

Department of Planning and Budget 2014 Fiscal Impact Statement

1. **Bill Number:** HB338

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

2. **Patron:** Berg, M. J.

3. **Committee:** Commerce and Labor

4. **Title:** Health benefit exchange; plan management functions.

5. **Summary:** Prohibits the State Corporation Commission from contracting or entering into a memorandum of understanding to carry out its plan management functions with the U.S. Department of Health and Human Services or any other federal agency. The measure provides that the Commission's duty to certify plans for participation in the health benefit exchange is subject to the provision of federal funding sufficient to pay the operating expenses necessary to carry out the plan management functions.

6. **Budget Amendment Necessary:** See Item 8.

7. **Fiscal Impact Estimates:** Fiscal impact is indeterminate. See Item 8.

8. **Fiscal Implications:**

State Corporation Commission (SCC):

This bill allows the SCC to perform plan management functions related to the federal health benefit exchange provided that federal funding is sufficient to pay for the operating expenses necessary to carry out such plan management functions. Item 476 of the 2013 Appropriation Act passed by the General Assembly includes a general fund appropriation of \$1,200,000 in FY 2014. The Governor's budget introduced at the 2014 General Assembly includes in Item 476 a general fund appropriation of \$1,200,133 in FY 2015 and \$1,200,446 in FY 2016. These funds for the three years are used by the SCC's Bureau of Insurance to pay for plan management functions performed for the federal health benefits exchange as authorized by the 2013 General Assembly. The budget requires that the SCC reimburse the general fund only for those funds which have been reimbursed by the federal Department of Health and Human Services to the SCC for performance of plan management responsibilities for the federal health benefits exchange.

Virginia Department of Health (VDH):

A budget amendment to provide general fund support in the amount of \$96,150 in FY 2015 and \$93,900 in FY 2016 is included within the Governor's introduced 2014-2016 budget to support the plan management activities of the Virginia Department of Health (VDH). If federal funding is available to VDH, it shall reimburse the general fund for these costs. This amount is expected to be sufficient to cover the costs of VDH's plan management activities required by current statute and this bill is not expected to affect the agency's required plan management duties or costs. Therefore, funding included within the Governor's introduced budget will be sufficient to fund VDH's role in plan management. If this bill becomes law and this budget amendment is included in the Appropriation Act, VDH would use the funding to continue its plan management activities. In the absence of this budget amendment within the Appropriation Act, VDH would still be required to perform these activities; however, it would not have funding for the costs.

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission;
Virginia Department of Health.

10. Technical Amendment Necessary: Yes.

11. Other Comments: The Governor's introduced budget appropriates general fund dollars to both the SCC and VDH for purposes of plan management for the federal health exchange. The intent of this bill is to prohibit the SCC and VDH from expending any funds other than federal funds to perform plan management activities. The provisions included in the introduced budget would supersede this bill and have to be removed for the bill to have its intended effect.

Date: 1/23/2014

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