



State of Vermont
Green Mountain Care Board
89 Main Street
Montpelier VT 05620

Report to the Legislature

**REPORT ON THE TOTAL AMOUNT OF ALL EXPENSES ELIGIBLE
FOR ALLOCATION PURSUANT TO 18 V.S.A. §§ 9374(h) AND 9415 AND
THE TOTAL AMOUNT ACTUALLY BILLED BACK TO REGULATED
ENTITIES DURING STATE FISCAL YEAR 2015**

In accordance with Act 79 of 2013, Section 37c

*Submitted to the
House Committees on Health Care, Ways & Means, and Appropriations; the
Senate Committees on Health & Welfare, Finance, and Appropriations; and the
Joint Fiscal Committee*

*Submitted by the
Green Mountain Care Board & the
Department of Financial Regulation*

September 15, 2015

Introduction

Section 37c of Act 79 of 2013 requires that the Green Mountain Care Board (Board) and the Vermont Department of Financial Regulation (Department) submit a report showing **“the total amount of all expenses eligible for allocation pursuant to 18 V.S.A. §§ 9374(h) and 9415 during the preceding state fiscal year and the total amount actually billed back to the regulated entities during the same period.”** 2013, No. 79, § 37c(a). This report must be submitted annually on or before September 15 to the House Committee on Health Care, the Senate Committees on Health and Welfare and on Finance, and the House and Senate Committees on Appropriations. *Id.* The Department and the Board must also provide this information to the Joint Fiscal Committee at its September meeting. *Id.* § 37c(b). This report is listed on the non-action portion of the Joint Fiscal Committee’s September 15 meeting agenda, and is being submitted to satisfy that agenda item as well as § 37c(b) of Act 79.

Background

The General Assembly passed the initial legislation for this billback authority in 1996 to support the activities of the Health Care Authority . When the Health Care Authority moved into the Vermont Department of Banking, Insurance, Securities and Health Care Administration (BISCHA), the authority for this billback transferred to BISHCA (now the Department). Act 171 of 2012 authorized the Board to bill back to hospitals and insurance carriers costs of certain activities related to health care system oversight. 2012, No. 171 (adj. sess.), § 5. Accordingly, prior to the 2013 legislative session, Vermont law provided that “[e]xpenses incurred to obtain information, analyze expenditures, review hospital budgets, and for any other contracts authorized by” the Department or the Board “shall be borne as follows:”

- 40% by the State;
- 15% by the hospitals;
- 15% by nonprofit hospital and medical service corporations;
- 15% by health insurance companies; and
- 15% by health maintenance organizations.

18 V.S.A. §§ 9374(h)(1) & 9415(a). In other words, for each dollar that the State bills back pursuant to this authority, the regulated entities, as a group, must pay 60 cents, with the State remaining responsible for the other 40. That allocation has not changed and remains in effect at present.

In a February 2013 report to the Legislature,¹ the Board and the Department explained that, since the inception of this billback authority, the State has not billed back the full scope of expenses made eligible by the authorizing legislation. In response, the Legislature required this report, 2013, No. 79, § 37c, and added statutory language that affords the Board and the Department discretion over the scope and the amount of the billback. *Id.* §§ 37a, 37b (amending 18 V.S.A. §§ 9374(h), 9415). As a result, since the passage of Act 79, the Board and the Department “may determine the scope of the incurred expenses to be allocated pursuant to the [above] formula . . . if,

¹ Available at: http://gmcboard.vermont.gov/sites/gmcboard/files/Billback_Rpt_020113.pdf

in the Board’s discretion, the expenses to be allocated are in the best interests of the regulated entities and of the State.” 18 V.S.A. § 9374(h)(2); *see also* 18 V.S.A. § 9415(b) (same language for the Department).

Finally, Act 79 expanded the scope of the billback to include funding for the office of the Health Care Advocate (through June 30, 2016) and for staffing related to the publication of the hospital community reports required by 18 V.S.A. § 9405b. 2013, No. 79, §§ 37d, 50(c).

State Fiscal Year 2015 Bill Back

In state fiscal year 2015 (FY15), the Board and the Department billed back for approximately \$1,474,300.² The Board billed back for \$1,428,700, as shown in Appendix A of this report. This amount is slightly higher than the Board’s projected billback amount of \$1,392,045, which was established in the Board’s FY15 budget. Tables 1 and 2 below show how that amount breaks out among the hospitals and insurance companies under 18 V.S.A. §§ 9374(h)(1) and 9415.

Table 1: Hospital Assessment FY15

HOSPITAL	Amount Billed for Data
Brattleboro Memorial Hospital	\$ 13,410
Carlos Otis	\$ 1,615
Central Vermont Medical Center	\$ 28,360
Copley Hospital	\$ 12,403
University of VT Medical Center	\$ 149,826
Gifford Medical Center	\$ 10,422
Mt. Ascutney Hospital	\$ 3,371
Northeastern VT Regional Hospital	\$ 10,447
North Country Hospital	\$ 11,437
Northwestern Medical Center	\$ 19,270
Porter Medical Center	\$ 13,094
Rutland Regional Medical Center	\$ 45,841
Southwestern Medical Center	\$ 32,023
Springfield Hospital	\$ 17,056
Total	\$ 368,575

² This discussion focuses on the Board because the functions eligible for this billback have largely been transferred to the Board. For FY15, DFR billed back for approximately \$45,600 of expenses related to administering the hospital community reports in 18 V.S.A. § 9405b. *See* 2013, No. 79, § 50(c).

Table 2: Insurance Carrier Assessment FY15

CARRIER	Amount Billed for Data
Blue Cross and Blue Shield of Vermont	\$ 368,575
The Vermont Health Plan, LLC	\$ 359,972
MVP Health Plan, INC.	\$ 8,603
MVP Health Insurance Company	\$ 243,867
Aetna Life Insurance Company	\$ 14,062
Cigna Health and Life Insurance Company	\$ 63,277
Connecticut General Life Insurance Company	\$ 22,672
UnitedHealthcare Insurance Company	\$ 10,797
MVP Health Insurance Company of New Hampshire, INC.	\$ 9,129
QCC Insurance Company	\$ 2,802
State Farm Mutual Automobile Insurance Company	\$ 891
New York Life Insurance Company	\$ 581
American Heritage Life Ins. Co.	\$ 157
Golden Rule Insurance Company	\$ 55
The MEGA Life and Health Insurance Company	\$ 60
Celtic Insurance Company	\$ 66
AXA Equitable Life Insurance Company	\$ 38
MONY Life Insurance Company	\$ 4
The United States Business of The Great-West Life Assessment	\$ 64
The Prudential Insurance Company of America	\$ 10
Constitution Life Insurance Company	\$ 10
Phoenix Life Insurance	\$ 11
National Benefit Life Insurance Company	\$ 1
Metropolitan Life Insurance Company	\$ 4
Trustmark Insurance Company	\$ 16
Starmount Life Insurance Company	\$ 1
Total	\$ 1,105,725

By way of comparison, the State billed back for approximately \$395,000 in FY13 and approximately \$890,000 in FY14, and the Board's approved FY16 budget includes a projected billback amount of \$1,527,475 for FY16.

In order to help place the FY15 figures in context, Appendix A breaks out the Board's total expenses by category and shows, for each category, the maximum amount that the Board has determined could be billed back under the law. For example, of the \$2,798,378 that was actually spent on personal services in FY15, the Board determined that up to \$645,895 (includes DFR amount) was eligible to be billed back.. See Appendix A, middle column, lines 2-3. The next three blocks of information present analogous figures for operating expenses, grants, and contracts.

The final block, entitled "Pers Services, operating, grants, contracts," shows the maximum amount that could have been billed to regulated entities and the budgeted and actual amounts. As Appendix A shows, the Board actually billed back \$1,474,300 or approximately 63%, of the potential industry portion of \$2,341,888.

The Appendix also shows that, based on the Board's approved FY16 budget, the Board projects a budgeted industry portion of \$1,527,475 in FY16. This represents approximately 66% of the FY16 projected potential industry portion.

The increase in the industry billback portion actually billed across FY13(\$395,000), FY14 (\$845,000), and FY15 (\$1,474,300) and the budgeted increase for FY16 (\$1,527,475), demonstrate the Board's commitment to better implement the statutory intent to use billback to defray certain categories of expenses while controlling the burden on regulated entities, which ultimately gets passed on to Vermonters. To this end, the Board recognizes the need to limit the impact of these government functions on Vermonters by maximizing funding from other sources, including federal grants. To the extent a function otherwise eligible for billback is being funded through federal or other grants, the Board uses its discretion under 18 V.S.A. § 9374(h)(2) to exclude those dollars from the billback actually charged to industry. This explains, in large part, the variance shown in the last line of Appendix A.

Green Mountain Care Board

Al Gobeille, Chair

9/15/2015

APPENDIX A

TO GMCB FY15 BILLBACK REPORT

BILLBACK DETAIL

	Projected FY 2015	Actual FY 2015	Final Appropriation FY 2016
Total Expenses	\$ 8,301,647	\$ 8,567,315	\$ 9,146,378
Personal Services	\$ 2,937,171	\$ 2,798,378	\$ 3,365,117
Total Billback	\$ 612,663	\$ 645,895	\$ 909,842
Industry Portion	\$ 367,598	\$ 387,537	\$ 543,922
Operating	\$ 369,860	\$ 373,942	\$ 638,789
Total Billback	\$ 91,990	\$ 76,154	\$ 248,054
Industry Portion	\$ 55,184	\$ 45,692	\$ 148,832
Grants	\$ 437,000	\$ 399,167	\$ -
Rate review portion	\$ 147,500	\$ 149,167	\$ -
Total Billback portion	\$ 329,500	\$ 250,000	\$ -
Industry Portion	\$ 173,700	\$ 150,000	\$ -
Contracts	\$ 4,602,333	\$ 5,394,995	\$ 5,591,455
Gross Potential Billback*	\$ 4,152,333	\$ 5,394,995	\$ 5,591,455
Alternate Funding	\$ (1,500,000)	\$ (2,463,897)	\$ (2,920,486)
Net Potential Billback	\$ 2,652,333	\$ 2,931,098	\$ 2,670,969
Total Billback	\$ 1,142,831	\$ 1,735,118	\$ 1,391,202
Industry Portion	\$ 767,831	\$ 1,041,071	\$ 834,721
Pers Services, operating, grants, contracts			
Total Net Potential Billback	\$ 3,686,486	\$ 3,903,147	\$ 3,828,865
Potential Industry Billback	\$ 2,211,892	\$ 2,341,888	\$ 2,297,319
Budgeted Industry Billback	\$ 1,557,079	\$ 1,474,300	\$ 1,527,475
Billback Adjusted to appropriation	\$ (165,034)		
Final billback	\$ 1,392,045	\$ 1,474,300	\$ 1,527,475
Budgeted Industry Billback as % of Potential	63%	63.0%	66%
Variance	\$ 819,847	\$ 867,588	\$ 769,844

Notes:

We reserve the need to change the above amounts if we develop better information.

Actual 2015 reflects amounts billed to industry based upon budgeted plans.

In FY15, the Board budgeted funding for the Health Care Advocate (HCA) within the grant line. By contrast, in FY16, this funding was budgeted within the Contractual line and will be transferred by the Board to the Agency of Administration, who will then fund the HCA. Because the Board is now making an interdepartmental transfer rather than a direct grant, we now record those dollars in the "Contracts" segment rather than the "Grants" segment above.