State Corporation Commission
2001 Fiscal Impact Statement

1. Bill Number HB2228

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. Patron Hall

3. Committee Passed Both Houses

4. Title Long-term care insurance; rating practices disclosure.

5. Summary/Purpose: Requires the State Corporation Commission's standards for provisions of long-term care insurance policies to address the disclosure of rating practices to consumers. The Joint Commission on Health Care and the Bureau of Insurance are required to (i) monitor the implementation of the revisions to the National Association of Insurance Commissioner's (NAIC's) Long-Term Care Insurance Model Regulation dealing with Initial Filing Requirements and Premium Rate Schedule Increases, (ii) document the experience of other states that have implemented the revised regulation, and (iii) recommend whether Virginia should adopt the revised regulation. An interim report on the progress of this study is to be made to the 2002 Virginia General Assembly, and a final report is to be made in 2003.

6. No Fiscal Impact

7. Budget amendment necessary: No

8. Fiscal implications: None

9. Specific agency or political subdivisions affected: State Corporation Commission Bureau of Insurance and the Joint Commission on Health Care

10. Technical amendment necessary: No

11. Other comments: The State Corporation Commission Bureau of Insurance staff worked with the staff of the Joint Commission on Health Care (JCHC) and the AARP, the organization that asked Delegate Hall to introduce the bill. The bill adds language at Lines 19 and 20 requiring that the State Corporation Commission's long-term care regulation address the "disclosure of rating practices to consumers." This will require an amendment to the Commission's existing LTC (Long Term Care) regulation. The second enactment provision in the bill reflects the compromise that was reached with the AARP. Instead of requiring Virginia to adopt the new and untested rating methodology for LTC contracts, which was recently adopted by the National Association of Insurance Commissioners (NAIC), the bill directs the Commission and JCHC to monitor the experiences of other states that have adopted or will adopt the NAIC's new rating methodology. Findings are then to be documented and reported to the Committee on Corporations, Insurance and Banking and the Committee on Commerce and Labor. An interim report is due in the 2002 Session, and a final report is due in the 2003 Session. The Bureau of Insurance and the JCHC support this bill. Implementing the provisions of this bill will have only a negligible fiscal impact on the Bureau.

Date: February 27, 2001
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