  
20           disease facilities, birthing centers, maternity hospitals, and psychiatric

1 facilities, including any hospital conducted, maintained, or operated by the  
2 State of Vermont, or its subdivisions, or a duly authorized agency thereof; and

3 (B) nursing homes, health maintenance organizations, home health  
4 agencies, outpatient diagnostic or therapy programs, kidney disease treatment  
5 centers, mental health agencies or centers, diagnostic imaging facilities,  
6 independent diagnostic laboratories, cardiac catheterization laboratories,  
7 radiation therapy facilities, or any inpatient or ambulatory surgical, diagnostic,  
8 or treatment center.

9 (2) "Health care professional" means an individual, partnership,  
10 corporation, facility, or institution licensed, certified, or otherwise authorized  
11 by law to provide professional health care services.

12 (3) "Health insurer" means any insurance company that provides health  
13 insurance as defined in 8 V.S.A. § 3301(a)(2), nonprofit hospital and medical  
14 service corporations, and health maintenance organizations. The term does not  
15 apply to coverage for specified diseases or other limited benefit coverage.

16 (b) Health insurers doing business in Vermont shall file with the Green  
17 Mountain Care Board annually, on or before September 1, the fee schedules  
18 they have negotiated with each health care facility and health care professional  
19 under contract with the insurer to provide services to Vermont residents.

20 (c) On or before October 1 of each year, the Green Mountain Care Board  
21 shall update the fee schedules it receives pursuant to subsection (b) of this

1 section and post the updated information on the Board's website to enable  
2 consumers to compare the costs of health care services across providers.

3 \* \* \* Mandatory Arbitration in Medical Malpractice Cases \* \* \*

4 Sec. 8. 1992 Acts and Resolves No. 160, Sec. 50 is amended to read:

5 Sec. 50. EFFECTIVE DATE

6 Secs. 46, 47, 48, and 49, amending 12 V.S.A. chapter 215 of Title 12 to  
7 provide for mandatory arbitration in medical malpractice cases and admission  
8 of practice guidelines, shall take effect on ~~the effective date of a universal~~  
9 ~~access health care system enacted by the general assembly~~ July 1, 2015.

10 \* \* \* Access to Health Care Providers \* \* \*

11 Sec. 9. 18 V.S.A. § 10b is added to read:

12 § 10b. PRIMARY CARE PROVIDER AND HOSPITALIST LOAN

13 REPAYMENT FUND

14 (a) There is hereby established a special fund to be known as the Vermont  
15 Primary Care Provider and Hospitalist Loan Repayment Fund which shall be  
16 used for the purpose of ensuring a stable and adequate supply of physicians  
17 and advanced practice registered nurses who focus their practice on providing  
18 primary care services and attending to patients in Vermont's hospitals.

19 (b) The Fund shall be established and held separate and apart from any  
20 other funds or monies of the State and shall be used and administered  
21 exclusively for the purpose of this section. The money in the Fund shall be

1 invested in the same manner as permitted for investment of funds belonging to  
2 the State or held in the Treasury. The Fund shall consist of the following:

3 (1) such sums as may be appropriated or transferred thereto from time to  
4 time by the General Assembly, the State Emergency Board, or the Joint Fiscal  
5 Committee during such times as the General Assembly is not in session;

6 (2) interest earned from the investment of Fund balances; and

7 (3) any other money from any other source accepted for the benefit of  
8 the Fund.

9 (c) The Fund shall be administered by the Department of Health, which  
10 shall make funds available to the University of Vermont College of Medicine  
11 Area Health Education Centers (AHEC) program for loan repayment awards.  
12 The Commissioner may require certification of compliance with this section  
13 prior to the making of an award.

14 (d) AHEC shall administer awards in such a way as to comply with the  
15 requirements of Section 108(f) of the Internal Revenue Code.

16 (e) AHEC shall make loan repayment awards in exchange for a service  
17 commitment by primary care providers and hospitalists and shall define the  
18 service obligation in a contract with the individual recipient. Payment awards  
19 shall be made directly to the provider's or hospitalist's educational loan  
20 creditor.

1       (f) Loan repayment awards shall only be available for a primary care  
2       provider or hospitalist who:

3               (1) is a Vermont resident;

4               (2) works as a primary care provider in a Vermont-based practice or  
5       serves in a Vermont hospital;

6               (3) accepts patients with coverage under Medicaid, Medicare, or other  
7       State-funded health care benefit programs, if applicable; and

8               (4) has outstanding educational debt acquired in the pursuit of an  
9       undergraduate or graduate degree from an accredited college or university that  
10       equals or exceeds the amount of the loan repayment award.

11       (g) Additional eligibility and selection criteria shall be developed annually  
12       by the Commissioner in consultation with AHEC and may include local goals  
13       for improved service, community needs, or other awarding parameters.

14       (h) The Commissioner may adopt rules pursuant to 3 V.S.A. chapter 25 in  
15       order to implement the program established in this section.

16       (i) As used in this section:

17               (1) “Advanced practice registered nurse” shall have the same meaning  
18       as in 26 V.S.A. § 1572.

19               (2) “Hospital” means a place devoted primarily to the maintenance and  
20       operation of diagnostic and therapeutic facilities for in-patient medical or

1 surgical care of individuals suffering from illness, disease, injury, or deformity  
2 or for obstetrics.

3 (3) "Hospitalist" means a physician or advanced practice registered  
4 nurse who treats solely hospitalized patients.

5 (4) "Physician" shall have the same meaning as in 26 V.S.A. § 1311.

6 (5) "Primary care provider" means a physician or advanced practice  
7 registered nurse specifically trained for and skilled in first-contact and  
8 continuing care for individuals with signs, symptoms, or health concerns, not  
9 limited by problem origin, organ system, or diagnosis.

10 Sec. 10. 18 V.S.A. § 9493 is added to read:

11 § 9493. ACCESS TO PRIMARY CARE PROVIDERS AND WALK-IN

12 CLINICS

13 (a) The Department of Health shall undertake all reasonable measures to  
14 ensure that Vermont residents have access to at least one federally qualified  
15 health center or non-emergency walk-in clinic in each county in this State.

16 The Department, in consultation with the Department of Vermont Health  
17 Access and the Green Mountain Care Board, shall encourage Vermont  
18 residents to receive non-emergency health care services from the federally  
19 qualified health centers and non-emergency walk-in clinics instead of using  
20 hospital emergency departments.



1        (b) The Department of Vermont Health Access shall expand the role of  
2        federally qualified health centers in serving as patient-centered medical homes  
3        as part of the Blueprint for Health.

4        (c) As used in this section, “non-emergency walk-in clinic” shall have the  
5        same meaning as in section 9492 of this title.

6                                \* \* \* Appropriation \* \* \*

7        Sec. 11. APPROPRIATION

8        In fiscal year 2016, the sum of \$500,000.00 is appropriated to the  
9        Department of Health from the General Fund to be deposited in the Vermont  
10       Hospitalist Loan Repayment Fund established pursuant to 18 V.S.A. § 10b.

11                                \* \* \* Effective Dates \* \* \*

12       Sec. 12. EFFECTIVE DATES

13       This act shall take effect upon passage, except that the Vermont Hospital  
14       Security Plan shall be implemented no later than January 1, 2018, provided  
15       that if the Secretary of Human Services is unable to secure a Sec. 1332 waiver  
16       from the U.S. Department of Health and Human Services pursuant to Sec. 6 of  
17       this act by December 31, 2017, the Vermont Hospital Security Plan shall be  
18       implemented no later than six months following the effective date of any  
19       waiver granted by the U.S. Department of Health and Human Services  
20       pursuant to Sec. 6 of this act.