

State Corporation Commission

2020 Fiscal Impact Statement

1. Bill Number: SB235

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Barker

3. Committee: Commerce and Labor

4. Title: Health insurance; association health plans.

5. Summary: Provides that for policies of group accident and sickness insurance issued to an association, members of such an association may include (i) a self-employed individual and (ii) an employer member (a) with at least one employee that is domiciled in the Commonwealth or (b) that has a principal place of business that does not exceed the boundaries of a metropolitan area that is at least partially in the Commonwealth. The bill provides that for such policies issued to an association that covers at least 51 members and employees of employer members of such association on the first day of the plan year the policies shall be considered a large group market plan and are required to meet various provisions in the bill. The bill provides that to determine the size of an association all of the members and employees of employer members are aggregated and treated as employed by a single employer. The bill requires an insurer issuing a policy to an association to (1) treat all of the members and employees of employer members who are enrolled in coverage under the policy as a single risk pool; (2) set premiums based on the collective group experience of the members and employees of employer members who are enrolled in coverage under the policy; (3) vary premiums by age, except that the rate shall not vary by more than 5 to 1 for adults; (4) not vary premiums based on gender; (5) not establish discriminatory rules based on the health status of an employer member, an individual employee of an employer member, or a self-employed individual for eligibility or contribution. The bill requires the Commissioner of Insurance to, within 90 days of the enactment of the bill, apply to the U.S. Secretary of Health and Human Services for a state innovation waiver under the federal Patient Protection and Affordable Care Act, P.L. 111-148, to implement the provisions of the bill. The provisions of the bill regarding association health plans will become effective 30 days following the date the Commissioner of Insurance notifies the Governor and the Chairs of the House and Senate Committees on Commerce and Labor of federal approval of such waiver.

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: No

11. Other Comments: The State Corporation Commission Bureau of Insurance advised the patron of Senate Bill 235 that the provisions of the bill cannot be implemented via a Section 1332 State Innovation Waiver pursuant to the federal Patient Protection and Affordable Care Act as contemplated in the second enactment clause of the bill. A 1332 waiver cannot be used to waive provisions of ERISA (the Employer Retirement Income Security Act of 1974) and its definition of an employer. Such a proposal would be preempted by federal law.

Date: 1/16/20/V.Tompkins