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SENATE JOINT RESOLUTION NO. 297

Offered January 20, 1997

Directing the Joint Commission on Health Care to establish a task force composed of Joint Commission members and representatives of consumers, providers, businesses and insurers to develop options to enhance the opportunity of Virginia's businesses to offer employees the option of participating in a point-of-service plan without increasing the employer's contribution to health benefits.

Patrons—Walker, Bolling, Gartlan, Lambert, Martin, Schrock and Woods; Delegates: Baker, Brickley, Connally, Diamonstein, Hall, Heilig, Melvin and Morgan

Referred to the Committee on Rules

WHEREAS, managed health care insurance plans have become the dominant form of health insurance across the nation and in the Commonwealth; and

WHEREAS, managed care plans seek to provide quality care and manage the cost of health care by arranging for specific types and amounts of health care services, and by coordinating patients' access to certain providers and health care services; and

WHEREAS, the number of persons enrolled in health maintenance organizations in Virginia has increased significantly in recent years and now totals nearly 1.4 million Virginians; and

WHEREAS, persons enrolled in closed panel health maintenance organizations generally do not receive benefits for services received from providers who are not in the health maintenance organization's provider panel; and

WHEREAS, some provider and consumer advocate groups have expressed concern that patients should be able to choose their own provider when accessing health care, and that the choice of providers available through closed panel health maintenance organizations is not sufficient; and

WHEREAS, point-of-service health insurance plans provide benefits for services received outside of a health maintenance organization's provider panel, albeit at a higher cost or lower level of coverage; and

WHEREAS, some provider and consumer groups have advocated that health maintenance organizations should be required to offer a point-of-service plan in addition to their traditional closed panel benefits plan as a means of enhancing patients' choice of providers, and that the choice of selecting a point-of-service plan should be made by the employee and not the employer; and

WHEREAS, these groups further advocate that any additional costs of offering a point-of-service plan should be borne by those enrollees who choose the point-of-service plan and not the health maintenance organization or the employer; and

WHEREAS, point-of-service plans are among the fastest growing type of managed care health insurance coverage in the United States; and

WHEREAS, representatives of the business and insurance communities believe that closed panel health maintenance organizations provide the most cost-effective health insurance coverage for employees; and

WHEREAS, House Bill 1393 of the 1996 Session of the General Assembly directed the Joint Commission on Health Care to study the need to require a point-of-service feature which would allow an enrollee the option to receive health care services outside a health maintenance organization's provider panel; and

WHEREAS, the Joint Commission on Health Care found that nearly all health maintenance organizations in Virginia offer point-of-service plans to employer groups, but was not able to determine the degree to which the choice of point-of-service plans is available at the employee level; and

WHEREAS, the Joint Commission heard concerns from the business and insurance communities regarding the various cost implications of such a mandate on small employers, including a concern that, due to adverse selection of risk to the point-of-service plan, actuarially, it would be difficult to isolate fully the additional costs associated with offering a point-of-service plan on those enrollees who select the point-of-service option without incurring higher costs for the employer and the health maintenance organization benefits plan; and

WHEREAS, while the Joint Commission supports enhancing patients' choice of providers, it is concerned about the potential financial impact on employers, particularly small employers, of requiring a point-of-service option at the employee level; and

WHEREAS, pooled purchasing arrangements such as health insurance purchasing cooperatives and alliances allow small employers to band together for the purposes of purchasing health insurance; and

WHEREAS, these arrangements allow small employers to enhance their purchasing power and provide employees with a greater choice of benefit options such as point-of-service plans at lower costs; and

WHEREAS, successful pooled purchasing arrangements exist in other states such as California and Florida where small employers are able to offer their employees a greater selection of benefit plans than would be possible outside of the purchasing arrangement; and

WHEREAS, the Joint Commission determined that further study is needed to resolve certain issues regarding the impact on employers of requiring point-of-service plans be offered to all employees, and to determine if other mechanisms such as pooled purchasing arrangements could enhance consumer choice of providers; now, therefore, be it

RESOLVED by the Senate, the House of Delegates, concurring, That the Joint Commission on Health Care be directed to establish a task force composed of Joint Commission members and representatives of consumers, providers, businesses, and insurers to develop options to enhance the opportunity of Virginia businesses to offer employees the option of participating in a point-of-service plan without increasing the employer's contribution to health benefits. The task force shall study various issues regarding a point-of-service requirement, including, but not limited to: (i) premium differentials and administrative charges of the closed panel HMO and point-of-service plans; (ii) copayments, deductibles and other cost-sharing arrangements; (iii) the comparability of benefit levels between the closed panel HMO and point-of-service plans; (iv) reimbursement of providers both within and outside of an HMO's provider panel; (vi) disclosure of information to patients; (vii) the process or conditions for employees selecting a point-of-service option; and (viii) whether the Employment Retirement Income Security Act (ERISA) or the Health Insurance Portability and Accountability Act of 1996 have any impact on a point-of-service requirement. In conducting its study the task force shall review and consider proposals for addressing the aforementioned issues submitted by the various interested parties.. The study shall include an actuarial analysis of how to isolate the additional cost of a point-of-service option on enrollees and whether such an approach can be implemented without increasing employers' cost of providing health benefits. The task force also shall examine other options for enhancing consumer choice of health benefit plans, including pooled purchasing. The study shall be conducted in cooperation with the Bureau of Insurance. Actuarial work, estimated at $100,000, will be required to complete this study.

The task force shall complete its work and present its findings and recommendations to the Joint Commission on Health Care by October 1, 1997. The Joint Commission on Health Care shall submit its findings and recommendations to the Governor and the 1998 Session of the General Assembly in accordance with the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.