

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend and reenact § 38.2-4229.2 of the Code of Virginia, relating to health services plans;*
3 *effects of actions by other states.*

4 [S 1405]

5 Approved

6 **Be it enacted by the General Assembly of Virginia:**7 **1. That § 38.2-4229.2 of the Code of Virginia is amended and reenacted as follows:**8 **§ 38.2-4229.2. Hearings and investigations on effect of other state's law.**

9 A. If another state enacts a law *or takes any other regulatory action* that requires a health services
10 plan operating in the Commonwealth to provide a program or benefits for the residents of the other state
11 *or to distribute or reduce its surplus on grounds that it is excessive in whole or in part*, the Commission
12 ~~may~~ shall conduct a proceeding to review and evaluate the impact of the law *or action* on the health
13 services plan. The Commission shall direct the Commissioner to conduct an examination of the health
14 service plan in accordance with Article 4 (§ 38.2-1317 et seq.) of Chapter 13 and report its findings to
15 the Commission, including the impact on (i) surplus; (ii) premium rates for residents of the
16 Commonwealth covered by policies issued or delivered either in the Commonwealth or in any other
17 state; and (iii) solvency.

18 B. Based on the findings of the Commissioner, the Commission shall determine whether the impact
19 on the health services plan is harmful to the interests of residents of the Commonwealth covered by
20 policies issued or delivered either in the Commonwealth or in any other state.

21 C. If the Commission determines the program or benefits for the residents of another state ~~have~~ *or*
22 *the surplus distribution or reduction has* an impact on the health services plan that is harmful to the
23 interests of residents of the Commonwealth covered by policies issued or delivered either in the
24 Commonwealth or in any other state, the Commission shall issue an appropriate order to protect such
25 residents of the Commonwealth. The order may include a:

26 1. A prohibition on the health services plan subsidizing the program or benefits for the residents of
27 another state through:

28 ~~1. a.~~ Premiums charged or otherwise allocable to residents of the Commonwealth covered by policies
29 issued or delivered either in the Commonwealth or in any other state; or

30 ~~2. b.~~ The use of any earned surplus attributable to residents of the Commonwealth covered by
31 policies issued or delivered either in the Commonwealth or in any other state;

32 2. A prohibition on the health services plan's distributing or reducing its surplus for the benefit of
33 residents of another state; or

34 3. Any other action the Commission finds necessary to protect the interests of the residents of the
35 Commonwealth.

36 The determination of premiums charged or otherwise allocable to residents of the Commonwealth
37 and the determination of surplus attributable to residents of the Commonwealth in each case covered by
38 policies issued or delivered either in the Commonwealth or in any other state shall be based upon the
39 number of residents in the Commonwealth compared with the number of residents in other states
40 covered by the policies of the health services plan.

41 D. No health services plan shall distribute or reduce its surplus pursuant to a law or regulatory
42 action the impact of which is subject to a proceeding under subsection A except with the approval of the
43 Commission after the examination required by this section.

44 **2. That an emergency exists and this act is in force from its passage.**

ENROLLED

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