

State Corporation Commission

2019 Fiscal Impact Statement

1. **Bill Number:** HB2345

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

2. **Patron:** Toscano

3. **Committee:** Committee on Commerce and Labor

4. **Title:** Health insurance rates; minimum loss ratios.

5. **Summary:** Codifies provisions that currently are set out in regulations adopted by the State Corporation Commission that govern the filing of rates for individual and certain group health benefit plans. The measure authorizes the Commission, upon finding that a premium rate filed will not meet the originally filed and approved loss ratio, to require appropriate rate adjustments, premium refunds, or premium credits as necessary for the coverage to conform with established minimum loss ratio standards.

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 State Corporation Commission Bureau of Insurance has worked with the patron of House Bill 2345 on the provisions of the bill, many of which are contained in the Commission's Rules Governing the Filing of Rates for Individual and Certain Group Accident and Sickness Insurance Policy Forms (14VAC 5-130 et seq.) The Bureau of Insurance has advised the patron that certain provisions of the regulation are currently outdated as the result of recent changes to state and federal law and will need to be updated. The Bureau also recommended the following technical amendments:

- Lines 96-99 The definition of small employer should be amended to that in 38.2-3431. This bill incorrectly sets the ceiling at 100, and does not address the recent allowance of a sole proprietor or sole shareholder to be defined as a small employer.
- Line 102: The definition of small group market should be revised to delete the last sentence, which may not allow for small groups to form association health plans and be recognized as a large group.
- At Line 115 – Definition for student health insurance coverage was not included and this term is used within the proposed bill. From 14 VAC 5-130-10: "Student health insurance coverage" means a type of individual health insurance coverage offered in the individual market that is provided pursuant to a written agreement between an institution of higher education, as defined by the Higher Education Act of 1965 (Public Law No. 89-329), and a health carrier and provided to students enrolled in that institution of higher education and their dependents, and that does not make health insurance coverage available other

- than in connection with enrollment as a student or as a dependent of a student in the institution of higher education, and does not condition eligibility for health insurance coverage on any health status-related factor related to a student or a dependent of the student.”
- At each point that specific sections of the current regulation are now referenced, the language should read that “each rate submission shall comply with the requirements of 14VAC 5-130 et seq.” since the regulation will need to be significantly updated, possibly affecting the section numbers. See Lines 117, 118, 121, 122, 125, 132, 135, 139 and 150.

11. Other comments: None

Date: 01/16/19/V. Tompkins