

1 S.109

2 Introduced by Senator Galbraith

3 Referred to Committee on

4 Date:

5 Subject: Health; health insurance; public option; Vermont Health Insurance

6 Corporation

7 Statement of purpose: This bill proposes to create the Vermont Health

8 Insurance Corporation, a private, nonprofit corporation owned by the people of

9 Vermont and providing health benefit plans to Vermont residents.

10 An act relating to the creation of the Vermont Health Insurance Corporation

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

12 Sec. 1. 8 V.S.A. chapter 118 is added to read:

13 CHAPTER 118. VERMONT HEALTH INSURANCE CORPORATION

14 § 4401. VERMONT HEALTH INSURANCE CORPORATION

15 Vermont Health is established as a private, nonprofit corporation owned by

16 the people of Vermont for the purpose of providing qualified health benefit

17 plans to Vermont residents.

18 § 4402. PURPOSE

19 Vermont Health shall have as its primary goal ensuring that all Vermont

20 residents have access to health care, including treatment by qualified

1 physicians, necessary surgery and surgical procedures, hospitalization, and
2 prescribed medicines. All qualified Vermont residents shall have the right to
3 participate in a qualified health benefit plan offered by Vermont Health, and no
4 person shall be denied the right to participate because of illness, preexisting
5 condition, or age. Vermont Health shall guarantee issuance of a qualified
6 health plan to all qualified Vermont residents and their dependents.

7 § 4403. DEFINITIONS

8 As used in this chapter:

9 (1) “Affordable Care Act” means the federal Patient Protection and
10 Affordable Care Act (Public Law 111-148), as amended by the federal Health
11 Care and Education Reconciliation Act of 2010 (Public Law 111-152), and as
12 further amended.

13 (2) “Commissioner” means the commissioner of banking, insurance,
14 securities, and health care administration.

15 (3) “Health benefit plan” means a policy, contract, certificate, or
16 agreement offered or issued by a health insurer to provide, deliver, arrange for,
17 pay for, or reimburse any of the costs of health services. This term does not
18 include coverage only for accident or disability income insurance, liability
19 insurance, coverage issued as a supplement to liability insurance, workers’
20 compensation or similar insurance, automobile medical payment insurance,
21 credit-only insurance, coverage for on-site medical clinics, or other similar

1 insurance coverage where benefits for health services are secondary or
2 incidental to other insurance benefits as provided under the Affordable Care
3 Act. The term also does not include stand-alone dental or vision benefits;
4 long-term care insurance; specific disease or other limited benefit coverage;
5 Medicare supplemental health benefits; Medicare Advantage plans; or other
6 similar benefits excluded under the Affordable Care Act.

7 (4) “Health care professional” means an individual, partnership,
8 corporation, facility, or institution licensed or certified or otherwise authorized
9 by law to provide professional health services.

10 (5) “Health service” means any medically necessary treatment or
11 procedure to maintain an individual’s physical or mental health or to diagnose
12 or treat an individual’s physical or mental health condition, including services
13 ordered by a health care professional and medically necessary services to assist
14 in activities of daily living.

15 (6) “Qualified health benefit plan” means a health benefit plan which
16 meets the requirements set forth in Section 1301 of the Affordable Care Act.

17 (7) “Qualified Vermont resident” means an individual, including a
18 minor, who is a Vermont resident and at the time of enrollment:

19 (A) is not incarcerated or is only incarcerated awaiting disposition of
20 charges; and

1 (B) is or is reasonably expected to be during the time of enrollment a
2 citizen or national of the United States or an immigrant lawfully present in the
3 United States as defined by federal law.

4 (8) “Vermont Health Insurance Corporation” or “Vermont Health”
5 means a private, nonprofit health insurance corporation owned by the people of
6 Vermont and providing qualified health benefit plans to Vermont residents.

7 (9) “Vermont resident” means an individual domiciled in Vermont as
8 evidenced by an intent to maintain a principal dwelling place in Vermont
9 indefinitely and to return to Vermont if temporarily absent, coupled with an act
10 or acts consistent with that intent.

11 § 4404. OWNERSHIP AND GOVERNANCE OF VERMONT HEALTH

12 (a) Vermont Health shall issue shares, all of which shall be owned by the
13 people of Vermont and held in trust for them by the general assembly.

14 (b) The governor shall appoint, with the consent of the senate, a
15 five-member board of Vermont Health, one of whom shall be designated by
16 the governor as the chair. The board shall prepare the bylaws, regulations, and
17 policies of Vermont Health. The general assembly, acting on behalf of the
18 shareholders, shall approve by joint resolution the bylaws, regulations, and
19 major policies of Vermont Health.

20 (c) The board shall appoint all officers of Vermont Health who shall be
21 state employees and exempt from the state classified system. The board shall

1 determine compensation for the officers and employees of Vermont Health,
2 provided that no officer or employee shall receive more in compensation than
3 the highest paid state employee.

4 § 4405. CERTIFICATE OF AUTHORITY

5 Notwithstanding the provisions of chapters 101 and 107 of this title, upon
6 petition of the secretary of administration, the commissioner shall issue to
7 Vermont Health a certificate of authority to operate as a health insurance
8 corporation for purposes of providing qualified health benefit plans to Vermont
9 residents.

10 § 4406. APPROVAL OF PREMIUMS AND FORMS

11 Notwithstanding the provisions of section 4062 of this title, the
12 commissioner shall approve all forms and premium rates for Vermont Health
13 that he or she determines to be in the best interests of the people of the state of
14 Vermont.

15 § 4407. VERMONT HEALTH QUALIFIED BENEFIT PLANS

16 (a) Vermont Health shall offer only qualified health benefit plans that meet
17 the requirements of the Affordable Care Act and applicable state law. In the
18 event that the Affordable Care Act is repealed or held invalid, Vermont Health
19 shall continue to offer health benefit plans that provide essential benefits
20 packages that meet or exceed the elements described in Section 1302(a) of the
21 Affordable Care Act and that provide for all necessary medical care, including

1 treatment by qualified health care professionals, hospital care, and prescription
2 drugs. Plans offered by Vermont Health shall pay for all necessary medical
3 expenses without annual or lifetime limits.

4 (b) No plan offered by Vermont Health shall require a policyholder to pay
5 a total of more than \$5,000.00 during any calendar year in co-payments,
6 deductibles, and other out-of-pocket expenses and no policyholder shall be
7 required to pay a total of more than \$10,000.00 in co-payments, deductibles,
8 and other out-of-pocket expenses toward the treatment of any single illness.

9 § 4408. CHOICE OF PROVIDER

10 To the extent Vermont Health provides coverage for any particular type of
11 health service or for any particular medical condition, it shall cover those
12 health services and conditions when provided by any type of health care
13 professional acting within the scope of practice authorized by law. Vermont
14 Health may establish a term or condition that places a greater financial burden
15 on an individual for access to treatment by the type of health care professional
16 only if it is related to the efficacy or cost-effectiveness of the type of service.

17 § 4409. REQUIRED CONTRACT PROVISIONS

18 Qualified health benefit plan contracts entered into by Vermont Health shall
19 be in writing, one copy of which shall be furnished to the insured. The
20 contract shall contain at least the following provisions:

1 (1) A statement of the amount payable to Vermont Health by the
2 subscriber and the manner in which such amount is payable;

3 (2) A statement of the nature of the services to be furnished and the
4 period during which they will be furnished and, if there are any services to be
5 excepted, a detailed statement of such exceptions;

6 (3) A statement of the terms and conditions upon which the contract
7 may be canceled or otherwise terminated at the option of either party;

8 (4) A statement that the contract includes the endorsements thereon and
9 attached papers, if any, and contains the entire contract for services;

10 (5) A statement that no representation by the insured in his or her
11 application shall void the contract or be used in any legal proceeding
12 thereunder unless such application or an exact copy thereof is included in or
13 attached to such contract and that no agent or representative of such
14 corporation other than an officer or officers designated therein is authorized to
15 change the contract or waive any of its provisions;

16 (6) A statement that if the insured defaults in making any payment under
17 the contract, the subsequent acceptance of a payment by the corporation or by
18 any of its duly authorized agents shall reinstate the contract;

19 (7) A statement of the period of grace which will be allowed the insured
20 for making any payment due under the contract, to be not less than ten days;

1 (8) A statement that the insured shall be entitled to engage the services
2 of a health care professional whom he or she chooses to perform services
3 covered by the contract, provided that such health care professional is licensed
4 or certified or otherwise authorized by law to provide professional health
5 services in this state and agrees to be governed by the bylaws of the
6 corporation with respect to payment of fees for his or her services.

7 Sec. 2. 32 V.S.A. § 8556 is amended to read:

8 § 8556. ~~EXEMPTION~~ EXEMPTIONS

9 (a) For the purposes of this subchapter, a continuing care retirement
10 community certified under chapter 151 of Title 8 shall not be deemed to be an
11 insurance company or other entity subject to the tax imposed by this
12 subchapter.

13 (b) The Vermont Health Insurance Corporation established in chapter 118
14 of Title 8 shall be exempt from the tax imposed by this subchapter.

15 Sec. 3. COST-EFFECTIVENESS EVALUATION

16 The secretary of administration or designee shall evaluate the
17 cost-effectiveness of permitting a nonprofit insurance carrier licensed to do
18 business in this state to provide some or all of the benefits and administration
19 of the qualified health benefit plans offered by the Vermont Health Insurance
20 Corporation in conjunction with or in lieu of involvement by state government.
21 No later than February 15, 2012, the secretary or designee shall report to the

1 house committee on health care and the senate committees on health and
2 welfare and on finance on the advisability and cost-effectiveness of involving
3 an insurance carrier in Vermont Health and shall propose the statutory
4 modifications necessary to accomplish any such involvement.

5 Sec. 4. EFFECTIVE DATES

6 (a) Secs. 1 (Vermont Health) and 2 (tax exemption) of this act shall take
7 effect 180 days following a determination by the secretary of administration
8 that no publicly financed universal health care program will become
9 operational by July 1, 2017.
10 (b) Sec. 3 and this section shall take effect on passage.