

Department of Planning and Budget

2020 Fiscal Impact Statement

1. Bill Number: SB364

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

2. Patron: Siobhan S. Dunnavant

3. Committee: Commerce and Labor

4. Title: JLARC; association health plans for the individual market; review.

5. Summary: Directs the Joint Commission on Health Care (JCHC) to examine and review the implications of the establishment, implementation, and administration of a program, to be known as the Commonwealth Care Health Benefits Program (the Program), under which a division of the State Corporation Commission (the Commission), or nonprofit corporation established by the Commission, will be the sponsor of association health plans through which it will sell individual health insurance coverage in the Commonwealth. The bill provides that JCHC shall request and consider information and input from the Commission's Bureau of Insurance and the Secretary of Health and Human Resources. The bill provides that elements of the Program to be reviewed and examined by JCHC shall include the following: (i) implementation of the Program would be contingent on the approval of the U.S. Secretary of Health and Human Services of a state innovation waiver under § 1332 of the Affordable Care Act (ACA); (ii) the Commission will retain staff sufficient to establish and implement the Program; (iii) the Program will arrange for a number of third-party administrators, sufficient to ensure competition but in no event fewer than two; (iv) the Program will design and implement health plans that are comparable those currently sold through the federal exchange; (v) the covered benefits provided under a plan offered through the Program would provide coverage that a large group plan or association health plan subject to the federal Employee Retirement Income Security Act of 1974 (ERISA) is required to provide so long as one or more health plans provide additional benefits as may be required to provide coverage that is at least as comprehensive and affordable as plans currently offered on the exchange pursuant to the ACA or otherwise to comply with the Guardrail requirements of the ACA; (vi) the Program will address the establishment of a reinsurance program; (vii) health plan premiums for individuals with a household income between 100 percent and 400 percent of the federal poverty level would be subsidized; (viii) the Program will offer a cost-sharing reduction feature that removes disincentives to Program participation by low-income individuals who are enrolled in the Medicaid program; (ix) individuals will still be able to purchase individual health insurance coverage outside of the Program; (x) premiums for the plans offered through the Program will be set by the third-party administrators, subject to approval by the Commission with assistance of qualified actuaries; (xi) the Program would be designed and operated in order to ensure that any shortfall in revenues is addressed by the reinsurance program and by self-funding a reserve that is determined by the corporation's

actuary to be adequate, and (xii) the Program will include premium incentives for compliance with wellness or chronic disease management benefit programs. The bill requires JCHC to report its findings and conclusions to the Joint Committee for Health and Human Resources Oversight.

The substitute for this bill requires the Joint Commission on Health Care to review the implications of establishing the Commonwealth Care Health Benefits Program.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: None.

8. Fiscal Implications: The Joint Commission on Health Care (JCHC) is expected to use the State Corporation Commission's (SCC) contracted actuarial firm to complete the study as required by the legislation. The SCC is expected to absorb the actuarial firm's costs within its current operating budget; therefore, a budget amendment for the SCC is not required.

JCHC and the Office of the Secretary of Health and Human have both indicated they can meet the provisions of this bill with existing resources.

9. Specific Agency or Political Subdivisions Affected: Joint Commission on Health Care, State Corporation Commission, Secretary of Health and Human Resources

10. Technical Amendment Necessary: No.

11. Other Comments: