

## HOUSE JOINT RESOLUTION NO. 202

*Directing the Joint Commission on Health Care, in cooperation with the Bureau of Insurance, the Department of Business Assistance, the Virginia Chamber of Commerce, the Virginia Association of Health Maintenance Organizations, the Virginia Hospital and Healthcare Association, and the Department of Personnel and Training, to study various issues regarding pooled purchasing arrangements for health insurance for small employers, community health centers, and free clinics.*

Agreed to by the House of Delegates, March 12, 1998

Agreed to by the Senate, March 10, 1998

WHEREAS, pursuant to Senate Joint Resolution No. 298 (1997), the Joint Commission on Health Care recently completed a comprehensive study of how to reduce the number of uninsured persons in Virginia; and

WHEREAS, a 1996 survey of the insurance status of Virginians found that approximately 13 percent, or 858,000 persons, are uninsured; and

WHEREAS, the percentage of Virginia's uninsured adults who are employed full-time has increased from 41 percent in 1993 to 57 percent in 1996; and

WHEREAS, when purchasing health insurance coverage, small employers generally pay higher administrative costs, have less negotiating power with insurance carriers, often are considered a greater insurance risk, and pay higher premiums than larger employers; and

WHEREAS, because of the difficulties small employers face in purchasing health insurance coverage, the percentage of employees who are uninsured is much greater among small employers than larger employers; and

WHEREAS, there are 42 community health centers and 30 free clinics across the Commonwealth which provide valuable health care services to many of Virginia's uninsured and indigent persons; and

WHEREAS, through the Joint Commission on Health Care's study of the indigent and uninsured, it was determined that the community health centers and free clinics have encountered many of the same difficulties as other small employers in purchasing health insurance coverage for their employees; and

WHEREAS, health insurance purchasing pools enable small employers to "pool" their purchasing power which provides them with many of the same purchasing advantages of larger groups; and

WHEREAS, at least 20 states have enacted laws to establish state-sponsored health insurance purchasing pools or encourage the development of private pools; and

WHEREAS, Virginia's business community has expressed significant interest in pursuing the possible development of a health insurance purchasing pool for small employers; and

WHEREAS, detailed study and analysis is needed to determine more definitively the type of pooled purchasing arrangement that would be of the greatest interest to small employers and the key elements that would need to be included for such an arrangement to be successful in Virginia; and

WHEREAS, pursuant to § 2.1-20.1:02 of the Code of Virginia, the Department of Personnel and Training administers THE LOCAL CHOICE program as an optional health insurance program for local governments, school divisions, constitutional officers, and other governmental entities which can elect to purchase health insurance coverage for their employees through the program; and

WHEREAS, THE LOCAL CHOICE program functions in many respects like a pooled purchasing arrangement and provides many purchasing advantages for small governmental entities; and

WHEREAS, THE LOCAL CHOICE program has been successful since its inception in 1990, is financially strong, and currently provides health insurance to approximately 190 groups and 22,000 eligible employees; and

WHEREAS, additional study of THE LOCAL CHOICE program is needed to determine the advantages and disadvantages of expanding the program to include small employers, community health centers, and free clinics, without causing any adverse impact on the groups currently participating in the program; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Commission on Health Care, in cooperation with the Bureau of Insurance, the Department of Business Assistance, the Virginia Chamber of Commerce, the Virginia Association of Health Maintenance Organizations, the Virginia Hospital and Healthcare Association, and the Department of Personnel and Training be directed to study various issues regarding pooled purchasing arrangements for health insurance for small employers, community health centers, and free clinics. The Joint Commission shall consult with health care consumer advocates in conducting the study. The Joint Commission's study shall include, but not be limited to, (i) evaluating the pooled purchasing arrangements operating in California, Florida, and other states; (ii) assessing the level of interest among Virginia's small employers in participating in a health

insurance purchasing pool; (iii) analyzing the key elements of such a purchasing pool to maximize the number of participating employers; and (iv) identifying health insurance market reforms or other actions necessary to ensure the success of a purchasing pool; and, be it

RESOLVED FURTHER, That, as part of its study, the Joint Commission shall study THE LOCAL CHOICE program and its potential as a model for pooled purchasing of health insurance for small employers, community health centers and free clinics. In conducting this portion of its study, the Joint Commission shall consult with the Department of Personnel and Training, the Department of Business Assistance, the Virginia Chamber of Commerce, the Virginia Manufacturers Association, the Virginia Chapter of the National Federation of Independent Business, the Virginia Primary Care Association and the Virginia Association of Free Clinics. Actuarial work, estimated to cost \$50,000, will be required for the Joint Commission on Health Care to complete the study.

The Joint Commission shall submit its findings and recommendations to the Governor and the 1999 Session of the General Assembly in accordance with the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.