



VERMONT ASSOCIATION OF
HOSPITALS AND HEALTH SYSTEMS

MEMORANDUM

TO: SENATE COMMITTEE ON HEALTH AND WELFARE

FROM: JILL MAZZA OLSON, MPA, FACHE
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VP OF POLICY & LEGISLATIVE AFFAIRS

SUBJECT: REPORTING OF PROVIDER AFFILIATIONS (S.245)

DATE: MARCH 8, 2016

During deliberations on S.245 last week, the committee asked VAHHS to develop a memo outlining VAHHS' recommendations for reporting provider affiliations. Our member hospitals very much appreciate the committee's willingness to consider our recommendations. They are outlined below.

Recommendations:

VAHHS recommends addressing the key elements of S.245 via the relevant existing regulatory process already in place at the Green Mountain Care Board. The recommendations are listed below. More details are in subsequent sections of the memo.

- (1) [To address §9482] Hospitals should continue reporting on new physician practice transfers/acquisitions to the Green Mountain Care Board under the Green Mountain Care Board Physician Transfer and/or Acquisitions policy. Per the testimony of the Attorney General, we do not recommend additional reporting to the AG's office. No legislative or regulatory action is necessary, the policy is already in place.
- (2) [To address §9483] The Green Mountain Care Board should compile an annual list showing all of physician practice transfers/acquisitions completed in Vermont in the past year, based on the reports submitted to them under the Green Mountain Care Board Physician Transfer and/or Acquisitions Policy. (GMCB would need to put this in place; could be done under the existing authority of the Board.)
- (3) [To address §9484] Hospitals should notify patients in practices subject to the Green Mountain Care Board Transfer/Acquisition Policy. The patient notification requirement should include language highlighting the potential for increased out-of-pocket costs, including the so-called "facility fee" issue to the extent it is still applicable under recently revised Medicare rules. (GMCB would need to update their policy; could be done under the existing authority of the Board)

(4) [re: §9485] Hospitals and the Vermont Medical Society oppose inserting new requirements into the patient referral process because of the administrative burden it would place on provider practices.

(5) VAHHS has not taken a position on the study proposed in Section 4 of the bill.

Reporting to the Green Mountain Care Board

As representatives from the Green Mountain Care Board testified, hospitals are already obligated to report to the Green Mountain Care Board when a formerly independent physician practice becomes an employed practice under the Green Mountain Care Board Physician Transfer and/or Acquisitions policy. The policy requires hospitals to report on physician practice transfers/acquisitions that occur between budget submissions because of the potential impact on a hospital's net patient revenue, which is regulated by the Board. Under the Board's policy, hospitals may request that transactions that are being negotiated can be kept confidential until finalized, as allowed for under 1 V.S.A. § 317(c)(9), and 1 V.S.A. § 317(c)(15). While we believe maintaining confidentiality during the negotiation phase is important, we have no objection to the Board making information on new physician transfers/acquisitions publicly available after they are complete.

This reporting obligation should not be construed to mean that hospitals will report to the Board every time they fill a position for an employed physician. The policy is focused on transfers/acquisitions of existing independent practices to hospitals, which we understand to be the intent of S.245.

Notice to Patients

We propose that the Green Mountain Care Board include a patient notification requirement in the Green Mountain Care Board Transfer/Acquisition Policy in order to ensure that hospitals are aware of the most up-to-date requirements.

Hospitals recommend the following in regard to patient notifications.

1. Notifications will go to patients served by each practice reported under the Green Mountain Care Board Transfer/Acquisition Policy.
2. The notification will be sent by first class mail within 30 days following the effective date of the transaction.
3. The notice will include:
 - a. A statement that the practice is now affiliated with a hospital or hospital system;
 - b. The hospital or hospital system's name, business address, and telephone number for the patient financial services department; and
 - c. A statement indicating that the change may impact the out-of-pocket costs incurred by

the patient, depending on their health insurance coverage and the services they need, coupled with a recommendation to contact their insurance company with specific questions. This statement will also reference “split billing” if applicable.

- d. “Facility Fee” Issue: If applicable, a statement that if the patient is covered by Medicare, the patient will be billed separately for professional (e.g. physician) services and facility services which may result in increased out-of-pocket costs to the patient. NOTE: As we testified before your committee, Congress has recently eliminated “provider-based billing” for new physician practice transfers/acquisitions.