

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Health Care 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 House propose to the Senate that the bill be  
6 amended by striking out all after the enacting clause and inserting in lieu  
7 thereof the following:

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

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

11 (a) As used in this section:

12 (1) “Flexible spending account” or “FSA” has the same meaning as in  
13 26 U.S.C. § 106(c)(2).

14 (2) “Health reimbursement arrangement” or “HRA” means any account-  
15 based reimbursement arrangement funded solely by employer contributions  
16 that reimburses an employee, spouse, or dependents, or a combination thereof,  
17 for medical care expenses incurred by the employee, spouse, dependents, or a  
18 combination thereof, up to a maximum coverage amount set by the employer  
19 for a given coverage period, and that is established pursuant to 26 U.S.C.  
20 §§ 105–106 and applicable guidance from the Internal Revenue Service.

1           (3) “Health savings account” or “HSA” has the same meaning as in  
2           26 U.S.C. § 223(d)(1).

3           (b) Any entity administering one or more HRAs, HSAs, ~~or~~ FSAs, ~~or~~  
4           **similar tax-advantaged accounts for health-related expenses,** or a  
5           combination of these, in this State ~~is providing financial services to Vermont~~  
6           **residents and** is subject to the jurisdiction of the Commissioner of Financial  
7           Regulation pursuant to 8 V.S.A. § 10 and all other applicable provisions.

8           (c) The Commissioner of Financial Regulation shall adopt rules pursuant to  
9           3 V.S.A. chapter 25 to license and regulate, to the extent permitted under  
10           federal law, entities administering or proposing to administer one or more  
11           HRAs, HSAs, ~~or~~ FSAs, ~~or~~ **similar tax-advantaged accounts for health-**  
12           **related expenses,** or a combination of these, in this State, ~~in order to protect~~  
13           **Vermont consumers and employers and to help ensure that funds are**  
14           **disbursed appropriately.** The rules ~~may~~ **shall** include:

- 15           (1) annual licensure or registration filing requirements; and
- 16           (2) such requirements and qualifications for such entities as the  
17           Commissioner determines are appropriate, which may include:
- 18           (A) bonding, surplus, reserves, or a combination thereof;
- 19           (B) information security and confidentiality; and
- 20           (C) examination and enforcement.

1        (d) Following the adoption of rules pursuant to subsection (c) of this  
2        section, an entity making an initial application for a license or registration to  
3        administer HRAs, HSAs, ~~or~~ FSAs, **or similar tax-advantaged accounts for**  
4        **health-related expenses**, or a combination of these, in this State shall pay to  
5        the Commissioner a nonrefundable fee of \$600.00 for examining,  
6        investigating, and processing the application. Each such entity shall also pay a  
7        renewal fee of \$600.00 on or before December 31 every three years following  
8        initial licensure.

9        **(e) This section shall not apply to an employer that self-administers**  
10       **one or more tax-advantaged accounts on behalf of its own employees.**

11       Sec. 2. RULEMAKING; REPORT

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

17       Sec. 3. EFFECTIVE DATE

18       This act shall take effect on passage, provided that the Department of  
19       Financial Regulation shall adopt its final rule on or before September 1, 2020  
20       regulating entities that administer HRAs, HSAs, ~~or~~ FSAs, **or similar tax-**  
21       **advantaged accounts for health-related expenses, or a combination of these.**

1           **and that after passage the title of the bill be amended to read: “An act**  
2           **relating to regulating entities that administer tax-advantaged accounts for**  
3           **health-related expenses”**

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10           (Committee vote: \_\_\_\_\_)

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Representative \_\_\_\_\_

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FOR THE COMMITTEE