



**Vermont Association of
Hospitals and Health Systems**

S. 31 Disclosure and Surprise Billing

The health system is not transparent right now. Hospitals recognize that this is harmful to Vermonters and support greater transparency. However, we are at a crucial moment in health care reform under the All Payer Model. As Dr. Joe Haddock said just this morning, we cannot keep doing what we are doing. We must pay providers for value instead of for volume. At a time when Vermont is undergoing major health care reform, our hospitals are also facing increased financial pressures. Hospitals are carefully looking at every expense. As a result, we need to take a careful look at the problems we are trying to solve and whether the proposals in S. 31 will solve them.

As we have mentioned in this committee, no one institution or organization has all the pieces of the puzzle. To truly tackle the issue of transparency in billing, hospitals, independent providers, health insurers and consumers must come together to craft a solution. The transparency provisions of this bill only apply to hospitals, which will not solve the problem.

Furthermore, billing transparency and surprise billing have received national attention. The federal government has recently required hospitals to post all charges. Seema Verma, the CMS Administrator, has stated that further changes will be coming on the federal level. It makes sense to see what those federal proposals are before asking hospitals to change their systems, when they may have to change those systems again due to federal requirements.

It is worth noting that the opinion piece upon which S.31 is based addressed transparency and surprise billing at the national level. Here in Vermont, we have solutions to many of these problems already:

- **Collections Disclosure:** Under the Affordable Care Act, the IRS passed regulation 26 CFR § 1.501(r)-4, which requires billing and collections information posted with the the financial assistance policy if there is no separate billing and collections policy. This is where Vermonters should get the information about billing and collections—Vermonters should know that they have financial assistance options before any bills are sent to collections.
- **Single Hospital Billing:** This proposal will cost hospitals millions of dollars to convert their systems. Where hospitals are being asked to keep their spending low and many hospitals face financial pressures of serving a rural community, this kind of cost will have a detrimental impact without producing valuable information for consumers. Furthermore, hospitals will likely be forced to divert their contributions to community providers such as the Designated Agencies, SASH, and Home Health Agencies through the All Payer Model to pay for this increased cost.
- **Financial conflict of interest:** The Stark Law, which covers services under Medicare and Medicaid (under the false claims act at 32 VSA § 631) prevent hospitals and providers from having a financial conflict of interest. Hospitals have put into place safeguards against having a financial conflict of interest because so many of their patients are Medicare and Medicaid. Arguably this



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is more of a concern for providers who do not take Medicare or Medicaid payments as opposed to hospitals.

- **Price and alternatives:** Vermont insurance companies have tools that Vermonters can use to comparison shop and see exactly what is covered and how much they will have to pay. The opinion piece does not take this into account. Furthermore, as mentioned above, hospitals provide their full list of charges as well as a listing of charges for their [top 20 procedures](#) as required under Vermont's hospital reporting requirements, which, while imperfect, does provide some level of comparison shopping.
- **Surprise billing:** Vermont already protects Vermonters from surprise billing by rule. To our knowledge, this has not been an issue in Vermont.

I can understand the desire to do something to try to alleviate the frustration that comes with medical billing; however, before diving into potential solutions, it is worth looking at what sort of new problems may be created and whether the problem being solved substantially exists in Vermont. Tackling transparency in health care billing should come once Vermont has clarity on how paying providers in a new way will change the billing process and after any initiatives on the national level so that hospitals do not have to divert resources from community providers to create a new system that must be changed again. Then, hospitals can collaborate with consumers, independent providers, health insurers and our state partners on a comprehensive Vermont-specific strategy to tackle health care billing transparency.