



VERMONT LEGISLATIVE

Joint Fiscal Office

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Issue Brief

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Health Care Claims Tax

Summary

The Health Care Claims Tax (formerly known as the health care claims assessment) is a tax equal to 0.999% of all health insurance claims paid by health insurers for their Vermont members for the previous fiscal year. Two percent of the revenue goes to the Department of Taxes for the Tax Software Fund. The rest is split between the General Fund (80%) and Health IT-Fund (20%).

Collection and Administration

- The tax is paid to the Department of Taxes in one annual installment due by January 1.
- Revenue equivalent to 0.199% of claims is deposited into Health IT-Fund.
 - Codified at 32 V.S.A. § 10402 in Act 192 (2008; the fiscal year 2009 Big Bill).
- Revenue equivalent to 0.8% of claims is deposited into the General Fund.
 - Codified at 32 V.S.A. § 10402 in Act 73 (2013; an act relating to technical tax changes). Act 6 (2019; fiscal year 2019 budget adjustment act) redirected the allocation of revenues from the State Health Care Resources Fund to the General Fund.
- Act 73 (2013)
 - Moved administration and collection of the Tax from the Agency of Human Services (AHS) to the Department of Taxes.
 - Repealed the health care claims assessment effective July 1, 2013.¹
 - Established the health care claims tax effective July 1, 2013.
 - Expanded the scope of the Tax to include dental claims.
- 32 V.S.A. § 10301(g) requires the Secretary of Administration or designee to submit an annual report on the receipts, expenditures, and balances of the Health IT-Fund. The most recent report can be found [here](#).
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Sunsets and the Health IT-Fund

The claims tax is currently the only source of revenue for the Health IT-Fund. Act 73 (2013) imposed a sunset on the portion of revenues from the claims tax intended for the Health IT-Fund (0.199% of claims), effective July 1, 2017. Since then, the sunset has been postponed many times for the purposes of revisiting and evaluating the expenditures, goals, and objectives of the Fund. The following are instances when the sunset has been postponed further:

¹ The health care claims assessment was originally established by Act 45 (2011).

Sunsets and the Health IT-Fund

Act #	Year	Sunset Date (Postponed to)
73	2017	July 1, 2018
187	2018	July 1, 2019
71	2019	July 1, 2021
73	2021	July 1, 2023
83	2022	July 1, 2023 (Clarification)
78	2023	July 1, 2025
144	2024	July 1, 2026

In addition to postponing the sunset, past legislation also included reviews, reports, and recommendations to the General Assembly regarding the Fund, how much has been appropriated or transferred from the Fund, how funds were spent, and other provisions concerning the Fund and Vermont Health Information Technology Leaders (VITL).²

Act 73 (2017) required the Agency of Human Services (AHS) to conduct a comprehensive review of health information technology in Vermont. This included a review of the need for a State-sponsored Health IT-Fund; how past payments from the Fund have or have not promoted the advancement of health information technology adoption and utilization; the development, approval process, and use of the Vermont Health Information Technology Plan; the VITL organization; and recommending whether to continue the Health IT-Fund.³

Act 187 (2018) required VITL and the Department of Vermont Health Access (DVHA) to submit several reports to the General Assembly and the Green Mountain Care Board (GMCB), modified the membership of VITL's Board of Directors, and put in place provisions to ensure that VITL and DVHA were working toward implementing the recommendations from the health information technology report submitted in November 2017 as required by Act 73 (2017).

Revenue and Allocations

Health Care Claims Tax - Revenue Summary

(in millions of dollars)

Fiscal Year	State Health Care Resources Fund		Fiscal Year	General Fund		Fiscal Year	HIT Fund	
	0.8%	0.199%		0.8%	0.199%		0.8%	0.199%
2009	-----	\$1.73	2019	\$15.64	\$3.95			
2010	-----	\$2.46	2020	\$16.87	\$3.81			
2011	-----	\$2.88	2021	\$16.37	\$4.15			
2012	\$12.60	\$3.47	2022	\$17.57	\$4.18			
2013	\$11.47	\$3.12	2023	\$18.02	\$4.97			
2014	\$13.07	\$3.27	2024	\$21.81	\$5.45			
2015	\$13.98	\$3.48	2025	\$23.02	\$5.75			
2016	\$13.77	\$3.43	Projected 2026	\$24.17	\$6.04			
2017	\$14.06	\$3.53						
2018	\$15.91	\$3.91						

Source: Vermont Tax Department, Agency of Administration
and the Agency of Human Services

² [18 V.S.A. 9352. Vermont Information Technology Leaders](#) is legislatively designated to operate the Vermont Health Information Exchange (VHIE) which gives health care organizations in Vermont the ability to electronically exchange and access patient health information.

³ The Health Information Technology Report per Act 73 of 2017 can be found at:

<https://legislature.vermont.gov/assets/Legislative-Reports/VT-Evaluation-of-HIT-Activities-FinalReport-Secretary-Signature.pdf>.