

State Corporation Commission 2009 Fiscal Impact Statement

1. Bill Number: SB920

House of Origin ☐ Introduced ☐ Substitute ☒ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Reynolds

3. Committee: Passed Senate

4. Title: Health insurance; policies to protect the uninsured.

5. Summary: Requires the offer of Policies to Protect the Uninsured (PTU). Sections 38.2-4214 and 38.2-4319 are revised to make the article applicable to health insurance plans and health maintenance organizations (HMOs). Section 38.2-3419.3 provides that a health insurer can offer a PTU policy to small employers in Virginia. If offered to a small employer, the PTU policy must be issued to all small employers; employers cannot be excluded because of their type of business. Insurers must determine the coverage in the policy and provide the State Corporation Commission (SCC) with a description of the policy as required by § 38.2-3419.5 A. The elements of coverage can only be changed annually. PTU policies can only be offered to small employers in Virginia. Section 38.2-3419.4 provides that if an insurer offers a PTU, it must be offered to all the PTU-eligible individuals employed by the small employers and their dependents and late enrollees; no eligible individuals or dependents can be excluded or charged additional premium due to their health status. Health insurers may establish minimum levels or amounts of employer contribution to premium or requirements for a minimum number of employees that must enroll relative to a percentage or number of eligible employees. Section 38.2-3419.5 requires all PTU policy forms to be approved by the SCC. Additional coverage and coverage greater than the PTU coverage can be provided by a rider or separate policy or plan. The insurer must submit a description of the PTU. All forms, including applications, enrollment forms, policies, subscription contracts, certificates, evidences of coverage, riders, amendments, endorsements, and disclosure forms must be filed for SCC approval according to Section 38.2-316. Riders and separate policies or plans providing greater benefits than the PTU can require a premium for the additional benefits. The premiums for additional coverage must be determined in the same manner as the PTU policy. The SCC can disapprove a PTU policy that does not meet the requirements of the bill after providing notice and an opportunity for a hearing. Health insurers offering plans pursuant to Article 2.1 of Chapter 34 of Title 38.2 shall report to the Bureau of Insurance on a quarterly basis, the number of small employers and PTU eligible individuals using PTS policies, the medical benefits covered and the costs of premiums and out-of-pocket expenses. The Bureau of Insurance shall compile this information and evaluate the impact of such plans in reports to be submitted to the Governor and General Assembly on August 1, 2010 and August 1, 2011.

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: None

11. Other comments: Senate Bill 920 is similar to House Bill 2024, which has also includes language requiring the Bureau of Insurance to compile information and evaluate the impact for a report to be submitted by December 1, 2011. SB 920 calls for quarterly reporting to the Bureau of Insurance, which will be more onerous for health plans reporting the information and more difficult for the Bureau of Insurance to administer.

Date: 2/09/09 V. Tompkins

cc: Secretary of Commerce and Trade

Secretary of Health and Human Resources