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HOUSE JOINT RESOLUTION NO. 347

Offered January 30, 1998

Establishing a joint subcommittee to study certain nonstock to stock corporate conversions.

Patrons—Weatherholtz, Baker, Deeds, Drake, Grayson, Griffith, Putney, Shuler and Van Yahres

Consent to introduce

Referred to Committee on Rules

WHEREAS, provisions of the Virginia Nonstock Corporation Act apply to certain conversions of not-for-profit organizations; and

WHEREAS, the Act's merger and non-inurement provisions may be in conflict under the circumstances presented by such conversions; and

WHEREAS, pursuant to legislation enacted in the 1996 Session of the General Assembly, Blue Cross and Blue Shield of Virginia, doing business as Trigon, was able to convert to a publicly owned insurance company pursuant to § 38.2-1005.1, which legislation did not reconcile the conflicting provisions of the Virginia Nonstock Corporations Act referenced above; and

WHEREAS, Trigon's conversion was a major initiative to privatize a business enterprise which formerly had operated under special terms and conditions, including preferential insurance premium tax rates granted by the Commonwealth; and

WHEREAS, two years have passed since the General Assembly enacted the legislation described above, and it should now have the opportunity to study the market that has developed in response to such conversion; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be established to review such nonstock to stock conversions. The joint subcommittee shall be composed of 18 members, which shall include nine legislative members and nine nonlegislative members as follows: five members of the House of Delegates, to be appointed by the House Committee on Privileges and Elections; four members of the Senate, to be appointed by the Senate Committee on Privileges and Elections; an economist, an attorney experienced in antitrust law, an actuary experienced in the rating and pricing of health insurance, the owner of a small business which has held a group Trigon policy in the last three years, and a representative from a large business which has held a group Trigon policy in the last three years, to be appointed by the House Committee on Privileges and Elections; and three individuals covered by a Trigon health plan and a representative from the Department of Personnel and Training, to be appointed by the Senate Committee on Privileges and Elections.

The joint subcommittee shall evaluate (i) the impact of such conversions on the citizens of the Commonwealth, including its impact on health care consumers and providers; (ii) the status of the converting organization's market performance; (iii) the impact, if any, of preferential treatment formerly granted by the Commonwealth to the converting not-for-profit organization, and whether such treatment affected free enterprise; and (iv) such other related issues as the joint subcommittee may deem appropriate.

In conducting its study, the joint subcommittee shall consult with, and gather data and information from, Trigon, as well as representatives of the business community, the physician community, the hospital industry, and the insurance industry.

The direct costs of this study shall not exceed \$ 6,450.

The Division of Legislative Services shall provide staff support for the study. Technical assistance shall be provided by State Corporation Commission, the Department of Taxation, and the Department of Personnel and Training. All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon request.

The joint subcommittee shall complete its work in time to submit its findings and recommendations to the Governor and the 1999 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

INTRODUCED

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