

Draft Statutory Language: RBP Cost-Savings Opportunity Report
April 14, 2023
Vermont-NEA and VSEA

The Joint Fiscal Office will convene and support the research and deliberations of a Reference-Based Pricing (RBP) Task Force composed of two representatives appointed by the Vermont State Employees Association, two representatives appointed by the Vermont-National Education Association, one representative appointed by the Vermont State Treasurer, one representative appointed by the Vermont State Auditor, one representative appointed by the Speaker of the House of Representatives, one representative appointed by the Senate Pro Tem, and one representative appointed by the State of Vermont Human Resource Department. The meetings of the RBP Task Force will begin no later than [REDACTED] and conclude no later than [REDACTED]. The Task Force will be co-chaired by a representative of Vermont-NEA and a representative of the Vermont State Employees Association.

The RBP Task Force will select a Medicare Repricing Vendor and, in collaboration with this vendor, (a) secure and analyze inpatient and outpatient hospital medical claims as delineated in section [REDACTED] and (b) facilitate the organization and writing of a **“Reference-based Pricing (RBP) Cost-Savings Opportunity Report”** (hereafter, “Opportunity Report”) as delineated in section [REDACTED].

The “Opportunity Report” will provide projected cost savings that would have accrued in the 2022 plan year from an RBP Claims-Pricing Methodology Benchmarked to Medicare Rates for in-network and out-of-network hospital claims paid on behalf of Vermont state employees and public-school employees, active and retired, and their covered dependents, in accordance with the analytical stipulations in sections [REDACTED]. The report will be delivered to the legislature on or before [REDACTED].

The RBP Task Force is charged with the following duties:

1. Conceptualize and draft a Request for Proposal (RFP) in accordance with state guidelines to contract with a qualified Medicare Repricing vendor, with technical support by the Joint Fiscal Office. All vendors who choose to bid for the contract must demonstrate experience working with public-sector employers.
2. Develop secure procedures to provide a Medicare Repricer vendor with full, timely and cooperative access to all medical claims for inpatient and outpatient hospital services and supplies provided by hospitals, including hospital-owned, off-campus facilities and outpatient clinics, paid by BCBSVT in 2022 (a) on behalf of all eligible state employees, active and retired, and their dependents enrolled in a health benefit plan offered by the State of Vermont; and (b) on behalf of all eligible public school employees, active and retired, and their dependents enrolled in a health benefit plan offered by the Vermont Education Health Initiative (VEHI).

3. Define, direct, and monitor the work of the Medicare Repricer vendor to fulfill the analytical directives in Subsections (i)-(xiv) below for all hospital services or supplies covered by, or similar to services or supplies covered by, the federal Medicare program.
4. Determine, in consultation with the Medicare Repricer vendor, the methodologies and narrative and graphic formats for aggregating, disaggregating, reporting, and summarizing repriced claims per hospital or hospital-owned facility and for inpatient and outpatient procedures.
5. The repricing analysis will provide the following:
 - (i) for each inpatient and outpatient claim paid in 2022 by BCBSVT to an **in-network hospital**, the amount BCBSVT would have paid for the same hospital service and supply at 100 percent of Medicare's allowed charges in 2022;
 - (ii) for each hospital inpatient and outpatient claim for a service and supply paid by BCBSVT in 2022 to an **in-network hospital**, the amount BCBSVT actually paid per claim and expressed as a percent of Medicare's allowed charges in 2022;
 - (iii) for each hospital inpatient and outpatient claim for a service and supply paid by BCBSVT in 2022 to an **in-network hospital**, the amount BCBSVT would have paid for the same hospital service and supply at 200 percent of Medicare's allowed charges in 2022.
 - (iv) for each hospital inpatient and outpatient claim paid in 2022 by BCBSVT to an **out-of-network hospital**, the amount BCBSVT would have paid for the same hospital service and supply at 100 percent of Medicare's allowed charges in 2022;
 - (v) for each hospital inpatient and outpatient claim for a service and supply paid by BCBSVT in 2022 to an **out-of-network hospital**, the amount BCBSVT actually paid per claim and expressed as a percent of Medicare's allowed charges in 2022;
 - (vi) for each hospital inpatient and outpatient claim for a service or supply paid by BCBSVT in 2022 to an **out-of-network hospital**, the amount BCBSVT would have paid for the same hospital service and supply at 185 percent of Medicare's allowed charges in 2022.
 - (vii) for combined inpatient and outpatient claims for services and supplies paid by BCBSVT in 2022 **to each in-network hospital**, the amount BCBSVT would have paid **in total** to each of these hospitals at 100 percent of Medicare's allowed charges in 2022;

- (viii) for combined inpatient and outpatient claims for services and supplies paid by BCBSVT in 2022 **to each in-network hospital**, the amount BCBSVT **paid in total** and expressed as a percent of Medicare’s allowed charges in 2022;
 - (ix) for combined hospital inpatient and outpatient claims for services and supplies paid by BCBSVT in 2022 **to each in-network hospital**, the amount BCBSVT would have paid **in total** to each of these hospitals for the same services and supplies at 200 percent of Medicare’s allowed charges in 2022;
 - (x) for combined inpatient and outpatient claims for services and supplies paid by BCBSVT in 2022 **to each out-of-network hospital**, the amount BCBSVT would have paid **in total** to each of these hospitals at 100 percent of Medicare’s allowed charges in 2022;
 - (xi) for combined inpatient and outpatient claims for services and supplies paid by BCBSVT in 2022 **to each out-of-network hospital**, the amount BCBSVT **actually paid in total** to each of these hospitals and expressed as a percent of Medicare’s allowed charges in 2022.
 - (xii) for combined hospital inpatient and outpatient claims for services and supplies paid by BCBSVT in 2022 **to each out-of-network hospital**, the amount BCBSVT would have paid **in total** in 2022 to each of these hospitals for the same services and supplies at 185 percent of Medicare’s allowed charges in 2022.
 - (xiii) The Medicare Repricer vendor will calculate what total savings would have been for all in-network claims for hospital inpatient and outpatient services in 2022 if they had been paid at 200 percent of Medicare’s allowed charges in 2022 for (a) state employees, (b) for school employees and (c) for state and school employees combined; and
 - (xiv) The Medicare Repricer vendor will calculate what total savings would have been for out-of-network claims for hospital inpatient and outpatient services in 2022 if they had been paid at 185 percent of Medicare’s allowed charges in 2022 for (a) state employees, (b) for school employees and (c) for state and school employees combined.
6. The “Opportunity Report” will be authored by the RBP Task Force and structured in three parts:
- (a) **Part 1** will report the findings of the repricing cost analysis for state employees, active and retired, and their covered dependents, in accordance with the stipulations in Subsections (i) – (xiv);

- (b) **Part 2** will report the findings of the repricing cost analysis for public-school employees in VEHI, active and retired, and their covered dependents, in accordance with the stipulations in Subsections (i) – (xiv); and

- (c) **Part 3** will be a summary of the main findings of the report, inclusive of an estimate of RBP projected savings for all insured state and public-school employees and their dependents. It will make recommendations on how the findings could be used by the legislature, state regulators, the Department of Human Resources, and VEHI to effectively model and implement reference-based pricing methodologies based on a multiple of Medicare rates for the setting of charges for inpatient and outpatient hospital claims for state employees and public-school employees, active and retired, and their covered dependents. The RBP Task Force, at its discretion, may make recommendations on issues or concerns where its repricing analysis points to a potential need for greater public transparency and accountability with respect to hospital prices charged for claims incurred by state and public-school employees.