

State Corporation Commission 2008 Fiscal Impact Statement

1. Bill Number: HB504

House of Origin	<u>X</u>	Introduced	<u> </u>	Substitute	<u> </u>	Engrossed
Second House	<u> </u>	In Committee	<u> </u>	Substitute	<u> </u>	Enrolled

2. Patron: Hamilton

3. Committee: Commerce and Labor

4. Title: Health insurance; exclusive provider policies or contracts.

5. Summary/Purpose: Health insurance; exclusive provider policies or contracts. Permits insurers to offer individuals or group exclusive provider policies (EPPs) or contracts under certain conditions. The term “exclusive provider policies or contracts” is defined as meaning “insurance policies or contracts that condition the payment of benefits on the use of preferred providers.” Insurers may offer EPPs if they provide or offer a benefit for preferred and non-preferred providers in accordance with subsection D of §38.2-3407 to a group contract holder, and if an enrollee may individually, at his option, accept or reject the benefit. For its group enrollment application, every insurer must make available or arrange with an insurance carrier to make available to prospective group contract holders and prospective enrollees (before initial enrollment and in advance of reenrollment) a notice approved by the State Corporation Commission (as required by §38.2-316) that completely and accurately explains to the contract holder and prospective enrollees the benefit for preferred and non-preferred providers and allows each enrollee to elect the option. There is to be no cost to the group contract holder. The notice must be the same as the notice filed under §38.2-316 for initial enrollment and may be made available in any reasonable manner. The insurer shall not restrict payment for covered services provided by nonpreferred providers as required under Article 1 of §38.2-137.1 (provisions in the Health Title relating to managed care health insurance plans). The insurer must also provide out-of-network emergency services at the minimum level required by the preferred provider policy or contract.

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: No

11. Other comments: If an EPO product is offered to an employer group, the health insurance plan would also offer the employer a PPO product. Each employee would then have the right to elect either the PPO or the EPO product. The Bureau of Insurance would review and approve a

notice identifying the differences between the two options and permitting an enrollee to make an election.

House Bill 504 is supported by the Virginia Association of Health Plans, and it is based on legislation recently enacted in Maryland.

Date: 01/18 /08 / V. Tompkins

cc: Secretary of Commerce and Trade
Secretary of Health and Human Resources