



# VERMONT LEGISLATIVE Joint Fiscal Office

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## Fiscal Note

May 8, 2025

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### **S.126 – An act relating to health care payment and delivery system reform**

**As Passed by the House Committee on Health Care, Draft 3.3<sup>1,i</sup>**

#### **Bill Summary**

The bill proposes to enact certain health care payment and delivery system reforms to achieve transformation of and structural changes to Vermont's health care system. While the bill does not include any appropriations, it envisions a total of \$5.4 million in spending – \$3.26 million from the General Fund and \$2.15 million from the Health Information Technology (HIT) Fund – which would be part of the fiscal year 2026 “Big Bill” (H.493 – An act relating to making appropriations for the support of government). The bill would:

- Direct the Green Mountain Care Board (GMCB) to implement reference-based pricing for hospitals;
- Allow GMCB to implement reference-based pricing for nonhospital-based health care professionals;
- Allow GMCB to review and evaluate the structure of a hospital network, investigate the financial operations of a hospital network, and recommend corrective actions it deems necessary;
- Require the Agency of Human Services (AHS), in collaboration with GMCB, the Department of Financial Regulation (DFR), the Vermont Program for Quality in Health Care (VPQHC), the Office of the Health Care Advocate (HCA), the Health Care Delivery Advisory Committee (created in the bill), and other interested stakeholders to lead development of an integrated Statewide Health Care Delivery Plan;
- Create the Health Care Delivery Advisory Committee and the Comprehensive Primary Health Care Steering Committee;
- Require AHS to in collaboration with the Health Information Exchange Steering Committee to evaluate the potential for developing an integrated statewide system of clinical and claims data;
- Require AHS to facilitate collaboration and coordination among health care providers to encourage cooperation in developing rapid responses to the urgent financial pressures facing the health care system while reducing hospital spending for fiscal year 2026 by not less than 2.5%; and
- Appropriate \$2 million from the HIT Fund to AHS for grants to hospitals for collaborative efforts to reduce hospital costs and to expand Vermonter's access to health care services, such as enhancing telehealth infrastructure development.

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<sup>1</sup> The Joint Fiscal Office (JFO) is a nonpartisan legislative office dedicated to producing unbiased fiscal analysis – this fiscal note is meant to provide information for legislative consideration, not to provide policy recommendations.

## Fiscal Impact

The appropriations envisioned in the bill are mostly based on information provided by AHS and GMCB for what they estimate will be the resources needed to fulfill the work proposed in the bill in fiscal year 2026. The bill as passed by the Senate did not include any appropriations. Similarly, the bill as passed by the House Committee on Health Care does not include any appropriations. Appropriations related to the bill were included in the Senate version of H.493.

The bill also establishes a 19-member Health Care Delivery Advisory Committee and a 16-member Comprehensive Primary Health Care Steering Committee. However, the bill explicitly excludes members of these committees from receiving per diem compensation and reimbursements. Therefore, no appropriations would be needed to support the work of the committees established in the bill.

### Updated Fiscal Information - S.126

	GF	HIT Fund	TOTAL
<b>TOTAL APPROPRIATIONS PROPOSED BY H.493</b>	<b>\$3,262,500</b>	<b>\$2,150,000</b>	<b>\$5,412,500</b>

#### Agency of Human Services (AHS) - Year One (half of stated need from AHS)

Implementation of transformation work with hospitals, DA's, primary care organizations, and other community-based providers, including financial assessments and modeling, analysis of new and expanded service lines, assessing the suspension and closure of existing service lines, and the ability to consider the impact of expanding telehealth support (Sec. 8)	\$2,000,000		
To support development of quality and access measures, targets, and monitoring strategies for a statewide population health plan (Sec. 8)	\$100,000		
To support development of alternative payment models for Medicaid, and to assist in the development and expansion of alternative payment models for commercial payers and services (Secs. 2 and 3)	\$100,000		
Grants to hospitals to expand Vermonters' access to telehealth services, including telehealth infrastructure development (Sec. 11c)		\$2,000,000	
<b>TOTAL TO AHS</b>	<b>\$2,200,000</b>	<b>\$2,000,000</b>	<b>\$4,200,000</b>

*Note: AHS estimates the total need is \$5 million. The chart above reflects one year of funding.*

#### Green Mountain Care Board (GMCB)

Positions (3 classified)	\$512,500		
<ul style="list-style-type: none"> <li>◦ Director, Reference-Based Pricing</li> <li>◦ Project Manager, Reference-Based Pricing</li> <li>◦ Operations, Procurement, Contractual Oversight</li> </ul>			
Contracts	\$500,000		
Vermont Program for Quality in Health Care (VPQHC) Contract	\$50,000		
Standardization of electronic hospital budget data Submissions		\$150,000	
<b>TOTAL TO GMCB</b>	<b>\$1,062,500</b>	<b>\$150,000</b>	<b>\$1,212,500</b>

<b>TOTAL APPROPRIATIONS PROPOSED BY H.493</b>	<b>\$3,262,500</b>	<b>\$2,150,000</b>	<b>\$5,412,500</b>
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## Appendix: Resources

- Green Mountain Care Board – 2024 Reference-Based Pricing and Data Analysis Report, in accordance with Act 113 of 2024, Sec. E.345.2. <https://gmcboard.vermont.gov/Reference-Base-Pricing>
- Vermont State Auditor – Strategies to Control the Rising Costs of State Employee Health Care: Investigative Report 21-07 (2021). <https://auditor.vermont.gov/sites/auditor/files/documents/20211110%20%20State%20Employee%20Health%20Care%20Price%20Variation%20Report.pdf>

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<sup>i</sup> The bill as introduced is available here:

<https://legislature.vermont.gov/Documents/2026/Docs/BILLS/S-0126/S-0126%20As%20Introduced.pdf>

The full fiscal note history is available on the fiscal tab of the bill page on the General Assembly website and can be pulled up through a bill number search on the JFO page.