

1 TO THE HONORABLE SENATE:

2 The Committee on Finance to which was referred House Bill No. 892
3 entitled “An act relating to regulation of short-term, limited-duration health
4 insurance coverage and association health plans” respectfully reports that it has
5 considered the same and recommends that the Senate propose to the House that
6 the bill be amended by striking out all after the enacting clause and inserting in
7 lieu thereof the following:

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

9 (h)(1) The authority of the Board under this section shall apply only to the
10 rate review process for policies for major medical insurance coverage and shall
11 not apply to the policy forms for major medical insurance coverage or to the
12 rate and policy form review process for policies for specific disease, accident,
13 injury, hospital indemnity, dental care, vision care, disability income, long-
14 term care, student health insurance coverage, Medicare supplemental coverage,
15 ~~short-term, limited-duration health insurance,~~ or other limited benefit
16 coverage; **to short-term, limited-duration health insurance coverage;** or to
17 benefit plans that are paid directly to an individual insured or to his or her
18 assigns and for which the amount of the benefit is not based on potential
19 medical costs or actual costs incurred. Premium rates and rules for the
20 classification of risk for Medicare supplemental insurance policies shall be
21 governed by sections 4062b and 4080e of this title.

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

2 § 4079a. ASSOCIATION HEALTH PLANS

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

9 (b) **In order to protect Vermont consumers and promote the stability**
10 **of Vermont’s health insurance markets, the The** Commissioner **may shall**
11 adopt rules pursuant to 3 V.S.A. chapter 25 regulating association health plans
12 **as needed to protect Vermont consumers and promote the stability of**
13 **Vermont’s health insurance markets,** to the extent permitted under federal
14 law, including rules regarding licensure, solvency and reserve requirements,
15 and rating requirements.

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

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

19 § 4084a. SHORT-TERM, LIMITED-DURATION HEALTH INSURANCE

20 (a) As used in this section, “short-term, limited-duration health insurance”
21 means health insurance that provides medical, hospital, or major medical

1 expense benefits coverage pursuant to a policy or contract with an insurer and
2 that has an expiration date specified in the policy or contract that is **less than**
3 three months **or less** after the original effective date of the policy or contract.

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

11 (c) A short-term, limited-duration health insurance policy or contract shall
12 be nonrenewable, **and an insurer shall not issue a short-term, limited-**
13 **duration health insurance policy or contract to any person if the issuance**
14 **would result in the person being covered by short-term, limited-duration**
15 **health insurance coverage for more than three months in any 12-month**
16 **period.**

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

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

2 § 10401. DEFINITIONS

3 As used in this section:

4 (1) “Health insurance” means any group or individual health care
5 benefit policy, contract, or other health benefit plan offered, issued, renewed,
6 or administered by any health insurer, including any health care benefit plan
7 offered, issued, renewed, or administered by any health insurance company,
8 any nonprofit hospital and medical service corporation, any dental service
9 corporation, or any managed care organization as defined in 18 V.S.A. § 9402.

10 The term includes comprehensive major medical policies, contracts, or plans;

11 **short-term, limited-duration health insurance policies and contracts as**

12 **defined in 8 V.S.A. § 4084a; student health insurance policies;** and

13 Medicare supplemental policies, contracts, or plans, but does not include
14 Medicaid or any other State health care assistance program in which claims are
15 financed in whole or in part through a federal program unless authorized by
16 federal law and approved by the General Assembly. The term does not include
17 policies issued for specified disease, accident, injury, hospital indemnity, long-
18 term care, disability income, or other limited benefit health insurance policies,
19 except that any policy providing coverage for dental services shall be included.

20 * * *

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

2 § 1802. DEFINITIONS

3 As used in this subchapter:

4 * * *

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

19 * * *

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

2 § 1811. HEALTH BENEFIT PLANS FOR INDIVIDUALS AND SMALL
3 EMPLOYERS

4 (a) As used in this section:

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

21 * * *

1 Sec. 7. EFFECTIVE DATE

2 This act shall take effect on passage.

3 (Committee vote: _____)

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Senator _____

6

FOR THE COMMITTEE