

1 TO THE HONORABLE SENATE:

2 The Committee on Health and Welfare to which was referred House Bill
3 No. 482 entitled “An act relating to Green Mountain Care Board authority to
4 adjust a hospital’s reimbursement rates and to appoint a hospital observer”
5 respectfully reports that it has considered the same and recommends that the
6 Senate propose to the House that the bill be amended by striking out all after
7 the enacting clause and inserting in lieu thereof the following:

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

9 § 9384. REDUCTION OR REALLOCATION OF REIMBURSEMENT

10 RATES; RISKS TO HEALTH INSURER SOLVENCY

11 (a) As used in this section:

12 (1) “Hospital” has the same meaning as in section 9451 of this title.

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

19 (b) If the Green Mountain Care Board determines, after consultation with
20 the Commissioner of Financial Regulation, that a domestic health insurer faces
21 an acute and immediate threat to its solvency because its risk-based capital

1 level has triggered a regulatory action level event pursuant to 8 V.S.A. § 8304,
2 the Board may order a reduction of the insurer's reimbursement rates to one or
3 more Vermont hospitals as set forth in subsection (c) of this section until such
4 time as the amount of the insurer's risk-based capital exceeds the company
5 action level risk-based capital threshold defined in 8 V.S.A. § 8301.

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

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

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

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

19 (3) The Board shall provide a hospital with the opportunity to
20 request relief from a rate reduction ordered pursuant to this section.

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(2) The Board may, on its own initiative, adjust the commercial health
insurance reimbursement rates payable to a hospital at any time during the

1 hospital's fiscal year in order to ensure that the hospital operates within the
2 budget established under this section.

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

16 (2)(A) The Board may, upon finding that a hospital has made a material
17 misrepresentation in information or documents provided to the Board or that a
18 hospital is materially noncompliant with the budget established by the Board
19 pursuant to this section, appoint an independent observer with respect to any
20 matter related to the Board's review or enforcement under this section if the
21 Board believes that doing so is in the public interest. At the direction of the

1 Board, the independent observer may monitor the hospital's operations, obtain
2 information from the hospital, and report findings and recommendations to the
3 Board.

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

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

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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.

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14 (Committee vote: _____)

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Senator _____

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FOR THE COMMITTEE

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