



April 25, 2025

Dear Chair Black and Members of the House Health Care Committee (HHC):

The Office of the Health Care Advocate (HCA) has the following recommendations and suggested language for S. 126. Unless otherwise stated below, the HCA supports the proposed language outlined in each of the sections of the bill.

- **Sec. 1: PURPOSE; GOALS**

- (3) stabilizing health care providers, reducing commercial health insurance premiums, out of pocket costs to Vermonters, reducing hospital prices using reference-based pricing and continuing to global hospital budgets once prices at Vermont hospitals do not exceed the sixth decile of RAND commercial price; and

- **Sec. 2: DUTIES**

- (5) Set rates for health care professionals pursuant to section 9376 of this title, to be implemented over time beginning with reference-based pricing through the Green Mountain Care Board's hospital budget guidance and review process. For FY2026 hospital budgets, the Green Mountain Care Board shall utilize referenced-based pricing only for non-Critical Access Hospitals. Notwithstanding 18 V.S.A. § 9375(b)(7), the Green Mountain Care Board shall update the FY2026 hospital budget guidance to utilize referenced based pricing no later than May 31st, 2025.
- ⊖ (7) Review and establish hospital budgets pursuant to chapter 221, subchapter of this title, including establishing standards for global hospital budgets that reflect the implementation of reference-based pricing and the total cost of care targets determined in collaboration with federal partners and other stakeholders or as set by the Statewide Health Care Delivery Plan developed pursuant to section 9403 of this title, once established. Beginning not later than hospital fiscal year 2028, the Board shall establish global hospital budgets for one or more Vermont hospitals that are not critical



access hospitals. By hospital fiscal year 2030, the Board shall establish global hospital budgets for all Vermont hospitals.

- **Sec. 3: § 9376. PAYMENT AMOUNTS; METHODS**

- (e) Reference-based pricing.
 - (1) The Board shall establish reference-based prices that represent the amounts that providers in this State shall charge for items provided and services delivered in Vermont. The Board shall establish referenced based prices beginning with non-Critical Access Hospitals. The purpose of reference-based pricing is to reduce provider prices and to move health care professionals toward a site neutral pricing structure while also allowing the Board to differentiate prices among health care professionals based on factors such as demographics, population health in a given hospital service area, payer mix, acuity, social risk factors, and a specific health care professional's role in Vermont's health care system. The Board shall 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.
 - (3)(A) The Board shall begin implementing reference-based pricing by establishing the amounts that non-Critical Access hospital providers in this State shall charge to Vermont hospitals for items provided and services delivered to individuals covered by the health insurer's plans as soon as practicable but not later than hospital fiscal year 2027.
 - (3)(B) 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.
 - (4) (C) After it is established, the reference-based pricing system will be reviewed annually as part of the hospital budget



guidance process. The Board shall identify factors that would necessitate terminating the use of reference-based pricing in one or more hospitals, such as a reduction in access to or quality of care.

- (5) The Agency of Human Services, in consultation with the Green Mountain Care Board, may implement reference-based pricing for services delivered outside a hospital, such as primary care services, and may increase or decrease the percentage of Medicare or another benchmark as appropriate, first to enhance access to primary care and later for alignment with the Statewide Health Care Delivery Plan established pursuant to section 9403 of this title, once established.

- **Sec. 4: HOSPITALS; DUTIES**

- (9) proposals for ways in which the hospital can support community based, independent, and nonhospital providers, including mental health and substance use disorder treatment providers, primary care providers, long-term care providers, and physical therapists; services provided through the Blueprint for Health, Choices for Care, and Support and Services at Home (SASH); investments in the health care workforce; and other nonhospital aspects of Vermont's health and human services systems that affect population health outcomes, including the social drivers of health;

- **Sec. 5: BUDGET REVIEW**

- (b)(2) consider the Statewide Health Care Delivery Plan developed pursuant to section 9403 of this title, once established, including the total cost of care targets, and consult with the Agency of Human Services to ensure compliance with federal requirements regarding Medicare and Medicaid;
- (7) consider revenue derived from primary care, mental health care, and substance use disorder treatment services when determining a hospital's net patient revenue and any total cost of care targets;



- Add (18) Hospitals are required to disclose to the Green Mountain Care Board and the Health Care Advocate whether they currently have contracts with or are considering contracts with any private equity firm or private equity-backed entity in accordance with established confidentiality procedures. (Will need definition of PE if the committee is interested in this.)

- **Sec. 6: HOSPITAL NETWORKS; STRUCTURE; FINANCIAL OPERATIONS**

Support

- **Sec. 7: FAIR CONTRACT STANDARDS**

Support

- **Sec. 8: STATEWIDE HEALTH CARE DELIVERY PLAN**

- (4) Provide annual targets for the total cost of care across Vermont's health care system. Establish binding provider price benchmarks and annual growth rates aligned with Vermont median household income. include reasonable while excluding from hospital total cost of care targets all revenue derived from a hospital's investments in primary care, mental health care, and substance use disorder treatment services. Using these total cost of care targets, the Plan shall identify appropriate allocations of health care resources and services across the State that balance quality, access, and cost containment. The Plan shall also establish targets for the percentages of overall health care spending that should reflect spending on primary care services, including mental health services, and preventive care services, which targets shall be aligned with the total cost of care targets.

- **Sec. 9: HEALTH CARE DELIVERY ADVISORY COMMITTEE**

- Add (N) three members of the public for establish equal representation as industry



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- **Sec. 10: INTEGRATION OF HEALTH CARE DATA**

- See consensus language submitted by GMCB, AHS & HCA:
<https://legislature.vermont.gov/Documents/2026/Workgroups/House%20Health%20Care/Bills/S.126/Witness%20Testimony/S.126~Eric%20Schultheis~Section%2010%20Written%20Testimony%20AHS,%20GMCB,%20and%20HCA~4-24-2025.pdf>

- **Sec. 11: BOARD MEMBERSHIP; AUTHORITY**

- (3) The Board may share any information, papers, or records it receives pursuant to a subpoena or notice to produce issued under this section with another State agency or the **Health Care Advocate** as appropriate to the work of that agency, provided that the receiving agency agrees to maintain the confidentiality of any information, papers, or records that are exempt from public inspection and copying under the Public Records Act.

- **Sec. 12: RETAINING ACCOUNTABLE CARE ORGANIZATION CAPABILITIES; GREEN MOUNTAIN CARE BOARD; BLUEPRINT FOR HEALTH; REPORT**

Do Not Support

- **Secs. 13-17: REPORTS, IMPLEMENTATION**

Support

Thank you for your consideration.

Sincerely,

Mike Fisher

Chief Health Care Advocate

Office of the Health Care Advocate



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