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SENATE BILL NO. 919

Offered January 8, 2003

Prefiled January 7, 2003

A BILL to amend the Code of Virginia by adding in Chapter 12 of Title 2.2 a section numbered 2.2-1208, relating to participation by self-employed persons in the health insurance plan for state employees.

Patron—Byrne

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That the Code of Virginia is amended by adding a section numbered 2.2-1208 as follows:**

§ 2.2-1208. Health insurance program for self-employed persons.

A. As used in this section, "self-employed person" means an individual whose only employment is as a sole proprietor and who is not eligible to purchase or otherwise obtain health insurance coverage under (i) the Virginia Medicaid Program, Title XVIII of the Social Security Act, known as Medicare, or any other similar coverage under a state or federal governmental plan; (ii) a COBRA continuation provision, as defined in § 38.2-3431; (iii) a group health insurance policy, contract or plan that is provided or administered by the employer of the individual's spouse or other member of the individual's immediate family; or (iv) other health insurance program under which eligibility for coverage is based upon the employment of the individual or the individual's spouse or other member of the individual's immediate family.

B. The Department shall establish a program authorizing self-employed persons and their dependents to participate as enrollees in the health insurance plan for state employees established by the Department pursuant to § 2.2-2818. The Department:

1. Shall adopt regulations regarding the establishment of such a program, including, but not limited to, financial reserves and the administration of the program; and

2. May engage the services of other professional advisors and vendors as necessary for the prudent administration of the program.

C. Participation in such program shall be subject to regulations promulgated by the Department.

D. The program established by the Department shall:

1. Satisfy the requirements of the Virginia Public Procurement Act (§ 2.2-4300 et seq.);

2. Provide participating self-employed persons with the same coverages as is provided in subsection B of § 2.2-2818;

3. Require that participating self-employed persons pay such premiums and other payments as is determined will cover the full cost of their participation in the health insurance plan for state employees established pursuant to § 2.2-2818, including but not limited to any additional administrative costs attributed to their participation, as determined by the Department, to the end that the costs of the program established by this section shall have no material effect upon the costs of the state employees' health insurance plan, to both the Commonwealth and to participants in such plan, that would exist in the absence of the program established by this section; and

4. Require that self-employed persons who participate in the program be combined with other individuals participating in the state employees' health insurance plan for purposes of actuarial analyses, risk ratings, and other determinations affecting the premiums and other costs, in order that participating self-employed persons have all benefits of participating in a group that is comprised of all other participating self-employed persons as well as the other individuals participating in the state employees' health insurance plan.

E. All premiums and other payments paid by participating self-employed persons shall be deposited in the employee health insurance fund as provided in subsection C of § 2.2-2818.

F. The Department shall collect all premiums from the enrolled self-employed persons.

G. The terms, conditions, and costs of health insurance coverage purchased hereunder shall be subject to administration by the Department. The Department may increase the cost of coverage consistent with its administration of health insurance plans under § 2.2-2818 or § 2.2-1204.

H. Applications to purchase health insurance coverage under this section shall be made on an application form prescribed by the Department. In addition to his application, the applicant shall provide any necessary supporting documents requested by the Department.

I. Health insurance coverage purchased under this section shall automatically terminate upon the occurrence of any of the following: (i) the enrollee's death, (ii) alternate health insurance coverage

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59 *being obtained by the enrollee, (iii) the cessation of the enrollee's status as a self-employed person, or*
60 *(iv) any applicable condition outlined in the policies and procedures of the Department governing its*
61 *administration of health insurance plans pursuant to § 2.2-2818.*