

**State Corporation Commission
2006 Fiscal Impact Statement**

1. Bill Number HB657

House of Origin Introduced Substitute Engrossed

Second House In Committee Substitute Enrolled

2. Patron Plum

3. Committee Commerce and Labor

4. Title Health insurance; mandated coverage for habilitative services for children.

5. Summary/Purpose: Mandates coverage for habilitative services for children. Applies to insurers proposing to issue individual or group accident and sickness insurance policies providing hospital, medical or surgical, or major medical coverage on an expense-incurred basis; corporations providing individual or group accident and sickness subscription contracts; and health maintenance organizations (HMOs) providing a health care plan for health care services shall provide coverage under any such policy, contract, or plan delivered, issued for delivery or renewed in the Commonwealth on and after July 1, 2005 for medically necessary habilitative services for persons younger than 19 years. Defines "habilitative services" as "health and social services directed toward increasing and maintaining the physical, intellectual, emotional, and social functioning of developmentally delayed individuals, in the areas of self-care, sensory and motor development, interpersonal skills, communication, and socialization; and reduction or elimination of maladaptive behavior. "Habilitative services" does not include services for which coverage is provided or required to be provided pursuant to §38.2-3418-5. "Medically necessary habilitative services" is defined as habilitative services that are certified by the Department of Mental Health, Mental Retardation and Substance Abuse Services as designed to help an individual attain or retain the capability to function age appropriately within the individual's environment and shall include habilitative services that enhance functional ability without effecting a cure. The bill states that an insurer, corporation, or health maintenance organization subject to this section shall not be required to provide coverage for medically necessary habilitative services to the extent that such services are provided through the individual's school; however, this exclusion from coverage shall not alter or diminish the obligation of an insurer, corporation, or HMO to provide coverage for medically necessary habilitative services that are not provided through the individual's school. Each insurer, corporation, or health maintenance organization subject to this section shall provide notice annually to its insured, and enrollees about the coverage required under this section. The bill does not apply to short-term travel, accident only, limited or specified disease policies, or individual conversion policies or contracts, nor to policies designed for issuance to persons eligible for Medicare or similar coverage under state or federal governmental plans.

6. No Fiscal Impact on the State Corporation Commission

7. Budget amendment necessary: No

8. Fiscal implications: None on the State Corporation Commission

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

10. Technical amendment necessary: Yes, the reference to “2005” on line 20 should be “2006.”

11. Other comments: House Bill 657 mandates coverage for habilitative services for children under the age of 19. The patron introduced a very similar bill last year (House Bill 2077), but he asked that the Special Advisory Commission on Mandated Health Insurance Benefits (Advisory Commission) not review the bill because of changes that were needed in the language. House Bill 657 expands upon the definitional language that was contained in 2005 House Bill 2077. The Advisory Commission did consider a similar coverage requirement (although it was one which would have mandated an offer of coverage rather than a mandated inclusion of coverage) when it reviewed 2005 Senate Bill 1049. The Advisory Commission voted against enactment of Senate Bill 1049 with a directive for the General Assembly to establish a committee to construct a more narrowly defined bill.

Date: 01/16/06 / V. Tompkins

cc: Secretary of Health and Human Resources