S.190

Introduced by Senator Lyons

Referred to Committee on

Date:

Subject: Health; health care reform; Green Mountain Care Board; hospitals; health insurance; reference-based pricing; provider taxes

Statement of purpose of bill as introduced: This bill proposes to set certain requirements for hospitals and health insurers to meet in order to facilitate the Green Mountain Care Board's implementation of reference-based pricing. The bill would establish regulatory oversight of hospitals' use of outsourcing contracts for clinical services. The bill would repeal authorizing language for health care provider bargaining groups, clarify procedures for appealing Green Mountain Care Board decisions and orders, and allow the Board to conduct examinations and investigations of hospitals, including audits, as part of its hospital budget reviews. The bill would also direct the Green Mountain Care Board to develop an interactive health system performance tool if the State receives the funding necessary to support the project.

An act relating to the Green Mountain Care Board, reference-based pricing, and hospital outsourcing of clinical care

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

* * * Reference-Based Pricing * * *

Sec. 1. 18 V.S.A. § 9376(e) is amended to read:

(e) Reference-based pricing.

* * *

(3)(A) The Board shall begin implementing reference-based pricing as soon as practicable but not later than hospital fiscal year 2027 by establishing the maximum amounts that Vermont hospitals shall accept as payment in full for items provided and services delivered. After initial implementation, the Board shall review the reference-based prices for each hospital annually as part of the hospital budget review process set forth in chapter 221, subchapter 7 of this title.

(B) The Board, in collaboration with the Department of Financial Regulation, shall monitor the implementation of reference-based pricing to ensure that any decreases in amounts paid to hospitals also result in decreases in health insurance premiums. The Board shall post its findings regarding the alignment between price decreases and premium decreases annually on its website.

(C) For provider contracts entered into on or after October 1, 2026, each hospital and health insurer shall express the rates for all items and

services as a percentage of Medicare or of another benchmark, if another benchmark is deemed appropriate by the Green Mountain Care Board.

(D)(i) Each hospital shall apply for, obtain, and use a unique National Provider Identifier (NPI) on all claims filed after October 1, 2026, for reimbursement or payment of items provided and services delivered at an off-campus department of the hospital that is distinct from the NPI used for services delivered at the main hospital campus or at any other off-campus hospital department.

(ii) As used in this subdivision (D):

(I) "Campus" has the same meaning as in 42 C.F.R. § 413.65.

(II) "Off-campus" means a facility located more than 250 yards from the main hospital campus.

(E) When making public the charges for items and services pursuant to 45 C.F.R. Part 180, each hospital shall include in its machine-readable files pricing information shown as a percentage of Medicare rates, as well as in dollars and cents, disaggregated by payer and by plan.

(F) The Board shall establish a default percentage of Medicare above which a hospital shall not accept payment for an item or service under any newly established Current Procedural Terminology (CPT) code unless and until the Board establishes a specific reference-based price for the item or service pursuant to this chapter.

(G) The Board shall establish a default maximum percentage of Medicare above which a hospital shall not accept payment for any individual inpatient or outpatient item or service.

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* * * Hospital Outsourcing * * *

Sec. 2. HOSPITAL OUTSOURCING; FINDINGS; PURPOSE

(a) The General Assembly finds that:

(1) Hospitals are increasingly outsourcing their clinical services, such as emergency medicine, anesthesiology, radiology, laboratory services, and other specialized care, to outside entities.

(2) Revenue from outsourced clinical services is not consistently reported in the hospital budget process and has been excluded from the Green Mountain Care Board's regulatory oversight.

(3) Outsourced revenue may circumvent hospital revenue caps and spending limitations, undermining budget transparency and accountability.

(4) Without oversight, outsourced services may operate outside price controls, including reference-based pricing, which contributes to cost inflation and market inefficiencies.

(5) Patients may face network adequacy issues, surprise medical bills, and inconsistent access to financial assistance when receiving care from outsourced providers.

(b) The purposes of 18 V.S.A. § 9415, as enacted in Sec. 3 of this act, are:

(1) to bring all hospital-affiliated revenue within the Green Mountain Care Board's regulatory purview, thus closing gaps in spending accountability;

(2) to ensure that reference-based pricing applies to outsourced services, thus preventing cost inflation and creating transparent rate structures that apply across all hospital services; and

(3) to apply network adequacy requirements and billing protections to shield patients from surprise medical bills and ensure consistent access to legally required financial assistance policies.

Sec. 3. 18 V.S.A. § 9415 is added to read:

§ 9415. HOSPITAL OUTSOURCING OF CLINICAL CARE

(a) Definitions. As used in this section, "outsourcing" means an arrangement in which a hospital contracts with an external entity that assumes sole control of direct clinical care offered within the hospital facility. "Outsourced services" may include emergency medicine, anesthesiology, hospitalist services, and other direct patient care services provided on-site at the hospital by a contracted entity. "Outsourced services" do not include services provided by a nurse on a short-term contract with a hospital in which the hospital retains oversight and control over patient care; off-site diagnostic services, including off-site diagnostic interpretation of radiologic images and

off-site laboratory testing; or nonclinical services such as laundry services, nutrition services, information technology, or cybersecurity.

(b) Regulatory oversight and accountability.

(1) Revenue from outsourced services shall be included in a hospital's net patient revenue limits, commercial rate limits, operating expense limits, and other limitations as specified by the Green Mountain Care Board in its annual hospital budget guidance.

(2) The Green Mountain Care Board's rate-setting authority, including reference-based pricing established pursuant to section 9376 of this title and global hospital budgets developed pursuant to section 9456 of this title, shall apply to outsourced services.

(3) Revenue generated by outsourced services delivered in a hospital-owned facility shall be deemed to be part of the net patient revenue of the hospital for purposes of the annual assessment on hospitals pursuant to 33 V.S.A. § 1953 and other applicable State assessments.

(c) Consumer protections.

(1) In order to ensure continuity of coverage and prevent surprise medical bills, a hospital shall be responsible for billing the health insurance claims for all outsourced services delivered to a patient at the hospital by a contracted provider who would otherwise be out-of-network under the patient's health insurance plan.

(2) A hospital contracting for outsourced services shall minimize billing complexity for patients and shall coordinate billing processes with outsourced service providers to the greatest extent possible.

(3) Hospital financial assistance policies developed in accordance with subchapter 10 of this chapter and any other policies regarding bad debt or charity care shall apply to outsourced services to ensure that patients receive consistent financial protections regardless of service delivery model.

Sec. 4. 18 V.S.A. § 9482 is amended to read:

§ 9482. FINANCIAL ASSISTANCE POLICIES FOR LARGE HEALTH CARE FACILITIES

(a) Each large health care facility in this State shall develop a written financial assistance policy that, at a minimum, complies with the provisions of this subchapter and any applicable federal requirements.

(b) The financial assistance policy shall:

(1) apply, at a minimum, to all emergency and other medically necessary health care services that the large health care facility offers, including outsourced services, as defined in section 9415 of this title, that are delivered at the facility;

* * *

Sec. 5. 33 V.S.A. § 1951 is amended to read:

§ 1951. DEFINITIONS

As used in this subchapter:

* * *

(10) "Net patient revenues" means a provider's gross charges related to patient care services less any deductions for bad debts, charity care, contractual allowances, and other payer discounts, and includes outsourced services, as defined in 18 V.S.A. § 9415, that are delivered at the hospital.

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* * * Repeal of Health Care Professional Bargaining Group Authorizing Language * * *

Sec. 6. 18 V.S.A. § 9373 is amended to read:

§ 9373. DEFINITIONS

As used in this chapter:

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(12) "Payment reform" means modifying the method of payment from a fee-for-service basis to one or more alternative methods for compensating health care professionals, ~~health care provider bargaining groups created pursuant to section 9409 of this title,~~ integrated delivery systems, and other health care professional arrangements, manufacturers of prescribed products, medical supply companies, and other companies providing health services or

health supplies for the provision of high-quality and efficient health services, products, and supplies while measuring quality and efficiency. The term may include shared savings agreements, bundled payments, episode-based payments, and global payments.

* * *

Sec. 7. 18 V.S.A. § 9376 is amended to read:

§ 9376. PAYMENT AMOUNTS; METHODS

* * *

(b) Rate-setting.

(1) The Board shall set reasonable rates for health care professionals, ~~health care provider bargaining groups created pursuant to section 9409 of this title,~~ manufacturers of prescribed products, medical supply companies, and other companies providing health services or health supplies based on methodologies pursuant to section 9375 of this title, in order to have a consistent reimbursement amount accepted by these persons. In its discretion, the Board may implement rate-setting for different groups of health care professionals over time and need not set rates for all types of health care professionals. In establishing rates, the Board may consider legitimate differences in costs among health care professionals, such as the cost of providing a specific necessary service or services that may not be available elsewhere in the State, and the need for health care professionals in particular

areas of the State, particularly in underserved geographic or practice shortage areas.

* * *

(d) Supervision. To the extent required to avoid federal antitrust violations and in furtherance of the policy identified in subsection (a) of this section, the Board shall facilitate and supervise the participation of health care professionals ~~and health care provider bargaining groups~~ in the process described in subsection (b) of this section.

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Sec. 8. REPEAL

18 V.S.A. § 9409 (health care provider bargaining groups) is repealed.

* * * Appeals of Green Mountain Care Board Orders * * *

Sec. 9. 18 V.S.A. § 9381 is amended to read:

§ 9381. APPEALS

(a) The Green Mountain Care Board shall adopt procedures ~~for administrative appeals of its actions, orders, or other determinations. Such procedures shall~~ that provide for the issuance of a final order and for the creation of a record sufficient to serve as the basis for judicial review of the Board's final actions, orders, and other determinations pursuant to subsection (b) of this section.

(b) Any person aggrieved by a final action, order, or other determination of the Green Mountain Care Board may~~, upon exhaustion of all administrative appeals available pursuant to subsection (a) of this section,~~ appeal to the Supreme Court pursuant to the Vermont Rules of Appellate Procedure.

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* * * Hospital Audits * * *

Sec. 10. 18 V.S.A. § 9453 is amended to read:

§ 9453. POWERS AND DUTIES

(a) The Board shall:

(1) adopt uniform formats that hospitals shall use to report financial, scope-of-services, and utilization data and information;

(2) designate a data organization with which hospitals shall file financial, scope-of-services, and utilization data and information; and

(3) designate a data organization or organizations to process, analyze, store, or retrieve data or information.

(b) The Chair of the Board may:

(1) conduct investigations and examinations, including audits, of hospitals that are reasonably necessary or helpful to the Board's administration of this subchapter or any rules adopted or orders issued pursuant to this subchapter;

(2) retain experts or other persons to assist in any investigation or examination conducted pursuant to subdivision (1) of this subsection; and

(3) require a hospital subject to an investigation or examination conducted pursuant to this subsection to pay the reasonable costs and expenses of the investigation or examination.

(c) To effectuate the purposes of this subchapter, the Board may adopt rules under 3 V.S.A. chapter 25.

* * * Data Infrastructure * * *

Sec. 11. 18 V.S.A. § 9411 is amended to read:

§ 9411. INTERACTIVE PRICE TRANSPARENCY DASHBOARD AND HEALTH SYSTEM PERFORMANCE TOOL

(a)(1) The Green Mountain Care Board shall develop and maintain a public, interactive, ~~Internet-based~~ internet-based price transparency dashboard that allows consumers to compare health care prices for certain health care services across the State. Using data from the Vermont Healthcare Claims Uniform Reporting and Evaluation System (VHCURES) established pursuant to section 9410 of this title, the dashboard shall provide the range of actual allowed amounts for selected health care services, showing both the amount paid by the health insurer or other payer and the amount of the member's responsibility, and shall allow the consumer to sort the information by geographic location, by health care provider, by payer type, and by the specific

health care procedure or health care service. The Board shall provide a link on the dashboard to the statewide comparative hospital quality report published by the Commissioner of Health pursuant to section 9405b of this title.

~~(b)~~(2) The Board shall update the information in the interactive price transparency dashboard at least annually.

(b)(1) The Board shall develop and maintain a public, interactive tool that displays information on health system performance, including hospital prices relative to Medicare rates, both as a percentage of Medicare and in dollars and cents. The tool shall enable the user to sort the information by service line and by payer.

(2) The Board shall update the information in the health system performance tool at least quarterly.

Sec. 12. IMPLEMENTATION OF HEALTH SYSTEM PERFORMANCE TOOL

The Green Mountain Care Board shall develop the health system performance tool described in 18 V.S.A. § 9411(b), as added by Sec. 11 of this act, only if the Board receives sufficient funding from the federal government or another source for this purpose.

* * * Effective Date * * *

Sec. 13. EFFECTIVE DATE

This act shall take effect on passage.