

State Corporation Commission 2011 Fiscal Impact Statement

1. Bill Number: HB1958

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

2. Patron: Rust

3. Committee: Passed Both Houses

4. Title: Health insurance; market reforms.

5. Summary: Conforms Virginia's health insurance laws to corresponding provisions of the federal Patient Protection and Affordable Care Act (PPACA) that became effective on September 23, 2010. Creates a new Article 6, Federal Market Reforms, in proposed § 38.2-3438, which includes the following reforms: (i) requiring employers that offer dependent coverage to provide coverage for dependents of employees who do not have access to other employer-based health care coverage until they reach age 26; (ii) limiting the ability of insurers to impose annual and lifetime dollar limits on essential benefits; (iii) limiting rescission of health insurance policies to cases of fraud or misrepresentation; (iv) requiring nongrandfathered plans to cover preventive health and wellness services without out-of-pocket cost-sharing for the insured; (v) requiring nongrandfathered plans to permit covered persons to designate any participating primary health care professional who is available to accept the covered person and prohibits such plans from requiring authorization or referral for obstetrical or gynecological care by in-network health care professionals specializing in obstetrics or gynecology; (vi) prohibiting nongrandfathered plans from imposing preexisting condition exclusions for enrollees who are under 19 years of age; and (vii) prohibiting nongrandfathered plans from charging higher cost-sharing for emergency services that are obtained out of a plan's network or from requiring preauthorization for emergency services. This measure expires on July 1, 2014.

6. Budget amendment necessary: No

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

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: House Bill 1958 was introduced by its patron at the request of the Virginia Health Reform Initiative (VHRI), established by the Governor through the auspices of the Secretary of Health & Human Resources, to work on issues related to the enactment of the federal Patient Protection and Affordable Care Act. Bureau of Insurance staff worked with the VHRI in drafting this legislation.

Interested parties worked with the patron and the Secretary of HHR on the amendment in the nature of a substitute to House Bill 1958, which adds the second enactment clause. The substitute version amends many of the definitions contained in proposed Article 6. The substitute also eliminates provisions in the original bill applicable to managed care health insurance plans and utilization review standards and appeals. These provisions removed from House Bill 1958 are now addressed in House Bill 1928, introduced by its patron at the request of the State Corporation Commission Bureau of Insurance. House Bill 1928 now addresses all aspects of the process by which denials of coverage by insurance carriers are reviewed and decided, both internally within an insurance carrier and the independent external appeals process provided for covered persons as the final level of review of an insurance carrier's adverse decision by an independent external review panel. Both House Bills 1928 and 1958 revise existing state law in order to comply with the requirements of the federal Patient Protection and Affordable Care Act.

Date: 02/25/11/V. Tompkins

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