

Department of Financial Regulation  
Michael S. Pieciak, Commissioner

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SENATE COMMITTEE  
ON HEALTH AND WELFARE

SEN. CLAIRE AYER, CHAIR  
SEN. VIRGINIA "GINNY" LYONS, VICE CHAIR  
JANUARY 17, 2017



# Agenda

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- Introductions
- Overview of the Department / Divisions
- DFR's 2017 Priorities
- Overview of DFR's Role in Health Insurance Regulation
- Questions?



# Overview of the Department

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The Department's true strength is its people.

The Department ranked number one for two years running for overall job satisfaction among state agencies and departments.

- 2015 – 93.3% satisfied with job, #1 department/agency in state government
- 2014 – 93.6% satisfied with job, #1 department/agency in state government

111 employees

FY 2017 budget – \$14,727,063

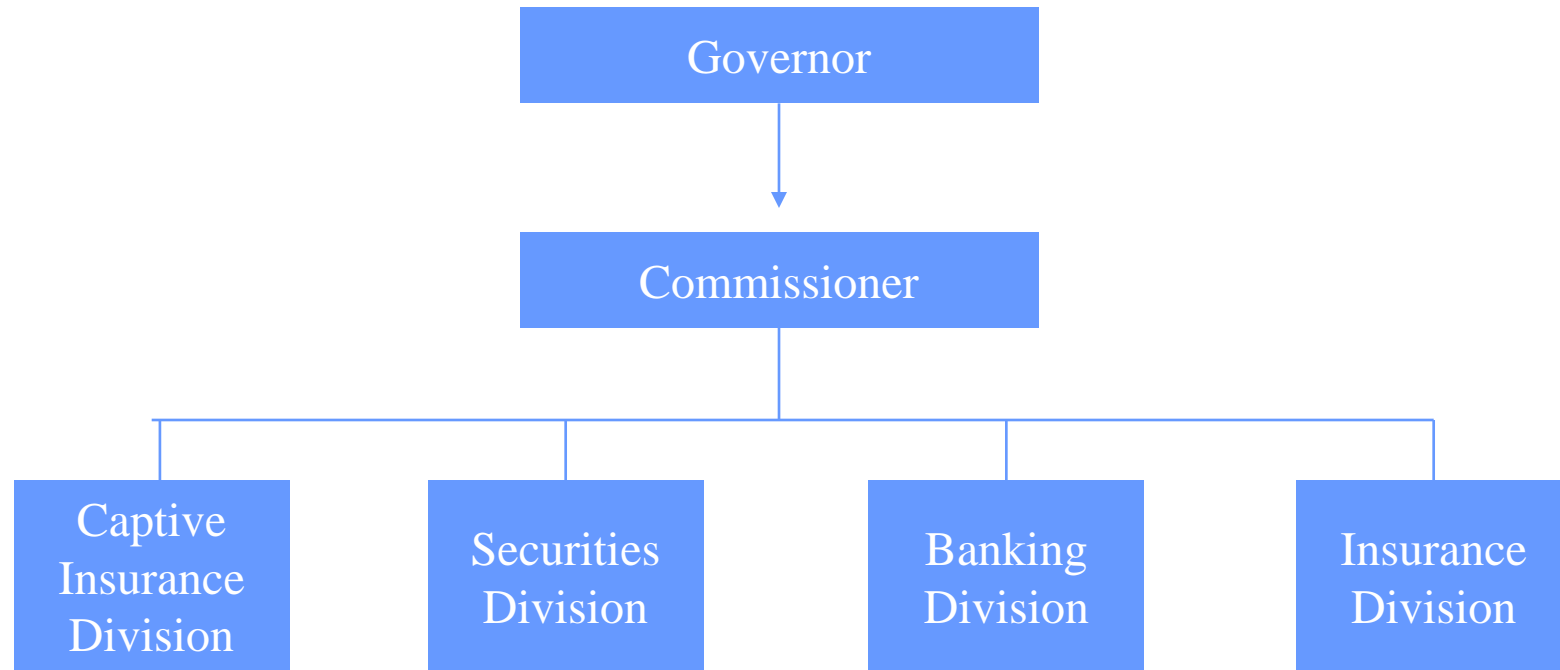
FY 2016 Contribution to General Fund – \$86,727,149

Regulators who are Accessible, Responsive, Fair yet Tough



# Overview of the Divisions

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# Captive Insurance Division (2016) “The Gold Standard”

Vermont: Number 1 Worldwide by Premium

Home to 18 of Dow 30 and 48 of Fortune 100

Licensed 26 New Captives in 2016

Captive Review: Dave Provost Most Influential

Most Efficient Examinations by Premium

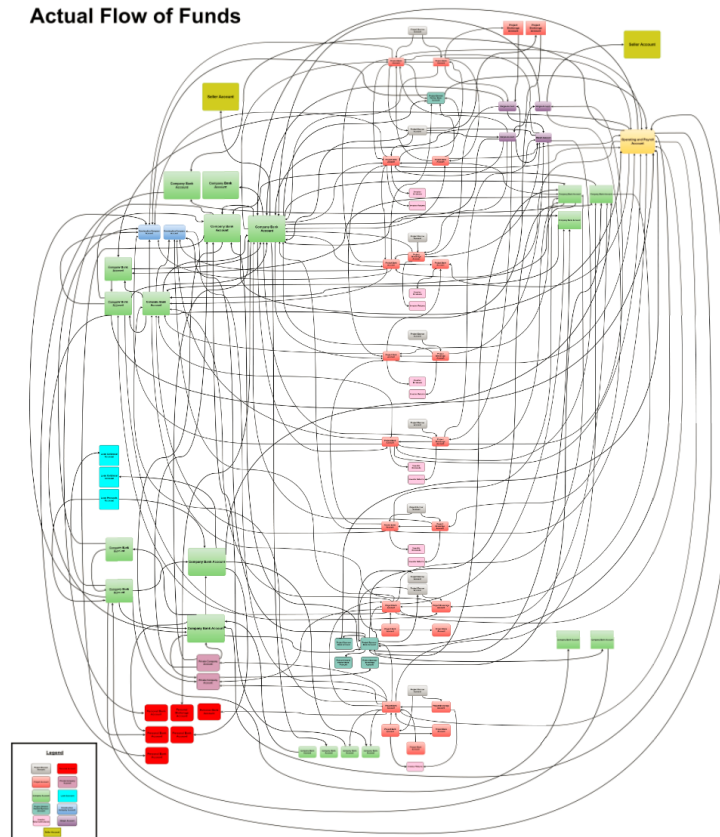
Awarded Top U.S. Domicile of the Year

Awarded Non-EU Captive Domicile of the Year

Dave Provost – Named to Captive Hall of Fame



# Securities Division (2016)



- Jay Peak: Largest alleged fraud in Vermont history
- Raymond James Settlement: Largest civil settlement in Department history
- Implemented desk examination program
- Successfully implemented division's first IT project in 15 years



# Banking Division (2016)

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- Vermont's last statewide state chartered bank announces sale to Community Bank System
- \$304 million sales price
- Shareholder and regulator approval needed
- Expected to close during the second quarter of 2017



# Insurance Division (2016)

## R Street Institute State Regulation Report Card

VERMONT	2015 Grade	2016 Grade
	A	A+
	Score	Rank
	80.9	1
Strengths:	Low politicization, ahead on financial exams, competitive auto insurance market, competitive home insurance market, no significant residual markets, underwriting freedom	
Weaknesses	Large runoff liabilities, high tax and fee burden.	

- The report found Vermont had the best insurance regulatory environment in the U.S., receiving the only A-plus score and improving from its A grade last year.
- Third straight year Vermont ranked number 1





# Insurance Division

## Health Insurance Regulation

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### DFR

Reviews Comprehensive Major Medical policy forms for compliance with:

1. GMCB benchmark plan
2. State mandates
3. ACA 10 Essential Health Benefits

Provides advisory opinion as to filed rates for CMM plans

Approves rates and forms for Supplemental Insurance Coverage

Receives and investigates health insurance complaints

External appeals when denied medically necessary care

### Green Mountain Care Board

Negotiates and agrees to benchmark plan

Approves rates filed by health insurance companies

Approves hospital budgets

Approves Certificates of Need



# Insurance Division

## Health Insurance Regulation

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### **Comprehensive Major Medical**

- Blue Cross & Blue Shield of Vermont
  - MVP Health Care
1. GMCB: Approves the outline of the health plans
  2. Health care provider: Files proposed rates for health care plans
  3. DFR: Reviews and Approves health care plans consistent with three principles
  4. Healthcare Provider: Files proposed rates for health care plans
  5. DFR: Prepares solvency opinion for GMCB
  6. GMCB: Approves the filed rate



# Insurance Division

## Health Insurance Regulation

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### Supplemental Insurance Coverage

- Specific disease (cancer)
- Medicare supplement (MediGap)
- Accident
- Hospital indemnity
- Dental care
- Vision care
- Disability income
- Long-term care
- Student health insurance coverage
- Other limited benefit 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



# Insurance Division

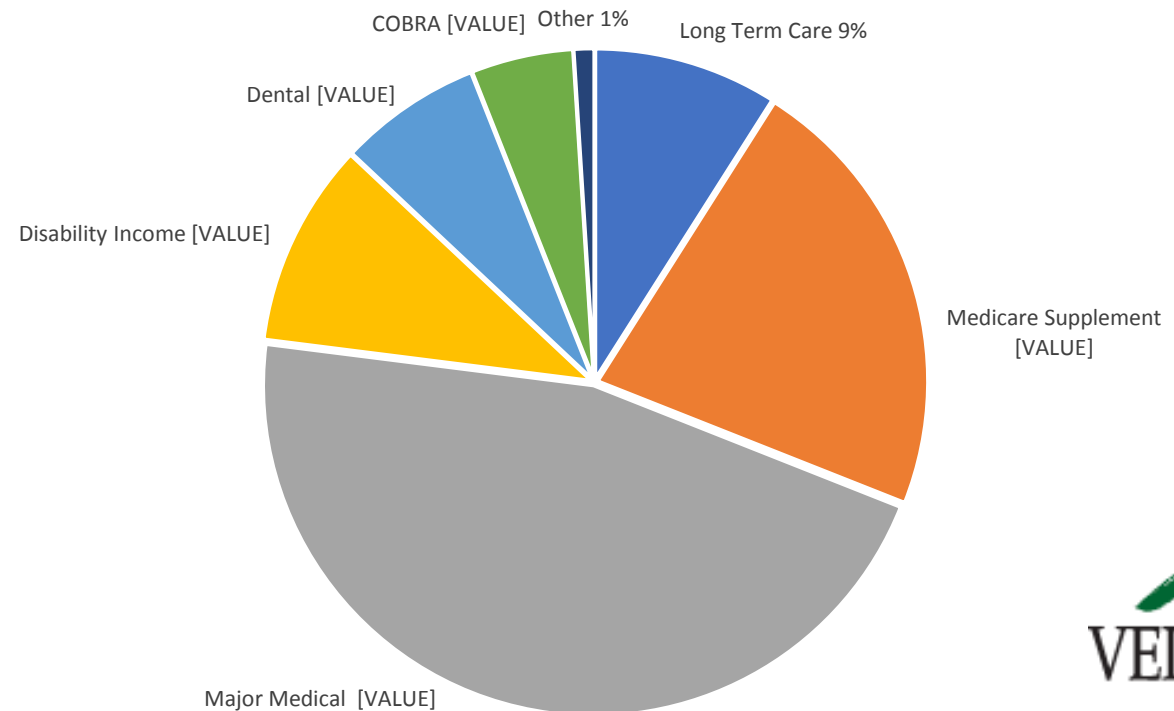
## Health Insurance Regulation

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### Consumer Complaints

Consumer Services addressed **406** Inquiries and **107** Complaints in 2016.

**Coverage Type**

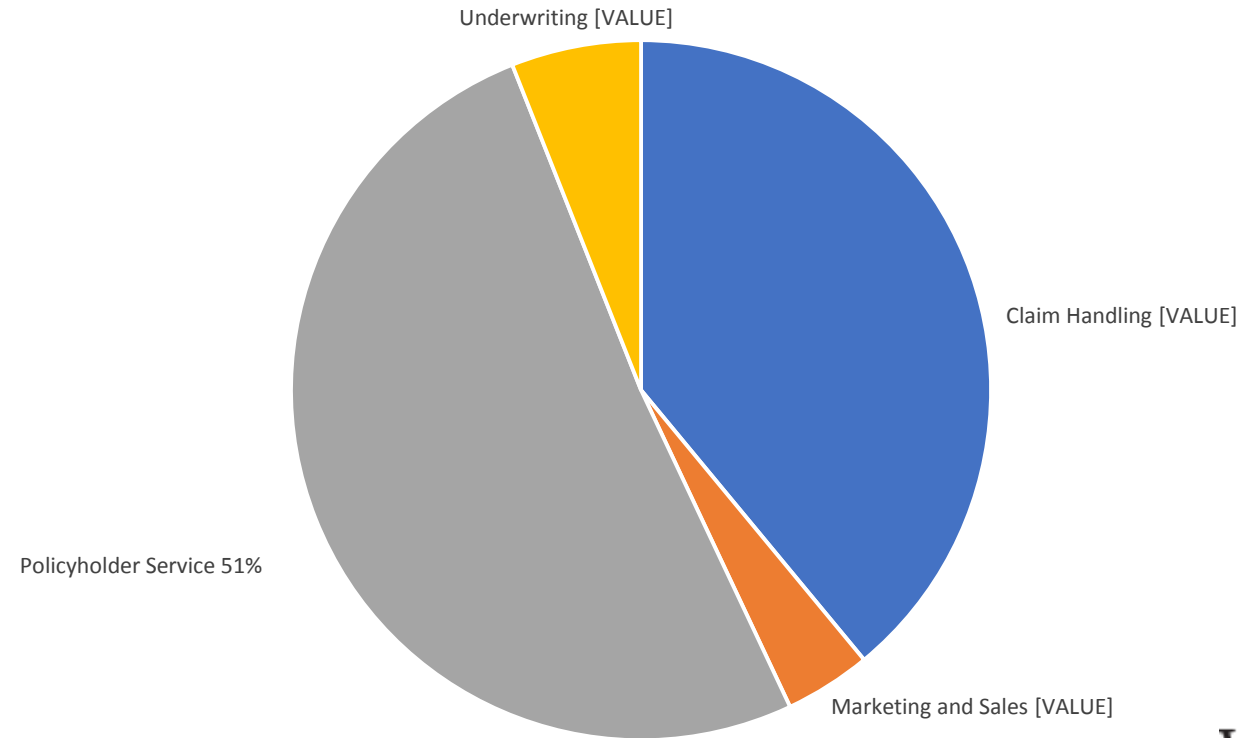


# Insurance Division

## Health Insurance Regulation

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### Nature of Complaint



# Insurance Division

## Health Insurance Regulation



**State of Vermont**  
**Department of Financial Regulation**  
89 Main Street  
Montpelier, VT 05620-3101  
www.dfr.vermont.gov

For consumer assistance:  
[Banking] 888-568-4547  
[Insurance] 800-964-1784  
[Securities] 877-550-3907

**Michael S. Pieciak, Commissioner**

Contact: Dale Schaft, Information Management Officer, 802-828-4872  
Date: January 17, 2017

**MVP repays Vermonters for overcharging for colorectal screenings**

MONTPELIER – Michael S. Pieciak, commissioner of the Department of Financial Regulation, announced today that MVP Health Insurance Co. has paid the state of Vermont an administrative penalty of \$70,500 and reimbursed 470 Vermonters a total of \$158,915 plus interest.

An investigation conducted by the department revealed that between October 2013 and October 2016 MVP had overcharged a number of its insured members for colorectal screenings and services associated with the screenings, such as removal of tissue, laboratory or physician services, facility services and anesthesia.

MVP has acknowledged the errors and has agreed to conduct an internal audit to ensure future compliance with Vermont laws.

Pieciak said he appreciated the cooperation the department received from MVP during the investigation and is pleased with the corrective measures the company has taken to adhere to Vermont insurance regulations.

“MVP has made commendable efforts to address the issues and correct its erroneous practices,” he said, “I applaud the company’s determination to prevent it from happening in the future. Good compliance is essential for consumer protection.”

The administrative penalty will be paid to the state’s general fund.

MVP, headquartered in Schenectady, N.Y., provides health and dental insurance for about 700,000 people nationwide and has approximately 1,600 employees.



Banking 802-828-3307 Insurance 802-828-3301 Captive Insurance 802-828-3304 Securities 802-828-3420

- All inquiries that involve claims are reviewed to determine if the claim(s) was processed in accordance with Vermont Regulations
- If the review indicates that a carrier is not in compliance a referral is made to Market Conduct for further investigation
- While it is atypical for claim payments to be out of compliance with Vermont Regulations an enforcement action was taken against MVP in 2016.
- Identification of claim payments by MVP for colonoscopies not being processes and paid at 100%
- Settlement for a \$70,500.00 penalty and payment to consumers of \$158,915.50 plus interest



# Overview of DFR's 2017 Priorities

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- Economic Development through Regulatory Innovation
- Senior Safe: Protecting our most vulnerable
- Cybersecurity: Educating and protecting our small businesses
- DFR Operations: How can we most efficiently and effectively do our jobs

