State Corporation Commission
2020 Fiscal Impact Statement

1. **Bill Number:** SB216

   House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

   Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron:** Suetterlein

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 Patient Protection and Affordable Care Act (P.L. 111-148), as amended, catastrophic plans satisfy requirements that health benefit plans provide minimum levels of coverage only if they cover individuals who are younger than 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 allowing catastrophic plans to be offered on the individual market to all individuals. The provision will become effective 30 days after the Commissioner notifies certain persons that the request has been approved.

6. **Budget Amendment Necessary**: Unknown at this time. See Item #8 below.

7. **Fiscal Impact Estimates:** The costs to carry out the provisions of Senate Bill 216 are not available without additional information made available to the State Corporation Commission. See Item #8 below.

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 Senate Bill 216 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.

9. Specific agency or political subdivisions affected: State Corporation Commission and the Commission's Bureau of Insurance

10. Technical amendment necessary: None

11. Other comments: In 2020, ten Virginia health carriers are offering coverage in the individual health insurance market. Of those, five carriers are offering catastrophic plans to under age 30 individuals. Published data from the Centers for Medicare and Medicaid Services regarding open enrollment for Virginia in 2019 notes that 328,020 selected plans in the individual market exchange for 2018. Of those individuals, 2,247 or 0.68% selected catastrophic coverage. The data for 2018 was 4,965 (1.25%).

Seven of nine active carriers in the individual market are offering an expanded bronze plan in 2020, but the value for these plans is at the higher end of the 56-65% spectrum. None of these plans have an actuarial value (AV) in the lower end of the spectrum, but 6 of 9 active carriers offer a bronze plan with a value around 59-60%. Further research would be necessary to determine whether carriers are offering the expanded bronze plans at the higher end of the spectrum because it is not feasible to offer the lower end of the spectrum plans given other requirements; because the demand is for the higher actuarial value plans and not the lower AV plans; or for some other reason.

Date: 1/13/20/V. Tompkins