

State Corporation Commission 2011 Fiscal Impact Statement

1. Bill Number: HB1958

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Rust

3. Committee: Commerce and Labor

4. Title: Health insurance; market reforms.

- 5. Summary:** Conforms Virginia's health insurance laws to corresponding provisions of the federal Patient Protection and Affordable Care Act (PPACA) that became effective on September 23, 2010: . (i) requiring employers that offer dependent coverage to provide coverage for dependents of employees who do not have access to other employer-based health care coverage until they reach age 26; (ii) limiting the ability of insurers to impose annual and lifetime dollar limits on essential benefits; (iii) limiting rescission of health insurance policies to cases of fraud or misrepresentation; (iv) requiring nongrandfathered plans to cover preventive health and wellness services without out-of-pocket cost-sharing for the insured; (v) requiring nongrandfathered plans to permit covered persons to designate any participating primary health care professional who is available to accept the covered person and prohibits such plans from requiring authorization or referral for obstetrical or gynecological care by in-network health care professionals specializing in obstetrics or gynecology; (vi) prohibiting nongrandfathered plans from imposing preexisting condition exclusions for enrollees who are under 19 years of age; and (vii) prohibiting nongrandfathered plans from charging higher cost-sharing for emergency services that are obtained out of a plan's network or from requiring preauthorization for emergency services. The bill revises the definition of "complaint", changes "adverse decision" to "adverse determination" and revises the definition, changes "final adverse decision" to "final adverse determination" and revises the definition and adds a definition of "rescission" in the Utilization Review Standards Article (UR Article). Section 32.1-137.15:1 is added to the UR article to provide notice requirements the MCHIP must meet in the event there is a rescission of coverage. The retention period for complaint records is increased to six years from five (§ 32.1-137.16). The following language is added in several sections: The provisions of this section shall not apply in any instance in which the provisions of this section are inconsistent or in conflict with a provision of Article 6 (§ 38.2-3438 et seq.) of Chapter 34.

The new Article 6, "Federal Market Reforms," contains definitions of the terms: child, covered benefits or benefits, emergency medical condition, emergency services, ERISA, essential health benefits, facility, grandfathered plan, group health insurance coverage, group health plan, health benefit plan, health care professional, health care provider or provider, health care services, health carrier, health maintenance organization, individual health

insurance coverage, individual market, managed care plan, medical care network, open enrollment, participating health care professionals, PPACA, preexisting condition exclusion, primary care health care professional, rescission, and stabilize. The provisions of Title I of PPACA apply to any health carrier that delivers or issues for delivery individual or group health in Virginia.

- 6. Budget amendment necessary:** No
- 7. Fiscal Impact Estimates:** No Fiscal Impact on the State Corporation Commission
- 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:** House Bill 1958 was introduced by its patron at the request of the Virginia Health Reform Initiative (VHRI), established by the Governor to work on issues related to the enactment of the federal Patient Protection and Affordable Care Act. Bureau of Insurance staff worked with the VHRI in drafting this legislation.

Date: 01/30/11/V. Tompkins

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