

State Corporation Commission

2015 Fiscal Impact Statement

1. Bill Number: SB714

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

2. Patron: Stanley

3. Committee: Commerce and Labor

4. Title: Private health insurance exchanges; registration and operation in the Commonwealth.

5. Summary: Private health insurance exchanges. Provides that one or more private entities may establish private health insurance exchanges in the large group market within the Commonwealth. The measure requires exchanges to be registered with and regulated by the State Corporation Commission. Participating employers may elect to purchase health benefit plans for their eligible employees and their dependents from a participating health carrier. Alternatively, a participating employer may authorize its eligible employees to purchase a health benefit plan directly from a participating health carrier using funds provided by the employer, and the employee may use the employee's own funds to supplement the level of coverage that the employer's contribution would cover. A SHOP exchange operating in Virginia under the federal Patient Protection and Affordable Care Act would be exempt from the requirements established by this measure.

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

10. Technical Amendment Necessary: Under Senate Bill 714, private health insurance exchanges are treated as risk bearing entities and are subject to stringent financial solvency requirements. However, these exchanges appear to function more like insurance brokers than insurance companies. Therefore, it may be more appropriate to require that these private exchanges be subject to the same or similar premium handling requirements as those to which brokers are subject.

11. Other Comments: Exchanges created pursuant to Senate Bill 714 are smaller than the federal health exchange known as the Marketplace that is currently operating in Virginia; they are private and limited to voluntary employer groups. Unlike the federal Marketplace, no subsidies or tax credits are available to employees or employers securing insurance through private exchanges. The bill imposes numerous regulatory requirements for private health insurance exchanges that do not currently apply to state or federal exchanges currently operating and created pursuant to the Affordable Care Act (ACA).

The State Corporation Commission would be able to administer the provisions of Senate Bill 714.

Senate Bill 714 is identical to Senate Bill 5009, introduced by Senator Stanley in the 2014 Special Session, but it was left in Senate Commerce and Labor.

Date: 01/23/15/V. Tompkins

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