

Vermont Legislative Joint Fiscal Office

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

FISCAL MEMO

Date: 4/23/18

Prepared by: Nolan Langweil

H.912 – An act relating to the health care regulatory duties of the Green Mountain care Board
Section 2 – Green Mountain Care Board Billback Formula (Draft No. 1.3)
As passed the Senate Committee on Health and Welfare

Sec. 17 of H.912 as passed the Senate Committee on Health and Welfare is the same language as sec. 2 of H.922 – an act relating to making numerous revenue changes – as passed the House. It proposes to revise the formula under which the Green Mountain Care Board (GMCB) assesses regulated health care industries for certain costs associated with their regulation. It also adds accountable care organizations (ACOs) to the new formula. It does not propose changes to billback authority related to the Health Care Advocate (HCA) or the Vermont Program for Quality in Health Care, Inc. (VPQHC). The formula change is shown in the charts below:

		Old Billback	FY 18 (Act 73)	FY19 Proposal
				Direct All Other
State		40%	40%	40%
Hospitals		15%	15%	30%
Non-profit Hospitals and Medical Service Corporations	BCBSVT	15%	45% Act 73 didn't specify how 45% attributed	24% Regulated entity pays costs directly connected to their regulation. Includes contract expenses and staff time.
Health Insurance Companies	MVP, Cigna & other	15%	7%	attributed based on earned premiums
Health Maintenance Organizations (HMOs)	BCBSVT & MVP	15%	3%	
Accountable Care Organizations	One Care	----	----	6%
		100%	100%	100%

(x 1,000)

GMCB Industry Bill Back Authority Proposed Formula with financial estimates	FY '17		FY '18 Est		FY '19 Proposal**		
	Actuals	Rate	Budgeted	Rate	Direct*	All Other	Total
State	\$794	40%	\$2,117	40%	\$1,163	\$860	\$2,023
Hospitals	\$298	15%	\$835	15%	\$298	\$645	\$943
Non-profit Hospitals and Medical Service Corporations	\$298	15%	\$1,861	35%	\$746		
Health Insurance Companies	\$298	15%	\$302	7%	\$662	\$516	\$1,936
Health Maintenance Organizations (HMOs)	\$298	15%	\$180	3%	\$12		
Accountable Care Organizations	----		----		\$26	\$129	\$155
Total Bill back	\$1,984	100%	\$5,295	100%	\$2,907	\$2,150	\$5,057
Industry Bill Back (without state share)	\$1,191	60%	\$3,178	60%	\$1,744	\$1,290	\$3,034
					57%	43%	

* Direct expenses include such things as third party contractors hired to perform work for a specific entity (such as actuarial work on a rate review case, staff time, etc.).

** FY'19 estimates based on FY '19 Gov Rec.

The GMCB's total FY'19 budget as proposed is \$7,854,622 of which \$3,034,000 (39%) comes from the regulated entities portion (60%) of the industry billback. The state's share (40%) is not modified under this bill and therefore does not change the amount of state dollars needed for the Green Mountain Care Board's SFY 2019 budget as proposed.