

State Corporation Commission

2001 Fiscal Impact Statement

1. **Bill Number** HB2042

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Enrolled

2. **Patron** Rust

3. **Committee** Passed Both Houses

4. **Title** Health insurance; assessment for utilization review.

5. **Summary/Purpose:** Clarifies that only companies subject to the statutory external appeal program for adverse health decisions are subject to an assessment to fund appeals.

6. **Fiscal Impact Estimates** are Unavailable. See item 8.

7. **Budget amendment necessary:** No

8. **Fiscal implications:** When § 38.2-5903 was enacted, all accident and sickness insurance carriers were subject to the assessment to fund the external appeals program, even though a covered person would only be eligible for an external review of an adverse underwriting decision by his/her insurance carrier if the insurance carrier was a managed care health insurance plan (MCHIP). In 1999, the Bureau of Insurance collected \$732,261 from all insurers writing accident and sickness insurance. If the assessment had been limited only to those insurance carriers operating MCHIPS, the Bureau would have collected \$609,664, a decrease of \$122,597 or 16.74%. The Bureau is permitted by statute to assess a maximum of .015% from insurers to fund the external appeals program, and the funds are paid into the special fund for the maintenance of the Bureau. However, since the Bureau only accepted 32 appeals in 2000 and does not plan to collect this assessment in 2001 or in any year in which the Bureau does not believe the assessment is warranted given expenditures in support of the external appeals program, the Bureau of Insurance is unable to estimate the future fiscal impact of limiting the assessment in the manner provided for in this bill.

9. **Specific agency or political subdivisions affected:** State Corporation Commission Bureau of Insurance

10. **Technical amendment necessary:** No

11. **Other comments:** The Bureau of Insurance assisted Delegate Rust in the drafting of House Bill 2042.

Date: February 26, 2001

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cc: Secretary of Health and Human Resources

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