

1 H.482

2 An act relating to Green Mountain Care Board authority to adjust a
3 hospital's reimbursement rates and to appoint a hospital observer

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

5 Sec. 1. 18 V.S.A. § 9384 is added to read:

6 § 9384. REDUCTION OR REALLOCATION OF REIMBURSEMENT

7 RATES; RISKS TO HEALTH INSURER SOLVENCY

8 (a) As used in this section:

9 (1) "Hospital" has the same meaning as in section 9451 of this title.

10 (2) "Hospital network" means a system comprising two or more
11 affiliated hospitals, and may include other health care professionals and
12 facilities, that derives 50 percent or more of its operating revenue, at the
13 consolidated network level, from Vermont hospitals and in which the affiliated
14 hospitals deliver health care services in a coordinated manner using an
15 integrated financial and governance structure.

16 (b) If the Green Mountain Care Board determines, after consultation with
17 the Commissioner of Financial Regulation, that a domestic health insurer faces
18 an acute and immediate threat to its solvency because its risk-based capital
19 level has triggered a regulatory action level event pursuant to 8 V.S.A. § 8304,
20 the Board may order a reduction of the insurer's reimbursement rates to one or
21 more Vermont hospitals as set forth in subsection (c) of this section until such

1 time as the amount of the insurer's risk-based capital exceeds the company
2 action level risk-based capital threshold defined in 8 V.S.A. § 8301.

3 **Notwithstanding any provision of 3 V.S.A. chapter 25 to the contrary, the**
4 **Board's activities under this section shall not be construed to be a**
5 **contested case. Any person aggrieved by a final Board action, order, or**
6 **determination under this section may appeal as set forth in section 9381 of**
7 **this title.**

8 (c)(1) The Board shall only order a reduction in the reimbursement rates to
9 a hospital that meets one or both of the following criteria:

10 (A) the hospital has more than 135 days' cash on hand and had a
11 positive operating margin in the previous fiscal year; or

12 (B) the hospital is a member of a hospital network that, at the
13 consolidated network level, has more than 135 days' cash on hand or had a
14 positive operating margin in the previous fiscal year, or both.

15 (2) The Board shall order a reduction in reimbursement rates to a
16 hospital pursuant to this sub~~sub~~section only to the extent necessary to remediate
17 the threat to the domestic health insurer's solvency. In determining whether
18 **and to what extent to reduce a hospital's reimbursement rates pursuant to**
19 **this section, the Board shall consider the competing financial obligations**
20 **of the hospital and of the domestic health insurer.**

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

§ 9456. BUDGET REVIEW

* * *

(c) Individual hospital budgets established under this section shall:

* * *

(4) reflect budget performances for prior years **reconcile and, if not already addressed pursuant to subsection (h) of this section, account for**
any significant deviation in revenue during the **previous most recently**
completed fiscal year in excess of the budget established for the hospital
pursuant to this section, ~~using a methodology established by the Board;~~

* * *

(f)(1) The Board may, upon application, adjust a budget established under this section upon a showing of need based upon exceptional or unforeseen

1 circumstances in accordance with the criteria and processes established under
2 section 9405 of this title.

3 (2) The Board may, on its own initiative, adjust the commercial health
4 insurance reimbursement rates payable to a hospital at any time during the
5 hospital's fiscal year in order to ensure that the hospital operates within the
6 budget established under this section.

7 (g)(1) The Board may request, and a hospital shall provide, information
8 determined by the Board to be necessary to determine whether the hospital is
9 operating within a budget established under this section. For purposes of this
10 subsection, subsection (h) of this section, and subdivision 9454(a)(7) of this
11 title, the Board's authority shall extend to an affiliated corporation or other
12 person in the control of or controlled by the hospital to the extent that such
13 authority is necessary to carry out the purposes of this subsection, subsection
14 (h) of this section, or subdivision 9454(a)(7) of this title. As used in this
15 subsection, a rebuttable presumption of "control" is created if the entity,
16 hospital, or other person, directly or indirectly, owns, controls, holds with the
17 power to vote, or holds proxies representing 20 percent or more of the voting
18 securities or membership interest or other governing interest of the hospital or
19 other controlled entity.

20 (2)(A) The Board may, upon finding that a hospital has made a material
21 misrepresentation in information or documents provided to the Board or that a

1 hospital is materially noncompliant with the budget established by the Board
2 pursuant to this section, appoint an independent observer with respect to any
3 matter related to the Board's review or enforcement under this section if the
4 Board believes that doing so is in the public interest. **The independent**
5 **observer shall be a person with experience and expertise relevant to the**
6 **specific circumstances.** At the direction of the Board, the independent
7 observer may monitor the hospital's operations, obtain information from the
8 hospital, and report findings and recommendations to the Board.

9 (B) An independent observer appointed pursuant to this subdivision
10 (2) shall have the right to receive copies of all materials related to the Board's
11 review under this section and the hospital shall provide any information
12 requested by the independent observer, including any information regarding
13 the hospital's participation in a hospital network. The independent observer
14 shall share information provided by the hospital with the Board and with the
15 Office of the Health Care Advocate in accordance with subdivision (d)(3) of
16 this section but shall not otherwise disclose any confidential or proprietary
17 information that the independent observer obtained from the hospital.

18 (C) The Board may order a hospital to pay for all or a portion of the
19 costs of an independent-observer appointed for the hospital pursuant to this
20 subdivision (2).

21 * * *

- 1 Sec. 3. INDEPENDENT HOSPITAL OBSERVER AUTHORITY;
- 2 PROSPECTIVE REPEAL
- 3 18 V.S.A. § 9456(g)(2) (authority to appoint independent hospital observer)
- 4 is repealed on January 1, 2030.
- 5 Sec. 4. EFFECTIVE DATE
- 6 This act shall take effect on passage.