

# Vermont Legislative Joint Fiscal Office

One Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • Fax: (802) 828-2483

## *FISCAL NOTE*

Date: Revised 5/6/13

Prepared by: Nolan Langweil

### **S. 152 – An act relating to the Green Mountain Care Board’s rate review authority** *As amended by the House Committees on Health Care, Ways & Means, and Appropriations*

The purpose of S.152 is to modify regulatory and administrative duties of both the Green Mountain Care Board (GMCB) and the Department of Financial Regulations (DFR), particularly in respect to health insurance rate review and bill-back. The bill as amended would also create the Office of the Health Care Advocate.

#### **Office of the Health Care Advocate**

The bill establishes The Office of the Health Care Advocate by contract with the Agency of Administration (AOA).

#### **House Health Care Committee**

The House Health Committee Care version establishes a **monthly** consumer assistance assessment of **\$0.22 per covered life** to fund the activities of this office. Each insurer shall pay this assessment to the DFR on a quarterly basis starting January 1, 2014<sup>1</sup>. The funds from this assessment will be deposited into a special fund called the “Consumer Assistance Assessment Fund”.

*Estimated revenues:* SFY’14 = \$393,400 (half year) / SFY’15 = \$786,800

The House Health Care version also appropriates \$250,000 from the Consumer Assistance Assessment Fund to the Agency of Administration for the purposes of contracting with the Vermont Legal Aid (VLA) to carry out the duties of the Office of the Health Care Advocate.

#### **House Ways & Means Committee Amendment**

The House Ways & Means committee proposes amending the bill by **striking** the sections concerning the establishment of both the \$0.22 consumer assistance assessment and the Consumer Assessment Fund and in its place expands the billback authority to include “financial support for the Office of the Health Care Advocate” as an acceptable use of these funds. The Committee also strikes the \$250,000 appropriation.

The Committee also added language requiring the Governor’s budget submission to include a separate line item within the Agency of Administration’s budget “for the Office of the Health Care Advocate program and related programs costs and shall specify the sums appropriated for the program’s actuarial services.” Finally, the committee also included intent language that the Office of the Health Care Advocate maximize the amount of federal and grant funds to support the activities of the office.

#### **House Appropriations Committee Amendment**

The House Appropriations Committee further amended Sec. 28 of the bill that beginning with the 2014 annual report, “the Office of the Health Care Advocate shall specify the sums expended by the office in carrying out its duties, including identifying the specific amount expended for actuarial services.

---

<sup>1</sup> This includes covered lives for all major medical and third-party administrator books of business. It is estimated that this would account for approximately 298,000 lives.

### **Bill-back**

The bill would give the GMCB and DFR more discretion in which expenses they subject to Bill-back. Currently they are not “billing-back” to the full extent allowable to alleviate pressure on the paying entities (which include hospitals and other non-profit medical service corporations, health insurance companies, and health maintenance organizations), a practice they intend to continue. This language codifies current practice and is unlikely to have additional fiscal implications on the state budget.

*Other than the aforementioned billback language related to the funding of the office of the Health Care Advocate, there was no change from the House Health Care version.*

### **Filing Fees**

Currently health insurance companies, non-profit hospitals and other non-profit medical service corporations pay a \$50 non-refundable filing fee each time a policy, contract, document, contract form, premium rate, rule, or amendment is filed with the DFR or GMCB. This bill increases the filing fee to \$150. While the amount of additional revenue is still to be determined, it is not expected to exceed \$10,000. *Ways & Means and Appropriations made no further changes from the House Health Care language.*

### **Prior Authorization Pilot Program**

The bill directs the GMCB to develop and implement a pilot program (or programs) for the purpose of measuring the change in system costs within primary care associated with eliminating prior authorization requirements for imaging, medical procedures, prescription drugs, and home care. While there are costs associated with this provision, they are nominal and can be done within existing resources. *Ways & Means and Appropriations made no further changes from the House Health Care version.*