

# VIRGINIA ACTS OF ASSEMBLY -- 1999 SESSION

## CHAPTER 20

*An Act to amend and reenact § 38.2-5802 of the Code of Virginia, relating to insurance; MCHIP; establishment of an MCHIP.*

[S 901]

Approved March 4, 1999

**Be it enacted by the General Assembly of Virginia:**

**1. That § 38.2-5802 of the Code of Virginia is amended and reenacted as follows:**

§ 38.2-5802. Establishment of an MCHIP.

A. A health carrier, when applying for initial licensing under this title and with each request for renewal that is to be effective on or after July 1, 1999, shall describe and categorize generally its transactions and operations in this Commonwealth that influence the cost or level of health care services between the health carrier and one or more providers with respect to the delivery of health care services through its MCHIPs. Descriptions and categorization shall identify generally the arrangements that the health carrier has with providers with respect to the delivery of health care services. Descriptions of incentive arrangements shall include compensation methodology and incentives. The descriptions of incentive arrangements shall not include amounts of compensation and values of incentives. Renewal filings shall clearly identify new matter and material changes of information disclosed in the preceding filing.

B. A health carrier applying to the Department of Health for initial certification of quality assurance shall simultaneously file a copy of its request for certification with the Commission and shall include the list of providers required by § 38.2-5805. Such filings shall be assessed by the Department of Health.

C. In addition to items specified in subsection B, the initial filing under this chapter by a health carrier subject to subsection B of § 38.2-5801 shall include any forms of contracts, including any amendments thereto, made with health care providers enabling the health carrier to provide health care services through its MCHIPs to covered persons. Individual provider contracts and contracts with persons outside this Commonwealth shall not be filed with the Commission unless requested by the Commission or necessary to explain or fully disclose pursuant to subsection D operational changes that are materially at variance with the information currently on file with the Commission. The health carrier shall maintain a complete file of all contracts made with health care providers which shall be subject to examination by the Commission. The contracts shall be retained in the file for a period of at least five years after their expiration. Notwithstanding the provisions of Chapter 21 (§ 2.1-340 et seq.) of Title 2.1 of the Code of Virginia, such contracts shall be confidential and shall not be subject to discovery upon subpoena.

D. No MCHIP shall be operated in a manner that is materially at variance with the information submitted pursuant to this section. Any change in such information which would result in operational changes that are materially at variance with the information currently on file with the Commission shall be subject to the Commission's prior approval. If the Commission fails to act on a notice of material change within thirty days of its filing, the proposed changes shall be deemed approved. A material change in the MCHIP's health care delivery system shall be deemed to result in operational changes that are materially at variance with the information on file with the Commission. The Commission may determine that other changes are material and may require disclosure to secure full and accurate knowledge of the affairs and condition of the health carrier.

E. A health carrier shall give notice to the State Health Commissioner of the filings it makes with the Commission pursuant to this section.

*F. The provisions of this section are applicable generally for all health carriers subject to licensure under this title. The provisions of this section shall be applied specifically as follows: (i) the provisions of subsection A are applicable for each health carrier requesting renewal of a license on or after July 1, 1998, and also for each health carrier applying for initial licensing on or after July 1, 1998; (ii) the provisions of subsection B shall be applied to any health carrier that files an application with the Department of Health for initial certification of quality assurance; (iii) the provisions of subsection C become applicable as soon as a health carrier makes a filing pursuant to this section; (iv) the filing requirements described in subsection D are applicable for all material filed with the Commission pursuant to this section, and shall be applied also when a health carrier proposes material changes to information of the type described in this section which previously had been filed with the Commission pursuant to provisions of Chapter 43 (§ 38.2-4300 et seq.) of this title; and (v) the provisions of subsection E are applicable whenever a health carrier makes a filing pursuant to this section.*