

1 S.189

2 Introduced by Senator Lyons

3 Referred to Committee on Health and Welfare

4 Date: January 6, 2026

5 Subject: Health; hospitals; service reductions; Agency of Human Services;
6 Green Mountain Care Board

7 Statement of purpose of bill as introduced: This bill proposes to require a
8 hospital to provide notice and opportunity to comment and to receive approval
9 from the Agency of Human Services prior to reducing or eliminating any
10 hospital services. It would also require the Agency to report any approved
11 service reductions or eliminations to the Green Mountain Care Board to allow
12 the Board to make appropriate adjustments to the hospital's budget.

13 ~~An act relating to an approval process for reducing or eliminating hospital~~
14 ~~services~~

15 *An act relating to establishing a process for reducing or eliminating*
16 *hospital services*

17

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

19 ~~Sec. 1. 18 V.S.A. § 9405d is added to read:~~

20 ~~§ 9405d. HOSPITAL SERVICE REDUCTIONS; APPROVAL REQUIRED~~

21 ~~(a) A hospital shall not reduce or eliminate any service without approval~~
22 ~~from the Secretary of Human Services as set forth in this section.~~

1 ~~(b) A hospital that proposes to reduce or eliminate a service shall:~~

2 (1) Provide a notice of intent to the Agency of Human Services, the
3 Green Mountain Care Board, the Office of the Health Care Advocate, and the
4 members of the General Assembly who represent the hospital service area not
5 less than 60 days prior to the proposed reduction or elimination. The notice
6 shall explain the rationale for the proposed reduction or elimination and
7 describe how it is consistent with the Statewide Health Care Delivery Strategic
8 Plan, once established, and the hospital's most recent community health needs
9 assessment conducted pursuant to section 9405a of this title and 26 U.S.C.
10 § 501(r)(3).

11 (2) Post the notice of intent on the hospital's website beginning on or
12 before the day on which the notice is provided pursuant to subdivision (1) of
13 this subsection.

14 (3) Publish the notice in a newspaper of general circulation in the
15 hospital service area within 10 days after notice is provided pursuant to
16 subdivision (1) of this subsection.

17 (4) Conduct a public engagement process, including holding one or
18 more public hearings in the county in which the hospital is located and
19 soliciting and responding to public comments, regarding the proposed service
20 reduction or elimination. The public engagement process may begin prior to
21 providing the notice required by subdivision (1) of this subsection and shall

1 ~~continue for not less than 30 days following the notice. The hospital shall~~
2 provide a summary of the community's response to the proposal, including the
3 public comments received, to the Agency of Human Services weekly during
4 the public engagement process.

5 (c)(1) The Agency of Human Services shall review the proposed service
6 reduction or elimination for consistency with the Statewide Health Care
7 Delivery Strategic Plan, once established, and the community health needs
8 assessment, and shall consider the community's response and the impact of the
9 proposal on access to necessary care and services in the hospital service area.

10 (2) The Agency may approve the proposal if the Agency determines that
11 the proposed service reduction or elimination is not inconsistent with the
12 Statewide Health Care Delivery Strategic Plan, once established, or the
13 community health needs assessment; that the proposal does not unduly burden
14 access to necessary care and services; and that the advantages of the proposal
15 outweigh any disadvantages.

16 (d) If the Agency approves a service reduction or elimination pursuant to
17 this section, the Agency shall notify the Green Mountain Care Board within
18 five business days to enable the Board to review the impact on the hospital's
19 budget pursuant to subdivision 9456(e)(2) of this title.

1 ~~Sec. 218 V.S.A. § 9456 is amended to read:~~

2 § 9456. BUDGET REVIEW

3 * * *

4 (e)(1) The Board, in consultation with the Vermont Program for Quality in
5 Health Care, shall utilize mechanisms to measure hospital costs, quality, and
6 access and alignment with the Statewide Health Care Delivery Strategic Plan,
7 once established.

8 ~~(2)(A) Except as provided in subdivision (D) of this subdivision (e)(2),~~
9 ~~a hospital that proposes to reduce or eliminate any service in order to comply~~
10 ~~with a budget established under this section shall provide a notice of intent to~~
11 ~~the Board, the Agency of Human Services, the Office of the Health Care~~
12 ~~Advocate, and the members of the General Assembly who represent the~~
13 ~~hospital service area not less than 45 days prior to the proposed reduction or~~
14 ~~elimination.~~

15 ~~(B) The notice shall explain the rationale for the proposed reduction~~
16 ~~or elimination and describe how it is consistent with the Statewide Health Care~~
17 ~~Delivery Strategic Plan, once established, and the hospital's most recent~~
18 ~~community health needs assessment conducted pursuant to section 2405a of~~
19 ~~this title and 26 U.S.C. § 501(r)(3).~~

20 (C) The Board may evaluate the proposed reduction or elimination
21 ~~for consistency with the Statewide Health Care Delivery Strategic Plan, once~~

1 ~~established and the community health needs assessment, and may modify the~~
2 ~~hospital's budget or take such additional actions as the Board deems~~
3 ~~appropriate to preserve access to necessary services.~~

4 ~~(D) A service that has been identified for reduction or elimination in~~
5 ~~connection with the transformation efforts undertaken by the Board and the~~
6 ~~Agency of Human Services pursuant to 2022 Acts and Resolves No. 167 does~~
7 ~~not need to comply with subdivisions (A)–(C) of this subdivision (e)(2).~~

8 ~~Upon receipt of notification by the Agency of Human Services that it~~
9 ~~approved a hospital's reduction or elimination of services pursuant to section~~
10 ~~9405d of this title, the Board shall review the impact of the reduction or~~
11 ~~elimination on the hospital's approved budget. The Board may adjust the~~
12 ~~hospital's budget as necessary to reflect the elimination or reduction, which~~
13 ~~may include directing that any savings related to the reduction or elimination~~
14 ~~are returned to payers and Vermonters to address affordability concerns or are~~
15 ~~reinvested in primary care, prevention, and other community-based services.~~

16 (3) The Board, in collaboration with the Department of Financial
17 Regulation, shall monitor the implementation of any authorized decrease
18 reduction in or elimination of hospital services to determine its benefits to
19 Vermonters or to Vermont's health care system, or both.

20

1 ~~Sec. 3. EFFECTIVE DATE~~

2 ~~This act shall take effect on passage.~~

Sec. 1. 18 V.S.A. § 9405d is added to read:

§ 9405d. HOSPITAL SERVICE REDUCTIONS; NOTICE REQUIRED

(a) A hospital that proposes to intentionally reduce or eliminate any service shall:

(1) Provide a notice of intent to the Agency of Human Services, the Green Mountain Care Board, the Office of the Health Care Advocate, and the members of the General Assembly who represent the hospital service area not less than 60 days prior to the proposed reduction or elimination. The notice shall explain the rationale for the proposed reduction or elimination and describe how it is consistent with the Statewide Health Care Delivery Strategic Plan, once established, and the hospital's most recent community health needs assessment conducted pursuant to section 9405a of this title and 26 U.S.C. § 501(r)(3).

(2) Post the notice of intent on the hospital's website beginning on or before the day on which the notice is provided pursuant to subdivision (1) of this subsection.

(3) Publish the notice in a newspaper of general circulation in the hospital service area within 10 days after notice is provided pursuant to subdivision (1) of this subsection.

(4) Conduct a public engagement process, including holding one or more public hearings in the county in which the hospital is located and soliciting and responding to public comments, regarding the proposed service reduction or elimination. The public engagement process may begin prior to providing the notice required by subdivision (1) of this subsection and shall continue for not less than 30 days following the notice. The hospital shall provide a summary of the community's response to the proposal, including the public comments received, to the Agency of Human Services following the conclusion of the public engagement process.

(b) The Agency of Human Services shall:

(1) analyze each proposed service reduction or elimination for consistency with the Statewide Health Care Delivery Strategic Plan, once established, and the community health needs assessment;

(2) consider the community's response and the impact of the proposal on access to necessary care and services in the hospital service area; and

(3) provide nonbinding recommendations regarding the proposed reduction or elimination to the hospital, the Green Mountain Care Board, and the public.

(c) If a hospital elects to proceed with reducing or eliminating a service after completing the process set forth in subsection (a) of this section, then within five business days after making the decision to proceed, the hospital shall notify the Agency of Human Services to inform the Agency's health care system transformation efforts and future versions of the Strategic Plan and the Green Mountain Care Board to enable the Board to review the impact on the hospital's budget pursuant to subdivision 9456(e)(2) of this title.

Sec. 2. 18 V.S.A. § 9456 is amended to read:

§ 9456. BUDGET REVIEW

* * *

(e)(1) The Board, in consultation with the Vermont Program for Quality in Health Care, shall utilize mechanisms to measure hospital costs, quality, and access and alignment with the Statewide Health Care Delivery Strategic Plan, once established.

(2)(A) Except as provided in subdivision (D) of this subdivision (e)(2), a hospital that proposes to reduce or eliminate any service in order to comply with a budget established under this section shall provide a notice of intent to the Board, the Agency of Human Services, the Office of the Health Care Advocate, and the members of the General Assembly who represent the hospital service area not less than 45 days prior to the proposed reduction or elimination.

(B) The notice shall explain the rationale for the proposed reduction or elimination and describe how it is consistent with the Statewide Health Care Delivery Strategic Plan, once established, and the hospital's most recent community health needs assessment conducted pursuant to section 9405a of this title and 26 U.S.C. § 501(r)(3).

(C) The Board may evaluate the proposed reduction or elimination for consistency with the Statewide Health Care Delivery Strategic Plan, once established and the community health needs assessment, and may modify the hospital's budget or take such additional actions as the Board deems appropriate to preserve access to necessary services.

(D) A service that has been identified for reduction or elimination in connection with the transformation efforts undertaken by the Board and the Agency of Human Services pursuant to 2022 Acts and Resolves No. 167 does not need to comply with subdivisions (A) (C) of this subdivision (e)(2).

Upon receipt of notification from a hospital pursuant to subsection 9405d(b) of this title that the hospital intends to reduce or eliminate a service following its completion of the process set forth in subsection 9405d(a) of this title, the Board shall review the impact of the reduction or elimination on the hospital's approved budget. The Board may adjust the hospital's budget as necessary to reflect the elimination or reduction, which may include directing that any savings related to the reduction or elimination are returned to Vermonters to address affordability concerns or to payers to be reflected in health insurance premiums or are reinvested in primary care, prevention, and other community-based services.

(3) The Board, in collaboration with the Department of Financial Regulation, shall monitor the implementation of any authorized decrease reduction in or elimination of hospital services to determine its benefits to Vermonters or to Vermont's health care system, or both.

* * *

Sec. 3. EFFECTIVE DATE

This act shall take effect on passage.