

State Corporation Commission

2018 Fiscal Impact Statement

1. Bill Number: SB845

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

2. Patron: Dunnavant

3. Committee: Finance

4. Title: Premium Security Plan.

5. Summary: Creates the Premium Security Plan (the Plan), a state-based reinsurance program to stabilize premiums for individual health benefit plans sold on the exchange. The measure provides that moneys provided from general fund appropriations and federal funding provided by a state innovation waiver under § 1332 of the Affordable Care Act would be used to partially reimburse insurers for high-cost claims by initially covering 80 percent of an enrolled individual's annual claims costs between \$50,000 and \$250,000. The Plan will be overseen by the Virginia Health Reinsurance Association, created by this measure. An enactment clause provides that the measure, other than the requirement that the Commissioner of Insurance apply for the state innovation waiver, will become effective 30 days after notice of approval of the waiver request.

6. Budget amendment necessary: No

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

8. Fiscal Implications: Senate Bill 845 creates in the state treasury a special non-reverting fund (the Premium Security Plan Fund) and it is funded by approval of the state innovation waiver. The establishment of both the Virginia Health Reinsurance Association and the Premium Security Plan are contingent upon the State Corporation Commission obtaining federal approval of the request for a state innovation waiver. No funding is otherwise provided in the bill. The 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 its supervision of the Association if the state innovation waiver is approved. Further analysis will be needed to fully understand fiscal impacts of SB 845 and identification of sufficient funding to administer these requirements.

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

10. Technical amendment necessary: No

11. Other comments: House Bill 583 is identical to Senate Bill 845. House Bill 583 has been tabled in House Commerce and Labor and will be referred to the Health Insurance Reform Commission for review.

Date: 01/29/18/V. Tompkins