

1 H.892

2 Introduced by Committee on Health Care

3 Date:

4 Subject: Health; health insurance; Department of Financial Regulation;

5 association health plans; short-term, limited-duration health insurance

6 Statement of purpose of bill as introduced: This bill proposes to regulate
7 short-term, limited-duration health insurance coverage, including limiting the
8 duration of the coverage to less than three months, prohibiting renewal, and
9 requiring prominent disclosures regarding the scope of the coverage. It would
10 also provide the Department of Financial Regulation with rulemaking
11 authority to regulate association health plans to the extent permitted under
12 federal law.

13 An act relating to regulation of short-term, limited-duration health
14 insurance coverage and association health plans

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

16 ~~Sec. 1, 8 V.S.A. § 4062(h)(1) is amended to read:~~

17 (h)(1) The authority of the Board under this section shall apply only to the
18 rate review process for policies for major medical insurance coverage and shall
19 not apply to the policy forms for major medical insurance coverage or to the
20 ~~rate and policy form review process for policies for specific disease, accident,~~

1 ~~injury, hospital indemnity, dental care, vision care, disability income, long-~~
2 term care, student health insurance coverage, Medicare supplemental coverage,
3 short-term, limited-duration health insurance, or other limited benefit
4 coverage, or to benefit plans that are paid directly to an individual insured or
5 to his or her assigns and for which the amount of the benefit is not based on
6 potential medical costs or actual costs incurred. Premium rates and rules for
7 the classification of risk for Medicare supplemental insurance policies shall be
8 governed by sections 4062e and 4080e of this title.

9 Sec. 2. 8 V.S.A. § 4079a is added to read:

10 § 4079a. ASSOCIATION HEALTH PLANS

11 (a) As used in this section, “association health plan” means a policy issued
12 to an association; to a trust; or to one or more trustees of a fund established,
13 created, or maintained for the benefit of the members of one or more
14 associations or a contract or plan issued by an association or trust or by a
15 multiple employer welfare arrangement as defined in the Employee Retirement
16 Income Security Act of 1974, 29 U.S.C. § 1001 et seq.

17 (b) In order to protect Vermont consumers and promote the stability of
18 Vermont’s health insurance markets, the Commissioner may adopt rules
19 pursuant to 3 V.S.A. chapter 25 regulating association health plans to the
20 extent permitted under federal law, including rules regarding licensure,
21 solvency and reserve requirements, and rating requirements.

1 ~~Sec. 3-8 V.S.A. § 4084a is added to read:~~

2 § 4084a. SHORT-TERM, LIMITED-DURATION HEALTH INSURANCE

3 (a) As used in this section, “short-term, limited-duration health insurance”
4 means health insurance that provides medical, hospital, or major medical
5 expense benefits coverage pursuant to a policy or contract with an insurer and
6 that has an expiration date specified in the policy or contract that is less than
7 three months after the original effective date of the policy or contract.

8 (b) An insurer shall not provide short-term, limited-duration health
9 insurance coverage unless the insurer has a certificate of authority from the
10 Commissioner to offer health insurance as defined in subdivision 3301(a)(2) of
11 this title or is licensed or registered with the Commissioner as a nonprofit
12 hospital or medical service corporation, health maintenance organization, or
13 managed care organization, unless the insurer is exempted by subdivision
14 3368(a)(4) of this title.

15 (c) A short-term, limited-duration health insurance policy or contract shall
16 be nonrenewable.

17 (d) A policy or contract for short-term, limited-duration health insurance
18 coverage shall display prominently in the policy or contract and in any
19 application materials provided in connection with enrollment in that coverage,
20 in at least 14-point type, certain disclosures regarding the scope of short-term,
21 limited-duration health insurance coverage, including the types of benefits and

1 ~~consumer protections that are and are not included. The Commissioner shall~~
2 determine the specific disclosure language that shall be used in all short-term,
3 limited-duration health insurance policies, contracts, and application materials
4 and shall provide the language to the insurers offering that coverage.

5 (e) The Commissioner shall adopt rules pursuant to 3 V.S.A. chapter 25:

6 (1) establishing the minimum financial, marketing, service, and other
7 requirements for registration of an insurer to provide short-term, limited-
8 duration health insurance coverage to individuals in this State;

9 (2) requiring an insurer seeking to provide short-term, limited-duration
10 health insurance coverage to individuals in this State to file its rates and forms
11 with the Commissioner for his or her approval;

12 (3) requiring an insurer seeking to provide short-term, limited-duration
13 health insurance coverage to individuals in this State to file its advertising
14 materials with the Commissioner for his or her approval; and

15 (4) establishing such other requirements as the Commissioner deems
16 necessary to protect Vermont consumers and promote the stability of
17 Vermont's health insurance markets.

18 Sec. 4. 33 V.S.A. § 1802 is amended to read:

19 § 1802. DEFINITIONS

20 As used in this subchapter:

21 ***

1 ~~(3) "Health benefit plan" means a policy, contract, certificate, or~~
2 ~~agreement offered or issued by a health insurer to provide, deliver, arrange for,~~
3 ~~pay for, or reimburse any of the costs of health services. This term does not~~
4 ~~include coverage only for accident or disability income insurance, liability~~
5 ~~insurance, coverage issued as a supplement to liability insurance, workers'~~
6 ~~compensation or similar insurance, automobile medical payment insurance,~~
7 ~~credit-only insurance, coverage for on-site medical clinics, or other similar~~
8 ~~insurance coverage where benefits for health services are secondary or~~
9 ~~incidental to other insurance benefits as provided under the Affordable Care~~
10 ~~Act. The term also does not include stand-alone dental or vision benefits;~~
11 ~~long-term care insurance; short-term, limited-duration health insurance;~~
12 ~~specific disease or other limited benefit coverage, Medicare supplemental~~
13 ~~health benefits, Medicare Advantage plans, and other similar benefits excluded~~
14 ~~under the Affordable Care Act.~~

15 * * *

16 Sec. 5. 33 V.S.A. § 1811 is amended to read:

17 § 1811. HEALTH BENEFIT PLANS FOR INDIVIDUALS AND SMALL
18 EMPLOYERS

19 (a) As used in this section:

20 (1) "Health benefit plan" means a health insurance policy, a nonprofit
21 hospital or medical service corporation service contract, or a health

1 ~~maintenance organization health benefit plan offered through the Vermont~~
2 Health Benefit Exchange or a reflective silver plan offered in accordance with
3 section 1813 of this title that is issued to an individual or to an employee of a
4 small employer. The term does not include coverage only for accident or
5 disability income insurance, liability insurance, coverage issued as a
6 supplement to liability insurance, workers' compensation or similar insurance,
7 automobile medical payment insurance, credit-only insurance, coverage for
8 on-site medical clinics, or other similar insurance coverage in which benefits
9 for health services are secondary or incidental to other insurance benefits as
10 provided under the Affordable Care Act. The term also does not include
11 stand-alone dental or vision benefits; long-term care insurance; short-term,
12 limited-duration health insurance; specific disease or other limited benefit
13 coverage, Medicare supplemental health benefits, Medicare Advantage plans,
14 and other similar benefits excluded under the Affordable Care Act.

15 * * *

16 Sec. 6. EFFECTIVE DATE

17 ~~This act shall take effect on passage.~~

Sec. 1. 8 V.S.A. § 4062(h)(1) is amended to read:

(h)(1) The authority of the Board under this section shall apply only to the rate review process for policies for major medical insurance coverage and shall not apply to the policy forms for major medical insurance coverage or to

the rate and policy form review process for policies for specific disease, accident, injury, hospital indemnity, dental care, vision care, disability income, long-term care, student health insurance coverage, Medicare supplemental coverage, or other limited benefit coverage; to short-term, limited-duration health insurance coverage; or to benefit plans that are paid directly to an individual insured or to his or her assigns and for which the amount of the benefit is not based on potential medical costs or actual costs incurred. Premium rates and rules for the classification of risk for Medicare supplemental insurance policies shall be governed by sections 4062b and 4080e of this title.

Sec. 2. 8 V.S.A. § 4079a is added to read:

§ 4079a. ASSOCIATION HEALTH PLANS

(a) As used in this section, “association health plan” means a policy issued to an association; to a trust; or to one or more trustees of a fund established, created, or maintained for the benefit of the members of one or more associations or a contract or plan issued by an association or trust or by a multiple employer welfare arrangement as defined in the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.

(b) The Commissioner shall adopt rules pursuant to 3 V.S.A. chapter 25 regulating association health plans in order to protect Vermont consumers and promote the stability of Vermont’s health insurance markets, to the extent

permitted under federal law, including rules regarding licensure, solvency and reserve requirements, and rating requirements.

(c) The provisions of section 3661 of this title shall apply to association health plans.

Sec. 3. 8 V.S.A. § 4084a is added to read:

§ 4084a. SHORT-TERM, LIMITED-DURATION HEALTH INSURANCE

(a) As used in this section, “short-term, limited-duration health insurance” means health insurance that provides medical, hospital, or major medical expense benefits coverage pursuant to a policy or contract with an insurer and that has an expiration date specified in the policy or contract that is three months or less after the original effective date of the policy or contract.

(b) An insurer shall not provide short-term, limited-duration health insurance coverage unless the insurer has a certificate of authority from the Commissioner to offer health insurance as defined in subdivision 3301(a)(2) of this title or is licensed or registered with the Commissioner as a nonprofit hospital or medical service corporation, health maintenance organization, or managed care organization, unless the insurer is exempted by subdivision 3368(a)(4) of this title.

(c) A short-term, limited-duration health insurance policy or contract shall be nonrenewable, and an insurer shall not issue a short-term, limited-duration health insurance policy or contract to any person if the issuance would result

in the person being covered by short-term, limited-duration health insurance coverage for more than three months in any 12-month period.

(d) A policy or contract for short-term, limited-duration health insurance coverage shall display prominently in the policy or contract and in any application materials provided in connection with enrollment in that coverage, in at least 14-point type, certain disclosures regarding the scope of short-term, limited-duration health insurance coverage, including the types of benefits and consumer protections that are and are not included. The Commissioner shall determine the specific disclosure language that shall be used in all short-term, limited-duration health insurance policies, contracts, and application materials and shall provide the language to the insurers offering that coverage.

(e) The Commissioner shall adopt rules pursuant to 3 V.S.A. chapter 25:

(1) establishing the minimum financial, marketing, service, and other requirements for registration of an insurer to provide short-term, limited-duration health insurance coverage to individuals in this State;

(2) requiring an insurer seeking to provide short-term, limited-duration health insurance coverage to individuals in this State to file its rates and forms with the Commissioner for his or her approval;

(3) requiring an insurer seeking to provide short-term, limited-duration health insurance coverage to individuals in this State to file its advertising

materials with the Commissioner for his or her approval; and

(4) establishing such other requirements as the Commissioner deems necessary to protect Vermont consumers and promote the stability of Vermont's health insurance markets.

(f) The provisions of section 4089f of this title, and any rules adopted under that section, shall apply to short-term, limited-duration health insurance coverage.

Sec. 4. 32 V.S.A. § 10401 is amended to read:

§ 10401. DEFINITIONS

As used in this section:

(1) "Health insurance" means any group or individual health care benefit policy, contract, or other health benefit plan offered, issued, renewed, or administered by any health insurer; including any health care benefit plan offered, issued, renewed, or administered by any health insurance company, any nonprofit hospital and medical service corporation, any dental service corporation, or any managed care organization as defined in 18 V.S.A. § 9402. The term includes comprehensive major medical policies, contracts, or plans; short-term, limited-duration health insurance policies and contracts as defined in 8 V.S.A. § 4084a; student health insurance policies; and Medicare supplemental policies, contracts, or plans, but does not include Medicaid or any other State health care assistance program in which claims are financed in

whole or in part through a federal program unless authorized by federal law and approved by the General Assembly. The term does not include policies issued for specified disease, accident, injury, hospital indemnity, long-term care, disability income, or other limited benefit health insurance policies, except that any policy providing coverage for dental services shall be included.

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Sec. 5. 33 V.S.A. § 1802 is amended to read:

§ 1802. DEFINITIONS

As used in this subchapter:

* * *

(3) “Health benefit plan” means a policy, contract, certificate, or agreement offered or issued by a health insurer to provide, deliver, arrange for, pay for, or reimburse any of the costs of health services. This term does not include coverage only for accident or disability income insurance, liability insurance, coverage issued as a supplement to liability insurance, workers’ compensation or similar insurance, automobile medical payment insurance, credit-only insurance, coverage for on-site medical clinics, or other similar insurance coverage where benefits for health services are secondary or incidental to other insurance benefits as provided under the Affordable Care Act. The term also does not include stand-alone dental or vision benefits; long-term care insurance; short-term, limited-duration health insurance;

specific disease or other limited benefit coverage, Medicare supplemental health benefits, Medicare Advantage plans, and other similar benefits excluded under the Affordable Care Act.

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Sec. 6. 33 V.S.A. § 1811 is amended to read:

*§ 1811. HEALTH BENEFIT PLANS FOR INDIVIDUALS AND SMALL
EMPLOYERS*

(a) As used in this section:

(1) "Health benefit plan" means a health insurance policy, a nonprofit hospital or medical service corporation service contract, or a health maintenance organization health benefit plan offered through the Vermont Health Benefit Exchange or a reflective silver plan offered in accordance with section 1813 of this title that is issued to an individual or to an employee of a small employer. The term does not include coverage only for accident or disability income insurance, liability insurance, coverage issued as a supplement to liability insurance, workers' compensation or similar insurance, automobile medical payment insurance, credit-only insurance, coverage for on-site medical clinics, or other similar insurance coverage in which benefits for health services are secondary or incidental to other insurance benefits as provided under the Affordable Care Act. The term also does not include stand-alone dental or vision benefits; long-term care insurance; short-term, limited-

duration health insurance; specific disease or other limited benefit coverage, Medicare supplemental health benefits, Medicare Advantage plans, and other similar benefits excluded under the Affordable Care Act.

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Sec. 7. EFFECTIVE DATE

This act shall take effect on passage.