

1 TO THE HONORABLE SENATE:

2 The Committee on Finance to which was referred Senate Bill No. 41
3 entitled “An act relating to regulating entities that administer health
4 reimbursement arrangements” respectfully reports that it has considered the
5 same and recommends that the bill be amended by striking out all after the
6 enacting clause and inserting in lieu thereof the following:

7 Sec. 1. 18 V.S.A. § 9417 is added to read:

8 § 9417. TAX-ADVANTAGED ACCOUNTS FOR HEALTH EXPENSES;
9 ADMINISTRATION; RULEMAKING

10 (a) As used in this section:

11 (1) “Flexible spending account” or “FSA” has the same meaning as in
12 26 U.S.C. § 106(c)(2).

13 (2) “Health reimbursement arrangement” or “HRA” means any account-
14 based reimbursement arrangement funded solely by employer contributions
15 that reimburses an employee, spouse, or dependents, or a combination thereof,
16 for medical care expenses incurred by the employee, spouse, dependents, or a
17 combination thereof, up to a maximum coverage amount set by the employer
18 for a given coverage period, and that is established pursuant to 26 U.S.C.
19 §§ 105–106 and applicable guidance from the Internal Revenue Service.

20 (3) “Health savings account” or “HSA” has the same meaning as in
21 26 U.S.C. § 223(d)(1).

1 (b) Any entity administering one or more HRAs, HSAs, or FSAs, or a
2 combination of these, in this State is providing financial services to Vermont
3 residents and is subject to the jurisdiction of the Commissioner of Financial
4 Regulation pursuant to 8 V.S.A. § 10 and all other applicable provisions.

5 (c) The Commissioner of Financial Regulation shall adopt rules pursuant to
6 3 V.S.A. chapter 25 to license and regulate, to the extent permitted under
7 federal law, entities administering or proposing to administer one or more
8 HRAs, HSAs, or FSAs, or a combination of these, in this State. The rules may
9 include:

10 (1) annual licensure or registration filing requirements; and

11 (2) such requirements and qualifications for such entities as the
12 Commissioner determines are appropriate, which may include:

13 (A) bonding, surplus, reserves, or a combination thereof;

14 (B) information security and confidentiality; and

15 (C) examination and enforcement.

16 (d) Following the adoption of rules pursuant to subsection (c) of this
17 section, an entity making an initial application for a license or registration to
18 administer HRAs, HSAs, or FSAs, or a combination of these, in this State shall
19 pay to the Commissioner a nonrefundable fee of \$600.00 for examining,
20 investigating, and processing the application. Each such entity shall also pay a

1 renewal fee of \$600.00 on or before December 31 every three years following
2 initial licensure.

3 Sec. 2. RULEMAKING; REPORT

4 On or before February 15, 2020, the Commissioner of Financial Regulation
5 shall provide an update to the Senate Committee on Finance and the House
6 Committees on Health Care and on Commerce and Economic Development on
7 the progress of the rulemaking required by Sec. 1 of this act, including any
8 findings related to the permissible scope of the rule.

9 Sec. 3. EFFECTIVE DATE

10 This act shall take effect on passage, provided that the Department of
11 Financial Regulation shall adopt its final rule on or before September 1, 2020
12 regulating entities that administer HRAs, HSAs, or FSAs, or a combination of
13 these.

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18 (Committee vote: _____)

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Senator _____

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FOR THE COMMITTEE