

1 H.267

2 Introduced by Representative McFaun of Barre Town

3 Referred to Committee on

4 Date:

5 Subject: Health; hospitals; Vermont Hospital Security Plan

6 Statement of purpose of bill as introduced: This bill proposes to establish the
7 Vermont Hospital Security Plan, which would provide Vermont residents with
8 coverage for health care services received in a hospital and would provide
9 payments to hospitals for health care services delivered. The Plan would
10 include the annual development of a global hospital budget for the State and
11 individual hospital budgets for each hospital located in Vermont.

12 An act relating to the Vermont Hospital Security Plan

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

14 Sec. 1. 33 V.S.A. chapter 18, subchapter 3 is added to read:

15 Subchapter 3. Vermont Hospital Security Plan

16 § 1841. PURPOSE

17 The purposes of this subchapter are to provide all Vermonters with access
18 to and coverage for health care services delivered in hospitals and to provide
19 an opportunity to reduce hospital billing processes and other unnecessary
20 administrative costs. The General Assembly recognizes that the health care

1 system is in crisis and that most Vermonters do not have the financial ability to
2 pay for increasing health insurance premiums or for the rising costs of health
3 care. Vermonters need access to hospital care, regardless of insurance
4 coverage or ability to pay. In addition, the State must seek the financial
5 sustainability of the health care system, including reducing health care
6 spending and transaction costs. The General Assembly recognizes that health
7 care reform is needed to provide coverage of essential health care services to
8 Vermonters.

9 § 1842. DEFINITIONS

10 As used in this subchapter:

11 (1) “Agency” means the Agency of Human Services.

12 (2) “Board” means the Green Mountain Care Board.

13 (3) “Health care services” means services for the diagnosis, prevention,
14 treatment, cure, or relief of a physical or mental health condition, including
15 counseling, procedures, products, devices, and medications.

16 (4) “Hospital” has the same meaning as in 18 V.S.A. § 1902 and may
17 also include hospitals located outside Vermont.

18 (5) “Secretary” means the Secretary of Human Services.

19 (6) “Vermont resident” means an individual who is domiciled in
20 Vermont as evidenced by an intent to maintain a permanent dwelling place in

1 Vermont indefinitely and to return to Vermont if temporarily absent, coupled
2 with an act or acts consistent with that intent.

3 § 1843. VERMONT HOSPITAL SECURITY PLAN

4 (a)(1) The Agency of Human Services or designee shall administer the
5 Vermont Hospital Security Plan to provide Vermont residents with access to
6 and coverage for health care services received in a hospital and for payments to
7 hospitals for health care services provided.

8 (2) Vermonters who are eligible for or are enrolled in a publicly funded
9 health care program shall be eligible for coverage of any benefits provided by
10 the Vermont Hospital Security Plan that are not covered by the publicly funded
11 health care program. As used in this subdivision, “publicly funded health care
12 program” means Medicare, Medicaid, Dr. Dynasaur, VPharm, another
13 Medicaid-waiver program, or any other program providing health benefits that
14 is funded in whole or in part with federal funds.

15 (b) The Vermont Hospital Security Plan shall:

16 (1) provide each hospital in this State with a negotiated annual payment
17 based on the budget of the individual hospital for health care services provided
18 by that hospital to all patients, including patients who are not Vermont
19 residents;

20 (2) provide for the collection of payments for health care services
21 provided by hospitals in this State to patients who are not Vermont residents,

1 which may be carried out by the Agency or by a third-party administrator
2 under contract with the Agency for this purpose; and

3 (3) provide for payments to out-of-state hospitals for health care
4 services delivered to Vermont residents.

5 (c) The Agency shall establish by rule income-sensitized deductibles, co-
6 payments, an annual hospital care fee, or other cost-sharing amounts and
7 mechanisms applicable to the Vermont Hospital Security Plan established by
8 this subchapter.

9 (d) A beneficiary aggrieved by an adverse decision of the Agency may
10 appeal to the Human Services Board pursuant to 3 V.S.A. § 3090.

11 (e) Vermont residents receiving health care services at a hospital shall not
12 be balance billed or otherwise charged for receiving the services except to the
13 extent of any applicable cost-sharing amounts established by the Agency by
14 rule.

15 § 1844. GLOBAL HOSPITAL BUDGETS

16 (a)(1) Annually, the Green Mountain Care Board, in collaboration with the
17 Secretary of Human Services, shall develop a global hospital budget for the
18 State and individual hospital budgets for each hospital located in Vermont. In
19 developing the global hospital budget, the Board shall consider the Health
20 Resource Allocation Plan developed pursuant to 18 V.S.A. § 9405, the hospital
21 budget review process set forth in 18 V.S.A. § 9456, the negotiated global

1 hospital payments established under section 1845 of this title, and all other
2 revenue received by Vermont hospitals.

3 (2) The Board shall report its recommended global hospital budget for
4 the State to the General Assembly on or before January 15 for the following
5 fiscal year. The global hospital budget shall not take effect until it has been
6 approved or modified by an act of the General Assembly.

7 (b)(1) The global hospital budget for the State shall serve as a spending cap
8 within which hospital costs may be controlled, resources directed, and quality
9 and access assured. The global hospital budget shall limit the total annual
10 growth of hospital costs to the Consumer Price Index plus 3.5 percent.

11 (2) The Board shall ensure that its review of individual hospital budgets
12 under 18 V.S.A. chapter 221, subchapter 7 and its review of certificate of need
13 requests under 18 V.S.A. chapter 221, subchapter 5 are consistent with the
14 global hospital budget.

15 (c) The Board shall adopt rules establishing the standards and procedures
16 necessary to implement this section.

17 § 1845. NEGOTIATED GLOBAL HOSPITAL PAYMENTS

18 (a) The Secretary shall negotiate with hospitals for a global hospital
19 payment for health care services provided by the Vermont Hospital Security
20 Plan. The payment amount shall be based on the global hospital budget
21 developed pursuant to section 1844 of this title and other information

1 necessary to the determination of the appropriate payment amount, including
2 all other revenue received by a hospital from other sources.

3 (b) The Secretary shall adopt rules establishing the standards and
4 procedures necessary to implement this section.

5 § 1846. VERMONT HOSPITAL SECURITY TRUST FUND

6 (a) The Vermont Hospital Security Trust Fund is established as a special
7 fund for the purpose of financing health care services provided by hospitals to
8 beneficiaries of the Vermont Hospital Security Plan.

9 (b) Into the Fund shall be deposited:

10 (1) transfers from the General Fund authorized by the General
11 Assembly;

12 (2) proceeds from grants, donations, contributions, taxes, and any other
13 sources of revenue as may be provided by statute or rule;

14 (3) transfers of all federal receipts related to health care services
15 provided by hospitals, including all Medicaid receipts and, upon federal
16 approval, all Medicare receipts; and

17 (4) revenue for the sources established to fund the Vermont Hospital
18 Security Plan established in this subchapter.

19 (c) The Secretary shall administer the Fund in accordance with 32 V.S.A.
20 chapter 7, subchapter 5, except that all interest earned on Fund balances shall

1 be credited to the Fund. The Secretary shall maintain records indicating the
2 amount of money in the Fund at any time.

3 (d) All monies received by or generated to the Fund shall be used only for
4 the administration and delivery of health care services provided by hospitals
5 participating in State health care assistance programs administered by the
6 Agency, including the Vermont Hospital Security Plan.

7 Sec. 2. 18 V.S.A. § 9437 is amended to read:

8 § 9437. CRITERIA

9 A certificate of need shall be granted if the applicant demonstrates that the
10 project serves the public good and the Board finds:

11 (1) The proposed project aligns with statewide health care reform goals
12 and principles because the project:

13 (A) takes into consideration health care payment and delivery system
14 reform initiatives;

15 (B) addresses current and future community needs in a manner that
16 balances statewide needs, if applicable; ~~and~~

17 (C) is consistent with appropriate allocation of health care resources,
18 including appropriate utilization of services, as identified in the Health
19 Resource Allocation Plan developed pursuant to section 9405 of this title; and

1 Sec. 4. VERMONT HOSPITAL SECURITY PLAN SPECIAL
2 COMMITTEE; FUNDING MECHANISMS; REPORT

3 (a) There is created the Vermont Hospital Security Plan Special Committee
4 to recommend to the General Assembly appropriate funding mechanisms for
5 the Vermont Hospital Security Plan.

6 (b) The Special Committee shall be composed of the following members:

7 (1) two members of the House of Representatives, one from the House
8 Committee on Health Care and one from the House Committee on Ways and
9 Means, appointed by the Speaker of the House;

10 (2) two members of the Senate, one from the Senate Committee on
11 Health and Welfare and one from the Senate Committee on Finance, appointed
12 by the President Pro Tempore;

13 (3) the Secretary of Human Services or designee;

14 (4) the Chair of the Green Mountain Care Board or designee; and

15 (5) the Commissioner of Taxes or designee.

16 (c) Powers and duties. The Special Committee shall consider how to fund
17 the Vermont Hospital Security Plan with and without federal waivers to secure
18 the participation of Medicaid and Medicare, including at least the following
19 funding sources:

20 (1) an income tax;

21 (2) a payroll tax;

1 (3) premiums or cost-sharing mechanisms;

2 (4) a value-added tax; and

3 (5) an annual hospital care fee or other consumption tax.

4 (d) Assistance. For purposes of scheduling meetings and preparing
5 recommended legislation, the Special Committee shall have the assistance of
6 the Office of Legislative Operations, the Office of Legislative Counsel, and the
7 Joint Fiscal Office.

8 (e) Report. On or before January 15, 2026, the Special Committee shall
9 provide its recommendation on funding the Vermont Hospital Security Plan to
10 the General Assembly.

11 (f) Meetings.

12 (1) The member of the House Committee on Health Care shall call the
13 first meeting of the Special Committee to occur on or before July 1, 2025.

14 (2) The Special Committee shall select a chair from among its members
15 at the first meeting.

16 (3) A majority of the membership shall constitute a quorum.

17 (4) The Special Committee shall cease to exist on January 15, 2026.

18 (g) Compensation and reimbursement. For attendance at meetings during
19 adjournment of the General Assembly, the legislative members of the Special
20 Committee shall be entitled to per diem compensation and reimbursement of

1 expenses pursuant to 2 V.S.A. § 23 for not more than six meetings. These
2 payments shall be made from monies appropriated to the General Assembly

3 Sec. 5. FEDERAL WAIVERS

4 (a) Not later than July 1, 2025, the Secretary of Human Services shall apply
5 for a federal Medicare waiver to allow the State to include Medicare funds for
6 hospital services in the Vermont Hospital Security Trust Fund established by
7 33 V.S.A. § 1846 and to modify the payment standards or amounts in order to
8 include Medicare funds in the global hospital budget established pursuant to 33
9 V.S.A. § 1844.

10 (b) Not later than July 1, 2025, the Secretary of Human Services shall
11 apply for a federal Medicaid waiver to allow the State to modify the payment
12 standards or amounts in order to include Medicare funds in the global hospital
13 budget established pursuant to 33 V.S.A. § 1844.

14 Sec. 6. EFFECTIVE DATES

15 This act shall take effect on passage, with the Vermont Hospital Security
16 Plan implemented not later than January 1, 2027.