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SENATE JOINT RESOLUTION NO. 126

Offered January 26, 1998

Requesting the Joint Commission on Health Care, in cooperation with the Bureau of Insurance, to continue its study on the feasibility of establishing a high risk insurance pool in Virginia.

Patrons—Walker, Bolling, Gartlan, Lambert, Martin, Schrock and Woods; Delegates: Baker, DeBoer, Diamonstein, Hall and Morgan

Referred to the Committee on Rules

WHEREAS, the Joint Commission on Health Care recently completed a study of high risk insurance pools and the feasibility of establishing such a pool in Virginia, pursuant to Senate Joint Resolution No. 337 of the 1997 Session of the General Assembly; and

WHEREAS, high risk pools have been established in 25 states as a means of providing health insurance coverage for small groups and individuals who, because of serious medical conditions, have been unable to purchase health insurance in the marketplace; and

WHEREAS, there are advantages and disadvantages to implementing a high risk pool; and

WHEREAS, "open enrollment" programs are used in 11 states, including Virginia and the District of Columbia, to provide coverage for uninsurable individuals; and

WHEREAS, in Virginia's open enrollment program, Trigon Blue Cross/Blue Shield and Blue Cross and Blue Shield of the National Capital Area function as open enrollment carriers and provide coverage to individuals regardless of health status; and

WHEREAS, Virginia's two open enrollment carriers reported a combined total of approximately 11,300 individuals being covered under the open enrollment program in 1995; and

WHEREAS, the actual number of uninsurable persons covered through the open enrollment program is unknown but is somewhat less than 11,300; and

WHEREAS, the Commonwealth imposes a reduced premium license tax on taxable premiums of open enrollment carriers derived from individual policies to help offset the carriers' underwriting losses incurred as a result of the open enrollment program; and

WHEREAS, the reduced license tax on open enrollment carriers amounted to approximately \$5.2 million in taxable year 1995; and

WHEREAS, the Health Insurance Portability and Accountability Act of 1996 reduces the need for high risk pools or other "safety net" programs in the small group market; and

WHEREAS, a key policy issue regarding the feasibility of implementing a high risk pool in Virginia is whether such an arrangement would provide a better and more cost effective "safety net" for uninsurable person than the current open enrollment program; and

WHEREAS, a thorough analysis of the number and types of persons in Virginia with serious medical conditions is needed to determine how these individuals currently are obtaining coverage, and what premiums they are having to pay for the coverage; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Joint Commission on Health Care, in cooperation with the Bureau of Insurance, be requested to continue its study of the feasibility of establishing a high risk pool in Virginia. The Joint Commission's study shall include, but not be limited to, a more detailed analysis of (i) the problems encountered by high risk individuals in obtaining affordable health insurance coverage; (ii) whether the current open enrollment program, a high risk pool, or other mechanism would best serve the needs of persons with high risk medical needs in terms of costs and benefits; (iii) which type of approach provides the best mechanism for insuring high risk persons in terms of its impact on the health insurance market as a whole; (iv) which type of program provides the Commonwealth with the best approach to insuring high risk individual; and (v) the practicality of administering both an open enrollment program and a high risk pool similar to the programs operating in Colorado. The Joint Commission shall consult with various consumer advocates in conducting the study.

The Joint Commission on Health Care 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.

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