State Corporation Commission
2018 Fiscal Impact Statement

1. **Bill Number:** SB964

   House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed

   Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. **Patron:** Sturtevant

3. **Committee:** Passed Both Houses

4. **Title:** Health insurance; catastrophic health plans.

5. **Summary:** Permits health carriers to offer catastrophic plans in the individual market to all individuals. A catastrophic plan is a high-deductible health care plan that provides essential health benefits and coverage for at least three primary care visits per policy year. Under the federal Affordable Care Act, catastrophic plans satisfy requirements that health benefit plans provide minimum levels of coverage only if they cover individuals who are under 30 years of age or who qualify for a hardship exemption or affordability exemption. The measure requires the Commissioner of Insurance to apply to the federal government for a state innovation waiver allowing the implementation of the provision. The provision will become effective 30 days after the Commissioner notifies the Governor and Chairs of the House Committee on Appropriations and Commerce and Labor that the request has been approved.

6. **Budget amendment necessary:** No

7. **Fiscal Impact Estimates:** The costs to carry out the provisions of Senate Bill 964 are not available. See Item 8 below.

8. **Fiscal Implications:** The State Corporation Commission has not previously overseen or administered a government program of this type. Additional resources will be necessary for performance of the functions associated with the program if the state innovation waiver is approved. Further analysis will be needed to fully understand fiscal impacts of Senate Bill 964 and identification of sufficient funding to administer these requirements.

   Specifically, the 1332 waiver application process requires funding to cover costs related to completion of the application, including (i) expenditures associated with public hearings; (ii) an actuarial analysis required to support the state's conclusion that the waiver complies with the coverage, comprehensiveness, and affordability requirements in each year of the waiver; (iii) an economic analysis supporting the state's conclusion that the waiver will not increase the federal deficit over a 5-10 year period; (iv) actuarial and economic analysis to compare the coverage, comprehensiveness, affordability, and net Federal spending and revenues under the waiver to those absent the waiver for each year of the waiver; and (v) a deficit analysis providing yearly changes in the federal deficit due to the waiver including a

description of all costs associated with the program. The state must also propose a plan for quarterly and/or annual reporting demonstrating compliance with the scope of coverage, affordability, comprehensiveness, and deficit requirements.

Other states which have prepared waiver applications had costs exceeding $250,000 to obtain the necessary actuarial and economic services necessary complete the application. Since no funding mechanism is provided in Senate Bill 964, the Commission would need to perform additional analysis to identify sufficient funding to provide the resources provided by this application process and for each additional year in which the waiver is in effect.

9. **Specific agency or political subdivisions affected:** State Corporation Commission Bureau of Insurance

10. **Technical amendment necessary:** None

11. **Other comments:** The House substitute to Senate Bill 964 eliminated the requirement that required health carriers to offer catastrophic plans in the individual market in every locality in the Commonwealth in which it offers a health benefit plan. In the substitute, health carriers may offer catastrophic plans in the individual market and may offer such plans to all individuals. The House substitute also revised the language so that the Commissioner of Insurance will now prepare the application for the state innovation waiver.

Date: 03/13/18/V. Tompkins