State Corporation Commission
2019 Fiscal Impact Statement

1. **Bill Number:** HB2260

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

2. **Patron:** Robinson

3. **Committee:** Commerce and Labor

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

5. **Summary:** Authorizes health carriers to offer catastrophic plans on the individual market and to offer such plans to all individuals. The measure provides that a catastrophic plan is deemed to provide an essential health benefits package and to meet certain requirements of federal law. 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 certain persons that the request has been approved.

6. **Budget amendment necessary:** Yes

7. **Fiscal Impact Estimates:** The costs to carry out the provisions of House Bill 2260 are not available; however, $250,000 is being requested to cover the initial minimum estimated cost of preparing and submitting the 1322 waiver application. See Item 8 below.

7a. Expenditure Impact:

Fiscal Year	*Dollars*	*Positions*	*Fund*
2019			
2020	$250,000	0	NGF
2021	$250,000	0	NGF
2022	$250,000	0	NGF
2023	$250,000	0	NGF
2024	$250,000	0	NGF
2025	$250,000	0	NGF

8. **Fiscal Implications:** The State Corporation Commission has not previously overseen or administered a government program of this type. Further analysis will be needed to fully understand the fiscal implications of House Bill 2260 and to identify 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 House Bill 2260, 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:** In 2018, five of seven Virginia health carriers offered catastrophic plans to under age 30 individuals in all of the carriers' service areas of the Commonwealth. For 2019, the number is five of nine carriers. Published data from the Centers for Medicare and Medicaid Services regarding open enrollment for Virginia notes that 400,015 selected plans in the individual market exchange for 2018. Of those individuals, 4,965 or 1.24% selected catastrophic coverage. The data for 2017 was also very similar.

    Senate Bill 1027 is identical to House Bill 2260. The bills are almost identical to the 2018 Senate Bill 964, which passed both houses, but was vetoed by the Governor.

    This bill is now in Senate Commerce and Labor.

Date: 01/29/19/V. Tompkins