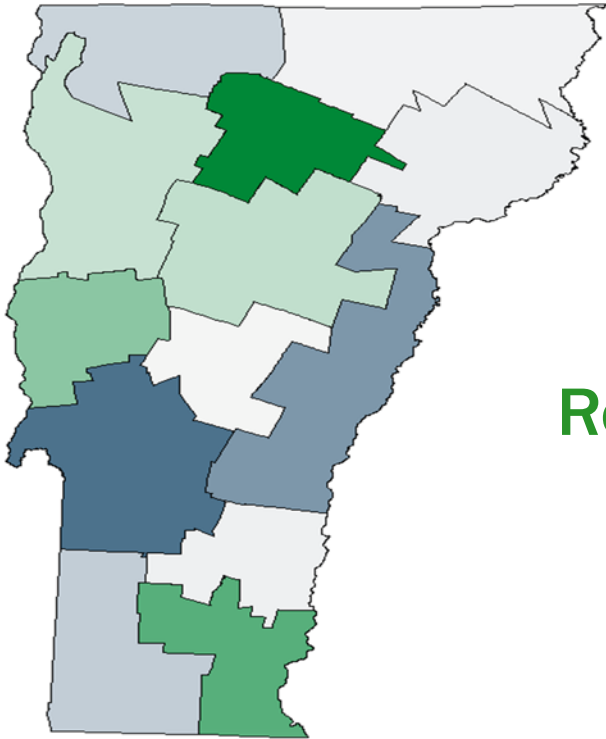


GMCB Billback

Result of Stakeholder Work for House Health Care Committee

February 14, 2018



Stakeholder Group

- **Stakeholders: GMCB, HCA, BCBS, MVP, VAHHS, OneCare**
- **Process**
 - Met three times
 - Discussed scenarios
- **Outcome**
 - Framework for Billbacks
 - MVP plans to file annually vs semi-annual
 - Allocation shifted to better reflect regulatory costs
 - ACO will participate in Billback

GMCB Fund Sources

- **General Funds**
- **Global Commitment**
- **Federal Funds, HIT Fund, and**
- **Billback Authority**
 - Certificate of Need
 - Health Care Advocate
 - VPQHC*
 - **Industry Billback**

** VPQHC is the Vermont Program for Quality in Health Care – nonprofit designated by Legislature in 1988 as an independent, peer review committee*

Existing Billback Authority

| | Certificate of Need | HCA | VPQHC |
|------------------------------|---------------------|-------|-------|
| State | | 27.5% | 0.0% |
| HMS (BCBS) | | 24.2% | 15.0% |
| HMO (MVP & BCBS) | | 13.6% | 28.1% |
| Insurer (MVP, Cigna & Other) | | 10.6% | 21.9% |
| Hospitals | Industry Pays 100% | 24.2% | 35.0% |
| ACO | | 0.0% | 0.0% |
| | | 100% | 100% |

Certificate of Need Billback Authority (18 V.S.A. § 9441), Health Care Advocate Billback Authority (18 V.S.A. § 9607) and VPQHC Billback Authority (18 V.S.A. § 9416 (c))

Industry Billback Authority - Existing & Recommended

| | SFY16 Act | SFY17 Act | SFY18 Bud | SFY19 Rec |
|------------|--------------|--------------|--------------|--------------|
| State | 40% | 40% | 40% | 40% |
| HMS (BCBS) | 15% | 15% | 45% | 24% |
| HMO | 15% | 15% | | |
| Insurer | 15% | 15% | | |
| Hospitals | 15% | 15% | 15% | 30% |
| ACO | 0% | 0% | 0% | 6% |

Note: In FY19 Direct Billback to HMS, HMO, Insurer, Hospitals & ACO for contract expenses specific to the organization's regulation.

Industry Billback Authority Using 2017 Actuals

Includes HCA, but not VPQHC

| | FY16 Act | FY17 Act | FY18 Bud | FY19 Rec |
|------------------------------|-----------------|-----------------|---------------------|-----------------|
| State | 40% | 40% | 40% | 40% |
| HMS (BCBS) | 15% | 15% | 35% | 9% |
| HMO (MVP & BCBS) | 15% | 15% | 3% | 6% |
| Insurer (MVP, Cigna & Other) | 15% | 15% | 7% | 9% |
| Hospitals | 15% | 15% | 15% | 30% |
| ACO | 0% | 0% | 0% | 6% |
| | 100% | 100% | 100% | 100% |

FY17 & Prior Billback Authority (18 VSA § 9374(h)-was 9415 repealed July 2015) and FY18 Billback (2017 Act 73 Sec. 15a)

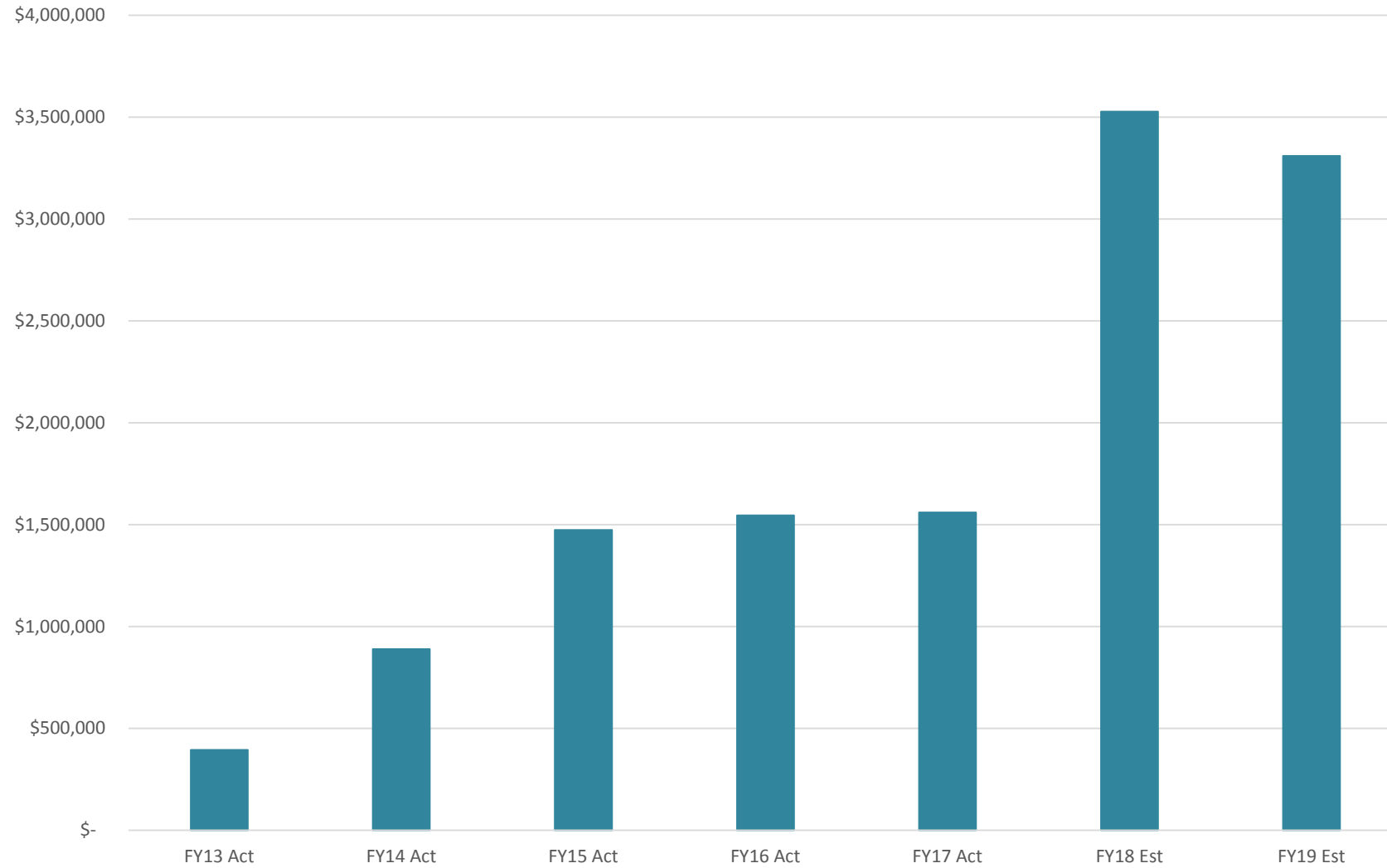
Industry Billback Impact Using 2017 Actuals (in thousands)

| | FY16 Act | FY17 Act | FY18 Est* | FY19 Est* |
|-----------------|-----------------|-----------------|------------------|------------------|
| BCBS | 666 | 597 | 922 | 614 |
| MVP | 344 | 344 | 130 | 317 |
| Cigna | 106 | 129 | 57 | 44 |
| Other Insurers | 44 | 70 | 31 | 25 |
| UVMHC | 158 | 169 | 169 | 196 |
| Other Hospitals | 228 | 252 | 252 | 291 |
| ACO | - | - | - | 73 |
| | \$ 1,546 | \$ 1,560 | \$ 1,560 | \$ 1,560 |

** Uses FY17 Actuals to See Impact of FY18 Budget & FY19 Recommended Changes*

Total Amount Billed Back to Regulatory Entities

per Annual Report to Legislature, 2017 Act 85 and FY19 Gov. Rec. Budget



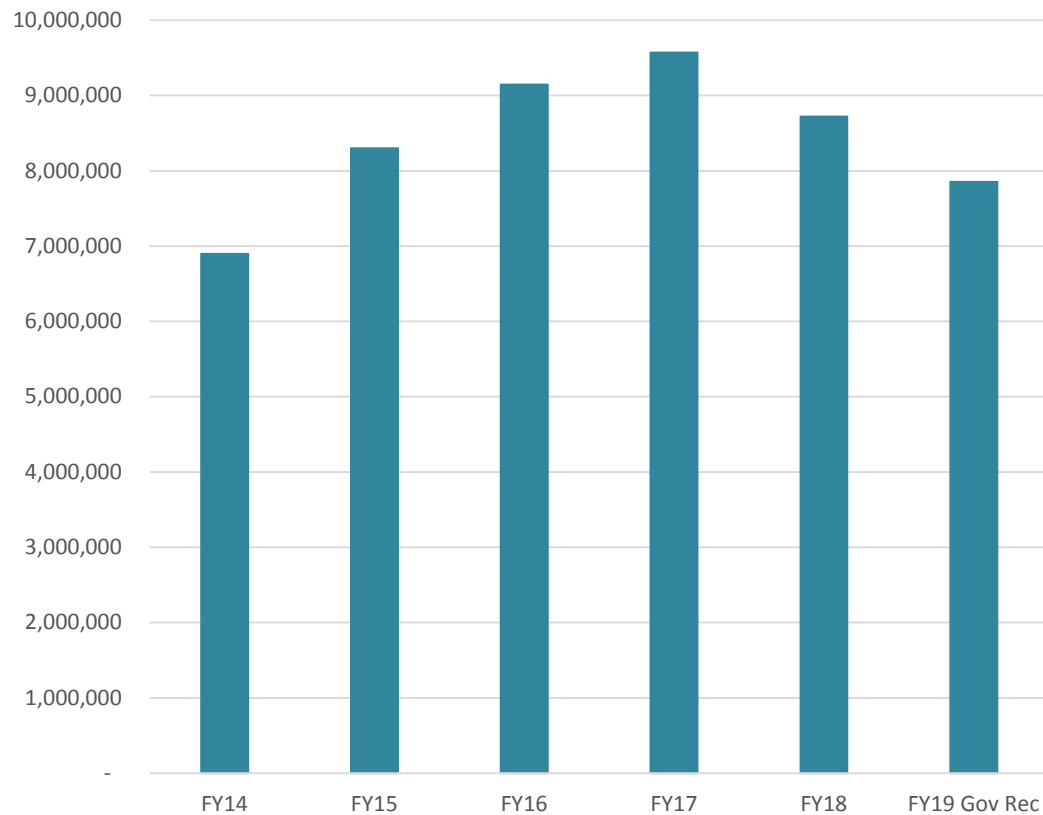
Industry Billback Estimated Projection (in thousands)

| | FY16 Act | FY17 Act | FY18 Est* | FY19 Est* |
|-----------------|----------|----------|-----------|-----------|
| BCBS | 666 | 597 | 2,084 | 1,302 |
| MVP | 344 | 344 | 295 | 673 |
| Cigna | 106 | 129 | 128 | 93 |
| Other Insurers | 44 | 70 | 69 | 53 |
| UVMHC | 158 | 169 | 383 | 416 |
| Other Hospitals | 228 | 252 | 569 | 618 |
| ACO | - | - | - | 155 |
| | \$ 1,546 | \$ 1,560 | \$ 3,528 | \$ 3,310 |

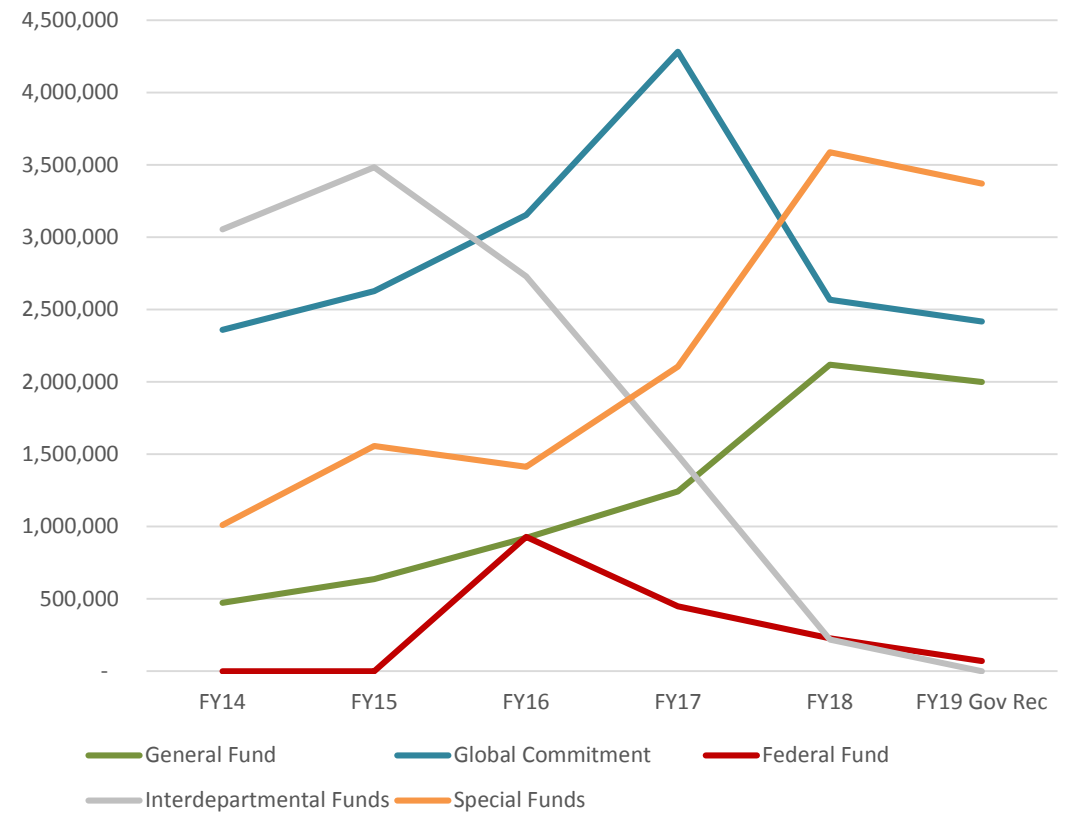
** This will change due to multiple variables. Uses FY17 Actuals to determine % allocation along with FY18 Bud and FY19 Gov Rec Billback dollars. FY18 & FY19 do not factor in annual reconciliation of prior year billback.*

GMCB Appropriation 2014 - 2019 Gov. Rec

Total Appropriation



Appropriation by Source of Funds



Appendix: Proposed Statute Language (changes are highlighted)

Except as otherwise provided in subdivision (2) of this subsection, expenses incurred to obtain information, analyze expenditures, review hospital budgets, and for any other contracts authorized by the Board shall be borne as follows:

(A) 100% by the organization incurring additional professional services or staff time

and/or, for all general expenses listed above:

- (A) 40 percent by the State from State monies;
- (B) A \$150 minimum fee to all industry organizations defined below whose allocation would be less than \$150; then of the remaining 60% not provided by the State from State monies,
- (A) 30 percent by the hospitals;
- (B) 24 percent by nonprofit hospital and medical service corporations licensed under 8 V.S.A. chapter 123 or 125; health insurance companies licensed under 8 V.S.A. chapter 101, and health maintenance organizations licensed under 8 V.S.A. chapter 139; and
- (C) 6 percent by accountable care organizations certified under 18 V.S.A. § 9382.

| | SFY16 Act | SFY17 Act | SFY18 Bud | SFY19 Rec |
|------------|--------------|--------------|--------------|--------------|
| State | 40% | 40% | 40% | 40% |
| HMS (BCBS) | 15% | 15% | 45% | 24% |
| HMO | 15% | 15% | | |
| Insurer | 15% | 15% | | |
| Hospitals | 15% | 15% | 15% | 30% |
| ACO | 0% | 0% | 0% | 6% |

Note: Direct Billback (BB) to HMS, HMO, Insurer, Hospitals & ACO in FY19 for contract expenses specific to the organization's regulation.

Appendix: Industry Billback Statute Under Review

18 VSA § 9374(h) (was 9415 repealed July 2015)

Except as otherwise provided in subdivision (2) of this subsection, expenses incurred to obtain information, analyze expenditures, review hospital budgets, and for any other contracts authorized by the Board shall be borne as follows:

- (A) 40 percent by the State from State monies;
- (B) 15 percent by the hospitals;
- (C) 15 percent by nonprofit hospital and medical service corporations licensed under 8 V.S.A. chapter 123 or 125;
- (D) 15 percent by health insurance companies licensed under 8 V.S.A. chapter 101; and
- (E) 15 percent by health maintenance organizations licensed under 8 V.S.A. chapter 139.

2018 Billback per 2017 Act 73 Sec. 15a

Notwithstanding any provision of 18 V.S.A. § 9374(h) to the contrary and except as otherwise provided in subsection (b) of this section, for fiscal year 2018 only, expenses incurred by the Green Mountain Care Board to obtain information, analyze expenditures, review hospital budgets, and for any other contracts authorized by the Board shall be borne as follows:

- (1) 40 percent by the State from State monies;
- (2) 15 percent by the hospitals; and
- (3) 45 percent by nonprofit hospital and medical service corporations licensed under 8 V.S.A. chapter 123 or 125, health insurance companies licensed under 8 V.S.A. chapter 101; and health maintenance organizations licensed under 8 V.S.A. chapter 139.

Authority to Billback for VDH Position with 18 V.S.A. § 9415 was Repealed

This position, created by 18 V.S.A. § 9405b, formerly resided with the Health Care Administration, which rolled into DFR and was then transferred to VDH. As GMCB understands, DFR received an appropriation for this position before 18 V.S.A. § 9415 was repealed and transferred that money to VDH. GMCB does not receive an appropriation for the position and is not given the authority to bill back for the position with current language. VDH receives the appropriation for this position.

The authority for GMCB to bill back for this position needs to be reinstated as it is draining the Billback Fund. In 2017, VDH's appropriation from this fund was \$76,000.

Appendix: Certificate of Need Billback Statute

Health Facility Planning 18 V.S.A. § 9441

(a) The Board shall charge a fee for the filing of certificate of need applications. The fee shall be calculated at the rate of 0.125 percent of project costs.

(b) The maximum fee shall not exceed \$20,000.00 and the minimum filing fee is **\$250.00** regardless of project cost. No fee shall be charged on projects amended as part of the review process.

(c) The Board may retain such additional professional or other staff as needed to assist in particular proceedings under this subchapter and may assess and collect the reasonable expenses for such additional staff from the applicant. The Board, on petition by the applicant and opportunity for hearing, may reduce such assessment upon a proper showing by the applicant that such expenses were excessive or unnecessary. The authority granted to the Board under this section is in addition to any other authority granted to the Board under law. (Added 1985, No. 234 (Adj. Sess.), § 7a, eff. Oct. 1, 1986; amended 1991, No. 160 (Adj. Sess.), § 33, eff. May 11, 1992; 1995, No. 180 (Adj. Sess.), §§ 30, 38(a); 1995, No. 186 (Adj. Sess.), § 16; 1999, No. 49, § 223; 2003, No. 53, § 17, eff. June 4, 2003; 2011, No. 171 (Adj. Sess.), § 20b, eff. Jan. 1, 2013.)