

1 H.28

2 Introduced by Representatives Masland of Thetford and Poirier of Barre City

3 Referred to Committee on

4 Date:

5 Subject: Health; insurance; BlueCross BlueShield; governance

6 Statement of purpose: This bill proposes to amend the governance structure of
7 BlueCross BlueShield of Vermont to make the decision-making more publicly
8 accountable.

9 An act relating to creating new governance for BlueCross BlueShield of
10 Vermont

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

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

13 CHAPTER 123. NONPROFIT HOSPITAL SERVICE

14 CORPORATIONS

15 § 4511. PURPOSES AND DEFINITION

16 A nonprofit corporation with a board of directors elected by the subscribers
17 may be organized for the purpose of establishing, maintaining, and operating a
18 nonprofit hospital service plan whereby hospital care may be provided by a
19 hospital maintained by a corporation organized for hospital purposes to such of
20 the public who become subscribers to such plan under a contract which entitles

1 each subscriber to certain hospital care. For the purposes of this chapter, the
2 term “hospital service corporation” includes any nonprofit corporation
3 organized under the provisions of this chapter and also any unincorporated
4 association furnishing hospital, medical, surgical, or nursing services, or any
5 combination of the foregoing, to subscribers or members, except as provided in
6 section 4519 of this title.

7 § 4512. POWERS

8 (a) Such hospital service corporation shall be a nonprofit sharing
9 corporation with a board of directors elected by the subscribers and without
10 capital stock. It shall be maintained and operated solely for the benefit of the
11 subscribers ~~thereof~~ and shall not be authorized to pay money in lieu of hospital
12 service. A person, partnership, association, or corporation shall not contract to
13 furnish hospital service unless authorized so to do pursuant to the provisions of
14 this chapter. Corporations formed under the provisions of this chapter shall
15 have the privileges and be subject to the provisions of Title 11B as well as the
16 applicable provisions of this chapter. In the event of a conflict between the
17 provisions of Title 11B and the provisions of this chapter, the latter shall
18 control.

19 * * *

1 § 4513. PERMIT TO ENGAGE IN BUSINESS; FOREIGN

2 CORPORATIONS

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

13 (b) A hospital service corporation shall not enter into a contract with a
14 subscriber until it has obtained from the commissioner of banking, insurance,
15 securities, and health care administration a permit so to do. A permit may be
16 issued by the commissioner upon the receipt of the corporation’s articles of
17 incorporation and bylaws and an application in form to be prescribed by him or
18 her. ~~Such~~ The application shall include a statement of the territory in which
19 ~~such the~~ corporation proposes to seek subscribers, the service to be rendered by
20 it, and the rates to be charged ~~therefore~~ under the contract. ~~Such~~ The
21 application shall also include a statement of the number of subscribers for

1 hospital service. Before issuing such permit, the commissioner may make such
2 examination or investigation as he or she deems necessary, including
3 recommending modifications to the corporation's articles of incorporation and
4 bylaws. The commissioner may refuse such permit if he or she finds that the
5 rates submitted are excessive, inadequate, or unfairly discriminatory or if the
6 articles of incorporation and bylaws do not meet the requirements and purposes
7 of this chapter. A hospital service corporation organized under the laws of
8 another state or country shall not be licensed to do business in this state except
9 as provided by section 4520 of this title.

10 * * *

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

12 CHAPTER 125. NONPROFIT MEDICAL SERVICE

13 CORPORATIONS

14 § 4581. INCORPORATION OF MEDICAL SERVICE CORPORATIONS

15 (a) Three or more persons licensed by the state board of medical practice to
16 practice medicine and surgery may incorporate under the general law of this
17 state governing nonprofit corporations for the purpose of forming a medical
18 service corporation, but subject to the provisions of section 4584 of this title.

19 A medical service corporation shall provide for the election of the board of
20 directors by a majority of the subscribers of the corporation at a publicly
21 announced meeting.

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

11 * * *

12 § 4583. PURPOSES AND DEFINITION

13 A medical service corporation is a nonprofit sharing corporation with a
14 board of directors elected by the subscribers and without capital stock,
15 organized under the laws of this state for the purpose of establishing,
16 maintaining, and operating a plan whereby medical or medical and dental
17 services may be provided at the expense of the corporation by duly licensed
18 physicians and dentists to subscribers under contract, entitling each subscriber
19 to certain medical services or medical and dental services as provided in such
20 contract. Corporations formed under the provisions of this chapter shall have
21 the privileges and be subject to the provisions of Title 11B as well as the

1 applicable provisions of this chapter. In the event of a conflict between the
2 provisions of Title 11B and the provisions of this chapter, the latter shall
3 control.

4 § 4584. APPLICATION FOR PERMIT

5 (a) A corporation incorporated under this chapter shall immediately, after
6 filing its articles of association, apply to the commissioner of banking,
7 insurance, securities, and health care administration for a permit to operate.
8 ~~Such~~ The application shall be made to the commissioner upon forms to be
9 prescribed by him or her. ~~Such~~ The application shall include a statement of the
10 territory in which such corporation proposed to operate, the services to be
11 furnished and rendered by it, and the rates to be charged ~~therefor~~ under the
12 contract. ~~Such~~ The application shall be accompanied by two copies of any
13 contract for medical services which the corporation proposes to make with its
14 subscriber and a copy of the articles of incorporation and bylaws. Before
15 issuing such permit, the commissioner may make such examination or
16 investigation as he or she deems necessary. The commissioner may refuse
17 such permit if he or she finds that the rates submitted are excessive,
18 inadequate, or unfairly discriminatory or if the articles of incorporation and
19 bylaws do not meet the requirements and purposes of this chapter.

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1 Sec. 3. EFFECTIVE DATE; IMPLEMENTATION

2 This act shall take effect on passage. The requirement to elect board
3 members shall apply to a particular seat upon the expiration of the current
4 member's term.