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S.43

Introduced by Senators White, Chittenden, Clarkson, Gulick, Vyhovsky and
Watson

Referred to Committee on

Date:

Subject: Health; health insurance; State employees' health plan; school
employees; reference-based pricing

Statement of purpose of bill as introduced: This bill proposes to direct the
Department of Human Resources to implement a reference-based pricing
program in the State employees' health plan for inpatient and outpatient
hospital services at certain hospitals beginning in 2026. It would also limit the
allowable growth rate of premiums in the State employees' health plan to not
more than medical inflation and would allow school employers to join the plan
for coverage of their employees.

An act relating to reference-based pricing and cost-containment in the State
employees' health plan

1 It is hereby enacted by the General Assembly of the State of Vermont:

2 Sec. 1. 3 V.S.A. § 631 is amended to read:

3 § 631. GROUP INSURANCE FOR STATE EMPLOYEES; SALARY
4 DEDUCTIONS FOR INSURANCE, SAVINGS PLANS, AND
5 CREDIT UNIONS

6 (a)(1) The Secretary of Administration may contract on behalf of the State
7 with any insurance company or nonprofit association doing business in this
8 State to secure the benefits of franchise or group insurance. The terms of
9 coverage under the policy shall be determined under section 904 of this title,
10 but it may include:

11 (A) life, disability, health, and accident insurance and benefits for
12 any class or classes of State employees; and

13 (B) hospital, surgical, and medical benefits for any class or classes of
14 State employees or for those employees and any class or classes of their
15 dependents.

16 (2)(A)(i) As used in this section, the term “employees” includes any
17 class or classes of elected or appointed officials, State’s Attorneys, sheriffs,
18 employees of State’s Attorneys’ offices whose compensation is administered
19 through the State of Vermont payroll system, except contractual and temporary
20 employees, and deputy sheriffs paid by the State of Vermont pursuant to 24
21 V.S.A. § 290(b). The term “employees” ~~shall~~ does not include members of the

1 General Assembly as such, any person rendering service on a retainer or fee
2 basis, members of boards or commissions, or persons other than employees of
3 the Vermont Historical Society, the Vermont Film Corporation, the Vermont
4 State Employees' Credit Union, Vermont State Employees' Association, and
5 the Vermont Council on the Arts, whose compensation for service is not paid
6 from the State Treasury, or any elected or appointed official unless the official
7 is actively engaged in and devoting substantially full-time to the conduct of the
8 business of the official's public office.

9 * * *

10 (iv) For purposes of group hospital-surgical-medical expense
11 insurance only, the term "employees" may include school employees at the
12 option of a school employer, as those terms are defined in 16 V.S.A. § 2101.

13 * * *

14 (b)(1) For group hospital-surgical-medical expense insurance, the Secretary
15 of Administration shall:

16 (A) ensure utilization of a reference-based pricing program for
17 inpatient and outpatient hospital services at hospitals other than critical access
18 hospitals; and

19 (B) limit the annual rate of premium growth to not more than the
20 percentage change from the previous year in the Consumer Price Index for
21 medical care in the Northeast region.

1 (2) On or before March 15 annually, the Secretary shall report to the
2 General Assembly on the effect of the reference-based pricing program on the
3 cost of the group hospital-surgical-medical expense insurance for State
4 employees.

5 Sec. 2. EFFECTIVE DATE

6 This act shall take effect on January 1, 2026, with the first required report
7 under 3 V.S.A. § 631(b)(2) due on or before March 15, 2027.