

1 H.697

2 Introduced by Representatives Komline of Dorset, Acinapura of Brandon,
3 Adams of Hartland, Ainsworth of Royalton, Canfield of Fair
4 Haven, Clark of Vergennes, Clerkin of Hartford, Devereux of
5 Mount Holly, Dickinson of St. Albans Town, Donaghy of
6 Poultney, Fagan of Rutland City, Higley of Lowell, Hubert of
7 Milton, Johnson of Canaan, Larocque of Barnet, Lawrence of
8 Lyndon, Marcotte of Coventry, McAllister of Highgate,
9 McDonald of Berlin, McFaun of Barre Town, McNeil of
10 Rutland Town, Myers of Essex, O'Donnell of Vernon, Peaslee
11 of Guildhall, Perley of Enosburg, Reis of St. Johnsbury, Savage
12 of Swanton, Shaw of Pittsford, Turner of Milton, Winters of
13 Williamstown and Wright of Burlington

14 Referred to Committee on

15 Date:

16 Subject: Health; health insurance; out-of-state insurers

17 Statement of purpose: This bill proposes to allow Vermonters to purchase
18 health insurance policies from insurance companies domiciled in other states,
19 provided certain requirements of Vermont law are met, including minimum
20 capital, surplus, and reserve requirements; disclosure and reporting
21 requirements; and grievance procedures. The bill would also require that

1 prospective Vermont enrollees be provided adequate and full disclosure, in a
2 format approved by the commissioner of banking, insurance, securities, and
3 health care administration, of how the out-of-state health insurance plans may
4 differ from Vermont health insurance plans.

5 An act relating to the purchase of health insurance

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

7 Sec. 1. SHORT TITLE

8 This act shall be known and may be cited as “The Consumer Health Care
9 Options, Choice, and Empowerment Act” or “CHOICE.”

10 Sec. 2. 8 V.S.A. chapter 107, subchapter 12 is added to read:

11 Subchapter 12. Consumer Health Care Options, Improvement,
12 Choice, and Empowerment Act

13 § 4100n. DEFINITIONS

14 For the purposes of this subchapter:

15 (1) “Commissioner” means the commissioner of banking,
16 insurance, securities, and health care administration.

17 (2) “Out-of-state insurer” means a company offering health insurance
18 policies that is domiciled in a state of the United States other than Vermont.

1 § 4100o. OUT-OF-STATE INSURERS

2 An insurer may not offer a health insurance policy to a resident of the state
3 of Vermont unless it is issued a “certification of insurer” by the commissioner.

4 The certification shall ensure that the following qualifications have been met:

5 (1) The out-of-state insurer holds a valid certificate of authority to
6 market individual health insurance in the state of its domicile.

7 (2) Any policy for individual health insurance offered for sale in
8 Vermont by an out-of-state insurer domiciled in another state of the United
9 States complies with the applicable individual health insurance laws in the
10 state of its domicile.

11 (3) The insurance policy offered to Vermont residents is currently being
12 actively marketed in the state of the out-of-state insurer’s domicile.

13 (4) The out-of-state insurer maintains minimum capital and surplus
14 requirements and maintains reserves as required by the commissioner.

15 (5) The out-of-state insurer meets the commissioner’s requirements for
16 reporting plan information with respect to individual health plans offered for
17 sale in Vermont and discloses to prospective enrollees how the health plans
18 differ from individual health plans offered by Vermont insurers in a format
19 approved by the commissioner. Health plan policies and applications for
20 coverage must contain the following disclosure statement or a substantially
21 similar statement:

1 “This policy is issued by an out-of-state insurer and is governed
2 by the laws and regulations of the State of (out-of-state insurer’s state
3 of domicile). This policy may not be subject to all the insurance laws
4 and rules of the State of Vermont, including coverage of certain health
5 care services or benefits mandated by Vermont law. Before purchasing
6 this policy, you should carefully review the terms and conditions of
7 coverage under this policy, including any exclusions or limitations of
8 coverage.”

9 (6) Grievance procedures. The out-of-state insurer meets the
10 requirements of the state of Vermont grievance procedures with respect to
11 health plans offered for sale in this state.

12 (7) Unfair (insurance) trade practices. Vermont’s provisions apply to
13 the out-of-state insurer.

14 (8) Premium taxes. The out-of-state insurer is subject to applicable
15 premium taxes imposed on insurers marketing individual health insurance in
16 Vermont.

17 (9) The out-of-state insurer participates in an insurance insolvency
18 guaranty association to which a Vermont insurer that markets individual health
19 insurance is required to belong in accordance with this title. An insurance
20 producer may not act as an agent of an out-of-state insurer certified to market

1 individual health insurance pursuant to this bill, unless the producer holds a
2 valid producer license from the state domicile of the out-of-state insurer.

3 § 4100p. VERMONT INSURERS

4 Notwithstanding any other provision of this title, except as otherwise
5 expressly provided, a Vermont insurer may offer for sale in this state an
6 individual health plan duly authorized for sale in another state by a parent or
7 subsidiary of the Vermont insurer if:

8 (1) The parent or subsidiary of the Vermont insurer holds a valid
9 certificate of authority to market individual health insurance in the state of its
10 domicile.

11 (2) Any policy, contract or certificate of individual health insurance
12 offered for sale in this state by a Vermont insurer complies with the applicable
13 individual health insurance laws in the state or country of domicile of the
14 parent or subsidiary, and the policy is actively marketed in that state.

15 (3) The Vermont insurer meets the requirements for reporting plan
16 information with respect to individual health plans offered for sale in this state
17 and discloses to prospective enrollees how the individual health plans of the
18 parent or subsidiary differ from individual health plans offered by domestic
19 insurers in a format approved by the commissioner within 90 days of the
20 effective date of this section. Health plan policies and applications for

1 coverage must contain the following disclosure statement or a substantially
2 similar statement:

3 “This policy is issued by a Vermont Insurer but is governed by the laws
4 and rules of the State of (state of domicile of parent or subsidiary of
5 domestic), which is the state of domicile of the parent or subsidiary of
6 the Vermont insurer or health maintenance organization. This policy
7 might not be subject to all the insurance laws and rules of the State of
8 Vermont, including coverage of certain health care services or benefits
9 mandated by Vermont law. Before purchasing this policy, you should
10 carefully review the terms and conditions of coverage under this policy,
11 including any exclusions or limitations of coverage.”

12 (4) The Vermont insurer meets the requirements for grievance
13 procedures with respect to health plans offered for sale in this state.

14 Sec. 3. EFFECTIVE DATE AND APPLICABILITY

15 (a) This act shall apply to out-of-state insurers and Vermont insurers
16 notwithstanding any other provision of law to the contrary in Title 8 of the
17 Vermont Statutes or otherwise, except where it expressly so provides.

18 (b) This act shall take effect July 1, 2010. The commissioner’s
19 requirements of reporting plan information with respect to individual health
20 plans offered for sale in Vermont and disclosure to prospective enrollees on
21 differences from individual health plans offered by Vermont insurers shall be

- 1 prepared and approved by the commissioner within 90 days following the
- 2 effective date of this act.