

State Corporation Commission 2019 Fiscal Impact Statement

1. Bill Number: SB1689

House of Origin	<input type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input checked="" type="checkbox"/>	Enrolled

2. Patron: Dunnavant

3. Committee: Passed Both Houses

4. Title: Group health benefit plans; bona fide associations; benefits consortium.

5. Summary: Provides that certain trusts constitute a benefits consortium and are authorized to sell health benefits plans to members of a sponsoring association that is a nonstock corporation, has five or more members participating in one or more benefits plans, has been formed for purposes other than obtaining or providing health benefits, and operates as a nonprofit entity under section 501(c)(6) of the federal Internal Revenue Code. The bill provides that a person may be a member of sponsoring association without having any employees if the person is a sole proprietorship, a corporation with a single shareholder, or a limited liability company with a single member. 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 (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. The measure removes the requirements that an association to which a group accident and sickness insurance policy is issued have at the outset a minimum of 100 persons, have been organized and maintained in good faith for purposes other than that of obtaining insurance, and have been in active existence for at least five years. The measure also replaces references to "bona fide association," as used in provisions applicable to health care plans in the small employer market, with the term "sponsoring association."

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: There is no fiscal impact on the State Corporation Commission.

8. Fiscal Implications: There is no fiscal impact on the State Corporation Commission.

Senate Bill 1689

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

10. Technical amendment necessary: No

11. Other comments: House Bill 1661 and House Bill 2443 are similar to Senate Bill 1689.

Date: 02/26/19/V. Tompkins