

State Corporation Commission 2007 Fiscal Impact Statement

1. Bill Number SB1336

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Ruff

3. Committee Commerce and Labor

4. Title Health insurance; accurate utilization data.

5. Summary/Purpose: Requires health insurance issuers offering health insurance coverage to an employer before a bid is submitted for a new policy, contract or plan, or for renewal or setting premiums, rates or charges to provide the employer with correct data on the utilization of benefits and services by covered individuals. An issuer that does not provide correct data to an employer before the employer buys coverage from the issuer is liable for 25% of the annual premium for the issuer's first failure and 50% of the annual premium for a second and any other failure. The bill provides that the State Corporation Commission (SCC) has the power to examine and investigate the affairs of any issuer to determine if the issuer violated the subsection.

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: The State Corporation Commission Bureau of Insurance advised the patron of the current requirement for claims experience reporting to employers in § 38.2-3540.1 of the Code of Virginia. The current provision in Section 38.2-3540.1 is applicable only to large employers and only when and if the employers request the experience information, and no monetary penalties are imposed on the insurer who fails to provide the information. To avoid a conflict between the provisions of SB 1336 and § 38.2-3540.1, Bureau staff advised the patron that he consider an amendment in the nature of a substitute to SB 1336 that would extend an experience reporting requirement to all employers, (large and small), and would mandate experience reporting as opposed to requiring reports upon request of the employer. Further, by amending § 38.2-3540.1, the problem of defining the term "correct data" is no longer problematic since § 38.2-3540.1 clearly enumerates the types of information to be reported.

11. Other comments: None

Date: 01/28/07 / V. Tompkins

cc: Secretary of Health and Human Resources