

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~~

*An act relating to establishing a process for the elimination of certain
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~~

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

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

4 ~~(1) Provide a notice of intent to the Agency of Human Services, the~~
5 ~~Green Mountain Care Board, the Office of the Health Care Advocate, and the~~
6 ~~members of the General Assembly who represent the hospital service area not~~
7 ~~less than 60 days prior to the proposed reduction or elimination. The notice~~
8 ~~shall explain the rationale for the proposed reduction or elimination and~~
9 ~~describe how it is consistent with the Statewide Health Care Delivery Strategic~~
10 ~~Plan, once established, and the hospital's most recent community health needs~~
11 ~~assessment conducted pursuant to section 9405a of this title and 26 U.S.C.~~
12 ~~§ 501(r)(3).~~

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

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

19 ~~(4) Conduct a public engagement process, including holding one or~~
20 ~~more public hearings in the county in which the hospital is located and~~

21 ~~solliciting and responding to public comments, regarding the proposed service~~

1 ~~reduction or elimination. The public engagement process may begin prior to~~
2 ~~providing the notice required by subdivision (1) of this subsection and shall~~
3 ~~continue for not less than 30 days following the notice. The hospital shall~~
4 ~~provide a summary of the community's response to the proposal, including the~~
5 ~~public comments received, to the Agency of Human Services weekly during~~
6 ~~the public engagement process.~~

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

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

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

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~~Sec. 9. EFFECTIVE DATE
This act shall take effect on passage.~~

~~Sec. 1. 16 U.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.~~

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~~Sec. 3. EFFECTIVE DATE~~

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

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

~~§ 9405d. HOSPITAL SERVICE ELIMINATIONS; NOTICE REQUIRED~~

~~(a)(1)(A) A hospital that is considering eliminating any of the following services shall provide a preliminary notice of intent to the Agency of Human Services, the Green Mountain Care Board, and the Office of the Health Care Advocate as set forth in subdivision (B) of this subdivision (1):~~

~~(i) emergency department services;~~

~~(ii) primary care services, including closing a site at which primary care services are provided;~~

~~(iii) obstetrics;~~

~~(iv) perinatal care;~~

~~(v) inpatient psychiatric services;~~

~~(vi) treatment for substance use disorder, including medication for opioid use disorder;~~

~~(vii) dialysis, including closing a site at which dialysis services are provided; or~~

~~(viii) inpatient pediatric services.~~

(B) The information to be provided by the hospital in its preliminary notice of intent shall include:

(i) the rationale for the proposed elimination;

(ii) the financial impacts on the hospital both of maintaining the service and of eliminating the service; and

(iii) a description of all possible alternatives to the proposed elimination that were considered and the reasons they were not pursued.

(2) The Agency of Human Services shall evaluate the information provided by the hospital in its preliminary notice of intent pursuant to subdivision (1) of this subsection, the financial impact of the proposed elimination on Vermont's health care system, and the impact of the proposed elimination on access to health care services in the region.

(3)(A) The Agency and the Green Mountain Care Board may consult with a hospital that has submitted a preliminary notice of intent pursuant to subdivision (1) of this subsection (a) regarding the proposed elimination in order to explore opportunities to maintain the service or otherwise to address the circumstances that prompted the proposed elimination.

(B) A hospital that is considering eliminating any service other than those listed in subdivisions (1)(A)(i)–(viii) of this subsection (a) may choose to provide a preliminary notice of intent to the Agency of Human Services and the Green Mountain Care Board that includes the information described in subdivision (1)(B) of this subsection (a) and to engage with the Agency and the Board in the consultation process set forth in subdivision (A) of this subdivision (3).

(4) All information and materials related to a preliminary notice of intent and related consultation pursuant to this subsection, including all materials provided by the hospital to the Agency or the Board, shall be exempt from public inspection and copying under the Public Records Act and shall be kept confidential, except that the Agency and the Board shall provide access to information and materials related to the proposed elimination of a service described in subdivisions (1)(A)(i)–(viii) of this subsection to the Office of the Health Care Advocate, which shall not further disclose this confidential information.

(b)(1) If a hospital elects to proceed with the proposed elimination of a service described in subdivisions (a)(1)(A)(i)–(viii) of this section after engaging in the processes set forth in subsection (a) of this section, then within 90 days after the hospital provided the preliminary notice of intent required by subdivision (a)(1) of this section or upon the conclusion of the confidential consultation process set forth in subdivisions (a)(3) and (4) of this section,

whichever occurs first, the hospital shall 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.

(2) The notice of intent required by subdivision (1) of this subsection shall:

(A) explain the rationale for the proposed elimination;

(B) set forth a proposed timeline for the proposed elimination and a transition plan;

(C) be provided not less than 60 days prior to the effective date of the proposed elimination;

(D) be posted on the hospital's website; and

(E) be published 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 (b).

(3) In addition to the notice of intent required by subdivision (1) of this subsection, the hospital shall 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 elimination. The public engagement process shall continue for not less than 30 days following the notice required pursuant to subdivision (1) of this subsection. 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, the Green Mountain Care Board, and the Office of the Health Care Advocate following the conclusion of the public engagement process.

(c) If a hospital elects to proceed with eliminating a service described in subdivisions (a)(1)(A)(i)–(viii) of this section after completing the processes set forth in subsections (a) and (b) 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 the Statewide Health Care Delivery 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(c) of this title that the hospital intends to eliminate a service following its completion of the process set forth in subsections 9405d(a) and (b) of this title, the Board shall review the impact of the elimination on the hospital's approved budget. The Board may adjust the hospital's budget as necessary to reflect the elimination, which may include directing that any savings related to the elimination are 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 in elimination of hospital services to determine its benefits to Vermonters or to Vermont's health care system, or both.~~

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Sec. 3. EFFECTIVE DATE

This act shall take effect on passage.