

1 S.190

2 Introduced by Senator Lyons

3 Referred to Committee on

4 Date:

5 Subject: Health; health care reform; Green Mountain Care Board; hospitals;
6 health insurance; reference-based pricing; provider taxes

7 Statement of purpose of bill as introduced: This bill proposes to set certain
8 requirements for hospitals and health insurers to meet in order to facilitate the
9 Green Mountain Care Board's implementation of reference-based pricing. The
10 bill would establish regulatory oversight of hospitals' use of outsourcing
11 contracts for clinical services. The bill would repeal authorizing language for
12 health care provider bargaining groups, clarify procedures for appealing Green
13 Mountain Care Board decisions and orders, and allow the Board to conduct
14 examinations and investigations of hospitals, including audits, as part of its
15 hospital budget reviews. The bill would also direct the Green Mountain Care
16 Board to develop an interactive health system performance tool if the State
17 receives the funding necessary to support the project.

18 An act relating to the Green Mountain Care Board, reference-based pricing,
19 and hospital outsourcing of clinical care

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

2 * * * Reference-Based Pricing * * *

3 Sec. 1. 18 V.S.A. § 9376(e) is amended to read:

4 (e) Reference-based pricing.

5 * * *

1 services as a percentage of Medicare or of another benchmark, if another
2 benchmark is deemed appropriate by the Green Mountain Care Board.

3 (D)(i) Each hospital shall apply for, obtain, and use a unique National
4 Provider Identifier (NPI) on all claims filed after October 1, 2026, for
5 reimbursement or payment of items provided and services delivered at an off-
6 campus department of the hospital that is distinct from the NPI used for
7 services delivered at the main hospital campus or at any other off-campus
8 hospital department.

9 (ii) As used in this subdivision (D):

10 (I) “Campus” has the same meaning as in 42 C.F.R. § 413.65.
11 (II) “Off-campus” means a facility located more than 250 yards
12 from the main hospital campus.

13 (E) When making public the charges for items and services pursuant
14 to 45 C.F.R. Part 180, each hospital shall include in its machine-readable files
15 pricing information shown as a percentage of Medicare rates, as well as in
16 dollars and cents, disaggregated by payer and by plan.

17 (F) The Board shall establish a default percentage of Medicare above
18 which a hospital shall not accept payment for an item or service under any
19 newly established Current Procedural Terminology (CPT) code unless and
20 until the Board establishes a specific reference-based price for the item or
21 service pursuant to this chapter.

4 * * *

5 * * * Hospital Outsourcing * * *

6 Sec. 2. HOSPITAL OUTSOURCING; FINDINGS; PURPOSE

7 (a) The General Assembly finds that:

8 (1) Hospitals are increasingly outsourcing their clinical services, such as
9 emergency medicine, anesthesiology, radiology, laboratory services, and other
10 specialized care, to outside entities.

11 (2) Revenue from outsourced clinical services is not consistently
12 reported in the hospital budget process and has been excluded from the Green
13 Mountain Care Board's regulatory oversight.

16 (4) Without oversight, outsourced services may operate outside price
17 controls, including reference-based pricing, which contributes to cost inflation
18 and market inefficiencies.

19 (5) Patients may face network adequacy issues, surprise medical bills,
20 and inconsistent access to financial assistance when receiving care from
21 outsourced providers.

1 (b) The purposes of 18 V.S.A. § 9415, as enacted in Sec. 3 of this act, are:
2 (1) to bring all hospital-affiliated revenue within the Green Mountain
3 Care Board's regulatory purview, thus closing gaps in spending accountability;
4 (2) to ensure that reference-based pricing applies to outsourced services,
5 thus preventing cost inflation and creating transparent rate structures that apply
6 across all hospital services; and
7 (3) to apply network adequacy requirements and billing protections to
8 shield patients from surprise medical bills and ensure consistent access to
9 legally required financial assistance policies.

10 Sec. 3. 18 V.S.A. § 9415 is added to read:

11 § 9415. HOSPITAL OUTSOURCING OF CLINICAL CARE

12 (a) Definitions. As used in this section, “outsourcing” means an
13 arrangement in which a hospital contracts with an external entity that assumes
14 sole control of direct clinical care offered within the hospital facility.
15 “Outsourced services” may include emergency medicine, anesthesiology,
16 hospitalist services, and other direct patient care services provided on-site at
17 the hospital by a contracted entity. “Outsourced services” do not include
18 services provided by a nurse on a short-term contract with a hospital in which
19 the hospital retains oversight and control over patient care; off-site diagnostic
20 services, including off-site diagnostic interpretation of radiologic images and

1 off-site laboratory testing; or nonclinical services such as laundry services,
2 nutrition services, information technology, or cybersecurity.

3 (b) Regulatory oversight and accountability.

4 (1) Revenue from outsourced services shall be included in a hospital's
5 net patient revenue limits, commercial rate limits, operating expense limits,
6 and other limitations as specified by the Green Mountain Care Board in its
7 annual hospital budget guidance.

8 (2) The Green Mountain Care Board's rate-setting authority, including
9 reference-based pricing established pursuant to section 9376 of this title and
10 global hospital budgets developed pursuant to section 9456 of this title, shall
11 apply to outsourced services.

12 (3) Revenue generated by outsourced services delivered in a hospital-
13 owned facility shall be deemed to be part of the net patient revenue of the
14 hospital for purposes of the annual assessment on hospitals pursuant to
15 33 V.S.A. § 1953 and other applicable State assessments.

16 (c) Consumer protections.

17 (1) In order to ensure continuity of coverage and prevent surprise
18 medical bills, a hospital shall be responsible for billing the health insurance
19 claims for all outsourced services delivered to a patient at the hospital by a
20 contracted provider who would otherwise be out-of-network under the
21 patient's health insurance plan.

1 (2) A hospital contracting for outsourced services shall minimize billing
2 complexity for patients and shall coordinate billing processes with outsourced
3 service providers to the greatest extent possible.

4 (3) Hospital financial assistance policies developed in accordance with
5 subchapter 10 of this chapter and any other policies regarding bad debt or
6 charity care shall apply to outsourced services to ensure that patients receive
7 consistent financial protections regardless of service delivery model.

8 Sec. 4. 18 V.S.A. § 9482 is amended to read:

9 § 9482. FINANCIAL ASSISTANCE POLICIES FOR LARGE HEALTH
10 CARE FACILITIES

11 (a) Each large health care facility in this State shall develop a written
12 financial assistance policy that, at a minimum, complies with the provisions of
13 this subchapter and any applicable federal requirements.

14 (b) The financial assistance policy shall:

15 (1) apply, at a minimum, to all emergency and other medically
16 necessary health care services that the large health care facility offers,
17 including outsourced services, as defined in section 9415 of this title, that are
18 delivered at the facility;

19 * * *

1 Sec. 5. 33 V.S.A. § 1951 is amended to read:

2 § 1951. DEFINITIONS

3 As used in this subchapter:

4 * * *

5 (10) “Net patient revenues” means a provider’s gross charges related to
6 patient care services less any deductions for bad debts, charity care, contractual
7 allowances, and other payer discounts, and includes outsourced services, as
8 defined in 18 V.S.A. § 9415, that are delivered at the hospital.

9 * * *

10 * * * Repeal of Health Care Professional Bargaining Group

11 Authorizing Language * * *

12 Sec. 6. 18 V.S.A. § 9373 is amended to read:

13 § 9373. DEFINITIONS

14 As used in this chapter:

15 * * *

16 (12) “Payment reform” means modifying the method of payment from a
17 fee-for-service basis to one or more alternative methods for compensating
18 health care professionals, ~~health care provider bargaining groups created~~
19 ~~pursuant to section 9409 of this title,~~ integrated delivery systems, and other
20 health care professional arrangements, manufacturers of prescribed products,
21 medical supply companies, and other companies providing health services or

1 health supplies for the provision of high-quality and efficient health services,
2 products, and supplies while measuring quality and efficiency. The term may
3 include shared savings agreements, bundled payments, episode-based
4 payments, and global payments.

5 * * *

6 Sec. 7. 18 V.S.A. § 9376 is amended to read:

7 § 9376. PAYMENT AMOUNTS; METHODS

8 * * *

9 (b) Rate-setting.

10 (1) The Board shall set reasonable rates for health care professionals,
11 ~~health care provider bargaining groups created pursuant to section 9409 of this~~
12 ~~title~~, manufacturers of prescribed products, medical supply companies, and
13 other companies providing health services or health supplies based on
14 methodologies pursuant to section 9375 of this title, in order to have a
15 consistent reimbursement amount accepted by these persons. In its discretion,
16 the Board may implement rate-setting for different groups of health care
17 professionals over time and need not set rates for all types of health care
18 professionals. In establishing rates, the Board may consider legitimate
19 differences in costs among health care professionals, such as the cost of
20 providing a specific necessary service or services that may not be available
21 elsewhere in the State, and the need for health care professionals in particular

1 areas of the State, particularly in underserved geographic or practice shortage
2 areas.

3 * * *

4 (d) Supervision. To the extent required to avoid federal antitrust violations
5 and in furtherance of the policy identified in subsection (a) of this section, the
6 Board shall facilitate and supervise the participation of health care
7 professionals ~~and health care provider bargaining groups~~ in the process
8 described in subsection (b) of this section.

9 * * *

10 Sec. 8. REPEAL

11 18 V.S.A. § 9409 (health care provider bargaining groups) is repealed.

12 * * * Appeals of Green Mountain Care Board Orders * * *

13 Sec. 9. 18 V.S.A. § 9381 is amended to read:

14 § 9381. APPEALS

15 (a) The Green Mountain Care Board shall adopt procedures ~~for~~
16 ~~administrative appeals of its actions, orders, or other determinations. Such~~
17 ~~procedures shall~~ that provide for the issuance of a final order and for the
18 creation of a record sufficient to serve as the basis for judicial review of the
19 Board's final actions, orders, and other determinations pursuant to subsection
20 (b) of this section.

5 * * *

6 * * * Hospital Audits * * *

7 Sec. 10. 18 V.S.A. § 9453 is amended to read:

8 **§ 9453. POWERS AND DUTIES**

9 (a) The Board shall:

10 (1) adopt uniform formats that hospitals shall use to report financial,
11 scope-of-services, and utilization data and information;

12 (2) designate a data organization with which hospitals shall file
13 financial, scope-of-services, and utilization data and information; and

16 (b) The Chair of the Board may:

17 (1) conduct investigations and examinations, including audits, of
18 hospitals that are reasonably necessary or helpful to the Board's administration
19 of this subchapter or any rules adopted or orders issued pursuant to this
20 subchapter;

1 (2) retain experts or other persons to assist in any investigation or
2 examination conducted pursuant to subdivision (1) of this subsection; and
3 (3) require a hospital subject to an investigation or examination
4 conducted pursuant to this subsection to pay the reasonable costs and expenses
5 of the investigation or examination.

6 (c) To effectuate the purposes of this subchapter, the Board may adopt
7 rules under 3 V.S.A. chapter 25.

8 * * * Data Infrastructure * * *

9 Sec. 11. 18 V.S.A. § 9411 is amended to read:

10 **§ 9411. INTERACTIVE PRICE TRANSPARENCY DASHBOARD AND**
11 **HEALTH SYSTEM PERFORMANCE TOOL**

12 (a)(1) The Green Mountain Care Board shall develop and maintain a
13 public, interactive, Internet-based internet-based price transparency dashboard
14 that allows consumers to compare health care prices for certain health care
15 services across the State. Using data from the Vermont Healthcare Claims
16 Uniform Reporting and Evaluation System (VHCURES) established pursuant
17 to section 9410 of this title, the dashboard shall provide the range of actual
18 allowed amounts for selected health care services, showing both the amount
19 paid by the health insurer or other payer and the amount of the member's
20 responsibility, and shall allow the consumer to sort the information by
21 geographic location, by health care provider, by payer type, and by the specific

1 health care procedure or health care service. The Board shall provide a link on
2 the dashboard to the statewide comparative hospital quality report published by
3 the Commissioner of Health pursuant to section 9405b of this title.

4 **(b)(2)** The Board shall update the information in the interactive price
5 transparency dashboard at least annually.

6 (b)(1) The Board shall develop and maintain a public, interactive tool that
7 displays information on health system performance, including hospital prices
8 relative to Medicare rates, both as a percentage of Medicare and in dollars and
9 cents. The tool shall enable the user to sort the information by service line and
10 by payer.

11 (2) The Board shall update the information in the health system
12 performance tool at least quarterly.

13 Sec. 12. IMPLEMENTATION OF HEALTH SYSTEM PERFORMANCE

14 TOOL

15 The Green Mountain Care Board shall develop the health system
16 performance tool described in 18 V.S.A. § 9411(b), as added by Sec. 11 of this
17 act, only if the Board receives sufficient funding from the federal government
18 or another source for this purpose.

19 * * * Effective Date * * *

20 Sec. 13. EFFECTIVE DATE

21 This act shall take effect on passage.