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STATE OF VERMONT
HOUSE OF REPRESENTATIVES

To: Rep. Martha Heath, Chair, House Committee on Appropriations

From: Rep. Michael Fisher, Chair, House Committee on Health Care

Date: May 8, 2013

Re: Response to Specific Provisions in Senate Budget

As requested, the House Committee on Health Care has reviewed the specific provisions of the Senate's budget proposal. The Committee heard testimony from Mark Larson, Commissioner of Vermont Health Access, and Robin Lunge, Director of Health Care Reform. Each of the three specific provisions is addressed below:

Sec. E.306 – 32 V.S.A. § 305a(c)
The Committee supports the administration's intention to present a budget that includes Medicaid inflation adjustments. The Senate's proposal includes an additional estimate of the next succeeding fiscal year's per-member per-month expenditures, made without the inflationary adjustment. The Committee agrees that the additional information sought in the Senate proposal is valuable and the Committee heard testimony that creating the additional estimate would not be overly burdensome. Therefore, the Committee supports the Senate's proposal.

Sec. E.307.3 – Analysis of methods to help high out-of-pocket cost subscribers
Subsection (a) of the Senate's proposal calls for estimates on the fiscal impact of modifying the cost-sharing subsidy. The Committee believes that exploring the use of managed-care entity investment capacity to fund the cost-sharing subsidy should remain a high priority for the administration, but also recognizes that there is limited value in any report made prior to implementation of the State's Exchange in January 2014. Therefore, the Committee recommends that subsection (a) of the Senate's proposal be modified to express that exploring the use of managed-care entity investment capacity to fund the cost-sharing subsidy shall be an administrative priority but that no report shall be required at this time.

Subsections (b)–(d) of the Senate's proposal call for new reports to be made prior to implementation of the Exchange. The Committee heard testimony that the subsections lacked clarity, that reporting would come with a high administrative cost if required during the Exchange's open enrollment period, and that currently some of the information sought would have minimal value. Based on the testimony received, the Committee believes that for the purposes of the fiscal year 2014 budget, subsections (b)–(d) are unneeded. The Committee intends to revisit these issues next year and encourages the Committee on Appropriations to do the same.

Sec. E.345.1 – Cost shift accountability

The Senate's proposal requires a new cost shift report that is largely duplicative of the report required in Secs. 41–42 of H.107. One key difference, however, is that H.107 calls for analysis within the existing cost shift report, rather than establishing a separate maintenance and reporting requirement. Additionally, the Committee heard testimony that the specific information required under subdivision (a)(3) lacks clarity. The Committee therefore recommends that the following language replace the Senate's proposed language:

* * * Cost-Shift Reporting * * *

Sec. E.345.1 18 V.S.A. § 9375(d) is amended to read:

(d) Annually on or before January 15, the ~~board~~ Board shall submit a report of its activities for the preceding ~~state fiscal~~ calendar year to the ~~house committee on health care and the senate committee on health and welfare~~ House Committee on Health Care and the Senate Committee on Health and Welfare.

(1) The report shall include:

(A) any changes to the payment rates for health care professionals pursuant to section 9376 of this title~~;~~;

(B) any new developments with respect to health information technology~~;~~;

(C) the evaluation criteria adopted pursuant to subdivision (b)(8) of this section and any related modifications~~;~~;

(D) the results of the systemwide performance and quality evaluations required by subdivision (b)(8) of this section and any resulting recommendations~~;~~;

(E) the process and outcome measures used in the evaluation~~;~~;

(F) any recommendations on mechanisms to ensure that appropriations intended to address the Medicaid cost shift will have the intended result of reducing the premiums imposed on commercial insurance premium payers below the amount they otherwise would have been charged;

(G) any recommendations for modifications to Vermont statutes~~;~~; and

(H) any actual or anticipated impacts on the work of the ~~board~~ Board as a result of modifications to federal laws, regulations, or programs.

(2) The report shall identify how the work of the ~~board~~ Board comports with the principles expressed in section 9371 of this title.

Sec. E.345.2 2000 Acts and Resolves No. 152, Sec. 117b is amended to read:

Sec. 117b. MEDICAID COST SHIFT REPORTING

(a) It is the intent of this section to measure the elimination of the Medicaid cost shift. For hospitals, this measurement shall be based on a comparison of the difference between Medicaid and Medicare reimbursement rates. For other health care providers, an appropriate measurement shall be developed that includes an examination of the Medicare rates for providers. In order to achieve the intent of this section, it is necessary to establish a reporting and tracking mechanism to obtain the facts and information necessary to quantify the Medicaid cost shift, to evaluate solutions for reducing the effect of the Medicaid cost shift in the commercial insurance market, to ensure that any reduction in the cost shift is passed on to the commercial insurance market, to assess the impact of such reductions on the financial health of the health care delivery system, and to do so within a sustainable utilization growth rate in the Medicaid program.

(b) ~~By~~ Notwithstanding 2 V.S.A. § 20(d), annually on or before December 15, ~~2000, and annually thereafter, the commissioner of banking, insurance, securities, and health care administration, the secretary of human services~~ the chair of the Green Mountain Care Board, the Commissioner of Vermont Health Access, and each acute care hospital shall file with the ~~joint fiscal committee~~ Joint Fiscal Committee, in the manner required by the ~~committee~~ Committee, such information as is necessary to carry out the purposes of this section. Such information shall pertain to the provider delivery system to the extent it is available.

(c) ~~By December 15, 2000, and annually thereafter, the~~ The report of hospitals to the ~~joint fiscal committee~~ Joint Fiscal Committee under subsection (b) of this section shall include information on how they will manage utilization in order to assist the ~~agency of human services~~ Department of Vermont Health Access in developing sustainable utilization growth in the Medicaid program.

~~(d) By December 15, 2000, the commissioner of banking, insurance, securities, and health care administration shall report to the joint fiscal committee with recommendations on mechanisms to assure that appropriations intended to address the Medicaid cost shift will result in benefits to commercial insurance premium payers in the form of lower premiums than they otherwise would be charged.~~

~~(e) The first $250,000.00 resulting from declines in caseload and utilization related to hospital costs, as determined by the commissioner of social welfare, from the funds allocated within the Medicaid program appropriation for hospital costs in fiscal year 2001 shall be reserved for cost shift reduction for hospitals.~~