

State Corporation Commission

2018 Fiscal Impact Statement

1. Bill Number: SB934

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

2. Patron: Dunnavant

3. Committee: Commerce and Labor

4. Title: Benefits consortium.

5. Summary: Authorizes an association organized as a nonstock corporation whose members are employers conducting business in the Commonwealth to sponsor a trust. The measure authorizes the trust, called a benefits consortium, to sell benefits plans to its members. To be eligible to sponsor a plan, the association is required to have been actively in existence for 10 years, have at least five members, have been formed for purposes other than obtaining or providing health benefits, and operate as a nonprofit entity. The benefits plans may provide medical prescription drug, dental, and vision coverage for the employees of members and the sponsoring association and their dependents. The benefits may be self-funded or purchased from an insurer. The benefits consortium will be a multiple employer welfare arrangement subject to the provisions of the federal Employee Retirement Income Security Act of 1974. The measure exempts the benefits consortium from state taxation and insurance regulations.

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: The State Corporation Commission Bureau of Insurance advised the patron of Senate Bill 934 to consider that the federal Department of Labor has disseminated revised federal rules under Title I of the Employee Retirement Income Security Act (ERISA) that would broaden the criteria for determining when employers may join together in an employer group or association. The proposed rules, when finalized, will clarify the federal regulatory framework for association health plans and multiple employer welfare arrangements (MEWAs).

Date: 01/27/18/V. Tompkins