

11 An act relating to hospital governance

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

13 Sec. 1. 18 V.S.A. § 1905a is added to read:

14 § 1905a. HOSPITAL BOARD OF DIRECTORS; REPRESENTATIVES OF

15 THE PUBLIC; COMPENSATION COMMITTEE

16 (a) Public members.

17 (1) Two voting members of a hospital's board of directors, but in no

18 event less than one-sixth of the board of directors, shall be representatives of

19 the public appointed by the Governor. Unless otherwise specified, a

1 representative of the public shall have the same rights and responsibilities as
2 any other member of the hospital board.

3 (2) The Governor may appoint as a representative of the public any
4 member of the public, including a health care professional.

5 (3) The initial term of one representative of the public shall be two years
6 and the initial term of the other representative of the public shall be three years.
7 If there are more than two representatives of the public, their initial terms shall
8 be divided as equally as possible between the two initial term lengths.

9 Thereafter, each representative of the public appointed by the Governor to
10 succeed a representative of the public shall serve a three-year term and shall
11 serve until a successor is appointed.

12 (4) A representative of the public shall be terminated only by the
13 appointing authority, by conclusion of the appointed term, or by voluntary
14 resignation.

15 (5) If a vacancy occurs prior to the conclusion of the three-year term,
16 whether by termination, resignation, or otherwise, the Governor shall appoint a
17 new representative of the public to complete the term.

18 (b) Committees.

19 (1) The board of directors may create one or more committees and may
20 appoint members of the board, including the representatives of the public, to
21 serve on them.

1 (2) The board shall create a compensation committee to review and
2 recommend to the full board for approval all compensation packages offered to
3 the hospital's officers and executives.

4 (A) The compensation committee shall be composed of two or more
5 members, who shall serve at the pleasure of the board of directors.

6 (B) At least two representatives of the public shall be voting
7 members of the compensation committee.

8 (c) Guiding principles for representatives of the public. In discharging the
9 duties of a director, including as a member of a committee, each representative
10 of the public:

11 (1) shall, in determining what the representative of the public reasonably
12 believes to be in the best interests of the hospital, consider the effects of any
13 action or inaction on:

14 (A) patients of the hospital;

15 (B) employees of the hospital; and

16 (C) the community and societal considerations of the State of
17 Vermont, including the principles for health care reform expressed in section
18 9371 of this title;

19 (2) may consider any other relevant factors and the interests of any other
20 group that the representative of the public determines are appropriate to
21 consider; and

1 (3) shall not be required to give priority to the interests of any particular
2 person or group described in subdivision (1) or (2) of this subsection over the
3 interests of any other person or group.

4 (d) No violation of Title 11B. The consideration of interests and factors in
5 the manner described in subsection (c) of this section shall not constitute a
6 violation of Title 11B.

7 (e) Limitations on liability.

8 (1) A representative of the public is not liable for the failure of the
9 hospital to create general or specific impacts on the community or the health
10 care system.

11 (2) A representative of the public is not liable to the hospital for any
12 action or failure to take action in the representative's official capacity if the
13 representative of the public performed the duties of the office in compliance
14 with Title 11B and this section. In the event of a conflict between Title 11B
15 and this section, this section shall control.

16 Sec. 2. 18 V.S.A. § 9455 is added to read:

17 § 9455. COMPENSATION OF HOSPITAL EXECUTIVES

18 (a) As used in this section:

19 (1) “Compensation” means total cash compensation, including base
20 salary and annual incentive compensation.

(2) "Executives" means the president, chief executive officer, chief medical officer, chief administrative officer, chief fiscal officer, vice presidents, and all functionally equivalent roles in a hospital's administration.

(b) On or before July 1, 2026, and prior to approving any changes to the compensation of any hospital executive, each hospital shall file with the Green Mountain Care Board a statement sworn to by the chair of the hospital's board of directors and the chief executive officer of the hospital that includes the following information regarding compensation paid to hospital executives:

(1) all compensation benchmarks utilized in connection with establishing or awarding compensation for each of the hospital's executives, including information used by any consultant, vendor, or other third party retained by the hospital;

(2) a detailed compensation survey or peer group data used by the hospital or by any consultant, vendor, or other third party retained by the hospital to establish compensation benchmarks or otherwise to establish or award compensation for each hospital executive; and

(3) if any bonus or variable compensation was awarded or paid for the prior hospital fiscal year, the criteria used to evaluate whether that compensation should be paid or awarded and the specific results that supported the payment.

1 (c) The Board may require the hospital to modify a group described in
2 subdivision (b)(2) of this section if, in the Board's discretion, the group
3 contains entities that are not sufficiently similar to the hospital in terms of size,
4 patient volume, payer mix, operations, nonprofit status, or other factors.

5 (d) The Board may retain at the hospital's expense such consultants and
6 other experts as are reasonably necessary to assist the Board in evaluating the
7 materials provided pursuant to this section. Any persons so retained shall be
8 under the direction and control of the Board and shall act in a purely advisory
9 capacity.

10 (e) Notwithstanding any provision of section 9457 of this chapter to the
11 contrary, a hospital may designate material provided to the Board under this
12 section as proprietary or confidential, and the Board shall maintain the
13 confidentiality of the information as appropriate under the Public Records Act.

14 Sec. 3. EFFECTIVE DATE

15 This act shall take effect on passage.