

State Corporation Commission 2008 Fiscal Impact Statement

1. Bill Number: HB364

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Purkey

3. Committee: Commerce and Labor

4. Title: **Hospital-Emergency Treatment Reimbursement Fund; established.**

5. Summary/Purpose: Creates the Hospital-Emergency Treatment Reimbursement Fund (Fund), which is a nonreverting fund created in the state treasury. Hospitals providing emergency services that are not paid for are eligible to receive monies from the Fund to cover part of these costs, if they have complied with certain reporting requirements. Monies in the Fund will be provided through a 5% withholding of gross wages of uninsured employees. Section 38.2-6300 sets forth the definitions applicable to Chapter 63 of Title 38.2. Section 38.2-6301 creates the Fund, which shall be established on the books of the Comptroller. This section provides that all monies submitted to the SCC pursuant to § 40.1-29.1 shall be credited to the Fund, and includes provisions regarding the distribution of monies from the Fund and for handling monies remaining in the Fund at the end of each fiscal year. Section 38.2-6302 provides the formula for how monies will be distributed among eligible hospitals. Section 38.2-6303 authorizes the SCC to promulgate rules and regulations to administer Chapter 63.

6. No Fiscal Impact on the State Corporation Commission (see Line 8 as to potential impact on other state agencies.

7. Budget amendment necessary: No

8. Fiscal implications: The State Corporation Commission Bureau of Insurance, which is responsible for the collection of assessments on various regulated entities, could collect, process and distribute monies as required by House Bill 1947 with existing staff. Bureau staff has no information as to the fiscal impact on the Department of Labor and Industry or on employers required to make withholding of employee wages for submission to the SCC.

9. Specific agency or political subdivisions affected: State Corporation Commission Bureau of Insurance, the Department of Labor and Industry, and the Virginia Department of Health

10. Technical amendment necessary: See Line 11.

11. Other comments: The bill is currently assigned to Subcommittee 1 of the House Commerce and Labor Committee. The State Corporation Commission Bureau of

Insurance has contacted the patron regarding questions on the administration of House Bill 364 this year. (The Bureau also contacted the patron last session regarding an identical bill, House Bill 1947 – 2007 Session.) Under this legislation, the SCC receives money from employers deducted from the wages of its uninsured workers to be distributed to hospitals that participate in the Hospital Emergency Treatment Reimbursement Fund. Since the Commission has no regulatory oversight over employers or hospitals, the SCC itself has no means by which to determine whether amounts received or disbursed are correct and compliant. Additional comments:

- In § 38.2-6302 A, the term “unreimbursed emergency health care costs” on Line 75 is not defined in the bill. Without definition, the term could include all unpaid emergency room costs, even those that are less than 30 days overdue or charges in dispute.
- Also in subsection A of § 38.2-6302, there is no specific language in the bill as to whether or not distributions should be made on a fiscal or calendar year basis. Bureau staff suggested that the patron consider specifying due dates, transfer dates and other specific guidance to clarify the collection and distribution process for the Commission.
- Section 38.2-6302 C specifies that the decision of the Commission regarding the allocation of money shall be final and not subject to appeal. Since establishing the allocation is dependent upon information received from the Virginia Department of Health (VDH), and the Commission has no regulatory oversight of hospitals remitting funds, Bureau staff questioned whether the patron may have intended to have an appeals process with VDH referenced.
- Section 40.1-29.1 states that employers must withhold monies from the wages of their uninsured workers and remit the funds to the Commission. House Bill 364, however, does not specify when the monies have to be remitted to the Commission. Bureau staff suggested that language should be added to specify remittance requirements so that employers would not unduly delay remittance of the funds to the Commission.

Date: 01/16 /08 / V. Tompkins

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