

State Corporation Commission

2024 Session Fiscal Impact Statement

1. Bill Number: HB591

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

2. Patron: Sickles

3. Committee: Reported from Labor and Commerce and referred to Appropriations

4. Title: Commonwealth Health Reinsurance Program; payment parameters.

5. Summary: Requires the State Corporation Commission, in setting the payment parameters for the upcoming benefits year, to set such payment parameters at levels designed to achieve the premium reduction target established in the general appropriation act or, if such target is not established in the general appropriation act, the premium reduction target of the previous benefit year.

6. Budget amendment necessary: No

7. Fiscal Impact Estimates: Preliminary. See Item 8 below.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2024		
2025		
2026		
2027	\$67 million	General Fund
2028	\$67 million	General Fund
2029	\$67 million	GF
2030		

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2024		
2025		
2026		
2027	\$354.12 million	NGF (Federal Fund)
2028	\$354.12 million	NGF (Federal Fund)
2029	\$354.12 million	NGF (Federal Fund)
2030		

8. Fiscal Implications: As directed by the 2023 Special Session I Amendments to the 2023 Appropriations Act (Item 493), the State Corporation Commission set parameters for the 2024 benefit year to target a health insurance premium reduction of 15%. House Bill 591

would direct the Commission to maintain the 15% target for the three remaining years of the approved waiver, FY 2027, FY 2028 and FY2029, if such target is not established in the general appropriation act.

The Introduced 2024 Appropriation Act (House Bill 30 and Senate Bill 30) includes a general fund appropriation of \$67 million in Fiscal Year 2026 to fund the state's estimated payment obligation for the Commonwealth Health Reinsurance Program (CHRP) for plan year 2024. It also appropriates an estimated \$354.12 million in federal grant funding based on estimated federal savings from reduced premium tax credits. The Bureau of Insurance's contracted actuarial firm developed these program cost estimates in April 2023 based on projections of enrollment in the Virginia Health Benefit Exchange, premium tax credit utilization, and premium rates. Under HB591, the CHRP would continue at the level funded in FY 2026 for FY 2027, FY 2028, and FY 2029.

House Bill 30 contains the following language regarding state general funds for the CHRP, which ensures that the funds are appropriately deposited into the CHRP Special Fund, per the terms and conditions of the federal waiver. Similar language should be included in future appropriations acts regarding future general fund appropriations for the CHRP.

Out of this appropriation, \$25,000,000 the first year and \$67,000,000 the second year from the general fund shall be transferred to the Commonwealth Health Reinsurance Program Special Fund State Corporation Commission, established pursuant to § 38.2-6604, Code of Virginia.

9. Specific agency or political subdivisions affected: State Corporation Commission Bureau of Insurance

10. Technical amendment necessary: No

11. Other comments: 2021 House Bill 2332, also patroned by Delegate Sickles, directed the State Corporation Commission (Commission) to establish, after approval by the federal government of a state innovation waiver request pursuant to § 1332 of the Affordable Care Act, a reinsurance program, known as the Commonwealth Health Reinsurance Program (the Program). The Program is funded through federal funding provided under the state innovation waiver and state general fund appropriations.

Date: 01/21/24/V. Tompkins