S.252 - Fisher proposed amendments

Sec. 1. **PURPOSE;** LEGISLATIVE INTENT

(a) The General Assembly finds that:

(1) It has been three years since the passage of 2011 Acts and Resolves No. 48 (Act 48). ~~**Several health care reform initiatives have been implemented or are preparing to launch the,**~~

(2) The Blueprint for Health has advanced significantly since 2011. The Blueprint now encompasses 121 primary care medical home practices serving a total of 514,385 Vermonters. In 2012, total annual health care expenditures were substantially reduced for both children and adults.

(3) Vermont was awarded a three-year State Innovation Model (SIM) grant of $45 million to improve health and health care and lower costs for Vermont residents. The grant funds the creation of a sustainable model of multi-payer payment and delivery reform, encouraging providers to change the way they do business in order to deliver the right care at the right time in the right setting. The State has created a 300 person public-private stakeholder group to work collaboratively on creating the right payment and delivery system models. Through this structure, care management models are being coordinated across State agencies and health care providers, including the Blueprint for Health, Vermont Chronic Care Initiative, and accountable care organizations.

(4) From the SIM grant funds, the State has awarded $2.6 million in grants to health care providers for innovative pilot programs improving

care delivery or for creating the capacity and infrastructure for care delivery reforms.

(5) The Green Mountain Care Board regulates health insurance rates, hospital budgets, and certificates of need. In 2013, the Green Mountain Care Board's hospital budget review limited hospital growth to 2.7 percent, the lowest annual growth rate in Vermont for at least the last 15 years. The Green Mountain Care Board also issued four certificates of need and one conceptual development phase certificate of need. It issued 31 health insurance rate decisions and reduced by approximately five percent the rates proposed by insurers in the Vermont Health Benefit Exchange.

(6) Three accountable care organizations (ACOs) have formed in Vermont: one led by hospitals, one led by federally qualified health centers, and one led by independent physicians. The Green Mountain Care Board has approved payment and quality measures for ACOs, which create substantial uniformity across payers and will provide consistent measurements for health care providers.

(7) The Vermont Health Benefit Exchange has completed its first open enrollment period. Vermont has more people enrolled through its Exchange per capita than are enrolled in any other state-based Exchange, but many Vermonters experienced difficulties during the enrollment period and not all aspects of Vermont's Exchange are fully functional.

(8) The Agency of Human Services has adopted the modified adjusted gross income standard under the Patient Protection and Affordable Care Act, further streamlining the Medicaid application process.

(9) Vermonters currently spend over $2.5 billion per year on private funding of health care through health insurance premiums and out-of-pocket expenses. Act 48 charts a course toward replacing that spending with a publicly financed system.

(10) There is no legislatively determined timeline in Act 48 for the implementation of Green Mountain Care. A set of five triggers focusing on decisions about financing, covered services, benefit design, impacts of Green Mountain Care, and receipt of a federal waiver must be satisfied before launching Green Mountain Care. In addition, the Green Mountain Care Board must be satisfied that reimbursement rates for providers will be sufficient to recruit and retain a strong health care workforce to meet the needs of all Vermonters.

(b) In order to successfully implement the ~~**reforms**~~ **next steps** envisioned by ~~**that act**~~ **Act 48**, it is appropriate to update the assumptions and cost estimates that formed the basis for ~~**Act 48**~~ **that act**, evaluate the success of existing health care reform efforts, and obtain information relating to key outstanding policy decisions. It is the intent of the General Assembly to obtain a greater understanding of the impact of health care reform efforts currently

under way and to take steps toward implementation of the universal and unified health system envisioned by Act 48.

(c) Before making final decisions about the financing for Green Mountain Care, the General Assembly must have accurate data about how Vermonters currently pay for health care and how the new system will impact individual decisions about accessing care.

(d) The General Assembly also must consider the benefits and risks of a new health care system on Vermont's businesses when there are new public financing mechanisms in place, when businesses no longer carry the burden of providing health coverage, when employees no longer fear losing coverage when they change jobs, and when business start-ups no longer have to consider health coverage.

(f) The General Assembly must be satisfied that appropriate plan of operations is in place in order to accomplish the transitions needed for successful implementation of Green Mountain Care.

Sec. 2. PRINCIPLES FOR HEALTH CARE FINANCING

The General Assembly adopts the following principles to guide the financing of health care in Vermont:

(1) All Vermont residents have the right to high-quality health care.

(2) Vermont residents shall finance Green Mountain Care through taxes that are levied equitably, taking into account an individual's ability to pay and the value of the health benefits provided.

(3) As provided in 33 V.S.A. § 1827, Green Mountain Care shall be the secondary payer for Vermont residents who continue to receive health care through plans provided by an employer, by ~~another state~~ **a federal health benefit plan, by Medicare**, by a foreign government, or as a retirement benefit.

(4) Vermont's system for financing health care shall raise revenue sufficient to provide medically necessary health care services to all enrolled Vermont residents, including **ambulatory patient services, emergency services, hospitalization,** maternity and newborn care, ~~**pediatric care, vision and dental care for children, surgery and hospital care, emergency care, outpatient care, treatment for mental health conditions, and**~~ **mental health and substance use disorder services**, prescription drugs**, rehabilitative and habilitative services and devices, laboratory services, preventive and wellness services and chronic care management, and pediatric services**.

* * * Green Mountain Care * * *

~~**Sec. 6. TREATMENT OF FEDERAL EMPLOYEES**~~

~~**The Health Care Reform Financing Plan submitted to the General Assembly by the Secretary of Administration and the Director of Health Care Reform on January 24, 2013 assumed that federal employees, including military, will not be integrated into Green Mountain Care for their primary coverage.**~~

~~**Sec. 7. 33 V.S.A. § 1824(f) is added to read:**~~

(f)(1) Federal employees who participate in the Federal Employees Health Benefits Program (FEHBP) or TRICARE shall be deemed, by virtue of their participation in those plans, to be covered by Green Mountain Care. The Green Mountain Care benefit package for federal employees shall be the benefit package of their respective FEHBP or TRICARE plan. The premiums paid by federal employees for the FEHBP or TRICARE shall be deemed to be their share of contributions to the financing for Green Mountain Care.

(2) As used in this subsection, "federal employee" means a person employed by the U.S. government who is eligible for the FEHBP, a person retired from employment with the U.S. government who is eligible for the FEHBP, or an active or retired member of the U.S. Armed Forces who is eligible for a TRICARE plan.

Sec. 7a. SUPPLEMENTAL PLANS FOR TRICARE PARTICIPANTS

In the event that the Agency of Human Services identifies significant gaps between the coverage available to federal employees participating in TRICARE and the coverage available in Green Mountain Care, the Agency shall propose to the General Assembly a supplemental benefit plan for TRICARE participants and a mechanism for TRICARE participants to pay for the cost of the plan.

Sec. 8. 33 V.S.A. § 1825 is amended to read:

§ 1825. HEALTH BENEFITS

(a)(1) The benefits for Green Mountain Care shall include primary care, preventive care, chronic care, acute episodic care, and hospital services and shall **include at least the same covered services as** ~~those included in the benefit package in effect for the lowest cost Catamount Health plan offered on January 1, 2011~~ **~~consist of the benefits~~ are** available in the benchmark plan for the Vermont Health Benefit Exchange.

(2) It is the intent of the General Assembly that Green Mountain Care provide a level of coverage that includes benefits that are actuarially equivalent to at least 87 percent of the full actuarial value of the covered health services.

(3) The Green Mountain Care Board shall consider whether to impose cost-sharing requirements; if so, whether to make the cost-sharing requirements income-sensitized; and the impact of any cost-sharing requirements on an individual's ability to access care. The Board shall consider waiving any cost-sharing requirement for evidence-based primary and preventive care; for palliative care; and for chronic care for individuals participating in chronic care management and, where circumstances warrant, for individuals with chronic conditions who are not participating in a chronic care management program.

(4)(A) The Green Mountain Care Board established in 18 V.S.A. chapter 220 shall consider whether to include dental, vision, and hearing benefits in the Green Mountain Care benefit package.

(B) The Green Mountain Care Board shall consider whether to include long-term care benefits in the Green Mountain Care benefit package.

(5) Green Mountain Care shall not limit coverage of preexisting conditions.

(6) The Green Mountain Care ~~**board**~~ **Board** shall approve the benefit package and present it to the General Assembly as part of its recommendations for the Green Mountain Care budget.

(b)(1)(A) For individuals eligible for Medicaid or CHIP, the benefit package shall include the benefits required by federal law, as well as any additional benefits provided as part of the Green Mountain Care benefit package.

(B) Upon implementation of Green Mountain Care, the benefit package for individuals eligible for Medicaid or CHIP shall also include any optional Medicaid benefits pursuant to 42 U.S.C. § 1396d or services covered under the State plan for CHIP as provided in 42 U.S.C. § 1397cc for which these individuals are eligible on January 1, 2014. Beginning with the second year of Green Mountain Care and going forward, the Green Mountain Care Board may, consistent with federal law, modify these optional benefits, as long as at all times the benefit package for these individuals contains at least the benefits described in subdivision (A) of this subdivision (b)(1).

(2) For children eligible for benefits paid for with Medicaid funds, the benefit package shall include early and periodic screening, diagnosis, and treatment services as defined under federal law.

(3) For individuals eligible for Medicare, the benefit package shall include the benefits provided to these individuals under federal law, as well as

any additional benefits provided as part of the Green Mountain Care benefit package.

Sec. 9. ~~**CONTRACT FOR ADMINISTRATION OF CERTAIN ELEMENTS OF**~~ **UPDATES ON TRANSITION TO** GREEN MOUNTAIN CARE

(a) ~~**On or before February 1, 2015, the Agency of Human Services shall identify**~~ **The Secretary of Administration or designee shall provide updates at least quarterly to the House Committees on Health Care and on Ways and Means, the Senate Committees on Health and Welfare and on Finance, and the Health Care Oversight Committee regarding the Agency's progress to date on:**

(1) determining the elements of Green Mountain Care, such as claims administration and provider relations, for which the Agency plans to solicit bids for administration pursuant to 33 V.S.A. § 1827(a)~~**. By the same date, the Agency shall also prepare**~~ **and preparing** a description of the job or jobs to be performed, ~~**design**~~ the bid qualifications, and ~~**develop**~~ the criteria by which bids will be evaluated~~.~~**;**

~~**(b) On or before July 1, 2015, the Agency of Human Services shall solicit bids for administration of the elements of Green Mountain Care identified pursuant to subsection (a) of this section.**~~

~~**(c) On or before December 15, 2015, the Agency of Human Services shall award one or more contracts to public or private entities for**~~

~~**administration of elements of Green Mountain Care pursuant to 33 V.S.A. § 1827(a).**~~

(2) developing a plan for financing the amounts needed for Green Mountain Care, including addressing cross-border issues and financing mechanisms for Vermont's Medicare population;

(3) establishing provider reimbursement rates in Green Mountain Care;

(4) developing estimates of administrative savings to health care providers and payers from Green Mountain Care;

(5) addressing cross-border health care delivery issues;

(6) assessing coverage options for Vermont's Medicare population within Green Mountain Care and the potential continuation of Medicare supplemental insurance and Medicare Advantage plans; and

(8) identifying growth and trends in health care system costs.

(b) The Green Mountain Care Board shall provide updates at least quarterly to the House Committees on Health Care and on Ways and Means, the Senate Committees on Health and Welfare and on Finance, and the Health Care Oversight Committee regarding the Board's progress to date on:

(1) defining the Green Mountain Care benefit package;

(2) deciding whether to include dental, vision, hearing, and long-term care benefits in Green Mountain Care;

(3) determining whether and to what extent to impose cost-sharing requirements in Green Mountain Care; and

(4) making the determinations required for Green Mountain Care implementation pursuant to 33 V.S.A. § 1822(a)(5).

~~**Sec. 16. BENCHMARK-EQUIVALENT HEALTH CARE COVERAGE**~~

On or before October 1, 2014, the Secretary of Administration or designee shall provide the House Committee on Health Care, the Senate Committees on Health and Welfare and on Finance, and the Health Care Oversight Committee with a recommendation regarding whether it should be the policy of the State of Vermont that all Vermont residents should have health care coverage in effect prior to implementation of Green Mountain Care that is substantially equivalent to coverage available under the benchmark plan for the Vermont Health Benefit Exchange. If the Secretary or designee reports that substantially equivalent coverage for all Vermonters should be the policy of the State, the Secretary or designee shall propose ways to achieve this goal.

Sec. 17. TRANSITION PLAN FOR PUBLIC EMPLOYEES

The Secretary of Education and the Commissioner of Human Resources, in consultation with the Vermont State Employees' Association, the Vermont League of Cities and Towns, Vermont–NEA, Vermont School Boards Association, AFT Vermont, and other interested stakeholders, shall develop a plan for transitioning public employees from their existing health insurance plans to Green Mountain Care ~~**or another common risk pool**~~, with the goal

that all State employees, municipal employees, public school employees, and other persons employed by the State or an instrumentality of the State shall be enrolled in Green Mountain Care upon implementation, which is currently targeted for 2017**, or in a common risk pool**. The Secretary and Commissioner shall address the role of collective bargaining on the transition process and shall propose methods to **mitigate the impact of the transition on employees' health care coverage and on their total compensation ensure a fair and timely transition of public employees from existing health insurance plans to Green Mountain Care [*School Boards Ass'n*]**.

Sec. 18. FINANCIAL IMPACT OF HEALTH CARE REFORM INITIATIVES

(a) The Secretary of Administration or designee shall consult with the Joint Fiscal Office in **identifying data and** developing **and selecting data methodologies**, assumptions, analytic models, and other **work factors** related to the following:

(1) **the cost of Green Mountain Care, the universal and unified health care system established in 33 V.S.A. chapter 18, subchapter 2;**

(2) the distribution of **current** health care spending by individuals, businesses, and municipalities, including comparing the distribution of spending by individuals by income class with the distribution of other taxes; **and**

(**2**) the costs of and savings from current health care reform initiatives**; and**

(3) ~~the~~ updated cost estimates ~~of~~ for Green Mountain Care, the universal and unified health care system established in 33 V.S.A. chapter 18, subchapter 2.

(b) The Secretary or designee and the Joint Fiscal Committee shall explore ways to collaborate on the estimates required pursuant to subsection (a) of this section and may contract jointly, to the extent feasible, in order to utilize the same analytic models, data, or other resources.

(c) On or before December 1, 2014, the Secretary of Administration shall present his or her analysis to the General Assembly. On or before January 15, 2015, the Joint Fiscal Office shall evaluate the analysis and indicate areas of agreement and disagreement with the data, assumptions, and results.

~~**Sec. 19. PHARMACY BENEFIT MANAGEMENT**~~

~~**On or before October 1, 2014, the Secretary of Administration or designee shall report to the House Committee on Health Care, the Senate Committees on Health and Welfare and on Finance, and the Health Care Oversight Committee regarding the feasibility and benefits to the State of Vermont of the State acting as its own pharmacy benefit manager for the State employees' health benefit plan, Vermont's Medicaid program, Green Mountain Care, and any other health care plan financed or administered in whole or in part by the State.**~~

Sec. 20. INDEPENDENT PHYSICIAN PRACTICES; REPORT

On or before December 1, 2014, the Secretary of Administration or designee**, in consultation with the Vermont Medical Society,** shall report to

the House Committee on Health Care and the Senate Committees on Health and Welfare and on Finance regarding the ~~**policy of the State of Vermont with respect to**~~ **financial viability of** independent physician practices **in this State ~~, including whether the State wishes to encourage existing physician practices to remain independent and whether the State wishes to encourage new independent physician practices to open, and, if it is the policy of the State to encourage these independent physician practices, recommending ways to increase the number of these practices in Vermont~~**. The Secretary or designee shall also consider whether the State should prohibit health insurers from reimbursing physicians in independent practices at lower rates than those at which they reimburse physicians in hospital-owned practices for providing the same services.

~~**Sec. 21. HEALTH INFORMATION TECHNOLOGY AND INTELLECTUAL PROPERTY; REPORT**~~

~~**On or before October 1, 2014, the Office of the Attorney General, in consultation with the Vermont Information Technology Leaders, shall report to the House Committees on Health Care, on Commerce and Economic Development, and on Ways and Means and the Senate Committees on Health and Welfare, on Economic Development, Housing and General Affairs, and on Finance regarding the need for intellectual property protection with respect to Vermont's Health Information Exchange and other health information technology initiatives, including the potential for receiving patent, copyright, or trademark protection for**~~

~~**health information technology functions, the estimated costs of obtaining intellectual property protection, and projected revenues to the State from protecting intellectual property assets or licensing protected interests to third parties.**~~

Sec. 22. ~~**MEDICARE INTEGRATION**~~ **HEALTH PROGRAM COORDINATION WITH GREEN MOUNTAIN CARE**; REPORT

On or before December 1, 2014, the Secretary of Administration or designee shall report to the House Committees on Health Care and on Ways and Means and the Senate Committees on Health and Welfare and on Finance regarding the options available to the State of Vermont with respect to the potential integration and coordination of Medicare**, the Federal Employees Health Benefit Program, TRICARE, and other employment-based or retiree health coverage** with Green Mountain Care. ~~**The report shall include assessments of possible financing and coverage options for Vermont's Medicare population within Green Mountain Care and the potential continuation of Medicare supplemental insurance and Medicare Advantage plans.**~~

*** * * Repeal * * ***

Sec. 24. REPEAL

3 V.S.A. § 635a (legislators and session-only legislative employees eligible to purchase State Employees Health Benefit Plan at full cost) is repealed.

* * * Effective Date * * *

Sec. **25**. EFFECTIVE DATE

This act shall take effect on passage, except that**:**

(1) the amendments in Sec. 12 to 21 V.S.A. § 2002 shall apply beginning in the first quarter of fiscal year 2015**; and**

(2) Notwithstanding 1 V.S.A. § 214, Sec. 24 (repeal of legislator eligibility to purchase State Employees Health Benefit Plan) shall take effect on passage and shall apply retroactively to January 1, 2014, except that members and session-only employees of the General Assembly who were enrolled in the State Employees Health Benefit Plan on January 1, 2014 may continue to receive coverage under the plan through the remainder of the 2014 plan year.