

State Corporation Commission

2019 Fiscal Impact Statement

1. Bill Number: HB1661

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☒ Substitute ☐ Enrolled

2. Patron: Head

3. Committee: Senate Floor

4. Title: Health benefits; plans established by associations of employers, certain agricultural organizations.

5. Summary: Authorizes a trust, as a benefits consortium, to sell health benefits plans to members of a sponsoring association, which is a nonstock corporation that operates as a nonprofit agricultural organization and created primarily to promote programs for the development of rural communities and the economic stability and sustainability of farmers in the Commonwealth. The bill provides that the trust is subject to the federal Employee Retirement Income Security Act of 1974 and U.S. Department of Labor regulations applicable to multiple employer welfare arrangements and to the authority of the U.S. Department of Labor to enforce such law and regulations. The bill requires the trust to operate as a nonprofit voluntary employee beneficiary association. The bill (i) prohibits a self-funded multiple employer welfare arrangement (MEWA) from issuing health benefit plans in the Commonwealth until it has obtained a license from the State Corporation Commission; (ii) provides that health benefit plans issued by a self-funded MEWA shall be subject to taxes and maintenance assessments levied upon insurance companies; (iii) provides that health benefit plans issued by a self-funded MEWA are subject to protections of and other provisions of the Virginia Life, Accident and Sickness Insurance Guaranty Association; (iv) makes domestic self-funded MEWAs subject to all financial and solvency requirements imposed by provisions of Title 38.2 on domestic insurers unless domestic self-funded MEWAs are otherwise specifically exempted; and (v) provides that health benefit plans issued by a self-funded MEWA shall be exempt from all statutory requirements relating to insurance premium rates, policy forms, and policy cancellation and nonrenewal. The bill provides that the sponsoring association shall not, by virtue of its sponsorship of the benefits consortium or any benefits plan, be subject to the insurance laws of the Commonwealth or the tax levied on insurance companies pursuant to § 58.1-2501.

6. Budget amendment necessary: No

7. Fiscal Impact Estimates: No Fiscal Impact on the State Corporation Commission.

8. Fiscal Implications: None

9. Specific agency or political subdivisions affected: State Corporation Commission Bureau of Insurance

10. Technical amendment necessary: No

11. Other comments: The State Corporation Commission Bureau of Insurance raised concerns for the patron's consideration on House Bill 1661, many of which have been addressed in the substitute versions. Senate Bill 1689 and House Bill 2443 are also benefit consortia bills and are somewhat similar to House Bill 1661.

Date: 02/14/19/V. Tompkins