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HOUSE BILL NO. 648

Offered January 9, 2008

Prefiled January 8, 2008

A *BILL to amend the Code of Virginia by adding a section numbered 38.2-3507.1, relating to individual accident and sickness insurance policies paid from health reimbursement arrangements.*

Patron—Hogan

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 38.2-3507.1 as follows:

§ 38.2-3507.1. Payment from health reimbursement arrangements.

A. *As used in this section:*

"Health reimbursement arrangement" means a flexible spending arrangement, as defined in § 106(c)(2) of the Internal Revenue Code of 1986, that: (i) is paid for solely by the employer and not provided pursuant to salary reduction election or otherwise under a cafeteria plan qualifying under § 125 of the Internal Revenue Code of 1986; (ii) reimburses the employee for medical care expenses incurred by the employee and the employee's spouse and dependents; and (iii) provides reimbursements up to a maximum dollar amount for a coverage period and any unused portion of the maximum dollar amount at the end of a coverage period is carried forward to increase the maximum reimbursement amount in subsequent coverage periods.

"Qualified medical expense" means a medical expense as defined in § 213(d) of the Internal Revenue Code of 1986.

B. *An insurer shall not cancel, refuse to issue, deliver, or issue for delivery an individual accident and sickness insurance policy to any person in the Commonwealth for the reason that the policyowner's employer contributes to the payment of all or a portion of the premium therefor, if the payment of the premium constitutes a qualified medical expense and the payment is made through a health reimbursement arrangement.*

INTRODUCED

HB648