

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means to which was referred Senate Bill No.
3 252 entitled “An act relating to financing for Green Mountain Care”
4 respectfully reports that it has considered the same and recommends that the
5 House propose to the Senate that the bill as amended by the Committee on
6 Health Care be further amended as follows:

7 First: By striking out Sec. 1, legislative intent; findings; purpose, in its
8 entirety and inserting in lieu thereof a new Sec. 1 to read:

9 Sec. 1. LEGISLATIVE INTENT; FINDINGS; PURPOSE

10 (a)(1) It is the intent of the General Assembly to continue moving forward
11 toward implementation of Green Mountain Care, a publicly financed program
12 of universal and unified health care.

13 (2) It is the intent of the General Assembly not to change in any way the
14 benefits provided to Vermont residents by Medicare, the Federal Employees
15 Health Benefit Program, TRICARE, a retiree health program, or any other
16 health benefit program beyond the regulatory authority of the State of
17 Vermont.

18 (b) The General Assembly finds that:

19 (1) It has been three years since the passage of 2011 Acts and Resolves
20 No. 48 (Act 48), which established the Green Mountain Care Board,

1 authorized payment reform initiatives, and created the framework for the
2 Vermont Health Benefit Exchange and Green Mountain Care.

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

11 (3) In 2013, Vermont was awarded a three-year State Innovation Model
12 (SIM) grant of \$45 million to improve health and health care and to lower
13 costs for Vermont residents. The grant funds the creation of a sustainable
14 model of multi-payer payment and delivery reform, encouraging providers to
15 change the way they do business in order to deliver the right care at the right
16 time in the right setting. The State has created a 300-person public-private
17 stakeholder group to work collaboratively on creating appropriate payment and
18 delivery system models. Through this structure, care management models are
19 being coordinated across State agencies and health care providers, including
20 the Blueprint for Health, the Vermont Chronic Care Initiative, and accountable
21 care organizations.

1 (4) From the SIM grant funds, the State recently awarded \$2.6 million in
2 grants to health care providers for innovative pilot programs improving care
3 delivery or for creating the capacity and infrastructure for care delivery
4 reforms.

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

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

16 (7) According to the 2013 Blueprint for Health Annual Report, Vermont
17 residents receiving care from a patient-centered medical home and community
18 health team had favorable outcomes over comparison groups in reducing
19 expenditures and reducing inpatient hospitalizations. As of December 31,
20 2013, 121 primary care practices were participating in the Blueprint for Health,
21 servicing approximately 514,385 Vermonters.

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

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

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

16 (11) Act 48 required the Secretary of Administration to provide a
17 financing plan for Green Mountain Care by January 15, 2013. The financing
18 plan delivered on January 24, 2013 did not “recommend the amounts and
19 necessary mechanisms to finance Green Mountain Care and any systems
20 improvements needed to achieve a public-private universal health care
21 system,” or recommend solutions to cross-border issues, as required by Sec. 9

1 of Act 48. The longer it takes the Secretary to produce a complete financing
2 plan, the longer it will be until Green Mountain Care can be implemented.

3 (c) In order to implement the next steps envisioned by Act 48 successfully,
4 it is appropriate to update the assumptions and cost estimates that formed the
5 basis for that act, evaluate the success of existing health care reform efforts,
6 and obtain information relating to key outstanding policy decisions. It is the
7 intent of the General Assembly to obtain a greater understanding of the impact
8 of health care reform efforts currently under way and to take steps toward
9 implementation of the universal and unified health system envisioned by
10 Act 48.

11 (d) Before making final decisions about the financing for Green Mountain
12 Care, the General Assembly must have accurate data on ~~how Vermonters~~
13 ~~currently pay for health care~~ the direct and indirect costs of the current
14 health care system and how the new system will impact individual decisions
15 about accessing care.

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

1 (f) The General Assembly must ensure that Green Mountain Care does not
2 go forward if ~~doing so is not cost-effective for the residents of Vermont and~~
3 ~~for the State the financing is not sufficient, fair, predictable, transparent,~~
4 ~~sustainable, and shared equitably.~~

5 (g) The General Assembly must be satisfied that an appropriate plan of
6 action is in place in order to accomplish the ~~financial and health care~~
7 ~~operational~~ transitions needed for successful implementation of Green
8 Mountain Care.

9 Second: By striking out Sec. 2, principles for health care financing, and
10 inserting in lieu thereof a new Sec. 2 to read:

11 Sec. 2. PRINCIPLES FOR HEALTH CARE FINANCING

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

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

15 (2) All Vermont residents shall contribute to the financing for Green
16 Mountain Care.

17 ~~(3) Vermont residents shall finance Green Mountain Care~~ through
18 taxes that are levied equitably, taking into account an individual's ability to
19 pay and the value of the health benefits provided so that access to health care
20 will not be limited by cost barriers.

1 (3) The financing system shall maximize opportunities to **pay for**
2 **health care using pre-tax funds take advantage of federal tax credits and**
3 **deductions.**

4 (4) As provided in 33 V.S.A. § 1827, Green Mountain Care shall be the
5 payer of last resort for Vermont residents who continue to receive health care
6 through plans provided by an employer, by a federal health benefit plan, by
7 Medicare, by a foreign government, or as a retirement benefit.

8 (5) Vermont’s system for financing health care shall raise revenue
9 sufficient to provide medically necessary health care services to all Vermont
10 residents, including:

11 (A) ambulatory patient services;

12 (B) emergency services;

13 (C) hospitalization;

14 (D) maternity and newborn care;

15 (E) mental health and substance use disorder services, including

16 behavioral health treatment;

17 (F) prescription drugs;

18 (G) rehabilitative and habilitative services and devices;

19 (H) laboratory services;

20 (I) preventive and wellness services and chronic care

21 management; and

1 (J) pediatric services, including oral and vision care.

2 ~~**(6) The financing system for Green Mountain Care shall include an**~~
3 ~~**indexing mechanism that adjusts the level of individuals' and businesses'**~~
4 ~~**financial contributions to meet the health care needs of Vermont residents**~~
5 ~~**and that ensures the sufficiency of funding in accordance with the**~~
6 ~~**principle expressed in 18 V.S.A. § 9371(11).** [Deleted.]~~

7 Third: By striking out Sec. 11, 21 V.S.A. § 2003(b), in its entirety and
8 inserting in lieu thereof a new Sec. 11 to read:

9 Sec. 11. 21 V.S.A. § 2003(b) is amended to read:

10 (b) For ~~any quarter in~~ fiscal years 2007 and 2008 **the third and fourth**
11 **quarters of calendar year 2014**, the amount of the Health Care Fund
12 contribution shall be \$~~91.25~~ **\$119.12** **\$133.30** for each full-time equivalent
13 employee in excess of ~~eight~~ four. For each ~~fiscal~~ calendar year after ~~fiscal year~~
14 ~~2008, the number of excluded full-time equivalent employees shall be adjusted~~
15 ~~in accordance with subsection (a) of this section, and~~ calendar year 2014, the
16 amount of the Health Care Fund contribution shall be adjusted by a percentage
17 equal to any percentage change in premiums for the second lowest cost silver-
18 level plan in the Vermont Health Benefit Exchange.

19 Fourth: By striking out Sec. 26, Green Mountain Care financing and
20 coverage; report, in its entirety and inserting in lieu thereof a new Sec. 26 to
21 read:

1 Sec. 26. GREEN MOUNTAIN CARE FINANCING AND COVERAGE;
2 REPORT

3 (a) Notwithstanding the January 15, 2013 date specified in 2011 Acts and
4 Resolves No. 48, Sec. 9, **on or before February 3, 2015 not later than**
5 **January 15, 2015**, the Secretary of Administration shall submit to the House
6 Committees on Health Care and on Ways and Means and the Senate
7 Committees on Health and Welfare and on Finance a proposal to transition to
8 and fully implement Green Mountain Care. The report shall include the
9 following elements, as well as any other topics the Secretary deems
10 appropriate:

11 (1) a detailed analysis of ~~how much individuals and businesses~~
12 ~~currently spend on health care, including the average percentage of~~
13 ~~income spent on health care premiums for plans in the Vermont Health~~
14 ~~Benefit Exchange by Vermont residents purchasing Exchange plans as~~
15 ~~individuals and by Vermont residents whose employers provide health~~
16 ~~coverage as an employment benefit, as well as data necessary to compare~~
17 ~~the proposal to the various ways health care is currently paid for,~~
18 ~~including as a percentage of employers' payroll the direct and indirect~~
19 impacts of moving from **the current** health care system to a publicly
20 financed system, including the impact by income class and family size for
21 individuals and by business size, economic sector, and total sales or

1 revenue for businesses, as well as the effect on various wage levels and job
2 growth;

3 (2) recommendations for the amounts and necessary mechanisms to
4 finance Green Mountain Care, including:

5 (A) proposing the amounts to be contributed by individuals and
6 businesses in addition to the indirect costs they will continue to pay;

7 (B) recommending financing options for wraparound coverage for
8 individuals with other primary coverage, including evaluating the potential for
9 using financing tiers based on the level of benefits provided by Green
10 Mountain Care; and

11 (C) addressing cross-border financing issues;

12 (3) wraparound benefits for individuals for whom Green Mountain Care
13 will be the payer of last resort pursuant to 33 V.S.A. § 1827(f), including
14 individuals covered by the Federal Employees Health Benefit Program,
15 TRICARE, Medicare, retiree health benefits, or an employer health plan;

16 (4) a thorough economic analysis of the impact of changing from a
17 health care system financed through premiums to the system
18 recommended in the financing proposal, taking into account the effect on
19 wages and job growth and the impact on various wage levels [Deleted.];

20 (5) recommendations for addressing cross-border health care delivery
21 issues;

- 1 (6) establishing provider reimbursement rates in Green Mountain Care;
2 (7) developing estimates of administrative savings to health care
3 providers and payers from Green Mountain Care; and
4 (8) information regarding Vermont’s efforts to obtain a Waiver for State
5 Innovation pursuant to Section 1332 of the Patient Protection and Affordable
6 Care Act, Pub. L. No. 111-148, as amended by the Health Care and Education
7 Reconciliation Act of 2010, Pub. L. No. 111-152, including submission of a
8 conceptual waiver application as required by Sec. 10 of this act.

9 (b) If the Secretary of Administration does not submit the Green Mountain
10 Care financing and coverage proposal required by this section to the General
11 Assembly by ~~February 3, 2015~~ **January 15, 2015**, no portion of the
12 unencumbered funds remaining as of that date in the fiscal year 2015
13 appropriation to the Agency of Administration for the planning and the
14 implementation of Green Mountain Care shall be expended until the Secretary
15 submits **to the General Assembly a plan recommending the specific**
16 **amounts and necessary mechanisms to finance Green Mountain Care the**
17 **required proposal.**

18 Fourth: **By striking out Sec. 29, transition plan for union employees, in its**
19 **entirety and inserting in lieu thereof a new Sec. 29 to read as follows:**

20 **Sec. 29. TRANSITION PLAN FOR UNION EMPLOYEES**

1 **The Commissioners of Labor and of Human Resources; in consultation**
2 **with one representative each from the Vermont League of Cities and Towns,**
3 **the Vermont School Boards Association, and the Vermont School Board**
4 **Insurance Trust; and five representatives from a coalition of labor**
5 **organizations active in Vermont, and in consultation with other interested**
6 **stakeholders, shall develop a plan for transitioning all union employees with**
7 **collectively bargained health benefits from their existing health insurance plans**
8 **to Green Mountain Care, with the goal that all union employees shall be**
9 **enrolled in Green Mountain Care upon implementation, which is currently**
10 **targeted for 2017. The Commissioners shall address the role of collective**
11 **bargaining on the transition process and shall propose methods to**
12 **mitigate the impact of the transition on employees' health care coverage**
13 **and on their total compensation. The transition plan shall be consistent**
14 **with State and federal labor relations laws and public and private sector**
15 **collective bargaining agreements and shall ensure that total employee**
16 **compensation does not decrease significantly, nor financial costs to**
17 **employers increase significantly, as a result of the transition of employees**
18 **to Green Mountain Care.**

19 Fifth: By striking out Sec. 30, financial impact of health care reform
20 initiatives, in its entirety and inserting in lieu thereof a new Sec. 30 to read:

1 Sec. 30. FINANCIAL IMPACT OF HEALTH CARE REFORM
2 INITIATIVES

3 ~~(a) The Secretary of Administration or designee shall consult with the~~
4 ~~Joint Fiscal Office in collecting data and developing methodologies,~~
5 ~~assumptions, analytic models, and other factors related to the following~~
6 ~~The Health Reform Oversight Joint Fiscal Committee or designee shall:~~

7 (1) determine the distribution of current health care spending by
8 individuals, businesses, and municipalities, including the direct and indirect
9 costs by age?, income class and family size for individuals and by business
10 size, economic sector, and total sales or revenue for businesses;

11 (2) for each proposal for health care system reform, evaluate the
12 direct and indirect impacts on individuals, businesses, and municipalities,
13 including the direct and indirect costs by age?, income class and family
14 size for individuals and by business size, economic sector, and total sales
15 or revenue for businesses;

16 (3) estimate the costs of and savings from current health care reform
17 initiatives; and

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

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

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

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(Committee vote: _____)

Representative _____

FOR THE COMMITTEE