



VERMONT LEGISLATIVE  
**Joint Fiscal Office**

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## Fiscal Note

May 29, 2025

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### **S.126 – An act relating to health care payment and delivery system reform**

#### **Report of the Committee of Conference<sup>1,i</sup>**

#### **Bill Summary**

The bill proposes to enact certain health care payment and delivery system reforms to achieve transformation of and structural changes to Vermont’s health care system. The bill would appropriate \$4.2 million to the Agency of Human Services (AHS) and \$1.2 million to the Green Mountain Care Board (GMCB).

The bill would also:

- Direct GMCB to implement reference-based pricing for hospitals;
- Allow GMCB to implement reference-based pricing for services delivered outside a hospital;
- Allow GMCB to review and evaluate the structure of a hospital network, investigate the financial operations of a hospital network, and recommend corrective actions it deems necessary;
- Require the GMCB to establish global hospital budgets for one or more Vermont hospitals that are not critical access hospitals, to the extent resources are available, not later than hospital fiscal year 2028 and for all Vermont hospitals not later than hospital fiscal year 2030;
- Require a hospital that proposes to reduce or eliminate any service to provide a notice of intent to GMCB, AHS, the Office of the Health Care Advocate (HCA), and the members of the General Assembly who represent the hospital service area not less than 45 days prior to the proposed reduction or elimination;
- Require AHS, in collaboration with GMCB, the Department of Financial Regulation (DFR), the Vermont Program for Quality in Health Care (VPQHC), HCA, the Health Care Delivery Advisory Committee (created in the bill), the Vermont Steering Committee for Comprehensive Primary Health Care (also created in the bill), and other interested stakeholders to lead development of an integrated Statewide Health Care Delivery Strategic Plan;
- Require AHS to collaborate with the Health Information Exchange Steering Committee in the development of the Unified Health Data Space in order to improve patient and provider access to relevant information, increase efficiencies and decrease administrative burdens on providers, and reduce health care system costs;

<sup>1</sup> The Joint Fiscal Office (JFO) is a nonpartisan legislative office dedicated to producing unbiased fiscal analysis – this fiscal note is meant to provide information for legislative consideration, not to provide policy recommendations.

- Require AHS to facilitate collaboration and coordination among health care providers to encourage cooperation in developing rapid responses to the urgent financial pressures facing the health care system while reducing hospital spending for fiscal year 2026 by not less than 2.5%; and
- Require DFR to provide to the Health Reform Oversight Committee (HROC) with a plan for preserving the sustainability of domestic health insurers in Vermont, which may include utilizing reinsurance.

## Fiscal Impact

The bill would appropriate \$5.4 million as follows:

	GF	HIT Fund	Bill back	TOTAL
<b>TOTAL APPROPRIATIONS - Sec. 18</b>	<b>\$2,955,000</b>	<b>\$2,150,000</b>	<b>\$307,500</b>	<b>\$5,412,500</b>
<b>Agency of Human Services (AHS) - Year One (half of stated need by AHS)</b>				
Feasibility analysis and transformation plan development with hospitals, designated agencies, primary care organizations, and other community-based providers (Sec. 8)	\$2,000,000			\$2,000,000
Development of quality and access measures, targets, and monitoring strategies for the Statewide Health Care Delivery Strategic Plan (Sec. 8)	\$100,000			\$100,000
To support the development of alternative payment models (Secs. 2 and 3)	\$100,000			\$100,000
Grants to hospitals for collaborative efforts to reduce hospital costs (Sec. 11a and 11c) and to expand access to health care services		\$2,000,000		\$2,000,000
<b>TOTAL TO AHS</b>	<b>\$2,200,000</b>	<b>\$2,000,000</b>		<b>\$4,200,000</b>
Note: AHS estimated the total need to be \$5 million. The chart above reflects one year of funding.				
<b>Green Mountain Care Board (GMCB)</b>				
Positions (3 classified) <ul style="list-style-type: none"> <li>◦ Director, Reference-Based Pricing</li> <li>◦ Project Manager, Reference-Based Pricing</li> <li>◦ Operations, Procurement, Contractual Oversight</li> </ul>	\$205,000		\$307,500	\$512,500
Contracts	\$500,000			\$500,000
Vermont Program for Quality in Health Care (VPQHC) Contract	\$50,000			\$50,000
Standardization of electronic hospital budget data submissions (Sec. 4)		\$150,000		\$150,000
<b>TOTAL TO GMCB</b>	<b>\$755,000</b>	<b>\$150,000</b>	<b>\$307,500</b>	<b>\$1,212,500</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$2,955,000</b>	<b>\$2,150,000</b>	<b>\$307,500</b>	<b>\$5,412,500</b>

The bill also includes intent language for the General Assembly to provide sufficient resources in future fiscal years to enable the Green Mountain Care Board to fully implement global hospital budgets.

Finally, the bill also establishes an 18-member Health Care Delivery Advisory Committee and a 16-member Vermont Steering Committee for Comprehensive Primary Health Care. However, the bill explicitly excludes members of these committees from receiving per diem compensation and reimbursements. Therefore, no appropriations would be needed to support the work of the committees established in the bill.

## Appendix: Resources

- Green Mountain Care Board – 2024 Reference-Based Pricing and Data Analysis Report, in accordance with Act 113 of 2024, Sec. E.345.2. <https://gmcboard.vermont.gov/Reference-Base-Pricing>
- Vermont State Auditor – Strategies to Control the Rising Costs of State Employee Health Care: Investigative Report 21-07 (2021). <https://auditor.vermont.gov/sites/auditor/files/documents/20211110%20%20State%20Employee%20Health%20Care%20Price%20Variation%20Report.pdf>

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<sup>i</sup> The bill as introduced is available here:

<https://legislature.vermont.gov/Documents/2026/Docs/BILLS/S-0126/S-0126%20As%20Introduced.pdf>

The full fiscal note history is available on the fiscal tab of the bill page on the General Assembly website and can be pulled up through a bill number search on the JFO page.