

## Department of Planning and Budget 2008 Fiscal Impact Statement

**1. Bill Number** SB578

**House of Origin** ☒ Introduced ☐ Substitute ☐ Engrossed

**Second House** ☐ In Committee ☐ Substitute ☐ Enrolled

**2. Patron** Saslaw

**3. Committee** Commerce and Labor

**4. Title** VirginiaShare Health Insurance Program

**5. Summary/Purpose:** The bill establishes the VirginiaShare Health Insurance Program. This pilot program provides health insurance premium assistance to low-income working individuals to purchase a VirginiaShare Health Insurance policy. The bill also establishes a 13-member VirginiaShare Health Insurance Program board that will promulgate regulations for the program.

The board shall specify the requirements for the certification of VirginiaShare Health Insurance policies. Such requirements shall specify the minimum health benefits the policy must cover along with any cost-sharing requirements. In addition, the board shall determine requirements related to preventative care, maternity services, preexisting conditions, coverage of eligible dependents, the maximum policy year claims threshold, premium discounts for healthy behaviors and other requirements.

The Department of Medical Assistance Services is responsible for administrative support of the board and for administering the VirginiaShare Health Insurance Program. The program provides monthly premium assistance to individuals employed by a small employer with two to 50 employees. An individual is eligible if they are a Virginia citizen with family income at or below 200 percent of the federal poverty level and have not been offered health insurance in the previous six months.

For those individuals that are eligible, the program will pay one-third (up to a maximum of \$75) of the cost of the monthly premium of a VirginiaShare Health Insurance policy. The remaining two-thirds of the cost of the policy shall be split between the individual and their employer. The VirginiaShare Health Insurance program is not an entitlement and its benefits are limited to the funds made available through the appropriation act. If funds are insufficient to provide premium assistance for all eligible individuals then the board shall establish a waiting list.

The bill also provides authority for the State Corporation Commission to adopt regulations to establish and administer standards related to VirginiaShare Health Insurance policies.

The bill contains a second enactment clause authorizing the board to promulgate regulations to implement the bill with 280 days of enactment. In addition, a third enactment clause sets out the initial appointments schedule of the members of the board. Finally, a fourth enactment clause includes a sunset date of July 1, 2011.

**6. Fiscal Impact Estimates are:** Final

**Expenditure Impact:**

<i><b>Fiscal Year</b></i>	<i><b>Dollars</b></i>	<i><b>Positions</b></i>	<i><b>Fund</b></i>
2009	\$2,643,511	2.0	GF
2010	\$5,143,511	2.0	GF
2011	\$5,143,511	2.0	GF
2012	\$0	0.0	GF
2013	\$0	0.0	GF
2014	\$0	0.0	GF

**7. Budget amendment necessary:** No, funding for this program is included in the Governor's introduced budget (HB30/SB30).

**8. Fiscal implications:** The monthly premium assistance paid by the Program shall be equal to one-third of the total monthly premium for an eligible employee enrolled in or insured under a Certified VirginiaShare Health Insurance Policy up to a maximum of \$75 per month. Of the remaining monthly premium amount, at least one-half shall be paid by the insured individual's qualified small employer, and the remaining amount shall be paid by the insured individual. Should the \$75 maximum payment be less than one-third of the total monthly premium, the qualified small employer shall pay at minimum one-third of the monthly premium.

The following table estimates what the proportionate premium shares could be if the total premium requires the State share to be at or above the maximum \$75:

Premium Share		Estimated Premium Amount	Additional Premium if applicable
State	33%	\$75 (maximum)	\$0
Employer	33% (50% of balance minimum)	\$75	Difference if > \$225
Employee	33% (remaining balance)	\$75	
Total	100%	\$225	If > \$225

The majority of the requested funding (\$2,500,000 in FY 2009; and \$5,000,000 in FY 2010) is for the premium assistance that would be paid by the Commonwealth for the target population of uninsured, low-income working adults. The target population is anticipated to be about 5,000 individuals and as such the fiscal impact reflects the estimated level of funding to cover this population. It is anticipated that the program would not become operational until January 1, 2009; as such, there is a smaller amount requested for FY 2009 than FY 2010. No fiscal impact is shown beyond FY 2011 because the bill is set to expire on July 1, 2011.

While it is difficult to predict the actual enrollment each year, this bill establishes the VirginiaShare Health Insurance Program fund and includes a provision that caps the Commonwealth's financial exposure to the amount appropriated for this fund. Another provision will provide that any unspent balances shall remain in the VirginiaShare Health Insurance Program fund and not revert to the general fund. The remaining financial estimate of \$143,511 each year supports two positions at DMAS to administer the program, certify VirginiaShare Health Insurance Program insurance products, and process invoices from insurance carriers to pay the Commonwealth's one-third share of the premium.

**9. Specific agency or political subdivisions affected:** Department of Medical Assistance Services and the State Corporation Commission.

**10. Technical amendment necessary:** None.

**11. Other comments:** HB 593, introduced by Delegate Hamilton, is a companion bill.

**Date:** 1/16/08 / mst

**Document:** G:\GA Sessions\2008 Session\FIS\SB578.Doc

**cc:** Secretary of Health and Human Resources