

State Corporation Commission

2018 Fiscal Impact Statement

1. Bill Number: HB368

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

2. Patron: Rush

3. Committee: Rules

4. Title: Affordable Care Act; waiver request.

5. Summary: Directs the Commissioner of Insurance to apply to the federal Center for Medicare & Medicaid Services (CMS) for a waiver of the requirement that individual health benefit plans cover all of the essential health benefits required by § 1302(a) of the Affordable Care Act.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: The costs to carry out the provisions of House Bill 368 are not available. See Item 8 below.

8. Fiscal Implications: The State Corporation Commission has not previously overseen or administered a government program of this type. Additional resources will be necessary for performance of the functions associated with the program if the state innovation waiver is approved. Further analysis will be needed to fully understand fiscal impacts of House Bill 368 and identification of sufficient funding to administer these requirements.

Specifically, the 1332 waiver application process requires funding to cover costs related to completion of the application, including (i) expenditures associated with public hearings; (ii) an actuarial analysis required to support the state's conclusion that the waiver complies with the coverage, comprehensiveness, and affordability requirements in each year of the waiver; (iii) an economic analysis supporting the state's conclusion that the waiver will not increase the federal deficit over a 5-10 year period; (iv) actuarial and economic analysis to compare the coverage, comprehensiveness, affordability, and net Federal spending and revenues under the waiver to those absent the waiver for each year of the waiver; and (v) a deficit analysis providing yearly changes in the federal deficit due to the waiver including a description of all costs associated with the program. The state must also propose a plan for quarterly and/or annual reporting demonstrating compliance with the scope of coverage, affordability, comprehensiveness, and deficit requirements.

Other states which have prepared waiver applications had costs exceeding \$250,000 to obtain the necessary actuarial and economic services necessary complete the application. Since no funding mechanism is provided in House Bill 368, the Commission would need to perform additional analysis to identify sufficient funding to provide the resources provided by this application process and for each additional year in which the waiver is in effect.

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission
Bureau of Insurance

10. Technical Amendment Necessary: No

11. Other Comments: Health care coverage under the state plan must be at least as comprehensive overall for individuals as coverage was absent the waiver. Comprehensiveness is measured by comparing coverage under the plan to coverage under the state's Essential Health Benefit (EHB) benchmark plan or coverage under the state's Medicaid program and/or the State Children's Health Insurance Programs (CHIP). This requirement must be forecast to be met for each year the waiver is in effect. In considering whether this requirement is met, the proposal's impact on all state residents, regardless of coverage type, will be considered, and the effects of the proposal on different groups of individuals in the state, particularly those considered vulnerable, will be assessed.

To receive approval for a Section 1332 waiver, a state must demonstrate that the waiver will provide access to quality health care *that is at least as comprehensive and affordable as would be provided without the waiver*; will provide coverage to at least a comparable number of residents of the state as would be provided coverage without a waiver; and will not increase the federal deficit. House Bill 368 bill does not provide specific provisions as to how these conditions are to be accomplished. The Commission would need to perform additional analysis for each year the waiver remains in effect.

Date: 02/02/18/V. Tompkins