

CONFIDENTIAL
LEGISLATIVE BILL REVIEW FORM: 2016

S.245 An Act Related to Hospital and Physician Affiliations and Transfers

Agency/ Dept: GMCB Author of Bill Review: Susan Barrett

Date of Bill Review: 5-9-16 Related Bills and Key Players: Sponsored by Senator Ashe and additionally by Senator Sirotkin, Key Players: Health First, VAHHS, GMCB, AG

Status of Bill: (check one): ☐ Upon Introduction ☐ As passed by 1st body ☒ As passed by both

Recommended Position:

☐ Support below ☐ Oppose ☒ Remain Neutral ☐ Support with modifications identified in #8

Analysis of Bill

1. Summary of bill and issue it addresses.

- This bill requires the GMCB to update the hospital budget guidance to include the requirement that the hospitals notify the patient of an acquired practice of the purchase of their practice and the potential change in out of pocket costs as well as recommend that the patient contact his or her insurance company to address financial liability.
- Requires each hospital acquiring a practice to notify the Attorney General with the specific details of the acquisition.
- Requires the GMCB to provide a copy of the provider parity reports from Act 54 Section 23(b), to the Health Reform Oversight Committee, House and Senate Health Care Committees and Senate Finance, on or before July 15, 2016.
- Requires the GMCB to update the same committees on progress toward provider parity, by December 1, 2016.
- Requires DVHA to stop using provider based billing for outpatient medical services at an off-campus outpatient department of a hospital as a result of the provider's acquisition by the hospital.
- Requires the GMCB to consider the advisability and feasibility of expanding to commercial health insurers the prohibition on any increased reimbursement rates or provider based billing for health care providers newly transferred to or acquired by a hospital. The GMCB shall report the results to the House and Senate Health Care Committees and Senate Finance by February 1, 2017 and shall include its recommendations for the process and timing of implementation of any reimbursement restrictions.

What the bill Intended to accomplish and why:

This bill attempts to address several things, first the disparity in reimbursement between independent physicians and UVMHC and an attempt to reduce the movement of independent physicians into hospitals. Lastly, the bill attempts to provide transparency to patients when the ownership of their practice transfers to a hospital and attempts to notify the patients of any changes to their out of pocket expenses as a result of the acquisition. There is a potential for a difference in some patient costs between an independent physician and UVMHC.

2. Is there a need for this bill? No

There is not a need for this bill for the following reasons:

First, VAHHS agreed to send the notices of acquisition to patients even without this legislation. The GACB could require the hospitals notify patients and the AG's as an update to our existing Hospital Budget Guidance. Second, DVHA has testified and providing in writing that it will be moving away from Provider Based Billing (PBB). Therefore, Section 3 of this bill, requiring DVHA to move away from PBB is moot.

Lastly, the reporting on disparities in payments between independent providers and UVMHC is not necessary. This bill does not address the need to reduce reimbursement differentials in a systemic way.

3. What are likely to be the fiscal and programmatic implications of this bill for this Department?

This bill will require the GACB to update the hospital budget guidance, this is minimal impact. The provider reimbursement report required in section 4 of this bill will require staffing resources and may even require actuarial services. Staffing and contracting time would be approximately \$40,000.

4. What might be the fiscal and programmatic implications of this bill for other departments in state government, and what is likely to be their perspective on it?

The Attorney General will also need to review the acquisition of the practices.

5. What might be the fiscal and programmatic implications of this bill for others, and what is likely to be their perspective on it? (for example, public, municipalities, organizations, business, regulated entities, etc)

This bill will also require the Hospitals to report to the patients of acquired practices notice of acquisition. VAHHS was also ok with this role.

6. Other Stakeholders:

6.1 Who else is likely to support the proposal and why?

Healthfirst supports this bill because it adds transparency to acquisition of practices to patients and it attempts to address migration of independent practices to hospitals and FQHCs.

6.2 Who else is likely to oppose the proposal and why?

VAHHS, BCBS, MVP: Does not address the underlying problem of reimbursement differentials for providers at UVMHC versus independent doctors.

7. Rationale for recommendation: Justify recommendation stated above.

GACB is willing to live with this bill

8. Specific modifications that would be needed to recommend support of this bill:

Please return this bill review as a Microsoft Word document to Jahala.Dudley@vermont.gov & Jessica.Mishaan@vermont.gov

9. Will this bill create a new board or commission AND/OR add or remove appointees to an existing one? If so, which one and how many?
No.

Secretary/Commissioner has reviewed this document: _Robin Lunge_____ Date: __5/13/16__