

1 Introduced by Committee on Health Care

2 Date:

3 Subject: Health; health insurance; short-term, limited-duration health insurance

4 Statement of purpose of bill as introduced: This bill proposes to regulate short-  
5 term, limited-duration health insurance coverage, including limiting the  
6 duration of the coverage to less than three months, prohibiting renewal, and  
7 requiring the premiums to be community rated.

8 An act relating to regulating short-term, limited-duration health insurance  
9 coverage

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

11 Sec. 1. 8 V.S.A. § 4084a is added to read:

12 § 4084a. SHORT-TERM, LIMITED-DURATION HEALTH INSURANCE

13 (a) As used in this section, “short-term, limited-duration health insurance”  
14 means health insurance coverage provided pursuant to a policy or contract with  
15 an insurer that has an expiration date specified in the policy or contract that is  
16 less than three months after the original effective date of the policy or contract.

17 (b)(1) An insurer shall not offer an individual health insurance policy or  
18 contract in this State for a term of less than 12 months unless the policy or  
19 contract is for short-term, limited-duration health insurance and complies with  
20 the provisions of this section.

1           (2) An insurer shall not provide short-term, limited-duration health  
2           insurance coverage unless the insurer has a certificate of authority from the  
3           Commissioner to offer health insurance as defined in subdivision 3301(a)(2) of  
4           this title or is licensed or registered with the Commissioner as a nonprofit  
5           hospital or medical service corporation, health maintenance organization, or  
6           managed care organization, unless the insurer is exempted by subdivision  
7           3368(a)(4) of this title.

8           (3) A short-term, limited-duration health insurance policy or contract  
9           shall be nonrenewable.

10          (c) Any policy or contract for short-term, limited-duration health insurance  
11          coverage shall display prominently in the policy or contract and in any  
12          application materials provided in connection with enrollment in that coverage,  
13          in at least 14-point type, the following:

14           “THIS IS NOT QUALIFYING HEALTH COVERAGE (“MINIMUM  
15           ESSENTIAL COVERAGE”) THAT SATISFIES THE HEALTH  
16           COVERAGE REQUIREMENT OF THE AFFORDABLE CARE ACT. IF  
17           YOU DON’T HAVE MINIMUM ESSENTIAL COVERAGE, YOU MAY  
18           OWE AN ADDITIONAL PAYMENT WITH YOUR TAXES.”

19          (d) An insurer shall use a community rating method acceptable to the  
20          Commissioner for determining premiums for short-term, limited-duration

1 health insurance coverage. The following risk classification factors are  
2 prohibited from use in rating individuals and their dependents:

3 (1) demographic rating, including age and gender rating;

4 (2) geographic area rating;

5 (3) industry rating;

6 (4) medical underwriting and screening;

7 (5) tier rating; or

8 (6) durational rating.

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

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

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

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

18 Sec. 2. EFFECTIVE DATE

19 This act shall take effect on July 1, 2018.