

# State Corporation Commission

## 2019 Fiscal Impact Statement

**1. Bill Number:** HB2443

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

**2. Patron:**    Wilt

**3. Committee:** Senate Floor

**4. Title:**    Group health benefit plans; bona fide associations.

**5. Summary:** Authorizes a trust constitutes a benefits consortium and is authorized to sell health benefits plans to members of a sponsoring association, which is a nonstock corporation that, among other conditions, has at least five members, has been formed for purposes other than obtaining or providing health benefits, and operates as a nonprofit entity. The bill provides that the trust is subject to the federal Employee Retirement Income Security Act of 1974 and U.S. Department of Labor regulations applicable to multiple employer welfare arrangements and to the authority of the U.S. Department of Labor to enforce such law and regulations. The bill (i) prohibits a self-funded multiple employer welfare arrangement (MEWA) from issuing health benefit plans in the Commonwealth until it has obtained a license from the State Corporation Commission; (ii) provides that health benefit plans issued by a self-funded MEWA shall be subject to taxes and maintenance assessments levied upon insurance companies; (iii) provides that health benefit plans issued by a self-funded MEWA are subject to protections of and other provisions of the Virginia Life, Accident and Sickness Insurance Guaranty Association; (iv) makes domestic self-funded MEWAs subject to all financial and solvency requirements imposed by provisions of Title 38.2 on domestic insurers unless domestic self-funded MEWAs are otherwise specifically exempted; and (v) provides that health benefit plans issued by a self-funded MEWA shall be exempt from all statutory requirements relating to insurance premium rates, policy forms, and policy cancellation and nonrenewal. The bill provides that the sponsoring association shall not, by virtue of its sponsorship of the benefits consortium or any benefits plan, be subject to the insurance laws of the Commonwealth or the tax levied on insurance companies pursuant to § 58.1-2501. The measure removes the requirements that an association to which a group accident and sickness insurance policy is issued have at the outset a minimum of 100 persons, have been organized and maintained in good faith for purposes other than that of obtaining insurance, and have been in active existence for at least five years. The measure also replaces references to "bona fide association," as used in provisions applicable to health care plans in the small employer market, with the term "sponsoring association."

**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 raised concerns for the patron's consideration on House Bill 2443, many of which have been addressed in substitute versions.

Senate Bill 1689 is identical to the February 11, 2019 (Senate) amendment in the nature of a substitute to House Bill 2443.

**Date:** 02/14/19/V. Tompkins