

REVISED
State Corporation Commission
2022 Fiscal Impact Statement

1. Bill Number: HB431

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

2. Patron: Murphy

3. Committee: Commerce & Energy

4. Title: Qualified health plans; state-mandated health benefits.

5. Summary: Provides an exception to the prohibition of a qualified health plan providing state-mandated health benefits that are not provided in the essential health benefits package for state-mandated health benefits enacted no later than July 1, 2020.

6. Budget Amendment Necessary: Yes, Budget Item No. 489.

7. Fiscal Impact Estimates: Fiscal Impact on the State Corporation Commission. See Item 8.

8. Fiscal Implications: The State Corporation Commission (SCC) has identified the benefits required to be provided by § 38.2-3418.18 (Coverage for formula and enteral nutrition products as medicine) and by § 38.2-3418.20 (Coverage for hearing aids and related services) to be in addition to the essential health benefits. As such, the Commonwealth is required pursuant to federal rule 45 CFR 155.170 to make payments to qualified health plan carriers to defray the cost of the additional required benefits as defined in 45 CFR 155.170(a)(2).

The hearing aids and related services provisions of § 3418.20 enacted in 2020 did not become effective because of an amendment in the Budget Bill for the biennium ending June 30, 2022, which stated that the coverage would commence effective July 1, 2021, only if the findings of a joint JLARC/BOI study determined no fiscal impact to the Commonwealth. If this Budget amendment were removed, the provisions of § 38.2-3418.20 would become effective and the Commonwealth would also be required to defray the cost of these additional required benefits.

The State Corporation Commission has identified the two mandates as in addition to the essential health benefits. If the Centers for Medicare and Medicaid Services were to identify other mandates as additions to the essential health benefits, the Commonwealth would be required to defray additional costs.

General Funds would be used for defrayal of costs to provide payment to insurers for the states' portion of the costs of the mandate, but the SCC would require additional appropriations to pay insurers. The SCC's best estimate of the cost at this time, as determined through actuarial analysis, is \$2M for the first year and \$3.2M for the second year to pay to a qualified health plan

(QHP) carrier the enrollee's share of premium attributed to the QHP carrier's provision of benefits required by § 38.2-3418.18 for the prospective calendar year.

From these appropriated funds, the SCC would make payment on behalf directly to each QHP carrier certified by the Virginia Health Benefits Exchange to provide QHPs in Virginia during that calendar year so long as QHPs are required to provide the benefits of §38.2-3418.18.

Appropriated funds remaining at year end would not revert to the General Fund but would remain in the fund. The State Corporation Commission would not pay any amounts from its special funds for this purpose.

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission Bureau of Insurance and Health Benefit Exchange

10. Technical Amendment Necessary: No

11. Other Comments: For informational purposes, the estimated cost for the portion of the new benefit provided to QHP enrollees by the provisions of § 38.2-3418.18 enacted in 2020 is \$312,500 for the first year and \$500,000 for the second year. Federal rules, however, require the payment of the cost of the entire benefit required in § 38.2-3418.18 that was newly enacted after December 31, 2011.

Senate Bill 449 is identical to House Bill 431.

This FIS is updated to include information on hearing aids noted in Item 8.

Date: 2/1/22/V. Tompkins (Revised)