Public-Sector RBP Draft Language

VT-NEA-VSEA/Updated: 3.12.25

a. Effective January 1, 2026, medical claims incurred by the State of Vermont Medical Fund [hereafter, "State of Vermont"] and the Vermont Education Health Initiative (hereafter, "VEHI"] for an inpatient and outpatient hospital service, or supply covered by the Medicare program, or similar to an inpatient and outpatient service or supply covered by the Medicare program, shall be reimbursed at an amount that is:

   - The lesser of the TPA's **contracted billed charges** or **200 percent** of the amount paid by Medicare at the time the service or supply was rendered at an **in-network** hospital;

   or

   - The lesser of the carrier's or TPA's **contracted billed charges** or **185 percent** of the amount paid by Medicare at the time the service or supply was rendered at an **out-of-network** hospital.

b. The above pricing limits shall be applied to inpatient and outpatient hospital services and supplies provided at Vermont's Prospective Payment System hospitals [hereafter, "PPS hospitals"].

c. The pricing limits in this bill shall not apply to services or supplies provided at Critical Access Hospitals in Vermont.

d. The State of Vermont and VEHI shall oversee the implementation of and compliance with the pricing limits in this bill for their health benefit programs. This work will be undertaken and monitored by each entity in collaboration with a Third-Party Administrator [hereafter, "TPA"], a Medicare Repricing Vendor, or some combination of duties by a TPA and Medicare Repricing Vendor. Service agreements between the State of Vermont and VEHI, respectively, and a TPA and/or Medicare Repricer shall incorporate the pricing limits in this bill, their scope of application to Vermont's PPS hospitals and to claims incurred by active and retired employees and their dependents denoted in section _____ of this bill, and any additional services or responsibilities pertinent to satisfying the objectives of this bill.

e. The trust administrators for the health benefit programs of the State of Vermont and VEHI, for administrative or cost purposes, may elect to work collaboratively to secure and oversee services from a TPA, a Medicare Repricing Vendor, or an auditing firm to ensure the successful implementation of and compliance with the pricing limits in this bill.

f. The pricing limits in this bill are applicable strictly to claims incurred by and paid for on behalf of active and retired state and school employees and their dependents who are eligible for and enrolled in a non-Medicare and non-Medicare Advantage benefit plan.

g. The State of Vermont and VEHI will conduct independent audits annually to assess level of compliance of Vermont PPS hospitals with the pricing limits in this bill and the success of their TPAs and/or Medicare Repricer Vendors in implementing and monitoring said compliance. Minimally, the annual audits will provide the following information per Vermont PPS hospital:

    i. Total spending on claims incurred in a given plan year and stratified according to (1) inpatient services and supplies and (2) outpatient services and supplies.

    ii. Average reimbursements per plan year expressed as a percentage relative to what Medicare pays (1) for hospital inpatient services and supplies, (2) for hospital outpatient services and supplies, and (3) for hospital inpatient and outpatient services and supplies combined.

    iii. Overpayments per admission expressed in dollar amounts, and as a percentage for both inpatient services and supplies and outpatient services and supplies.

    Additionally, the audits will address reconciliation efforts for each payer with their TPAs or between the TPAs and hospitals related to overpayments per admission.

h. A PPS hospital or provider reimbursed in accordance with the pricing limits in this bill is prohibited from charging to or collecting from a patient or a person financially responsible for a patient an amount in addition to the reimbursements paid under this section for a service or supply other than the amount authorized by the cost-sharing terms of the patient's health benefit plan.

i. This bill does not require reimbursement of claims with a fee-for-service payment methodology. If claims are not reimbursed on a fee-for-service basis, the payment method or methods used shall still be subject to the pricing limits in this bill. Such payment methods include but are not restricted to: (a) Value-based payments; (b) Capitation payments; and (c) Bundled payments.

j. Annual premium rates set by the State of Vermont and VEHI for their respective pools shall account fully for any reduction in the cost of hospital services and supplies that result from the application of the pricing limits in this bill.

~~k. GMCB, consistent with its hospital budget setting and budget order compliance authority, shall ensure annually that hospitals do not impose service costs of any kind or additional~~

~~premium charges on other payers in the Vermont commercial insurance market because of the pricing limits in effect for claims paid under the provisions of this bill by the State of Vermont and VEHI. If GMCB verifies there has been a violation of this prohibition, consistent with its regulatory authority and duties, it will take enforcement actions it deems warranted to rectify the violation and provide financial relief to the affected payers.~~