

Department of Planning and Budget 2014 Fiscal Impact Statement

1. Bill Number: SB 477

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

2. Patron: Newman, Stephen D.

3. Committee: Commerce and Labor

4. Title: Noncompliant health benefit plans

5. Summary: The proposed legislation authorizes a health carrier to continue offering, issuing, issuing for delivery, delivering, selling, or renewing any health benefit plan that provides the same coverage, limits, conditions, restrictions, and benefits as a health benefit plan that the State Corporation Commission had approved prior to July 1, 2013. The measure also directs the Secretary of Health and Human Resources (HHR) to obtain from the U.S. Secretary of Health and Human Services a waiver from the requirements of the Patient Protection and Affordable Care Act in order to have all federal funds allocated for navigators in the Commonwealth be paid into the general fund and to allow the Secretary of HHR to establish criteria for, select, and award grants to navigators for the Commonwealth.

6. Budget Amendment Necessary: Yes

7. Fiscal Impact Estimates:

Expenditure Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|-------------|
| 2014 | - | - | - |
| 2015 | \$88,437 | 1.0 | General |
| 2016 | \$88,437 | 1.0 | General |
| 2017 | \$88,437 | 1.0 | General |
| 2018 | \$88,437 | 1.0 | General |
| 2019 | \$88,437 | 1.0 | General |
| 2020 | \$88,437 | 1.0 | General |

8. Fiscal Implications:

Continuation of Health Benefit Plans

The State Corporation Commission (SCC) indicated the provisions of this legislation related to authorizing the continuation of health benefit plans could be implemented without any significant fiscal impact.

Navigator Grants

In federal FY 2013, the Centers for Medicare and Medicaid Services (CMS) dispersed \$54 million in grant funding to establish state “navigator” programs. These state navigators must provide public awareness activities and help consumers gain health insurance coverage. Navigator grant applicants were due in June 2013, with CMS subsequently awarding all available navigator grant funding. Two non-profit entities were awarded \$1.76 million to provide navigator services for Virginians. While there is no grant funding or opportunity currently available; it is assumed that CMS will continue to offer one year navigator grants.

The proposed legislation charges the Secretary of Health and Human Resources with obtaining a federal waiver from the requirements of the Patient Protection and Affordable Care Act. Specifically, this waiver would provide that all federal funding for navigators be paid to the general fund. In addition, the Secretary would have the authority to establish the criteria for, select, and award grants to navigators in the Virginia.

Should future grant funding be made available; it is unclear as to whether CMS has the authority to or would choose to grant a waiver as specified in the bill. Therefore, this statement assumes 1) additional grant funding will be made available; and 2) CMS approves the waiver as provided for in the proposal. Should either of these assumptions prove incorrect, the provisions of the bill cannot be met and there would be no fiscal impact.

The Secretary of Health and Human Resources does not have existing staff or resources related to the provisions of this bill. Therefore, it is assumed that the Secretary of Health and Human Resources would require a new position to obtain the federal waiver and subsequently establish Virginia’s award criteria. Once the state program is established the position would need to review all grant applications, award grants and perform on-going oversight. The estimated cost of one position (salary, benefits, and associated nonpersonal services) is \$88,437. There is no source of nongeneral funds to offset this cost, so general fund support is assumed.

9. Specific Agency or Political Subdivisions Affected:

Secretary of Health and Human Resources
Department of Accounts
State Corporation Commission

10. Technical Amendment Necessary: Yes. The Department of Accounts (DOA) expressed concern with the bill’s requirement that all federal funds be paid into the general fund. Therefore, it is recommended that the bill be amended such that the grant dollars be deposited to the State Treasury and appropriated as a nongeneral fund.

11. Other Comments: None