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HOUSE JOINT RESOLUTION NO. 35

Offered January 13, 2010

Prefiled January 5, 2010

Establishing a joint subcommittee on Healthcare Reform to recommend reforms to the Commonwealth's private health insurance system. Report.

Patrons—O'Bannon; Senators: Martin and Vogel

Referred to Committee on Rules

WHEREAS, according to the Henry J. Kaiser Family Foundation's 2009 annual survey of Employee Health Benefits, the cumulative increase in U.S. employer-sponsored health insurance premiums rose by 131 percent, or four times the rate of inflation and wage increases, during the last decade; and

WHEREAS, while many small businesses want to offer health insurance to their employees in order to attract and retain a qualified workforce, the rising cost of such benefit is making it increasingly difficult for small businesses to provide it; and

WHEREAS, the Commonwealth has attempted to address these issues in several ways, including requiring that health insurers offer to small employers the essential and standard health plan, authorizing pooling arrangements among small employers, recognizing multiple employer welfare associations, encouraging the use of health savings accounts, allowing health insurers to offer group health insurance policies to small employers that do not include all of the mandated health insurance benefits, and developing a uniform health insurance application form for use by employers and carriers; and

WHEREAS, recent reports have raised concerns that the market for private health insurance in many states, including Virginia, is dominated by a few firms; and

WHEREAS, the level of concentration within the health insurance market is compounded by the fact that dominant insurers have developed large provider panels, and new entrants into the market are unable to compete effectively without such panels; and

WHEREAS, agreements between insurers and providers often provide for the steep discounting of health care services, to the end that the actual cost of a medical service varies depending on whether, and by whom, the patient is insured, and is not generally known to the patient until receiving an explanation of benefits form; and

WHEREAS, the complexity and opacity of the system by which providers are paid for health care services makes it difficult for consumers to be aware of the system-wide costs of health care services and products; and

WHEREAS, the absence of proper price signals may lead consumers to make less than optimal decisions when using or purchasing health care services and products, including insurance; and

WHEREAS, health insurers and providers may change the terms of their agreements in a manner that increases the actual cost of an insured procedure, which changes may be made without disclosure either to the employer that purchased the health insurance policy or the covered individual; and

WHEREAS, the current system, under which an individual may be covered by an employer-provided group health insurance policy or health care plan offered by a health maintenance organization (HMO) that provides for the payment of medical costs at levels set by agreement between the insurer or HMO and the provider, has in many instances insulated the individual from the economic consequences of health care decisions; and

WHEREAS, mechanisms such as health savings accounts and exchanges whereby individuals use employer-provided pre-tax payments to purchase health insurance products may offer a way of making individuals more attuned to the financial repercussions of their health care decisions, and thereby of easing a major driver of health insurance inflation; and

WHEREAS, the 111th Congress is currently considering a plethora of health care reform proposals, many of which may affect the Commonwealth's health insurance system; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee on Healthcare Reform be established to recommend reforms to the Commonwealth's private health insurance system. The joint subcommittee shall identify strategies to reduce the rate of increases in the cost of health insurance and related products through mechanisms that allow Virginians to exercise greater control over decisions involving expenditures on health insurance and other aspects of health care. The joint subcommittee shall have a total membership of 17 members that shall consist of 10 legislative members, five nonlegislative citizen members, and two ex officio members. Members shall be appointed as follows: six members of the House of Delegates to be appointed by the Speaker of the House of Delegates in accordance with the principles of proportional representation contained in the

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59 Rules of the House of Delegates; four members of the Senate to be appointed by the Senate Committee
60 on Rules; three nonlegislative citizen members, of whom one shall have experience in the health
61 insurance industry, one shall have experience as a provider of health services, and one shall have
62 experience as an employer that provides health insurance benefits to his employees, to be appointed by
63 the Speaker of the House of Delegates; and two nonlegislative citizen members, of whom one shall be
64 an insurance agent with experience with health insurance and one shall have experience as an advocate
65 for health care consumers or patients, to be appointed by the Senate Committee on Rules. The Secretary
66 of Health and Human Resources or his designee and the Commissioner of Insurance or his designee
67 shall serve ex officio with voting privileges. Nonlegislative citizen members of the joint subcommittee
68 shall be citizens of the Commonwealth of Virginia. Unless otherwise approved in writing by the
69 chairman of the joint subcommittee and the respective Clerk, nonlegislative citizen members shall only
70 be reimbursed for travel originating and ending within the Commonwealth of Virginia for the purpose of
71 attending meetings. If a companion joint resolution of the other chamber is agreed to, written
72 authorization of both Clerks shall be required. The joint subcommittee shall elect a chairman and vice
73 chairman from among its membership, who shall be members of the General Assembly.

74 In conducting its study, the joint subcommittee shall examine (i) the need to improve health
75 insurance literacy, in order to increase public knowledge and awareness of aspects of health insurance
76 that pertain to the availability and costs of health care services; (ii) the feasibility of implementing a
77 health insurance exchange, or connector, that would serve as a portal to facilitate purchases of health
78 insurance by eligible persons using, in addition to other funds available for such purpose, pre-tax money
79 contributed by such persons' employers; (iii) measures to increase transparency within the health care
80 and health insurance systems, in order to provide consumers with information relating to the actual costs
81 paid by consumers, insurers, and others for covered goods and services, in a manner that will enable
82 consumers to make informed decisions; (iv) options to increase the level of competition and decrease
83 market concentration among health insurers in the Commonwealth, including actions that will facilitate
84 the establishment by new entrants in the health insurance market of robust networks of health care
85 providers; (v) the advisability of requiring health insurers and providers to disclose, to state regulators,
86 covered individuals, or both, changes to provider agreements that result in increased costs in the delivery
87 of health care services; (vi) ways to increase the use by Virginia's health insurers of uniform forms for
88 the filing of claims and other purposes, in order to reduce the administrative costs borne by health care
89 providers; (vii) the rate by which Virginia's health insurers are implementing recent legislative initiatives,
90 including House Bill 2024 and Senate Bill 1411 of the 2009 Session of the General Assembly, that
91 sought to make health insurance more affordable for small employers and more accessible to their
92 employees; (viii) the desirability of amending Virginia's health insurance laws in order to address any
93 federal health care reform legislation enacted by the 111th Session of Congress; and (ix) the potential
94 benefits and detriments of the Commonwealth's opting out of including a federally sponsored health plan
95 in a health insurance exchange or market, if federal legislation provides states with such an option.

96 Administrative staff support shall be provided by the Office of the Clerk of the House of Delegates.
97 Legal, research, policy analysis, and other services as requested by the joint subcommittee shall be
98 provided by the Division of Legislative Services. Technical assistance shall be provided by the State
99 Corporation Commission's Bureau of Insurance and the Virginia Department of Health. All agencies of
100 the Commonwealth shall provide assistance to the joint subcommittee for this study, upon request.

101 The joint subcommittee shall be limited to four meetings for the 2010 interim, and the direct costs of
102 this study shall not exceed \$12,000 without approval as set out in this resolution. Approval for
103 unbudgeted nonmember-related expenses shall require the written authorization of the chairman of the
104 joint subcommittee and the respective Clerk. If a companion joint resolution of the other chamber is
105 agreed to, written authorization of both Clerks shall be required.

106 No recommendation of the joint subcommittee shall be adopted if a majority of the House members
107 or a majority of the Senate members appointed to the joint subcommittee (i) vote against the
108 recommendation and (ii) vote for the recommendation to fail notwithstanding the majority vote of the
109 joint subcommittee.

110 The joint subcommittee shall complete its meetings by November 30, 2010, and the chairman shall
111 submit to the Division of Legislative Automated Systems an executive summary of its findings and
112 recommendations no later than the first day of the 2011 Regular Session of the General Assembly. The
113 executive summary shall state whether the joint subcommittee intends to submit to the General
114 Assembly and the Governor a report of its findings and recommendations for publication as a House or
115 Senate document. The executive summary and the report shall be submitted as provided in the
116 procedures of the Division of Legislative Automated Systems for the processing of legislative documents
117 and reports and shall be posted on the General Assembly's website.

118 Implementation of this resolution is subject to subsequent approval and certification by the Joint
119 Rules Committee. The Committee may approve or disapprove expenditures for this study, extend or
120 delay the period for the conduct of the study, or authorize additional meetings during the 2010 interim.