

State Corporation Commission 2008 Fiscal Impact Statement

1. Bill Number: HB1512

House of Origin	<u> X </u>	Introduced	<u> </u>	Substitute	<u> </u>	Engrossed
Second House	<u> </u>	In Committee	<u> </u>	Substitute	<u> </u>	Enrolled

2. Patron: Byron

3. Committee: Commerce and Labor

4. Title: Health care sharing ministries.

5. Summary/Purpose: Creates a new Chapter 63 in Title 38.2 to establish “health care sharing ministries.” Section 38.2-6300 defines “health care sharing ministry” (ministry) as an arrangement among individuals of the same religion, which arrangement is administered by a non-profit organization granted federal income tax exemption pursuant to § 501(c)(3) of the Internal Revenue Code of 1986. The definition also sets forth how the ministry will be administered (e.g. amounts members may contribute, written monthly statements, etc.). Section 38.2-6301 provides that the ministry is not to be considered engaging in the business of insurance and that the provisions of Title 38.2 are not applicable to the ministry.

6. Fiscal Impact Estimates: No Fiscal Impact on the State Corporation Commission

7. Budget amendment necessary: No

8. Fiscal implications: None on the State Corporation Commission

9. Specific agency or political subdivisions affected: State Corporation Commission Bureau of Insurance

10. Technical amendment necessary: No

11. Other comments: The Bureau of Insurance offered the following comments to the patrons of House Bill 1512:

- Lines 23-25 provide that the medical needs of a member can either be made (i) through payments directly from one member to another; or (ii) through a trust. The Bureau suggested that the patrons consider making the trust mandatory to facilitate keeping the business of the health care sharing ministry separate from that of the religious organization which established the trust. The Bureau also suggested that if the trust requirement was mandatory, the annual audit required by line 25 would be more focused, i.e. not include other church activities. The Bureau also suggested that the trust itself be qualified as a 501 (C) (3) entity (in addition to the non-profit organization, which administers the trust).

- The Bureau advised the patrons that House Bill 1512 will apply only to health care cost sharing arrangements offered to residents of the Commonwealth of Virginia. If § 38.2-6300 were to be enacted, its provisions would be non-binding as to other jurisdictions on the issue of whether or not these arrangements constituted the business of insurance within that jurisdiction.

Date: 01/23/08/ V. Tompkins

cc: Secretary of Commerce and Trade
Secretary of Health and Human Resources