

Department of Planning and Budget 2022 Fiscal Impact Statement

1. Bill Number: SB405

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

2. Patron: Barker**3. Committee:** Finance and Appropriations**4. Title:** Health insurance; coverage for prosthetic devices.

5. Summary: The bill requires insurers, corporations, and health maintenance organizations proposing to issue individual or group accident and sickness insurance policies to provide coverage for medically necessary prosthetic devices. The bill prohibits lifetime dollar maximums on prosthetics, unless applied to the aggregate of all items/services covered by a policy, and maintains the prohibition of coinsurance greater than 30% of the carrier's allowable charge for prosthetics. The bill applies to any policy, contract, or plan, including any qualified health plan offered on the Virginia Health Benefits Exchange, delivered, issued, or renewed on or after January 1, 2023. These provisions do not apply to short-term travel, accident only, or disease-specific policies, Medicare contracts, or short-term nonrenewable less than six months duration. The bill repeals existing law providing for the coverage of prosthetic devices and components.

6. Budget Amendment Necessary: Yes, Item 493**7. Fiscal Impact Estimates:****7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2023		
2024	\$557,000	General
2025	\$557,000	General
2026	\$557,000	General
2027	\$557,000	General
2028	\$557,000	General
2029	\$557,000	General

8. Fiscal Implications:

Per information received from the State Corporation Commission (SCC), the Affordable Care Act (ACA) requires all non-grandfathered individual and small-group qualified health plans to cover a core set of healthcare services within ten essential health benefits categories. The ACA

requires states to defray the actuarial cost of any new state-mandated benefit added on or after January 1, 2012 and requires states to make payments to either issuers or beneficiaries to negate increased premiums as a result of the increased benefit.

The SCC estimates the actuarial cost of the new mandated benefit provided for in this legislation is \$557,000, which is the cost of the entire benefit for qualified health plans in the individual and small group markets. This estimate is based on a per member monthly cost of 15.5 cents and approximately 299,000 lives. The SCC would require additional general fund appropriation equal to the actuarial cost in order to meet the defrayment requirements. This payment would be ongoing as long as the benefit is required.

The SCC will pay carriers once per year in January following each benefit year. SB405-E applies to any policy, contract, or plan, including any qualified health plan offered on the Virginia Health Benefits Exchange, delivered, issued, or renewed on or after January 1, 2023. Therefore, the first payment will occur in January 2024.

The Department of Human Resource Management anticipates no fiscal impact.

9. Specific Agency or Political Subdivisions Affected: Department of Human Resource Management, State Corporation Commission

10. Technical Amendment Necessary: No

11. Other Comments: HB925 is similar, but not identical, to SB405. This fiscal impact statement has been revised as of 2/14 to include estimates from the State Corporation Commission which were inadvertently not include in the original version. This impact statement has been revised again as of 2/17 to clarify when the first carrier payment is due.