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H.553

Introduced by Representative Yacovone of Morristown

Referred to Committee on

Date:

Subject: Health; Green Mountain Care Board; Agency of Human Services;
hospitals; social determinants of health

Statement of purpose of bill as introduced: This bill proposes to establish a mechanism by which a portion of hospital budget surpluses would be reinvested by local communities to fund programs affecting social determinants of health. It would also specify sources of changes to hospitals' net patient revenue amounts that the Green Mountain Care Board must exempt from any net patient revenue growth rate target that the Board establishes.

An act relating to hospital budgets and reinvesting hospital budget surpluses in social determinants of health

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

Sec. 1. 33 V.S.A. chapter 28 is added to read:

CHAPTER 28. COMMUNITY INVESTMENTS IN SOCIAL
DETERMINANTS OF HEALTH

1 § 2801. PURPOSE

2 The purpose of this chapter is to reallocate a portion of a hospital's revenue
3 generated in excess of its approved budget and actual expenses in order to
4 enable community collaboratives across Vermont to invest those funds in
5 programs affecting social determinants of health. Social and physical
6 environments that promote good health for Vermont residents contribute to
7 improving Vermonters' overall health and to constraining the growth in health
8 care spending in this State.

9 § 2802. SOCIAL DETERMINANTS OF HEALTH FUND

10 (a) The Social Determinants of Health Fund is established as a special fund
11 pursuant to 32 V.S.A. chapter 7, subchapter 5 for the purpose of enabling
12 Vermont communities to invest monies resulting from excess hospital revenue
13 in programs affecting social determinants of health.

14 (b) Into the Fund shall be deposited:

15 (1) the reinvestment portion of certified excess hospital revenue
16 collected by the Green Mountain Care Board pursuant to section 2803 of this
17 title; and

18 (2) the proceeds from grants, donations, contributions, taxes, and any
19 other sources of revenue as may be provided by statute, rule, or act of the
20 General Assembly to address social determinants of health.

1 (c) All monies received by the Fund shall be used only as allowed by
2 appropriation of the General Assembly to the Agency of Human Services for
3 grants to community collaboratives for programs affecting social determinants
4 of health pursuant to section 2804 of this title.

5 § 2803. EXCESS HOSPITAL REVENUE; REINVESTMENT

6 CONTRIBUTION

7 (a) Each hospital that generated revenue in excess of the budget approved
8 by the Green Mountain Care Board pursuant to 18 V.S.A. chapter 221,
9 subchapter 7 and the hospital's actual expenses for the most recently closed
10 hospital fiscal year shall remit a portion of the excess revenue to the Green
11 Mountain Care Board as provided in this section.

12 (b) On or before January 1 of each year, the Green Mountain Care Board
13 shall certify the amount of excess revenue generated by each hospital, if any,
14 for the most recently closed hospital fiscal year and notify the hospital in
15 writing of the amount of its reinvestment contribution, which shall be not less
16 than 50 percent of the amount of the excess revenue. The Board shall
17 determine the amount of each hospital's reinvestment contribution based on
18 the amount of the hospital's excess revenue, the hospital's budget and
19 projected financial needs for the current fiscal year, the hospital's financial
20 condition, and such other factors as the Board deems appropriate. If no
21 hospital requests reconsideration of the amount of its excess revenue or

1 reinvestment contribution as described in subsection (e) of this section, the
2 contribution amount shall be considered final.

3 (c) Each hospital shall submit its reinvestment amount to the Board
4 according to a payment schedule adopted by the Board. Any hospital that fails
5 to make a payment to the Board on or before the date specified in the schedule
6 shall be assessed an administrative penalty of not more than \$5,000.00,
7 provided that the Board may waive this late payment penalty for good cause
8 shown by the hospital. The Board may also take into consideration any failure
9 to make a timely payment pursuant to this section in its review of a hospital's
10 future budgets pursuant to 18 V.S.A. chapter 221, subchapter 7.

11 (d) All payments from hospitals under this section, including late payment
12 penalties, shall be deposited into the Social Determinants of Health Fund
13 established in section 2802 of this title.

14 (e) A hospital may appeal the Board's determination of its excess revenue
15 amount or reinvestment amount, or both, pursuant to 18 V.S.A. § 9381.

16 (f) The Board may adopt rules pursuant to 3 V.S.A. chapter 25 as needed to
17 implement this section.

18 § 2804. GRANTS TO COMMUNITY COLLABORATIVES

19 (a) The Agency of Human Services shall award grants from the Social
20 Determinants of Health Fund established by section 2802 of this title to
21 community collaboratives established for the purpose of administering

1 programs affecting social determinants of health, such as programs related to
2 increasing the availability of safe and affordable housing, to improving access
3 to healthy foods, to building resilience in children and families, and to
4 preventing and treating childhood trauma and toxic stress. The Agency shall,
5 to the extent possible, award grants in a manner that provides reasonable
6 geographic distribution of funds around the State.

7 (b) In order to receive a grant under this section, each participating
8 community collaborative shall:

9 (1) Receive funding from one or more local, municipal, county, or State
10 sources, public or private. Contributions in kind, whether material,
11 commodities, transportation, or office space, may be evaluated and counted as
12 part of this requirement.

13 (2) Reapply annually for continued funding as necessary.

14 (c) The Agency shall establish minimum eligibility standards and other
15 criteria for community collaboratives to be awarded a grant pursuant to this
16 section.

17 Sec. 2. 18 V.S.A. § 9456(e) is amended to read:

18 (e)(1) The Board may establish a process to define, on an annual basis,
19 criteria for hospitals to meet, such as utilization and inflation benchmarks. The
20 Board may waive one or more of the review processes listed in subsection (b)
21 of this section.

1 (2)(A) If the Board sets a net patient revenue growth rate for the
2 upcoming fiscal year for an individual hospital or for the hospital system
3 statewide, the Board shall exempt changes in net patient revenue for that fiscal
4 year attributable to any of the following:

5 (i) an increase or decrease in the hospital provider tax established
6 in 33 V.S.A. § 1953;

7 (ii) changes in State or federal law or policy;

8 (iii) hospital acquisitions or transfers of physician practices that do
9 not increase Vermont's total health care costs; and

10 (iv) capital investments that were approved through the certificate
11 of need process during the current fiscal year.

12 (B) In addition to the exemptions required by subdivision (A) of this
13 subdivision (2), the Board shall exempt a reasonable percentage of growth
14 based on hospitals' participation in new health care reform initiatives.

15 Sec. 3. EFFECTIVE DATES

16 (a) Sec. 1 (hospital budget surplus; social determinants of health) shall take
17 effect on January 1, 2019.

18 (b) Sec. 2 (hospital budgets) and this section shall take effect on passage
19 and shall apply beginning with the budgets for hospital fiscal year 2019.