

State Corporation Commission

2020 Fiscal Impact Statement

1. Bill Number: SB732

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

2. Patron: McClellan

3. Committee: See Substitute 2.

4. Title: Virginia Health Benefit Exchange.

5. Summary: Creates the Virginia Health Benefit Exchange, which will be established and operated by a new division within the State Corporation Commission (SCC). The Exchange shall make qualified plans available to qualified individuals and qualified employers by July 1, 2023, unless the SCC postpones this date. The measure requires the Department of Taxation to include on the appropriate individual tax return forms a checkoff box or similar mechanism for indicating whether the individual, or spouse in the case of a married taxpayer filing jointly, (i) is an uninsured individual at the time the return is filed and (ii) consents to the Department of Taxation providing the individual's tax information to the Department of Medical Assistance Services for purposes of determining the uninsured individual's or spouse's eligibility for medical assistance. Finally, the measure requires the Secretary of Health and Human Resources to convene a work group that includes representatives from the SCC, the Department of Medical Assistance Services, the Department of Social Services, and the Department of Taxation to develop systems, policies, and practices to leverage state income tax returns to facilitate the enrollment of eligible individuals in insurance affordability programs through the Virginia Health Benefit Exchange established in this measure. The Secretary shall report the work group's recommendations to the Governor and the General Assembly by September 15, 2020.

The bill requires the Virginia Department of Taxation (Taxation) to include on individual income tax returns a checkoff box or similar mechanism for indicating whether the individual or spouse in the case of a married taxpayer filing jointly:

- Is an uninsured individual at the time the return is filed; and
- Consents to the Department providing certain taxpayer information to the Department of Medical Assistance Services ("DMAS") for purposes of determining the uninsured individual's or spouse's eligibility for medical assistance.

Taxation notes that the bill is effective for individual income tax returns filed for Taxable Year 2021.

6. Budget Amendment Necessary: Yes. See Item 8.

7. Fiscal Impact Estimates: Fiscal impact estimates are preliminary. See Item 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2020	\$100,000	0	GF
2021			
2022			
2023			
2024			
2025			
2026			

- 8. Fiscal Implications:** The Virginia Health Benefit Exchange will be created as a division of the State Corporation Commission and will be funded by assessments on health insurers. The Commission may contract with appropriate entities to perform some of the administrative functions of the Exchange.

Estimated expenses for costs associated with the Exchange were based on a high-level analysis of the budget of the estimated budget of the Pennsylvania State Based Exchange. Virginia's Exchange would use the federal platform for its first year and transition to its own website and platform in the second year of operation for functions including shopping, enrollment and eligibility determinations.

Revenue estimates are based on the 2018 market enrollment and premiums, adjusted for anticipated enrollment changes. The revenue estimate assumes that the Exchange will receive .5% of premiums assessed of health insurers in its first year while the Exchange makes use of the federal platform, and 3% of premiums in its second year when the Exchange transitions to its own website and platform.

- 9. Specific Agency or Political Subdivisions Affected:** State Corporation Commission

- 10. Technical Amendment Necessary:** See Item 11.

- 11. Other Comments:** The State Corporation Commission has offered substantive and technical comments to stakeholders revising the January 27, 2020 amendment in the nature of a substitute to Senate Bill 732 S 1 (See the February 4, 2020 Senate Bill 732 S2).

Five bills creating an Exchange were introduced in the 2020 Session, including Senate Bill 732. Delegate Sickles has stricken House Bill 1018. There is also his House Bill 1428, which is identical to Senate Bill 732. There are also two other similar bills, Senate Bill 226 and Senate Bill 598, which were incorporated into Senate Bill 732.

The Virginia Department of Taxation offers the following comments for Item #11:

Current Law

Unless an exception applies, the Tax Commissioner, commissioner of the revenue, treasurer, and their staff may not divulge any information acquired in the performance of their duties with respect to the transactions, property, including personal property, income or business of any person, firm or corporation (“confidential tax information”). It is also unlawful for any person to disseminate any confidential tax document which he knows or has reason to know is a confidential tax document. Any person who violates these provisions is guilty of a Class 1 misdemeanor.

Proposed Legislation

This bill would require the Department of Taxation to include on individual income tax returns a checkoff box or similar mechanism for indicating whether the individual or spouse in the case of a married taxpayer filing jointly:

- Is an uninsured individual at the time the return is filed; and
- Consents to the Department providing certain taxpayer information to the Department of Medical Assistance Services (“DMAS”) for purposes of determining the uninsured individual's or spouse's eligibility for medical assistance.

If the individual, or spouse in the case of a married taxpayer filing jointly, voluntarily consents, Taxation would be authorized to disclose the individual's or spouse's:

- Name;
- Address;
- Social Security number;
- Number and type of personal exemptions;
- Tax-filing status; and
- Adjusted gross income.

Taxation would only be authorized to disclose such information to DMAS upon entering a written agreement with the agency regarding the disclosure of taxpayer information.

The bill would require the Secretary of Health and Human Resources to convene a work group that includes representatives from the State Corporation Commission, DMAS, the Department of Social Services, and the Department to develop systems, policies, and

practices to leverage state income tax returns to facilitate the enrollment of eligible individuals in insurance affordability programs through the Virginia Health Benefit Exchange established by this bill. The Secretary would be required to report the work group's recommendations to the Governor and the General Assembly by September 15, 2020.

This bill would be effective for individual income tax returns filed for Taxable Year 2021.

This Substitute, S1 (Senate Committee on Commerce and Labor) was superseded by Substitute S2 (Senate Committee on Finance and Appropriations) which passed on February 7.

Date: 2/13/20/V.Tompkins