

1 H.481

2 Introduced by Committee on Health Care

3 Date:

4 Subject: Health; health care reform; Medicaid; Green Mountain Care Board;

5 Vermont Health Benefit Exchange; physicians; Blueprint for Health;

6 taxation; sugar-sweetened beverage tax; payroll tax

7 Statement of purpose of bill as introduced: This bill proposes to increase
8 Exchange cost-sharing subsidies for individuals with incomes between 200 and
9 300 percent of the federal poverty level. It would appropriate funds to increase
10 health care provider reimbursement rates for services delivered to Medicaid
11 beneficiaries and would direct the Green Mountain Care Board to account for
12 the impact of these investments on the cost shift. The bill would increase
13 payments through the Blueprint for Health for patient-centered medical homes
14 and community health teams. It would appropriate funds for health care
15 provider loan repayment, health homes, and the Office of the Health Care
16 Advocate. The bill would direct the Green Mountain Care Board to propose a
17 model for providing consumers with information about the cost and quality of
18 health care services available across the State. It would also appropriate funds
19 to the Green Mountain Care Board to provide the capacity to implement an
20 all-payer waiver and to set reimbursement rates for providers. The bill would
21 require creation of a mental health and addiction services provider registry and

1 direct the Department of Vermont Health Access to evaluate the methodology
2 by which it reimburses ambulance and emergency medical service providers.
3 It would also create a task force to develop a proposal for achieving universal
4 health care coverage in Vermont and create a study of universal, publicly
5 financed primary care for all Vermonters. The bill would establish a
6 0.3 percent payroll tax and an excise tax on sugar-sweetened beverages. It
7 would also eliminate the employers' Health Care Fund contribution assessment
8 and repeal the 2017 sunset of a claims tax for health information technology.

9 An act relating to supporting health care initiatives and establishing payroll
10 and sugar-sweetened beverage taxes

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

12 * * * Increasing Access to Health Care Providers and
13 Health Insurance Coverage * * *

14 Sec. 1. 33 V.S.A. § 1812(b) is amended to read:

15 (b)(1) An individual or family with income at or below 300 percent of the
16 federal poverty guideline shall be eligible for cost-sharing assistance, including
17 a reduction in the out-of-pocket maximums established under Section 1402 of
18 the Affordable Care Act.

19 (2) The Department of Vermont Health Access shall establish
20 cost-sharing assistance on a sliding scale based on modified adjusted gross

1 income for the individuals and families described in subdivision (1) of this
2 subsection. Cost-sharing assistance shall be established as follows:

3 (A) for households with income at or below 150 percent of the
4 federal poverty level (FPL): 94 percent actuarial value;

5 (B) for households with income above 150 percent FPL and at or
6 below ~~200~~ 300 percent FPL: 87 percent actuarial value;

7 ~~(C) for households with income above 200 percent FPL and at or~~
8 ~~below 250 percent FPL: 77 percent actuarial value;~~

9 ~~(D) for households with income above 250 percent FPL and at or~~
10 ~~below 300 percent FPL: 73 percent actuarial value.~~

11 (3) Cost-sharing assistance shall be available for the same qualified
12 health benefit plans for which federal cost-sharing assistance is available and
13 administered using the same methods as set forth in Section 1402 of the
14 Affordable Care Act.

15 Sec. 2. COST-SHARING SUBSIDY; APPROPRIATION

16 (a) Increasing the cost-sharing subsidies available to Vermont residents
17 will not only make it easier for people with incomes below 300 percent of the
18 federal poverty level to access health care services, but it may encourage some
19 residents without insurance to enroll for coverage if they know they will be
20 able to afford to use it.

1 (b) The sum of \$4,181,760.00 is appropriated from the State Health Care
2 Resources Fund to the Department of Vermont Health Access in fiscal year
3 2016 to increase Exchange cost-sharing subsidies beginning on January 1,
4 2016 to provide coverage at an 87 percent actuarial value to individuals with
5 incomes between 200 and 300 percent of the federal poverty level.

6 Sec. 3. ADDRESSING THE COST SHIFT AND PRICE DIFFERENTIAL

7 (a) The sum of \$29,250,000.00 in Global Commitment funds is
8 appropriated to the Department of Vermont Health Access in fiscal year 2016
9 to increase reimbursement rates to providers for services provided to Medicaid
10 beneficiaries.

11 (b) In allocating the funds appropriated pursuant to this section, the
12 Department of Vermont Health Access shall direct \$8,750,000.00 in Global
13 Commitment funds to rate increases for primary care providers beginning on
14 July 1, 2015. Beginning on January 1, 2016, the Department shall provide a
15 reasonable rate increase to the providers at Dartmouth Hitchcock Medical
16 Center for services provided to Vermont Medicaid beneficiaries in recognition
17 of their important role in providing health care to Vermont residents. Of the
18 remaining amount, the Department shall allocate the balance between hospital
19 outpatient and professional services rate increases for services provided to
20 Medicaid beneficiaries beginning on January 1, 2016.

1 Sec. 4. COST SHIFT ACCOUNTABILITY

2 (a) The Green Mountain Care Board shall account for the impact on the
3 cost shift of the investments in Sec. 3 of this act through its regulatory
4 authority over hospital budgets and health insurer rates. The Board shall
5 include its assessment of the impacts in its annual report pursuant to 18 V.S.A.
6 § 9375(d).

7 (b) Each nonprofit hospital service corporation established pursuant to
8 8 V.S.A. chapter 123, nonprofit medical service corporation established
9 pursuant to 8 V.S.A. chapter 125, and any other health insurer licensed to offer
10 major medical health insurance plans in this State shall adjust its
11 reimbursements to health care providers and premiums or administrative fees
12 charged to account for the impact of investing funds in Medicaid provider
13 reimbursement in order to ensure the cost shift is reduced to the fullest extent
14 possible.

15 Sec. 5. RATE INCREASES FOR OTHER MEDICAID PROVIDERS

16 (a) The sum of \$5,670,447.00 in Global Commitment funds is appropriated
17 to the Agency of Human Services in fiscal year 2016 for the purpose of
18 increasing reimbursement rates beginning on January 1, 2016 for providers
19 under contract with the Departments of Disabilities, Aging, and Independent
20 Living, of Mental Health, of Corrections, of Health, and for Children and
21 Families to provide services to Vermont Medicaid beneficiaries.

1 (b) The sum of \$1,250,000.00 in Global Commitment funds is appropriated
2 to the Department of Vermont Health Access in fiscal year 2016 for the
3 purpose of increasing reimbursement rates to home health agencies, as defined
4 in 8 V.S.A. § 4095, beginning on January 1, 2016 for services provided to
5 Medicaid beneficiaries, including participants in the Choices for Care program.
6 Beginning on January 1, 2016, the Department shall also modify
7 reimbursement methodologies and amounts to home health agencies to provide
8 prospective payments and to include a quality component.

9 Sec. 6. BLUEPRINT FOR HEALTH INCREASES

10 (a) The sum of \$4,508,911.00 in Global Commitment funds is appropriated
11 to the Department of Vermont Health Access in fiscal year 2016 to increase
12 payments to patient-centered medical homes, increase payments to community
13 health teams, and rebalance community health teams as described in
14 subsection (b) of this section.

15 (b) The Department of Vermont Health Access shall:

16 (1) Increase payments to the Blueprint for Health community health
17 teams under 18 V.S.A. § 705 by \$541,078.00 in Global Commitment funds
18 beginning on January 1, 2016.

19 (2) Adjust payments for community health teams under 18 V.S.A. § 705
20 to reflect revised patient attribution and the market share of insurers and
21 Medicaid. Payments may be modified as set forth in 18 V.S.A. § 702(b) and

1 insurers shall participate in the new payment amounts as required by 18 V.S.A.
2 § 706. Beginning on January 1, 2016, the Department shall increase its
3 payments to reflect increased Medicaid enrollment by an amount up to
4 \$467,833.00.

5 (3) Increase payments to patient-centered medical homes under
6 18 V.S.A. § 704 by \$3,500,000.00 in Global Commitment funds beginning on
7 January 1, 2016.

8 (c) In its use of the funds appropriated in this section, the Blueprint for
9 Health shall work collaboratively to begin including family-centered
10 approaches and adverse childhood experience screenings consistent with the
11 report entitled “Integrating ACE-Informed Practice into the Blueprint for
12 Health.” Considerations should include prevention, early identification, and
13 screening, as well as reducing the impact of adverse childhood experiences
14 through trauma-informed treatment and suicide prevention initiatives.

15 Sec. 7. AREA HEALTH EDUCATION CENTERS

16 The sum of \$700,000.00 in Global Commitment funds is appropriated to the
17 Department of Health in fiscal year 2016 for a grant to the Area Health
18 Education Centers for repayment of educational loans for health care providers
19 and health care educators.

1 * * * Consumer Information, Assistance, and Representation * * *

2 Sec. 8. OFFICE OF THE HEALTH CARE ADVOCATE;

3 APPROPRIATION; INTENT

4 (a) The Office of the Health Care Advocate has a critical function in the
5 Vermont's health care system. The Health Care Advocate provides
6 information and assistance to Vermont residents who are navigating the health
7 care system and represents their interests in interactions with health insurers,
8 health care providers, Medicaid, the Green Mountain Care Board, the General
9 Assembly, and others. The continuation of the Office of the Health Care
10 Advocate is necessary to achieve additional health care reform goals.

11 (b) The sum of \$40,000.00 is appropriated from the State Health Care
12 Resources Fund to the Agency of Administration in fiscal year 2016 for its
13 contract with the Office of the Health Care Advocate.

14 (c) It is the intent of the General Assembly that beginning with the 2017
15 fiscal year budget, the Governor's budget proposal developed pursuant to
16 32 V.S.A. chapter 5 should include a separate provision identifying the
17 aggregate sum to be appropriated from all State sources to the Office of the
18 Health Care Advocate.

19 Sec. 9. CONSUMER INFORMATION AND PRICE TRANSPARENCY

20 The Green Mountain Care Board shall evaluate potential models for
21 providing consumers with information about the cost and quality of health care

1 services available across the State, including a consideration of the models
2 used in Maine, Massachusetts, and New Hampshire, as well as any platforms
3 developed and implemented by health insurers doing business in this State. On
4 or before October 1, 2015, the Board shall report its findings and a proposal for
5 a robust Internet-based consumer health care information system to the House
6 Committee on Health Care, the Senate Committees on Health and Welfare and
7 on Finance, and the Health Reform Oversight Committee.

8 * * * Investments in Future Structural Reforms in Health Care * * *

9 Sec. 10. GREEN MOUNTAIN CARE BOARD; ALL-PAYER WAIVER;

10 RATE-SETTING

11 (a) The sum of \$3,477,526.00 is appropriated to the Green Mountain Care
12 Board in fiscal year 2016, of which \$857,386.00 comes from the General
13 Fund, \$861,367.00 is in Global Commitment funds, \$1,500,049.00 comes from
14 the Board's bill-back authority pursuant to 18 V.S.A. § 9374(h), \$60,000.00
15 comes from the Health IT-Fund, \$155,692.00 comes from an interdepartmental
16 transfer from the Department of Vermont Health Access, and \$43,032.00
17 comes from federal funds.

18 (b) Of the funds appropriated pursuant to this section, the Board shall use:

19 (1) \$801,830.49 for positions and operating expenses related to the
20 Board's provider rate-setting authority;

1 (2) \$2,143,195.44 for expenses related to an all-payer waiver and to
2 provider rate-setting;

3 (3) \$300,000.00 for expenses related to reducing the Medicaid cost shift;

4 (4) \$172,500.00 to initiate an inquiry into whether the public good
5 would be served by regulating health care reimbursement in Vermont as a
6 public utility; and

7 (5) \$60,000.00 to provide oversight of the budget and activities of the
8 Vermont Information Technology Leaders, Inc.

9 Sec. 11. INVESTMENT; HEALTH HOMES

10 The sum of \$2,500,000.00 in Global Commitment funds is appropriated to
11 the Department of Vermont Health Access in fiscal year 2016 to increase
12 funding for health homes beginning on January 1, 2016. The Department shall
13 invest these funds in one-time or short-term activities related to health care
14 reform.

15 * * * Green Mountain Care Board * * *

16 Sec. 12. 18 V.S.A. § 9375(b) is amended to read:

17 (b) The Board shall have the following duties:

18 * * *

19 (2)(A) Review and approve Vermont's statewide Health Information
20 Technology Plan pursuant to section 9351 of this title to ensure that the
21 necessary infrastructure is in place to enable the State to achieve the principles

1 expressed in section 9371 of this title. Vermont Information Technology
2 Leaders, Inc. shall be an interested party in the Board's review.

3 (B) Review and approve the criteria required for health care
4 providers and health care facilities to create or maintain connectivity to the
5 State's health information exchange as set forth in section 9352 of this title.
6 Within 90 days following this approval, the Board shall issue an order
7 explaining its decision.

8 (C) Annually review and approve the budget, consistent with
9 available funds, and the core activities associated with public funding, of the
10 Vermont Information Technology Leaders, Inc., which shall include
11 establishing the interconnectivity of electronic medical records held by health
12 care professionals, and the storage, management, and exchange of data
13 received from such health care professionals, for the purpose of improving the
14 quality of and efficiently providing health care to Vermonters. This review
15 shall take into account the Vermont Information Technology Leaders'
16 responsibilities in section 9352 of this title and shall be conducted according to
17 a process established by the Board by rule pursuant to 3 V.S.A. chapter 25.

18 * * *

1 Sec. 13. PUBLIC UTILITY MODEL

2 (a) On or before January 1, 2016, the Green Mountain Care Board shall
3 initiate an inquiry regarding whether the public good would be served by
4 regulating health care reimbursement in Vermont as a public utility.

5 (b) The Board's inquiry shall include a review of whether the public good
6 would be served by designating a regulated entity as a public utility through a
7 process similar to the certificate of public good or an order of appointment
8 conducted by the Public Service Board pursuant to 30 V.S.A. §§ 209, 218,
9 231, and 248a.

10 (c) On or before February 1, 2017, the Board shall report to the House
11 Committee on Health Care, the Senate Committees on Health and Welfare and
12 on Finance, and the Governor with its findings and recommendations regarding
13 the implementation of a public utility model for the regulation of health care
14 reimbursement.

15 * * * Vermont Information Technology Leaders * * *

16 Sec. 14. 18 V.S.A. § 9352 is amended to read:

17 § 9352. VERMONT INFORMATION TECHNOLOGY LEADERS

18 (a)(1) Governance. ~~The General Assembly and the Governor shall each~~
19 ~~appoint one representative to the~~ Vermont Information Technology Leaders,
20 Inc. (VITL) Board of Directors shall consist of no fewer than nine nor more
21 than 14 members. The term of each member shall be two years, except that of

1 the members first appointed, approximately one-half shall serve a term of one
2 year and approximately one-half shall serve a term of two years, and members
3 shall continue to hold office until their successors have been duly appointed.

4 The Board of Directors shall comprise the following:

5 (A) one member of the General Assembly, appointed jointly by the
6 Speaker of the House and the President Pro Tempore of the Senate, who shall
7 be entitled to the same per diem compensation and expense reimbursement
8 pursuant to 2 V.S.A. § 406 as provided for attendance at sessions of the
9 General Assembly;

10 (B) one individual appointed by the Governor;

11 (C) one representative of the business community;

12 (D) one representative of health care consumers;

13 (E) one representative of Vermont hospitals;

14 (F) one representative of Vermont physicians;

15 (G) one practicing clinician licensed to practice medicine

16 in Vermont;

17 (H) one representative of a health insurer licensed to do business

18 in Vermont;

19 (I) the President of VITL, who shall be an ex officio, nonvoting

20 member;

1 (J) two individuals familiar with health information technology,
2 at least one of whom shall be the chief technology officer for a health care
3 provider; and

4 (K) two at-large members.

5 (2) Except for the members appointed pursuant to subdivisions (1)(A)
6 and (B) of this subsection, whenever a vacancy on the Board occurs, the
7 members of the Board of Directors then serving shall appoint a new member
8 who shall meet the same criteria as the member he or she replaces.

9 (b) Conflict of interest. In carrying out their responsibilities under this
10 section, Directors of VITL shall be subject to conflict of interest policies
11 established by the Secretary of Administration to ensure that deliberations and
12 decisions are fair and equitable.

13 (c)(1) Health information exchange operation. VITL shall be designated in
14 the Health Information Technology Plan pursuant to section 9351 of this title
15 to operate the exclusive statewide health information exchange network for
16 this State. ~~The~~ After the Green Mountain Care Board approves VITL's core
17 activities and budget pursuant to chapter 220 of this title, the Secretary of
18 Administration or designee shall enter into procurement grant agreements with
19 VITL pursuant to 8 V.S.A. § 4089k. Nothing in this chapter shall impede local
20 community providers from the exchange of electronic medical data.

1 (1) one current member of the House of Representatives, who shall be
2 appointed by the Speaker of the House;

3 (2) one current member of the Senate, who shall be appointed by the
4 Committee on Committees;

5 (3) the Director of Health Care Reform or designee;

6 (4) the Chair of the Green Mountain Care Board or designee;

7 (5) the Commissioner of Vermont Health Access or designee; and

8 (6) a representative from the health insurer with the greatest number of
9 covered lives in Vermont.

10 (c) The Task Force shall consider how to achieve universal health care
11 coverage in Vermont, including:

12 (1) how to design and implement a State mandate for all Vermonters to
13 have health care coverage, including:

14 (A) how Vermonters would prove that they have satisfied the
15 mandate;

16 (B) suitable penalties to enforce the mandate; and

17 (C) ways to administer the penalties for failure to satisfy the mandate,
18 such as using the income tax system, wage garnishment, or other means;

19 (2) the effect of universal coverage on uncompensated care and the
20 resulting impact on health insurance premiums; and

1 (3) creation of an uncompensated care pool or insurance product to pay
2 for health care services delivered to Vermont residents who continue to lack
3 health care coverage despite the mandate.

4 (d) On or before December 1, 2015, the Task Force shall submit its
5 proposal for achieving universal coverage to the House Committees on Health
6 Care and on Ways and Means, the Senate Committees on Health and Welfare
7 and on Finance, and the Health Reform Oversight Committee.

8 (e) For attendance at meetings during adjournment of the General
9 Assembly, legislative members of the Task Force shall be entitled to per diem
10 compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406 for
11 no more than six meetings.

12 * * * Universal Primary Care * * *

13 Sec. 17. PURPOSE

14 The purpose of Secs. 17 through 21 of this act is to establish the
15 administrative framework and reduce financial barriers as preliminary steps to
16 the implementation of the principles set forth in 2011 Acts and Resolves
17 No. 48 to enable Vermonters to receive necessary health care and examine the
18 cost of providing primary care to all Vermonters without deductibles,
19 coinsurance, or co-payments or, if necessary, with limited cost-sharing.

20 Sec. 18. FINDINGS

21 The General Assembly finds that:

1 (1) Research has shown that universal access to primary care enhances
2 the quality of care, improves patient outcomes, and reduces overall health care
3 spending.

4 (2) Universal access to primary care will advance the health of
5 Vermonters by preventing disease and by reducing the need for emergency
6 room visits and hospital admissions.

7 (3) Vermonters face financial barriers to accessing primary care because
8 of the widespread cost-sharing requirements, including deductibles,
9 coinsurance, and co-payments.

10 (4) The cost of providing universal primary care to Vermonters should
11 be estimated to determine whether universal primary care should be the first
12 step in implementing the principles and intent set forth in 2011 Acts and
13 Resolves No. 48, Secs. 1 and 1a.

14 Sec. 19. DEFINITION OF PRIMARY CARE

15 As used in Secs. 17 through 21 of this act, “primary care” means health
16 services provided by health care professionals who are specifically trained for
17 and skilled in first-contact and continuing care for individuals with signs,
18 symptoms, or health concerns, not limited by problem origin, organ system, or
19 diagnosis, and includes pediatrics, internal and family medicine, gynecology,
20 primary mental health services, and other health services commonly provided

1 at federally qualified health centers. Primary care does not include dental
2 services.

3 Sec. 20. COST ESTIMATES FOR UNIVERSAL PRIMARY CARE

4 (a) No later than October 15, 2015, the Joint Fiscal Office, in consultation
5 with the Green Mountain Care Board and the Secretary of Administration or
6 designee, shall provide to the Joint Fiscal Committee, the Health Reform
7 Oversight Committee, the House Committees on Appropriations, on Health
8 Care, and on Ways and Means, and the Senate Committees on Appropriations,
9 on Health and Welfare, and on Finance an estimate of the costs of providing
10 primary care to all Vermont residents, with and without cost-sharing by the
11 patient, beginning on January 1, 2017.

12 (b) The report shall include an estimate of the cost of primary care to those
13 Vermonters who access it if a universal primary care plan is not implemented,
14 and the sources of funding for that care, including employer-sponsored
15 and individual private insurance, Medicaid, Medicare, and other
16 government-sponsored programs, and patient cost-sharing such as deductibles,
17 coinsurance, and co-payments.

18 (c) Departments and agencies of State government and the Green Mountain
19 Care Board shall provide such data to the Joint Fiscal Office as needed to
20 permit the Joint Fiscal Office to perform the estimates and analysis required by
21 this section. If necessary, the Joint Fiscal Office may enter into confidentiality

1 agreements with departments, agencies, and the Board to ensure that
2 confidential information provided to the Office is not further disclosed.

3 Sec. 21. APPROPRIATION

4 Up to \$200,000.00 is appropriated from the General Fund to the Joint Fiscal
5 Office in fiscal year 2016 to be used for assistance in the calculation of the cost
6 estimates required in Sec. 20 of this act; provided, however, that the
7 appropriation shall be reduced by the amount of any external funds received by
8 the Office to carry out the estimates and analysis required by Sec. 20.

9 * * * Ambulance Reimbursement * * *

10 Sec. 22. MEDICAID; AMBULANCE REIMBURSEMENT

11 The Department of Vermont Health Access shall evaluate the methodology
12 used to determine reimbursement amounts for ambulance and emergency
13 medical services delivered to Medicaid beneficiaries to determine the basis for
14 the current reimbursement amounts and the rationale for the current level of
15 reimbursement, and shall consider any possible adjustments to revise the
16 methodology in a way that is budget neutral or of minimal fiscal impact to the
17 Agency of Human Services for fiscal year 2016. On or before December 1,
18 2015, the Department shall report its findings and recommendations to the
19 House Committees on Health Care and on Human Services, the Senate
20 Committee on Health and Welfare, and the Health Reform Oversight
21 Committee.

1 * * * Excise Tax on Sugar-Sweetened Beverages * * *

2 Sec. 23. 32 V.S.A. chapter 227 is added to read:

3 CHAPTER 227. SUGAR-SWEETENED BEVERAGE TAX

4 § 9401. DEFINITIONS

5 As used in this chapter:

6 (1) “Beverage for medical use” means a beverage suitable for human
7 consumption and manufactured for use as an oral nutritional therapy for
8 persons who cannot absorb or metabolize dietary nutrients from food or
9 beverages, or for use as an oral rehydration electrolyte solution for infants and
10 children formulated to prevent or treat dehydration due to illness. “Beverage
11 for medical use” shall also mean a “medical food” as defined in Section 5(b)(3)
12 of the Orphan Drug Act at 21 U.S.C. § 360ee(b)(3). “Beverage for medical
13 use” shall not include drinks commonly referred to as “sports drinks” or any
14 other common names that are derivations thereof.

15 (2) “Commissioner” means the Commissioner of Taxes and his or her
16 authorized agents and employees.

17 (3) “Consumer” means a person who purchases or otherwise obtains a
18 sugar-sweetened beverage for consumption and not for sale to another.

19 (4) “Department” means the Vermont Department of Taxes.

20 (5) “Distribution” or “distribute” means the transfer of title or
21 possession from one person to another for consideration, or within a business

1 entity, or between business entities subject to the same ownership or control,
2 such as by a wholesale or warehousing unit to a retail outlet, or between two or
3 more employees or contractors. “Distribution” or “distribute” shall not mean
4 the retail sale to a consumer.

5 (6) “Distributor” means any person, including a manufacturer and a
6 wholesale dealer, who receives, stores, manufactures, bottles, or distributes
7 syrop, powder, or sugar-sweetened beverages for sale to retailers, whether or
8 not that person also sells such products to consumers. “Distributor” also
9 means any person importing or causing to be imported syrop, powder, or
10 sugar-sweetened beverages into the State from outside the State for sale to a
11 retailer or consumer.

12 (7) “Place of business” means any place where syrop, powder, or
13 sugar-sweetened beverages are manufactured or received for sale in the State.

14 (8) “Powder” means any solid mixture of ingredients used in making,
15 mixing, or compounding sugar-sweetened beverages by mixing the powder
16 with any one or more other ingredients, including water, ice, syrop, simple
17 syrop, fruits, vegetables, fruit juice, vegetable juice, or carbonation or
18 other gas.

19 (9) “Retailer” means any person who sells syrop, powder, or
20 sugar-sweetened beverages to consumers in the State.

1 (10) “Sale” means the transfer of title or possession for valuable
2 consideration regardless of the manner by which the transfer is completed.

3 (11) “Sugar-sweetened beverage” means any nonalcoholic beverage,
4 carbonated or noncarbonated, that is intended for human consumption as a
5 beverage and contains any added sweetener. As used in this definition,
6 “nonalcoholic beverage” means any beverage that contains less than one-half
7 of one percent alcohol per volume.

8 (12) “Sweetener” means any caloric substance suitable for human
9 consumption that humans perceive as sweet and includes sucrose, fructose,
10 glucose, other sugars, or fruit juice concentrates but does not include any
11 substance that adds fewer than five calories per reference amount customarily
12 consumed or per labeled serving.

13 (13) “Syrup” means a liquid mixture of ingredients used in making,
14 mixing, or compounding sugar-sweetened beverages using one or more other
15 ingredients, such as water, ice, powder, simple syrup, fruits, vegetables, fruit
16 juice, vegetable juice, or carbonation or other gas.

17 § 9402. TAX IMPOSED

18 (a) There is imposed an excise tax on every distributor of \$0.02 per ounce
19 upon sugar-sweetened beverages sold in the State.

20 (b) There is imposed an excise tax on every distributor of \$0.02 per ounce
21 of syrup and powder sold in the State. For purposes of calculating the tax

1 under this subsection, the taxable volume of syrup or powder shall be equal to
2 the largest volume of sugar-sweetened beverage resulting from use of the syrup
3 or powder according to the manufacturer's instructions.

4 (c) The amount of tax paid by a distributor shall be added to and collected
5 as part of the retail sale price on the sugar-sweetened beverage, syrup, or
6 powder.

7 § 9403. RETURNS AND REMITTANCES

8 (a) Any distributor liable for the tax imposed by this chapter shall, on or
9 before the 15th day of every month, return to the Commissioner, under oath of
10 a person with legal authority to bind the distributor, a statement containing its
11 name and place of business, the quantity of syrup, powder, and
12 sugar-sweetened beverages subject to the excise tax imposed by this chapter
13 sold in the preceding month, and any other information required by the
14 Commissioner, along with the tax due.

15 (b) All of the revenue from the tax imposed by this chapter shall be
16 deposited in the State Health Care Resources Fund established under 33 V.S.A.
17 § 1901d.

18 § 9404. RECORDS

19 Every distributor shall maintain, for not less than three years, accurate
20 records showing all transactions subject to tax liability under this chapter.
21 Distributors must identify the amount of tax collected as a separate invoice

1 entry on sales to retailers. These records are subject to inspection by the
2 Commissioner at all reasonable times during normal business hours.

3 § 9405. EXEMPTIONS

4 The following shall be exempt from the tax imposed by section 9402 of this
5 chapter:

6 (1) Syrup, powder, or sugar-sweetened beverages sold to the
7 U.S. government, its subdivisions, or under any other circumstances in which
8 the State is without power to impose the tax.

9 (2) Syrup, powder, or sugar-sweetened beverages sold by a distributor
10 for resale or consumption outside the State.

11 (3) Syrup, powder, or sugar-sweetened beverages sold by a distributor to
12 another distributor and not intended for resale to a consumer if the purchasing
13 distributor holds a license issued under section 9406 of this chapter and if the
14 sales invoice clearly indicates that the sale is exempt.

15 (4) Beverages in which milk, or soy, rice, or similar milk substitute, is
16 the primary ingredient or the first listed ingredient on the label of the beverage.

17 (5) Coffee or tea without added sweetener.

18 (6) Infant formula.

19 (7) Beverages for medical use.

20 (8) Water without any sweeteners.

1 (9) Beverages consisting of 100 percent natural fruit or vegetable juice
2 with no added sweetener. As used in this subdivision, “natural fruit juice” and
3 “natural vegetable juice” mean the original liquid resulting from the pressing
4 of fruits or vegetables or the liquid resulting from the dilution of dehydrated
5 natural fruit juice or natural vegetable juice.

6 (10) Maple syrup, as that term is defined in 6 V.S.A. § 481, or beverages
7 sweetened with maple syrup.

8 § 9406. LICENSE REQUIRED

9 Each distributor shall secure a license from the Commissioner before
10 engaging in the business of selling sugar-sweetened beverages in the State.

11 § 9407. APPLICATION FOR AND ISSUANCE OF LICENSE

12 (a) A separate application and license is required for each wholesale outlet
13 when a distributor owns or controls more than one such outlet.

14 (b) Licenses shall be issued by the Commissioner on application, without
15 charge, on forms prescribed by the Commissioner, stating the name and
16 address of the applicant, the address of the place of business, the type of
17 business, and any other information the Commissioner may require for the
18 proper administration of this chapter.

19 § 9408. TERM OF LICENSES

20 Each license issued under the provisions of this chapter shall be valid as
21 long as the licensee continues to do business at the place named, unless the

1 license is revoked or suspended by the Commissioner as provided in section
2 9409 of this chapter. If the business is sold or transferred or if the licensee
3 ceases to do business at the place named, the license shall immediately be
4 returned to the Commissioner for cancellation.

5 § 9409. REVOCATION AND SUSPENSION OF LICENSES

6 The Commissioner may revoke or suspend the license of any licensee for
7 failure to comply with any provision of this chapter or for failure to comply
8 with the provisions of 11 V.S.A. chapter 15.

9 § 9410. PENALTIES

10 (a) Any person subject to the provisions of this chapter who fails to pay the
11 tax imposed by this chapter by the date that payment is due or fails to submit a
12 return as required by this chapter is subject to the provisions of section 3202 of
13 this title (interest and penalties).

14 (b) Any person subject to the provisions of this chapter who sells or offers
15 for sale any syrup, powder, or sugar-sweetened beverages in the State without
16 holding a license as required by this chapter is liable for a penalty of up to
17 \$100.00 for each day such sales are made or offered.

18 § 9411. APPEALS

19 Any person aggrieved by an action taken by the Commissioner under this
20 chapter may appeal in writing to the Commissioner for a review. The
21 Commissioner shall then grant a hearing under 3 V.S.A. chapter 25 and notify

1 the aggrieved person in writing of his or her determination. The
2 Commissioner's determination may be appealed within 30 days to the Superior
3 Court of the county of this State in which the taxpayer resides or has a place of
4 business or to the Superior Court of Washington County.

5 § 9412. BONDING

6 When the Commissioner, in his or her discretion, considers it necessary to
7 protect the revenues raised under this chapter, he or she may require any
8 licensee to file with him or her a bond under the terms of section 3114 of this
9 title.

10 § 9413. RULES AND REGULATIONS

11 The Commissioner is authorized to adopt rules and procedures to
12 accomplish the purposes of this chapter.

13 Sec. 24. MONITORING

14 The Department of Health shall develop criteria and components for an
15 independent evaluation to assess the impact that the sugar-sweetened beverage
16 tax has on consumption of products affected by the implementation of the tax.
17 Specifically, the evaluation shall seek to determine the impact of the
18 exclusions on consumer purchasing and health outcomes.

1 * * * Health Care Payroll Tax * * *

2 Sec. 25. 32 V.S.A. chapter 247 is added to read:

3 CHAPTER 247. HEALTH CARE PAYROLL TAX

4 § 10601. DEFINITIONS

5 The following definitions shall apply throughout this chapter unless the
6 context requires otherwise:

7 (1) “Employer” has the same meaning as in 21 V.S.A. § 1301(5), but
8 shall not include the government of the United States.

9 (2) “Person” shall include an individual, firm, partnership, association,
10 joint stock company, corporation, trust, estate, or other entity.

11 (3) “Tax” or “tax liability” includes the liability for all amounts owing
12 by a taxpayer to the State of Vermont under this chapter.

13 (4) “Taxable year” means the calendar year, or the fiscal year ending
14 during the calendar year, with respect to which a tax is imposed under this
15 chapter, and, in the case of a return filed with respect to a fractional part of a
16 year, the period with respect to which the return is filed.

17 (5) “Taxpayer” means a person obligated to file a return with or pay or
18 remit any amount to this State under this chapter.

19 (6) “Wages” means wages as defined in 26 U.S.C. § 3121(a) of the
20 Internal Revenue Code.

1 § 10602. PAYROLL TAX

2 (a) There is imposed on every employer for each calendar year a tax in an
3 amount equal to 0.3 percent of all wages paid by the employer.

4 (b) Revenues collected under this chapter shall be deposited into the State
5 Health Care Resources Fund established under 33 V.S.A. § 1901d.

6 § 10603. PAYMENT OF ESTIMATED PAYROLL TAX

7 (a) Every employer shall make payments of the employer's tax liability
8 under this section on the same filing frequency as the employer is required to
9 pay withholding taxes to the Commissioner under section 5842 of this title.

10 (b) The Commissioner shall establish schedules or formulae as will result
11 in payments that closely approximate the payroll tax liabilities of the
12 employers for that year under this chapter.

13 (c) Every person required to deduct and withhold any amount under this
14 section shall make return thereof and shall pay over that amount to the
15 Commissioner in accordance with section 5842 of this title; provided however,
16 that a return reconciling the payments made during the preceding calendar
17 quarter shall be filed on the 25th day of the month following the end of the
18 quarter.

19 § 10604. ADMINISTRATION OF TAX

20 All of the administrative provisions of chapter 151 of this title, including
21 those relating to the collection and enforcement by the Commissioner of the

1 withholding tax and the income tax, shall apply to the tax imposed by this
2 chapter. In addition, the provisions of chapter 103 of this title, including those
3 relating to the imposition of interest and penalty for failure to pay the tax as
4 provided in section 10602 of this title, shall apply to the tax imposed by this
5 chapter.

6 § 10605. INCLUSION OF COST OF EMPLOYER-SPONSORED HEALTH

7 COVERAGE ON W-2

8 Every person who is required under chapter 151, subchapter 4 of this title to
9 withhold income taxes from payments of income, except for the government of
10 the United States, shall provide the aggregate cost of applicable
11 employer-sponsored coverage required under 26 U.S.C. § 6051(a)(14)
12 regardless of the number of W-2 forms filed.

13 * * * State Health Care Resources Fund * * *

14 Sec. 26. 33 V.S.A. § 1901d(b) is amended to read:

15 (b) Into the Fund shall be deposited:

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

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

1 (3) revenue from the ~~employer health care premium contribution~~
2 ~~pursuant to 21 V.S.A. chapter 25 excise tax on sugar-sweetened beverages~~
3 pursuant to 32 V.S.A. chapter 227;

4 (4) revenue from health care claims assessments pursuant to 32 V.S.A.
5 § 10402;

6 (5) revenue from the health care payroll tax pursuant to 32 V.S.A.
7 chapter 247;

8 (6) premium amounts paid by individuals unless paid directly to the
9 insurer;

10 ~~(6)~~(7) the proceeds from grants, donations, contributions, taxes, and any
11 other sources of revenue as may be provided by statute, rule, or act of the
12 General Assembly; and

13 ~~(7)~~(8) any remaining balance in the terminated Catamount Fund as of
14 June 30, 2012.

15 * * * Implementation of Taxes * * *

16 Sec. 27. DEPARTMENT OF TAXES; APPROPRIATION

17 The sum of \$4,113,000.00 is appropriated from the State Health Care
18 Resources Fund to the Department of Taxes in fiscal year 2016 for the
19 implementation and ongoing administration of the payroll and sugar-sweetened
20 beverage taxes established by this act.

1 Sec. 28. STATE OF VERMONT TAX LIABILITY AS EMPLOYER

2 The sum of \$832,858.00 is appropriated from the State Health Care
3 Resources Fund to the Agency of Administration in fiscal year 2016 for the
4 State of Vermont's payroll tax liability as an employer.

5 * * * Repeals * * *

6 Sec. 29. REPEALS

7 (a) 2013 Acts and Resolves No. 73, Secs. 52 and 53 (elimination of claims
8 tax to fund health information technology) are repealed on July 1, 2015.

9 (b) 21 V.S.A. §§ 2001–2003 (employers' health care fund contribution
10 assessment) are repealed on January 1, 2016 for liability accruing on and after
11 that date; provided, however, that the Department of Labor shall continue to
12 collect all assessments due for liability incurred during calendar year 2015.

13 * * * Effective Dates * * *

14 Sec. 30. EFFECTIVE DATES

15 (a) Secs. 1–22, 27 (Department of Taxes; appropriation), 28 (State of
16 Vermont payroll tax liability), and 29 (repeals) and this section shall take effect
17 on July 1, 2015.

18 (b) Secs. 23 and 24 (excise tax on sugar-sweetened beverages) shall take
19 effect on November 1, 2015.

20 (c) Secs. 25 (health care payroll tax) and 26 (State Health Care Resources
21 Fund) shall take effect on January 1, 2016.