

1 S.245

2 Introduced by Senators Ashe and Sirotkin

3 Referred to Committee on

4 Date:

5 Subject: Health; Attorney General; Green Mountain Care Board; hospitals;
6 physicians; consumers

7 Statement of purpose of bill as introduced: This bill proposes to require
8 disclosure to the Attorney General and the Green Mountain Care Board of
9 affiliations between physicians and hospitals or hospital systems and would
10 require hospitals to report their affiliations annually as part of the hospital
11 budget review process. Physicians who newly affiliate with a hospital or
12 hospital system would be required to notify their patients of the new
13 relationship and its potential impact on patients, including any increased
14 financial liability. The bill would require the Director of Health Care Reform
15 to review recent physician and hospital affiliations to determine whether
16 physician acquisition by hospitals increases the amounts patients pay for
17 outpatient health care services.

18 An act relating to disclosure of health care provider affiliations

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

2 Sec. 1. 18 V.S.A. chapter 221, subchapter 11 is added to read:

3 Subchapter 11. Affiliation with Hospitals and Hospital Systems

4 § 9481. DEFINITIONS

5 As used in this subchapter:

6 (1) “Affiliation” means a relationship between two or more health care
7 providers, including hospitals and hospital systems, in which one health care
8 provider controls or is controlled by another health care provider.

9 (2) “Group practice” means the practice of medicine by a group of
10 physicians who share their premises and other resources.

11 (3) “Health care provider” shall have the same meaning as in
12 section 9432 of this title.

13 (4) “Hospital” means a general hospital licensed under chapter 43 of this
14 title.

15 (5) “Hospital system” means a network of health care facilities owned
16 by or otherwise affiliated with a hospital.

17 § 9482. NOTICE OF AFFILIATION WITH HOSPITAL OR HOSPITAL

18 SYSTEM

19 (a) It is essential that the Attorney General and the Green Mountain Care
20 Board be informed of affiliations between health care providers in order to
21 allow the Attorney General to monitor for potentially anticompetitive practices

1 and to assist the Board in ensuring that high quality health care is delivered in a
2 cost-effective manner. Parties shall notify the Attorney General and the Green
3 Mountain Care Board in writing at least 30 days prior to the effective date of a
4 transaction that will result in an affiliation between:

5 (1) one or more independent physicians and a hospital or hospital
6 system;

7 (2) a group practice and a hospital or hospital system; or

8 (3) one hospital or hospital system and another hospital or hospital
9 system.

10 (b) The written notice required by this section shall include:

11 (1) the identities of all parties involved;

12 (2) a description of the nature of the proposed relationship among the
13 parties;

14 (3) the name or names of the business entities that will provide health
15 care services after the affiliation takes effect;

16 (4) the address of each location at which health care services will be
17 provided after the affiliation takes effect;

18 (5) a description of the health care services to be provided at each
19 location; and

20 (6) the primary service area to be served by each location.

1 § 9483. ANNUAL REPORTING OF AFFILIATIONS

2 As part of its annual budget review pursuant to subchapter 7 of this chapter,
3 each hospital shall report to the Green Mountain Care Board its affiliation with
4 any other hospital or hospital system, whether located within or outside this
5 State. For each affiliation, the report shall include:

6 (1) the name and address of each party to the affiliation;

7 (2) a description of the nature of the relationship among the parties;

8 (3) the name of each business entity that provides health care services as
9 part of the affiliation, including the address of each location at which health
10 care services are provided;

11 (4) a description of the health care services provided at each
12 location; and

13 (5) the primary service area served by each location.

14 § 9484. NOTICE TO PATIENTS OF NEW AFFILIATION

15 If a transaction results in a new affiliation between one or more independent
16 physicians or a group practice and a hospital or hospital system, the physician
17 or practice shall provide written notice of the new affiliation to each patient
18 served by the physician or practice within the previous three-year period. The
19 notice shall be provided by first class mail within 30 days following the
20 effective date of the transaction and shall include the following information:

1 (1) a statement that the physician or group practice is now affiliated with
2 a hospital or hospital system;

3 (2) the purchasing hospital or hospital system's name, business address,
4 and telephone number;

5 (3) a statement indicating whether a newly hospital-affiliated physician
6 or practice bills, or is likely to bill, a facility fee that may be in addition to, and
7 separate from, the provider's professional fees;

8 (4) an estimate of any increase to the professional fees resulting from
9 the transaction that will likely be billed to the patient;

10 (5) a statement that the patient's actual financial liability will depend on
11 the health care services provided to the patient;

12 (6) an explanation of whether the patient may incur greater financial
13 liability than if the physician or group practice were not affiliated with the
14 hospital or hospital system; and

15 (7) the estimated changes in fees that the facility may bill or an example
16 of the average fees it bills for its most common services.

17 § 9485. REFERRALS TO AFFILIATED PROVIDERS

18 A health care provider shall provide notice when referring a patient to an
19 affiliated provider. Such notice shall:

1 operating within a budget established under this section. For purposes of this
2 subsection, subsection (h) of this section, and subdivision ~~9454(a)(7)~~
3 9454(a)(8) of this title, the Board's authority shall extend to an affiliated
4 corporation or other person in the control of or controlled by the hospital to the
5 extent that such authority is necessary to carry out the purposes of this
6 subsection, subsection (h) of this section, or subdivision ~~9454(a)(7)~~ 9454(a)(8)
7 of this title. As used in this subsection, a rebuttable presumption of "control"
8 is created if the entity, hospital, or other person, directly or indirectly, owns,
9 controls, holds with the power to vote, or holds proxies representing 20 percent
10 or more of the voting securities or membership interest or other governing
11 interest of the hospital or other controlled entity.

12 Sec. 4. REVIEW OF HEALTH CARE PROVIDER AFFILIATIONS

13 The Director of Health Care Reform in the Agency of Administration shall
14 review all new affiliations between independent physicians or group practices
15 and hospitals and hospital systems during calendar years 2012–2016 to
16 determine whether physician acquisition by a hospital or hospital system
17 increases the amount patients pay for outpatient health care services. On or
18 before January 15, 2017, the Director shall report his or her findings to the
19 House Committee on Health Care and the Senate Committees on Health and
20 Welfare and on Finance.

1 Sec. 5. EFFECTIVE DATES

2 (a) Sec. 1 (18 V.S.A. chapter 221, subchapter 11) shall take effect as
3 follows:

4 (1) 18 V.S.A. §§ 9481 (definitions), 9482 (notice to Attorney General
5 and Green Mountain Care Board), and 9483 (annual reporting of affiliations)
6 shall take effect on passage; and

7 (2) 18 V.S.A. §§ 9484 (notice to patients) and 9485 (referrals to
8 affiliated providers) shall take effect on January 1, 2017.

9 (b) Secs. 2 and 3 (hospital budget review), 4 (review of health care
10 provider affiliations), and this section shall take effect on passage.