

Department of Planning and Budget

2020 Special Session I - Fiscal Impact Statement

1. **Bill Number:** HB 5083

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

2. **Patron:** Samirah

3. **Committee:** Health, Welfare and Institutions

4. **Title:** Health care coverage; qualified health plans.

5. **Summary:** The proposed legislation requires the Department of Medical Assistance Services (DMAS), in collaboration with the State Corporation Commission (SCC), to contract with health carriers to offer qualified health plans (QHP) on the health benefit exchange beginning January 1, 2022. The bill provides that such qualified health plans are designed to reduce deductibles, make more services available before the deductible is met, provide predictable cost sharing, maximize subsidies, limit adverse premium impacts, reduce barriers to maintaining and improving health, encourage choice based on value, and limit adverse premium impacts and increases in premium rates. The bill requires that any health carrier contracted with the Department to offer such qualified health plans (i) is licensed and in good standing to offer health insurance coverage in the Commonwealth and (ii) offers at least one qualified health plan at a silver level of coverage and one qualified health plan at a gold level of coverage. The bill provides that any fee-for-service rates for providers and facilities under any such qualified health plan cannot exceed the Medicare rates for the same or similar covered services, and for reimbursement other than fee-for-service, the aggregate amount the qualified health plan pays to providers and facilities cannot exceed the equivalent of the aggregate amount the qualified health plan would have reimbursed providers using fee-for-service Medicare rates.

6. **Budget Amendment Necessary:** Yes

7. **Fiscal Impact Estimates:** Preliminary

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2021	\$449,377	5.0	General
2022	\$798,754	5.0	General
2023	\$798,754	5.0	General
2024	\$798,754	5.0	General
2025	\$798,754	5.0	General
2026	\$798,754	5.0	General

8. **Fiscal Implications:** This bill would require DMAS to contract with health plans to offer QHPs on the health benefit exchange (marketplace) beginning January 1, 2022. DMAS reports that the provisions of the bill would require the department to stand up a new unit of employees with experience in commercial insurance, as the agency does not currently have this expertise in house. The agency further assumes that this new division would consist of a director, senior advisor, and three analyst positions. This unit would be responsible for

implementing the provisions of this bill, which include: 1) overseeing the establishment of the plans; 2) analyzing and monitoring the plans; and, 3) ensuring plans are compliant with state and federal laws. This program does not have any nexus with Medicaid; therefore, it is assumed the program would not be eligible for federal Medicaid dollars and would need to be entirely supported with general fund dollars. The agency assumes the staffing is necessary for at least six months in FY 2021 in order to have the program operational by the January 1, 2022 date. As such, DMAS estimates the total cost of this new unit to be \$449,377 in FY 2021 and \$798,754 each year thereafter. These costs are based on an estimate of \$698,388 for the cost of salary and benefits for the five positions identified, \$100,366 for nonpersonal services and \$50,000 for one-time costs in FY 2021.

The State Corporation Commission did not identify any fiscal impact associated with this legislation.

9. Specific Agency or Political Subdivisions Affected:

Department of Medical Assistance Services
State Corporation Commission Bureau of Insurance

10. Technical Amendment Necessary: The State Corporation Commission Bureau of Insurance suggests (i) that a definition of “Commission” be added to the bill since the bill is amending Title 32.1, not Title 38.2.; and (ii) to add “for coverage” between “exchange” and “beginning” to clarify that 1/1/2022 is the date coverage begins and not the date that contracts must be made.

11. Other Comments: None