GMCB Comments on Draft SHW Committee Bill Draft 1.3 Sections 1 - 4

SECTION 1			
Reference	**Subject**	**Position**	**Comments**
P.2, Lines 6-7	RBP Authority	Support	Note that statute requires rulemaking for payment reform methodologies, including RBP. It will take time to develop the methodology and then additional time to adopt rules. Given the exigency of the problems, consider ways to expedite this timeline (e.g., exempting this from rulemaking if possible).
P.2, Line 13	RBP Implementation	Support w/ Modification	Replace "in 2025" with "as soon as practicable". See comment immediately above re ways to expedite this. Specify that GMCB may select one or more hospitals with which to implement reference-based pricing.
P.2, Line 19	GMCB Duties – Rate Review	Support	
P.3, Lines 2-9	GMCB Duties; Hospital Budgets	Support w/ Modification	Consider adding flexibility for GMCB to pursue "global payments" in addition to "global budgets" (i.e., "global budgets or global payments for hospitals"). "Global payments" are defined in 18 V.S.A. § 9373. Give GMCB flexibility to alter hospital global budget implementation timeline as necessary to comply with AHEAD Model requirements. Note that AHEAD Model Agreement requires 10% of Medicare FFS NPR to be in a Medicare Hospital Global Budget by 2027 and requires the State to ensure at least one Vermont Commercial Payer offers a Commercial Hospital Global Budget by the start of 2028.
SECTION 2			
P.5, Line 13 – P.6, Line 3	Provider Rate-Setting and RBP	Support w/ Modification	Change framing of RBP as provider regulation (e.g., setting amounts that providers must collect and must accept as payment in full for providing health care items or services to patients that are not covered by Medicaid, Medicare, or Medicare Advantage plans). *See* Travelers (upholding a state law that regulated hospitals' billing rates against ERISA challenge). Note that while Oregon framed its law as payer regulation, government plans are exempt from ERISA. Note that provider rates set through RBP program would *not* be all-payer rates (would not be an average of Medicare, Medicaid, and commercial rates). Expand scope of RBP to include "items" (Medicare terminology) or "supplies" (Oregon law) in addition to

			services (e.g., DME or blood sugar monitors). Consider implicitly or explicitly prohibiting health care professionals from balance billing for items or services covered by RBP. *See* Oregon law, section 33 ("A hospital or ASC shall bill *and accept as payment in full* an amount determined in accordance with . . . .").
P.6, Lines 4-11	Provider Rate-Setting and RBP	Support w/ Modification	Expand "same service" to "same or similar service." *See* Oregon law, section 29 (". . . hospital service or supply that is covered by, or is similar to a service or supply that is covered by, the Medicare program" No change suggested but note that while the language allows Board to update initial prices based on a reasonable rate of growth separate from Medicare, given where prices currently are, they may need to be ratcheted down during the initial years of an RBP program. In other words, they may not grow.
P.6, Lines 12-15	Provider Rate-Setting and RBP	Support w/ Modification	Suggest deleting reference to FY 2026 (see above). Question re intent. "Health insurer" is defined in 18 V.S.A. § 9373 to include, to the extent permitted by federal law, "any administrator of a health benefit plan offered by a public or a private entity." However, the phrase "the health insurer's health insurance plans" seems to refer just to fully insured plans.
P.6, Lines 16-21	Provider Rate-Setting and RBP	Oppose	Numerous nonhospital services do not have a Medicare price for benchmarking. Consider narrowing to just non-hospital primary care.
P.7, Lines 1-2	Contracting	Support w/ Modification	Consider recognizing GMCB's need for contract support in the appropriations section of the bill.
SECTION 3			
P.7, Lines 5-6	Hospital Filing Duties	Support w/ Modification	Consider incorporating hospital filing duties at 18 V.S.A. § 9454(a) with elements of hospital budget review at 18 V.S.A. § 9456(b). This could simplify these sections and avoid any potential discrepancy between hospital filing duties and GMCB budget review duties.
P. 7, Lines 10-13	Hospital Filing Duties – Administrative Employee Reporting	Support	
P. 7, Lines 14-16	Hospital Filing Duties – Base Salaries and Total	Support	

	Compensation		
P. 7, Lines 18-20	Uniform System of Accounts	Support w/ Modification	Rather than requiring a uniform chart of accounts, which would be challenging for hospitals to implement, consider appropriating funds to GMCB to hire a consultant to review each hospital's accounting system and define uniform line-item expense breakouts that each hospital could report on.
SECTION 4			
P. 8, Lines 5-7	Uniform System of Accounts	Support w/ Modification	See above
P. 8, Lines 10-13	Hospital Budget Review – Statewide HCDP	Support	
P. 9, Lines 1-3	Hospital Budget Review – Network Operations	Support	Aligns with 18 V.S.A. § 9371(6)
P. 9, Lines 4-11	Hospital Budget Review – Incentives for Community Providers	Support	Consider requiring GMCB to review hospital incentives designed to support community-based providers. Development of incentives could be left to hospitals and/or statewide HCDP
P. 10, Line 18 – P. 11, Line 2	Hospital Budget Review – Executive Salaries	Support w/ Modification	Consider including: • Review of hospital network salaries • Specific reference to review of variable payments and incentive plans
P. 11, Lines 3-6	Hospital Budget Review – Admin Employees	Support	VAHHS opposes this language, stating that reporting will add additional administrative burden for hospitals and that administrative employees are not easily defined. However, hospitals already report on administrative-to-clinical ratios. These terms are defined in the GMCB's Uniform Reporting Manual.[1]
P. 11, Lines 6-8	Hospital Budget Review – Staffing Ratios	Support w/ Modification	Consider removing or adjusting reference to staffing ratios and peer comparisons. GMCB has authority to establish peer groups and indicators through annual budget process.[2]
P. 11, Lines 10-11	Established Budgets – Statewide HCDP	Support w/ Modification	Recommend use of term "consider" or "to the extent practicable" rather than "be consistent with." This would allow GMCB some flexibility to establish necessary budgets within a system undergoing

[1] *See* FY2026 Uniform Reporting Manual, Sec. 1.5.4 (Staff and FTEs), p. 15. https://gmcboard.vermont.gov/sites/gmcb/files/documents/FY26%20Uniform%20Reporting%20Manual.pdf

[2] *See* 18 V.S.A. § 9456(c)(2). *See also* GMCB's FY2026 Hospital Budget Review Metrics Inventory for example of this. https://gmcboard.vermont.gov/sites/gmcb/files/documents/FY26%20HBR%20Metrics%20Inventory%20%28v1%20Public%29.pdf

			dramatic change.
P. 11, Lines 13-14	Established Budgets – Reference-Based Prices	Support	
P. 12, Lines 4-5	Established Budgets – Variable Payments and Incentive Plans	Proposed Addition	Consider including requirement that GMCB establish budgets that include meaningful variable payments and incentive plans for hospital and network leadership, consistent with this section and with 18 V.S.A. § 9371.
P. 12, Lines 8-11	Global Hospital Budgets	Support w/ Modification	See comment above (P.3, Lines 2-9).
P. 12, Lines 13-16	Outcome Measurements	Support w/ Modification	GMCB supports requirement that hospitals implement budget orders in a manner consistent with statewide HCDP. Consider striking language regarding outcome measurements, as GMCB already uses its authority to evaluate hospital cost, quality, and access outcomes at 18 V.S.A. § 9456(c)(2). (See comment for P. 11, Lines 6-8.)
P. 12, Lines 17-21	Service Termination or Reduction – Hospital Notice	Support w/ Modification	Consider requiring that the hospital notice describe how the reduction or elimination of services results in a result enumerated in this section.
P. 13, Lines 1-6	Service Termination or Reduction – GMCB Review	Support w/ Modification	Consider changing “shall” to “may” so GMCB has flexibility to prioritize the most impactful and/or questionable service-line reductions or eliminations
P. 13, Lines 7-11	Service Termination or Reduction – Monitoring of Results	Support w/ Modification	Proposed language forthcoming.