

State Corporation Commission

2016 Fiscal Impact Statement

1. Bill Number: SB696

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

2. Patron: Deeds

3. Committee: Commerce and Labor

4. Title: Medicare supplement policies for individuals under age 65.

5. Summary: Medicare supplement policies for individuals under age 65. Requires insurers issuing Medicare supplement policies in the Commonwealth to offer the opportunity of enrolling in a Medicare supplement policy to any individual who resides in the Commonwealth, is enrolled in Medicare Part B, and is eligible for Medicare by reason of disability not to include individuals with end-stage renal disease.

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: The Bureau of Insurance offers the following technical comments on Senate Bill 696:

- Subsection F of Senate Bill 696 at Line 36 requires the agent to charge a flat, not percentage, fee for any policy issued pursuant to proposed § 38.2-3610 of the Code of Virginia. Virginia Code § 38.2-1812.2 prohibits an agent from charging a fee in addition to the premium unless the applicant or policyholder consents in writing before any services are rendered. This issue could be addressed by amending Subsection F as follows:

F. Insurance agents shall be prohibited from charging a percentage fee for any policy issued pursuant to this section. However, insurance agents shall may charge a flat administrative fee, and but not a percentage fee, for any policy issued pursuant to this section and in accordance with §38.2-1812.2, for the issuance of any such policy.

- If the provisions of Senate Bill 696 are meant to be applicable to health plans and health maintenance organizations, §§ 38.2-4214 and 38.2-4319 should be amended to add proposed § 38.2-3610.

11. Other comments: Currently, only one carrier writes Medicare Supplement coverage for individuals under age 65 and disabled and in a restricted service area of the Commonwealth.

Legislation which would have required insurers offering Medicare supplement policies to offer policies to individuals under age 65 and disabled was considered by the 2015 General Assembly. Senate Bill 760, which failed to pass, was referred to Health Insurance Reform Commission (HIRC) for review. The HIRC asked the State Corporation Commission Bureau of Insurance (Bureau) to survey the 32 insurers offering Medicare Supplement policies in Virginia to persons age 65 or older to determine the effect of such legislation on their willingness to continue offering such policies and remain involved in the Medicare Supplement market if legislation were enacted that required them to also offer Medicare Supplement policies to eligible persons under age 65. The 30 carriers that responded to the survey indicated that they would stay in the market, and write insurance for the under age 65 and disabled population, but at costs estimated from one and one half to five times higher than for individuals aged 65 or greater. The HIRC shared its findings with the patron of SB 760 and took no further action on the measure.

House Bill 837 is similar to Senate Bill 696.

Date: 02/01/16/V. Tompkins

cc: Secretary of Health and Human Resources