

State of Vermont
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101

For consumer assistance:
[Banking] 888-568-4547
[Insurance] 800-964-1784
[Securities] 877-550-3907
www.dfr.vermont.gov

March 1, 2018

Chair William J. Lippert, Jr.
House Health Care Committee
115 State Street
Montpelier, VT 05633

Dear Chair Lippert and Committee members:

The Department of Financial Regulation (DFR) appreciates the opportunity to provide written testimony on Draft 1.2 of H.696, an act relating to establishing a State individual mandate.

Draft 1.2 would establish a State individual mandate for applicable individuals to obtain minimum essential coverage but remove the financial penalty for failure to comply the mandate. Instead, the bill would create an Individual Mandate Working Group to explore and develop recommendations regarding administration and enforcement of the mandate. Due to the significant operational and other concerns identified by DFR and other stakeholders with respect to the financial penalty, DFR supports its removal from the bill at this time. DFR would welcome the opportunity to be part of the Working Group and assist in exploring a range of options related to enforcement of an individual mandate in Vermont.

As currently drafted, the bill would direct the Working Group to “develop recommendations regarding administration and enforcement of the individual mandate to maintain minimum essential health coverage, including: (1) financial penalties for failure to maintain minimum essential health coverage...” DFR requests this language be amended to give the Working Group flexibility to discuss and possibly recommend alternative measures for failure to comply with the mandate. Some states, including Maryland, are in the process of implementing creative enforcement mechanisms that may differ from a standard financial penalty. The Working Group should be given flexibility to explore and recommend such alternatives.



Additionally, although there is a federal process in place for determining minimum essential coverage, DFR requests greater clarification regarding the language of Section 10451(4)(A)(v) on page 3 of the draft. This section would require the Commissioner, in consultation with the Department of Vermont Health Access and the Green Mountain Care Board, to identify other types of health care plans that qualify as minimum essential coverage but provides no guidelines for this task. All coverage types included in Section 10451(4)(A)(i)-(iv) are already well-defined in terms of their benefit arrays. In determining what other kinds of plans would qualify as “minimum essential coverage,” DFR respectfully requests clarification on whether the plans should include: (1) State-mandated benefits (and, if so, which ones); (2) State-mandated benefits plus the ACA’s ten essential health benefits; or (3) some other combination of benefits.

Thank you for your time, and please don’t hesitate to contact me if you have further questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Pieciak". The signature is fluid and cursive, with a large loop at the end.

Michael Pieciak, Commissioner