

15104595D

SENATE BILL NO. 1405

AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the Senate Committee on Commerce and Labor
on February 2, 2015)

(Patron Prior to Substitute—Senators Favola and Saslaw)

A *BILL to amend and reenact § 38.2-4229.2 of the Code of Virginia, relating to health services plans; effects of actions by other states.*

Be it enacted by the General Assembly of Virginia:

1. That § 38.2-4229.2 of the Code of Virginia is amended and reenacted as follows:

§ 38.2-4229.2. Hearings and investigations on effect of other state's law.

A. If another state enacts a law *or takes any other regulatory action* that requires a health services plan operating in the Commonwealth to provide a program or benefits for the residents of the other state *or to distribute or reduce its surplus on grounds that it is excessive in whole or in part*, the Commission ~~may~~ *shall* conduct a proceeding to review and evaluate the impact of the law *or action* on the health services plan. The Commission shall direct the Commissioner to conduct an examination of the health service plan in accordance with Article 4 (§ 38.2-1317 et seq.) of Chapter 13 and report its findings to the Commission, including the impact on (i) surplus; (ii) premium rates for residents of the Commonwealth covered by policies issued or delivered either in the Commonwealth or in any other state; and (iii) solvency.

B. Based on the findings of the Commissioner, the Commission shall determine whether the impact on the health services plan is harmful to the interests of residents of the Commonwealth covered by policies issued or delivered either in the Commonwealth or in any other state.

C. If the Commission determines the program or benefits for the residents of another state ~~have~~ *or the surplus distribution or reduction has* an impact on the health services plan that is harmful to the interests of residents of the Commonwealth covered by policies issued or delivered either in the Commonwealth or in any other state, the Commission shall issue an appropriate order to protect such residents of the Commonwealth. The order may include a:

1. A prohibition on the health services plan subsidizing the program or benefits for the residents of another state through:

~~1. a.~~ Premiums charged or otherwise allocable to residents of the Commonwealth covered by policies issued or delivered either in the Commonwealth or in any other state; or

~~2. b.~~ The use of any earned surplus attributable to residents of the Commonwealth covered by policies issued or delivered either in the Commonwealth or in any other state;

2. A prohibition on the health services plan's distributing or reducing its surplus for the benefit of residents of another state; or

3. Any other action the Commission finds necessary to protect the interests of the residents of the Commonwealth.

The determination of premiums charged or otherwise allocable to residents of the Commonwealth and the determination of surplus attributable to residents of the Commonwealth in each case covered by policies issued or delivered either in the Commonwealth or in any other state shall be based upon the number of residents in the Commonwealth compared with the number of residents in other states covered by the policies of the health services plan.

D. No health services plan shall distribute or reduce its surplus pursuant to a law or regulatory action the impact of which is subject to a proceeding under subsection A except with the approval of the Commission after the examination required by this section.