

State Corporation Commission 2017 Fiscal Impact Statement

1. **Bill Number:** SB1326

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

2. **Patron:** Carrico

3. **Committee:** Commerce and Labor

4. **Title:** Medicare supplement policies for individuals under age 65.

5. **Summary:** Medicare supplement policies for individuals under age 65. Requires insurers issuing Medicare supplement policies in the Commonwealth to offer the opportunity of enrolling in a Medicare supplement policy to any individual who resides in the Commonwealth, is enrolled in Medicare Part B, and is eligible for Medicare by reason of disability not to include individuals with end-stage renal disease. The provisions of the measure are applicable to health plans and health maintenance organizations.

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:** The State Corporation Commission Bureau of Insurance offers the following technical amendments on the bill:

Line 16: The Bureau suggests revising to include the types of entities subject to this provision as referenced by the sweep-in provisions in this bill:

“A. An insurer, health service plan, or health maintenance organization issuing ...”

Line 37: The term “creditable coverage” is included on lines 33-34, but it is not clear what this term means. We suggest referring to the definition for this term in § 38.2-3431 as is done in this bill for the definition of “group health plan.”

“E. For purposes of this section, “creditable coverage” and “group health plan” ~~have~~ has the same meanings ascribed to the terms in § 38.2-3431.”

11. **Other comments:** Currently, only one carrier writes Medicare Supplement coverage for individuals under age 65 and disabled and in a restricted service area of the Commonwealth.

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Legislation which would have required insurers offering Medicare supplement policies to offer policies to individuals under age 65 and disabled was considered by the 2015 General Assembly. Senate Bill 760, which failed to pass, was referred to Health Insurance Reform Commission (HIRC) for review. The HIRC asked the State Corporation Commission Bureau of Insurance (Bureau) to survey the 32 insurers offering Medicare Supplement policies in Virginia to persons age 65 or older to determine the effect of such legislation on their willingness to continue offering such policies and remain involved in the Medicare Supplement market if legislation were enacted that required them to also offer Medicare Supplement policies to eligible persons under age 65. The 30 carriers that responded to the survey indicated that they would stay in the market, and write insurance for the under age 65 and disabled population, but at costs estimated from one and one half to five times higher than for individuals aged 65 or greater. The HIRC shared its findings with the patron of SB 760 and took no further action on the measure.

In the 2016 Session, Senate Bill 696, also introduced by Senator Deeds, was carried over to the 2017 Session; that bill is nearly identical to Senate Bill 1326. There was also House Bill 837, which included coverage for individuals with end-stage renal disease, which was stricken from the docket of House Commerce and Labor.

Senate Bill 1351 is identical to Senate Bill 1326.

Date: 01/20/17/V. Tompkins