

1 Introduced by Committee on Health Care

2 Date:

3 Subject: Health; Medicaid; health insurance; Vermont Health Benefit

4 Exchange; claims tax; State Health Care Resources Fund

5 Statement of purpose of bill as introduced: This bill proposes to establish state  
6 premium tax credits and cost-sharing subsidies for individuals purchasing  
7 health insurance through the Vermont Health Benefit Exchange. It would also  
8 consolidate the existing health care claims assessment and the health care  
9 information technology reinvestment fee into a new health care claims tax,  
10 which would increase over two years from 0.999 percent of an insurer's claims  
11 paid in fiscal year 2013 to 1.999 percent of its claims paid in fiscal year 2015.

12 An act relating to premium tax credits, cost-sharing subsidies, and a health  
13 care claims tax

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

15 Sec. 1. 32 V.S.A. § 307(d) is amended to read:

16 (d) The ~~governor's~~ Governor's budget shall include his or her  
17 recommendations for an annual budget for Medicaid and all other health care  
18 assistance programs administered by the ~~agency of human services~~ Agency of  
19 Human Services. The ~~governor's~~ Governor's proposed Medicaid budget shall

1 include a proposed annual financial plan, and a proposed five-year financial  
2 plan, with the following information and analysis:

3 \* \* \*

4 (5) health care inflation trends consistent with provider reimbursements  
5 approved under 18 V.S.A. § 9376 and hospital budgets approved by the Green  
6 Mountain Care Board under 18 V.S.A. chapter 221, subchapter 7;

7 (6) recommendations for funding provider reimbursement at levels  
8 sufficient to ensure reasonable access to care, and at levels at least equal to  
9 Medicare reimbursement;

10 \* \* \*

11 Sec. 2. 33 V.S.A. § 1802(9) is added to read:

12 (9) “Modified adjusted gross income” shall have the same meaning as in  
13 26 U.S.C. § 36B(d)(2)(B).

14 Sec. 3. 33 V.S.A. § 1812 is added to read:

15 § 1812. FINANCIAL ASSISTANCE TO INDIVIDUALS

16 (a)(1) An individual or family eligible for federal premium tax credits  
17 under 26 U.S.C. § 36B with income less than or equal to 300 percent of the  
18 federal poverty level (FPL) shall be eligible for premium assistance from the  
19 State of Vermont.

20 (2) The Department of Vermont Health Access shall establish a  
21 premium schedule on a sliding scale based on modified adjusted gross income

1 for the individuals and families described in subdivision (1) of this subsection.

2 The Department shall reduce the premium contribution for these individuals

3 and families by 1.5 percent below the premium amount established in 26

4 U.S.C. § 36B.

5 (3) Premium assistance shall be available for the same qualified health  
6 benefit plans for which federal premium tax credits are available.

7 (b)(1) An individual or family with income at or below 350 percent FPL  
8 shall be eligible for cost-sharing assistance, including a reduction in the  
9 out-of-pocket maximums established under Section 1402 of the Affordable  
10 Care Act.

11 (2) The Department of Vermont Health Access shall establish  
12 cost-sharing assistance on a sliding scale based on modified adjusted gross  
13 income for the individuals and families described in subdivision (1) of this  
14 subsection. Cost-sharing assistance shall be established as follows:

15 (A) for households with income at or below 150 percent FPL: 94  
16 percent actuarial value;

17 (B) for households with income above 150 percent FPL and at or  
18 below 200 percent FPL: 87 percent actuarial value;

19 (C) for households with income above 200 percent FPL and at or  
20 below 250 percent FPL: 83 percent actuarial value;

1           (D) for households with income above 250 percent FPL and at or  
2           below 300 percent FPL: 77 percent actuarial value; and

3           (E) for households with income above 300 percent FPL and at or  
4           below 350 percent FPL: 73 percent actuarial value.

5           (3) Cost-sharing assistance shall be available for the same qualified  
6           health benefit plans for which federal cost-sharing assistance is available and  
7           shall be administered using the same methods set forth in Section 1402 of the  
8           Affordable Care Act.

9           (c) To the extent feasible, the Department shall use the same mechanisms  
10          provided in the Affordable Care Act to establish financial assistance under this  
11          section in order to minimize confusion and complication for individuals,  
12          families, and health insurers.

13          Sec. 4. 21 V.S.A. § 2002(3) is amended to read:

14           (3) “Full-time equivalent” or “FTE” means the number of employees  
15          expressed as the number of employee hours worked during a calendar quarter  
16          divided by 520. “Full-time equivalent” shall not include any employee hours  
17          attributable to a seasonal employee or part-time employee of an employer who  
18          offers health care coverage to all of its regular full-time employees, provided  
19          that the seasonal employee or part-time employee has health care coverage  
20          under either a private or any public plan except ~~VHAP or~~ Medicaid.



1 Sec. 6. 33 V.S.A. § 1901d is amended to read:

2 § 1901d. STATE HEALTH CARE RESOURCES FUND

3 (a) The ~~state health care resources fund~~ State Health Care Resources Fund  
4 is established in the ~~treasury~~ Treasury as a special fund to be a source of  
5 financing health care coverage for beneficiaries of the state health care  
6 assistance programs under the Global Commitment to ~~health~~ Health waiver  
7 approved by the Centers for Medicare and Medicaid Services under Section  
8 1115 of the Social Security Act ~~and for the Catamount Health assistance~~  
9 ~~program under subchapter 3A of chapter 19 of this title~~ and a source of  
10 financing for the Vermont Health Benefit Exchange established in chapter 18,  
11 subchapter 1 of this title.

12 (b) Into the ~~fund~~ Fund shall be deposited:

13 (1) all revenue from the tobacco products tax and from the cigarette tax  
14 levied pursuant to 32 V.S.A. chapter 205;

15 (2) revenue from health care provider assessments pursuant to  
16 subchapter 2 of chapter 19 of this title;

17 (3) revenue from the employer health care premium contribution  
18 pursuant to 21 V.S.A. chapter 25;

19 (4) revenue from the health care claims assessments tax pursuant to  
20 ~~8 V.S.A. § 4089f~~ 32 V.S.A. § 10402(b)(2);



1 Sec. 7. 32 V.S.A. chapter 243 is added to read:

2 CHAPTER 243. HEALTH CARE CLAIMS TAX

3 § 10401. DEFINITIONS

4 As used in this section:

5 (1) “Health insurance” means any group or individual health care  
6 benefit policy, contract, or other health benefit plan offered, issued, renewed,  
7 or administered by any health insurer, including any health care benefit plan  
8 offered, issued, renewed, or administered by any health insurance company,  
9 any nonprofit hospital and medical service corporation, or any managed care  
10 organization as defined in 18 V.S.A. § 9402. The term includes  
11 comprehensive major medical policies, contracts, or plans and Medicare  
12 supplemental policies, contracts, or plans, but does not include Medicaid,  
13 VHAP, or any other state health care assistance program financed in whole or  
14 in part through a federal program, unless authorized by federal law and  
15 approved by the General Assembly. The term does not include policies issued  
16 for specified disease, accident, injury, hospital indemnity, dental care,  
17 long-term care, disability income, or other limited benefit health insurance  
18 policies.

19 (2) “Health insurer” means any person who offers, issues, renews, or  
20 administers a health insurance policy, contract, or other health benefit plan in  
21 this State, and includes third party administrators or pharmacy benefit



1 managers who provide administrative services only for a health benefit plan  
2 offering coverage in this State. The term does not include a third party  
3 administrator or pharmacy benefit manager to the extent that a health insurer  
4 has paid the fee which would otherwise be imposed in connection with health  
5 care claims administered by the third party administrator or pharmacy benefit  
6 manager. The term also does not include a health insurer with a monthly  
7 average of fewer than 200 Vermont insured lives.

8 § 10402. HEALTH CARE CLAIMS TAX

9 (a) There is imposed on every health insurer an annual tax in an amount  
10 equal to 0.999 percent of all health insurance claims paid by the health insurer  
11 for its Vermont members. The tax is imposed with respect to claims paid in  
12 the previous fiscal year ending June 30 and shall be paid to the Commissioner  
13 of Taxes in equal installments on the first day of November, January, April,  
14 and June.

15 (b) Revenues paid and collected under this chapter shall be deposited as  
16 follows:

17 (1) 0.199 of one percent into the Health IT-Fund established in  
18 32 V.S.A. § 10301; and

19 (2) the balance into the State Health Care Resources Fund established in  
20 33 V.S.A. § 1901d.

1        (c) The annual cost to obtain Vermont Healthcare Claims Uniform  
2        Reporting and Evaluation System (VHCURES) data, pursuant to 18 V.S.A.  
3        § 9410, for use by the Department of Taxes shall be paid from the Vermont  
4        Health IT-Fund and the State Health Care Resources Fund in the same  
5        proportion as revenues are deposited into those Funds.

6        (d) It is the intent of the General Assembly that all health insurers shall  
7        contribute equitably through the tax imposed in subsection (a) of this section.  
8        In the event that the tax is found not to be enforceable as applied to third party  
9        administrators or other entities, the tax owed by all other health insurers shall  
10       remain at the existing level and the General Assembly shall consider  
11       alternative funding mechanisms that would be enforceable as to all health  
12       insurers.

13       § 10403. ADMINISTRATION OF TAX

14       (a) The Commissioner of Taxes shall administer and enforce this chapter  
15       and the tax. The Commissioner may adopt rules under 3 V.S.A. chapter 25 to  
16       carry out such administration and enforcement.

17       (b) All of the administrative provisions of chapter 151 of this title,  
18       including those relating to the collection and enforcement by the  
19       Commissioner of the withholding tax and the income tax, shall apply to the tax  
20       imposed by this chapter. In addition, the provisions of chapter 103 of this title,  
21       including those relating to the imposition of interest and penalty for failure to

1 pay the tax as provided in section 10402 of this title, shall apply to the tax  
2 imposed by this chapter.

3 § 10404. DETERMINATION OF DEFICIENCY, REFUND, PENALTY, OR  
4 INTEREST

5 (a) Within 60 days after the mailing of a notice of deficiency, denial or  
6 reduction of a refund claim, or assessment of penalty or interest, the taxpayer  
7 may petition the Commissioner in writing for a determination of that  
8 deficiency, refund, or assessment. The Commissioner shall thereafter grant a  
9 hearing upon the matter and notify the taxpayer in writing of his or her  
10 determination concerning the deficiency, penalty, or interest. This is the  
11 exclusive remedy of a taxpayer with respect to these matters.

12 (b) Any hearing granted by the Commissioner under this section shall be  
13 subject to and governed by 3 V.S.A. chapter 25.

14 (c) Any aggrieved taxpayer may, within 30 days after a determination by  
15 the Commissioner concerning a notice of deficiency, an assessment of penalty  
16 or interest, or a claim to refund, appeal that determination to the Washington  
17 Superior Court or to the Superior Court for the county in which the taxpayer  
18 resides or has a place of business.

19 Sec. 8. 32 V.S.A. § 3102(e) is amended to read:

20 (e) The ~~commissioner~~ Commissioner may, in his or her discretion and  
21 subject to such conditions and requirements as he or she may provide,

1 including any confidentiality requirements of the Internal Revenue Service,  
2 disclose a return or return information:

3 \*\*\*

4 (15) to the ~~department of liquor control~~ Department of Liquor Control,  
5 provided that the information is limited to information concerning the sales and  
6 use tax and meals and rooms tax filing history with respect to the most recent  
7 five years of a person seeking a liquor license or a renewal of a liquor  
8 license; and

9 (16) to the Commissioner of Financial Regulation and the  
10 Commissioner of Vermont Health Access, if such return or return information  
11 relates to obligations of health insurers under chapter 243 of this title.

12 Sec. 9. 32 V.S.A. § 10402(a) is amended to read:

13 (a) There is imposed on every health insurer an annual tax in an amount  
14 equal to ~~0.999~~ 1.499 percent of all health insurance claims paid by the health  
15 insurer for its Vermont members. The tax is imposed with respect to claims  
16 paid in the previous fiscal year ending June 30 and shall be paid to the  
17 Commissioner of Taxes in equal installments on the first day of November,  
18 January, April, and June.

19 Sec. 10. 32 V.S.A. § 10402(a) is amended to read:

20 (a) There is imposed on every health insurer an annual tax in an amount  
21 equal to ~~1.499~~ 1.999 percent of all health insurance claims paid by the health

1 insurer for its Vermont members. The tax is imposed with respect to claims  
2 paid in the previous fiscal year ending June 30 and shall be paid to the  
3 Commissioner of Taxes in equal installments on the first day of November,  
4 January, April, and June.

5 Sec. 11. 32 V.S.A. § 10301 is amended to read:

6 § 10301. HEALTH IT-FUND

7 \* \* \*

8 (c) Into the fund shall be deposited:

9 (1) revenue from the ~~reinvestment fee~~ health care claims tax imposed on  
10 health insurers pursuant to ~~8 V.S.A. § 4089k~~ subdivision 10402(b)(1) of this  
11 title.

12 \* \* \*

13 Sec. 12. REPEAL

14 8 V.S.A. § 4089l (health care claims assessment) is repealed on July 1,  
15 2013.

16 Sec. 13. 2008 Acts and Resolves No. 192, Sec. 9.001(g) is amended to read:

17 (g) Sec. 7.005 of this act shall sunset July 1, ~~2015~~ 2013.

18 Sec. 14. EFFECTIVE DATES

19 (a) Secs. 2 (modified adjusted gross income definition), 3 (Exchange  
20 financial assistance), and 5 (employer assessment) of this act shall take effect

1 on December 1, 2013 to allow for coverage in insurance plans beginning  
2 January 1, 2014.

3 (b) Secs. 4 (VHAP) and 6 (State Health Care Resources Fund) of this act  
4 shall take effect on January 1, 2014.

5 (c) Secs. 7 and 8 (0.999 percent health care claims tax) of this act shall take  
6 effect on July 1, 2013.

7 (d) Sec. 9 (1.499 percent health care claims tax) of this act shall take effect  
8 with respect to taxes due in fiscal year 2015 on claims paid in fiscal year 2014.

9 (e) Sec. 10 (1.999 percent health care claims tax) of this act shall take  
10 effect with respect to taxes due in fiscal year 2016 and thereafter on claims  
11 paid in fiscal year 2015 and thereafter.

12 (f) The remaining sections of this act, including this section, shall take  
13 effect on passage.