

**NEW DRAFT**

- (1) The Board shall establish and implement a reference-based pricing system for items and services billed by hospitals, to commercial health insurers, and delivered in Vermont.
- (A) Price and payment methodologies should be based on a percentage of Medicare and build upon CMS research and experience with factors such as medical price inflation adjustments, acuity and risk adjustments, regional cost differences, etc. The Board may also reference other established payment or pricing systems where appropriate.
- (B) A reference-based pricing system may be used to rationalize prices across hospital types/designations, improve price comparisons and transparency, contain cost growth, encourage hospital efficiency, support payment and delivery system reform goals, and improve health insurance premium affordability.
- (C) After it is established, the reference-based pricing system will be reviewed annually as part of the hospital budget approval process in some section of statute.
- (D) The Board shall implement reference-based pricing in a manner that does not allow hospitals to charge or collect from patients or health insurers any amount in excess of the reference-based amount established by the Board for the item provided or service delivered.
- (E) The Board shall monitor the impact of reference-based pricing to ensure stability across the health care system including hospitals, non-hospital providers, health insurers, and families and employers paying commercial insurance premiums.
- (F) The Board may provide information publicly about the impact of reference-based pricing on the state health care system and make recommendations about how to integrate reference based pricing with other hospital budget oversight such as global hospital budgets.
- (G) The Board may begin phasing in a reference-based pricing system as soon as practicable, but not later than 2027.

**Commented [ST1]:** Why is this necessary. Just hospitals regulated by the Board?

The Board may consult with health insurers, hospitals, other health care professionals as applicable, the Office of the Health Care Advocate, and the Agency of Human Services on ways to approach reference-based pricing in an effort to achieve all-payer alignment on design and implementation of the program.