

State Corporation Commission

2016 Fiscal Impact Statement

1. **Bill Number:** HB1251

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

2. **Patron:** Leftwich

3. **Committee:** Commerce and Labor

4. **Title:** Health insurance; assignment of benefits.

5. **Summary:** Health insurance; assignment of benefits. Adds a new section 38.2-3407.13 to Chapter 34 in Title 38.2, which prohibits an insurer from refusing to accept or make reimbursement pursuant to an assignment of benefits made by an insured to a health care provider or hospital. The bill also amends the sweep-in provisions at §§ 38.2-4214 (Health Services Plans), 38.2-4319 (Health Maintenance Organizations) and 38.2-4509 (Dental or Optometric Services Plans).

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:** Yes. See Item 11.

11. **Other comments:** The State Corporation Commission Bureau of Insurance offered the following comments to the patron of House Bill 1251:

A statute numbered § 38.2-3407.13 actually exists within the Code today. The existing statute addresses similar requirements relating to assignments of benefits, albeit more limited in scope to dentists and oral surgeons. It may be more effective to amend and reenact the existing § 38.2-3407.13 as opposed to adding a new section to Chapter 34 of Title 38.2, as follows:

[§38.2-3407.13](#). *Refusal to accept assignments prohibited; ~~dentist~~
~~and oral surgeons~~*

No insurer proposing to issue individual or group accident and sickness insurance policies providing hospital, medical and surgical or major medical coverage on an expense-incurred basis, no corporation providing individual or group accident and sickness subscription contracts, no health maintenance organization providing

a health care plan for health care services, and no dental services plan offering or administering prepaid dental services shall refuse to accept or make reimbursement pursuant to ~~an~~ a bona fide assignment of benefits made to a ~~dentist or oral surgeon~~ health care provider or hospital by an insured, subscriber or plan enrollee.

B. For the purpose of this section, “*assignment of benefits*” means the transfer of ~~dental~~ health care coverage reimbursement benefits or dental services reimbursement benefits or other rights under a dental services plan, an insurance policy, subscription contract or ~~dental services~~ health care plan by an insured, subscriber or plan enrollee to a dentist, ~~or oral surgeon~~, health care provider or hospital. ~~The assignment of benefits shall not be effective until the insured, subscriber or enrollee notifies the insurer, corporation or plan in writing of the assignment.~~

With the amendments outlined above to the existing § 38.2-3407.13, it is not necessary to propose any amendments to the sweep-in provisions at §§ 38.2-4214, 38.2-4319, and 38.2-4509 since § 38.2-3407.13 is presently swept in by these sections.

The Bureau of Insurance (Bureau) advised the patron of House Bill 1251 that if he proposes amendments to the sweep-in provisions at §§ 38.2-4214, 38.2-4319, and 38.2-4509 as currently outlined in House Bill 1251, several of these amendments would substantially reduce the Bureau’s ability to perform critical regulatory functions and jeopardize the Bureau’s long-standing status as an accredited state under the National Association of Insurance Commissioner’s Financial Regulation Standards and Accreditation Program. The Bureau’s authority to assist insurance consumers with appeals and external reviews of certain claim denials would also be removed.

Date: 02/03/16/V. Tompkins

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