

1 H.617

2 Introduced by Representatives Masland of Thetford, Atkins of Winooski,
3 Browning of Arlington, Conquest of Newbury, Consejo of
4 Sheldon, Deen of Westminster, Edwards of Brattleboro, Evans
5 of Essex, Fisher of Lincoln, Haas of Rochester, Lanpher of
6 Vergennes, Macaig of Williston, Marek of Newfane, Martin of
7 Springfield, Partridge of Windham, Ram of Burlington, Stevens
8 of Waterbury, Till of Jericho, Waite-Simpson of Essex, Young
9 of St. Albans City, Zenie of Colchester and Zuckerman of
10 Burlington

11 Referred to Committee on

12 Date:

13 Subject: Health; insurance; BlueCross; BlueShield; governance

14 Statement of purpose: This bill proposes to amend the governance structure of
15 BlueCross BlueShield of Vermont to make the decision-making more publicly
16 accountable.

17 An act relating to creating new governance for BlueCross BlueShield of
18 Vermont

19 It is hereby enacted by the General Assembly of the State of Vermont:

1 Sec. 1. 8 V.S.A. chapter 123 is amended to read:

2 CHAPTER 123. NONPROFIT HOSPITAL SERVICE CORPORATIONS

3 § 4511. PURPOSES AND DEFINITION

4 A nonprofit corporation with a board of directors elected by the subscribers
5 may be organized for the purpose of establishing, maintaining, and operating a
6 nonprofit hospital service plan whereby hospital care may be provided by a
7 hospital maintained by a corporation organized for hospital purposes to such of
8 the public who become subscribers to such plan under a contract which entitles
9 each subscriber to certain hospital care. For the purposes of this chapter, the
10 term "hospital service corporation" includes any nonprofit corporation
11 organized under the provisions of this chapter and also any unincorporated
12 association furnishing hospital, medical, surgical, or nursing services, or any
13 combination of the foregoing, to subscribers or members, except as provided in
14 section 4519 of this title.

15 § 4512. POWERS

16 (a) Such hospital service corporation shall be a nonprofit sharing
17 corporation with a board of directors elected by the subscribers and without
18 capital stock. It shall be maintained and operated solely for the benefit of the
19 subscribers ~~thereof~~ and shall not be authorized to pay money in lieu of hospital
20 service. A person, partnership, association, or corporation shall not contract to
21 furnish hospital service unless authorized so to do pursuant to the provisions of

1 this chapter. Corporations formed under the provisions of this chapter shall
2 have the privileges and be subject to the provisions of Title 11B as well as the
3 applicable provisions of this chapter. In the event of a conflict between the
4 provisions of Title 11B and the provisions of this chapter, the latter shall
5 control.

6 * * *

7 § 4513. PERMIT TO ENGAGE IN BUSINESS; FOREIGN
8 CORPORATIONS

9 (a) At least three-fourths of the board of directors of a corporation
10 organized under this chapter shall be composed of subscribers and members of
11 the public. The remainder may be providers. The subscriber members of the
12 board shall comprise at least a majority of the board. The board of directors
13 shall be elected by a majority of the subscribers of the corporation. A
14 corporation organized under this chapter shall provide for the election of its
15 board of directors at a publicly announced meeting. For the purposes of this
16 section, “provider” means any person who is a provider of hospital or medical
17 services, or who is an employee, director, trustee, or representative of a
18 provider of such services.

19 (b) A hospital service corporation shall not enter into a contract with a
20 subscriber until it has obtained from the commissioner of banking, insurance,
21 securities, and health care administration a permit so to do. A permit may be

1 issued by the commissioner upon the receipt of the corporation's articles of
2 incorporation and bylaws and an application in form to be prescribed by him or
3 her. ~~Such~~ The application shall include a statement of the territory in which
4 ~~such the~~ corporation proposes to seek subscribers, the service to be rendered by
5 it, and the rates to be charged ~~therefore~~ under the contract. ~~Such~~ The
6 application shall also include a statement of the number of subscribers for
7 hospital service. Before issuing such permit, the commissioner may make such
8 examination or investigation as he or she deems necessary, including
9 recommending modifications to the corporation's articles of incorporation and
10 bylaws. The commissioner may refuse such permit if he or she finds that the
11 rates submitted are excessive, inadequate, or unfairly discriminatory or if the
12 articles of incorporation and bylaws do not meet the requirements and purposes
13 of this chapter. A hospital service corporation organized under the laws of
14 another state or country shall not be licensed to do business in this state except
15 as provided by section 4520 of this title.

16 * * *

17 Sec. 2. 8 V.S.A. chapter 125 is amended to read:

18 CHAPTER 125. NONPROFIT MEDICAL SERVICE

19 CORPORATIONS

20 § 4581. INCORPORATION OF MEDICAL SERVICE CORPORATIONS

1 (a) Three or more persons licensed by the state board of medical practice to
2 practice medicine and surgery may incorporate under the general law of this
3 state governing nonprofit corporations for the purpose of forming a medical
4 service corporation, but subject to the provisions of section 4584 of this title.
5 A medical service corporation shall provide for the election of the board of
6 directors by a majority of the subscribers of the corporation at a publicly
7 announced meeting.

8 (b) Subject to the approval of the commissioner, a medical service
9 corporation may establish, maintain, and operate a hospital service plan as
10 defined in section 4511 of this title. The commissioner may refuse approval if
11 the commissioner finds that the rates submitted are excessive, inadequate, or
12 unfairly discriminatory or if the articles of incorporation and bylaws do not
13 meet the requirements and purposes of this chapter. The contracts of a medical
14 service corporation which operates a hospital service plan under this
15 subsection shall be governed by chapter 123 of this title to the extent that they
16 provide for hospital service benefits, and by this chapter to the extent that the
17 contracts provide for medical service benefits.

18 * * *

19 § 4583. PURPOSES AND DEFINITION

20 A medical service corporation is a nonprofit sharing corporation with a
21 board of directors elected by the subscribers and without capital stock,

1 organized under the laws of this state for the purpose of establishing,
2 maintaining, and operating a plan whereby medical or medical and dental
3 services may be provided at the expense of the corporation by duly licensed
4 physicians and dentists to subscribers under contract, entitling each subscriber
5 to certain medical services or medical and dental services as provided in such
6 contract. Corporations formed under the provisions of this chapter shall have
7 the privileges and be subject to the provisions of Title 11B as well as the
8 applicable provisions of this chapter. In the event of a conflict between the
9 provisions of Title 11B and the provisions of this chapter, the latter shall
10 control.

11 § 4584. APPLICATION FOR PERMIT

12 (a) A corporation incorporated under this chapter shall immediately, after
13 filing its articles of association, apply to the commissioner of banking,
14 insurance, securities, and health care administration for a permit to operate.
15 ~~Such~~ The application shall be made to the commissioner upon forms to be
16 prescribed by him or her. ~~Such~~ The application shall include a statement of the
17 territory in which such corporation proposed to operate, the services to be
18 furnished and rendered by it, and the rates to be charged ~~therefor~~ under the
19 contract. ~~Such~~ The application shall be accompanied by two copies of any
20 contract for medical services which the corporation proposes to make with its
21 subscriber and a copy of the articles of incorporation and bylaws. Before

1 issuing such permit, the commissioner may make such examination or
2 investigation as he or she deems necessary. The commissioner may refuse
3 such permit if he or she finds that the rates submitted are excessive,
4 inadequate, or unfairly discriminatory or if the articles of incorporation and
5 bylaws do not meet the requirements and purposes of this chapter.

6 * * *

7 Sec. 3. EFFECTIVE DATE; IMPLEMENTATION

8 This act shall take effect upon passage. The requirement to elect board
9 members shall apply to a particular seat upon the expiration of the current
10 member's term.