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HOUSE BILL NO. 2682

AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the Senate Committee on Education and Health
on February 16, 1997)

(Patron Prior to Substitute—Delegate Brickley)

A BILL to amend the Code of Virginia by adding a Chapter numbered 13 in Title 32.1 consisting of sections numbered 32.1-351, 32.1-352 and 32.1-353, relating to establishing the Virginia Children's Medical Security Insurance Plan; trust fund.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Title 32.1 a chapter numbered 13 consisting of sections numbered 32.1-351, 32.1-352 and 32.1-353 as follows:

CHAPTER 13.

VIRGINIA CHILDREN'S MEDICAL SECURITY INSURANCE PLAN.

§ 32.1-351. Virginia Children's Medical Security Insurance Plan established.

A. The Department of Medical Assistance Services shall develop the Virginia Children's Medical Security Insurance Plan to provide coverage for individuals, up to the age of eighteen, when such individuals (i) are in families with incomes at 200 percent of the poverty level or less and (ii) are not insured or are underinsured by any policy, plan or contract providing health benefits.

B. The Department of Medical Assistance Services shall develop a proposal for this program by December 1, 1997. In developing this proposal, the Department shall consider, but need not limit its proposal to: (i) the services recommended by the American Academy of Pediatrics in its Child Health Insurance Reform Plan (CHIRP); (ii) the provision of services through a network of participating providers; (iii) the development of public/private partnerships; (iv) a schedule for providing universal coverage for uninsured and underinsured children in families with incomes at 200 percent of the poverty level or less, to be phased in over a period of five years; and (v) alternatives for soliciting or requiring contributions from employers. The Department shall also include in its proposal criteria for determining "underinsured."

C. Funding for this program shall be provided through the Virginia Children's Medical Security Insurance Plan Trust Fund.

D. The Board of Medical Assistance Services may promulgate such regulations pursuant to the Administrative Process Act (§ 9-6.14:1 et seq.) as may be necessary for the implementation of the program consistent with this chapter.

§ 32.1-352. Virginia Children's Medical Security Insurance Plan Trust Fund.

A. For the purpose of providing primary and preventive care to certain individuals up to the age of eighteen, there is hereby created in the state treasury a special nonreverting fund to be known as the Virginia Children's Medical Security Insurance Plan Trust Fund, hereinafter referred to as the "Fund." The Fund shall be established on the books of the Comptroller and shall be administered by the Director of the Department of Medical Assistance Services. The Fund shall consist of the premium differential, any employer contributions which may be solicited or received by the Department of Medical Assistance Services, and all grants, donations, gifts, and bequests from any source, public or private. As used in this section, "premium differential" means an amount equal to the difference between (i) 0.75 percent of the direct gross subscriber fee income derived from eligible contracts and (ii) the amount of license tax revenue generated pursuant to subdivision A 4 of § 58.1-2501 with respect to eligible contracts. As used in this section, "eligible contract" means any subscription contract for any kind of plan classified and defined in § 38.2-4201 or § 38.2-4501 issued other than to (i) an individual or (ii) a primary small group employer if income from the contract is subject to license tax at the rate of 2.25 percent pursuant to subdivision D of § 38.2-4229.1. The State Corporation Commission shall annually, on or before June 30, calculate the premium differential for the immediately preceding taxable year and notify the Comptroller of the Commonwealth to transfer such amount to the Virginia Children's Medical Security Insurance Plan Trust Fund as established on the books of the Comptroller.

B. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely to support the Virginia Children's Medical Security Insurance Plan, developed by the Department of Medical Assistance Services pursuant to § 32.1-351. No more than five percent of such Fund may be used for administration.

C. The Director of the Department of Medical Assistance Services shall report annually on December 1 to the Governor, the General Assembly, and the Joint Commission on Health Care on the status of the Fund, the number of children served, the costs of such services, and any issues related to the Virginia Children's Medical Security Insurance Plan that may need to be addressed. The first such

60 *report shall, however, consist of the proposal for implementation of the Virginia Children's Medical*
61 *Security Insurance Plan as required by this chapter.*

62 *§ 32.1-353. Rights and Responsibilities.*

63 *This chapter shall not be construed as creating any legally enforceable right or entitlement to*
64 *payment for medical services on the part of any medically indigent person or any right or entitlement to*
65 *participation.*