

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 or other limited benefit coverage; to short-term, limited-duration health
16 insurance coverage; or to benefit plans that are paid directly to an individual
17 insured or to his or her assigns and for which the amount of the benefit is not
18 based on potential medical costs or actual costs incurred. Premium rates and
19 rules for the classification of risk for Medicare supplemental insurance policies
20 shall be governed by sections 4062b and 4080e of this title.

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

1 § 4079a. ASSOCIATION HEALTH PLANS

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

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

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

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

16 § 4084a. SHORT-TERM, LIMITED-DURATION HEALTH INSURANCE

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

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

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

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

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

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

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

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

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

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

18 § 10401. DEFINITIONS

19 As used in this section:

20 (1) “Health insurance” means any group or individual health care
21 benefit policy, contract, or other health benefit plan offered, issued, renewed,

1 or administered by any health insurer, including any health care benefit plan
2 offered, issued, renewed, or administered by any health insurance company,
3 any nonprofit hospital and medical service corporation, any dental service
4 corporation, or any managed care organization as defined in 18 V.S.A. § 9402.
5 The term includes comprehensive major medical policies, contracts, or plans;
6 short-term, limited-duration health insurance policies and contracts as defined
7 in 8 V.S.A. § 4084a; student health insurance policies; and Medicare
8 supplemental policies, contracts, or plans, but does not include Medicaid or
9 any other State health care assistance program in which claims are financed in
10 whole or in part through a federal program unless authorized by federal law
11 and approved by the General Assembly. The term does not include policies
12 issued for specified disease, accident, injury, hospital indemnity, long-term
13 care, disability income, or other limited benefit health insurance policies,
14 except that any policy providing coverage for dental services shall be included.

15 * * *

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

17 § 1802. DEFINITIONS

18 As used in this subchapter:

19 * * *

20 (3) “Health benefit plan” means a policy, contract, certificate, or
21 agreement offered or issued by a health insurer to provide, deliver, arrange for,

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

13 * * *

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

15 § 1811. HEALTH BENEFIT PLANS FOR INDIVIDUALS AND SMALL
16 EMPLOYERS

17 (a) As used in this section:

18 (1) "Health benefit plan" means a health insurance policy, a nonprofit
19 hospital or medical service corporation service contract, or a health
20 maintenance organization health benefit plan offered through the Vermont
21 Health Benefit Exchange or a reflective silver plan offered in accordance with

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

13 * * *

14 Sec. 7. EFFECTIVE DATE

15 This act shall take effect on passage.

16
17
18 (Committee vote: _____)

19 _____
20 Senator _____

21 FOR THE COMMITTEE