

State Corporation Commission

2022 Fiscal Impact Statement

1. Bill Number: HB 431

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

2. Patron: Murphy

3. Committee: Finance and Appropriations

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

5. Summary: Provides the essential health benefits package, except that (i) the plan shall not be required to provide any state-mandated health benefit that is not provided in the essential health benefits package unless the state-mandated health benefit was enacted no later than July 1, 2020, and (ii) the plan is not required to provide benefits that duplicate the minimum benefits of qualified dental plans, as set forth in subsection F, if (a) the Exchange has determined that at least one qualified dental plan is available to supplement the plan's coverage and (b) the health carrier makes prominent disclosure at the time it offers the plan, in a form approved by the Bureau, that such plan does not provide the full range of pediatric dental benefits included in the essential health benefits package and that qualified dental plans providing those benefits and other dental benefits not covered by such plan are offered through the Exchange.

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

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

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2023	0	N/A	N/A
2024	\$3,473,024	N/A	General Fund
2025	\$3,473,024	N/A	General Fund
2026	\$3,473,024	N/A	General Fund
2027	\$3,473,024	N/A	General Fund

8. Fiscal Implications: The State Corporation Commission (SCC) has identified two benefits, in addition to the essential health benefits, that have the potential to create a fiscal impact pursuant to this bill. These are: (i) § 38.2-3418.18, Coverage for formula and enteral nutrition products as medicine; and (ii) § 38.2-3418.20, Coverage for hearing aids and related services. Pursuant to federal rule 45 CFR 155.170, the Commonwealth is required to make payments to qualified health plan carriers to defray the cost of these additional benefits if required. If the federal Centers for Medicare and Medicaid Services were to identify other mandates as additions to the essential health benefits, the Commonwealth could be required to defray those costs as well.

Coverage for formula and enteral nutrition products (§ 38.2-3418.18): The SCC's best estimate of the cost at this time, as determined through actuarial analysis, is \$3.2M annually beginning in FY 2024. These funds would be paid to a qualified health plan (QHP) carrier to cover the enrollee's share of insurance premium attributed to the formula/enteral nutrition products for the prospective calendar year.

From these appropriated funds, the SCC would make payment on behalf of the Commonwealth directly to each QHP carrier certified by the Virginia Health Benefits Exchange to provide QHPs in Virginia 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 created pursuant to this legislation. The SCC would not pay any amounts from its special funds for this purpose.

Coverage for hearing aids and related services (§ 38.2-3418.20): The provisions of § 3418.20 enacted in 2020, which mandate coverage for hearing aids and related services, did not become effective because of an amendment in the Budget Bill for the biennium ending June 30, 2022. This amendment stated that coverage would commence effective July 1, 2021, only if the findings of a joint JLARC/Bureau of Insurance (BOI) study determined no fiscal impact to the Commonwealth. The study did, however, find a fiscal impact to the Commonwealth. Thus, as of the present time, the provisions of § 38.2-3418.20 are not effective. As reported in the study, BOI's consultant projected total state defrayal costs ranging from \$72,806 - \$273,024 per year for this benefit, should QHPs be required to provide the benefit.

If the amendment to the Budget Bill for the biennium ending June 30, 2022, were to be discontinued or otherwise no longer be effective, § 38.2-3418.20 would spring into effect. This means that hearing aids and related services would be required benefits in addition to the essential health benefits, and the Commonwealth would be required to defray the costs of these benefits pursuant to the language of this bill.

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: According to CMS, § 38.2-3418.18 created a new mandate for the formula and enteral nutrition benefit already in the essential health benefits package for Virginia. This section also modified the existing benefit. According to CMS, federal rules require the Commonwealth to pay the cost of the entire benefit for formula and enteral nutrition as provided in § 38.2-3418.18, which as noted in #8 above is projected to be \$3.2M annually beginning in FY 2024. This total cost includes both the portion of the benefit included as part of the essential health benefit package originally, and the portion of the benefit that was modified when § 38.2-3418.18 was enacted in 2020. For informational purposes, the estimated cost of the added benefit portion only – that portion of the benefit enacted in 2020 that is above the benefit provided in the original EHB benchmark plan – is \$500,000 annually beginning in FY 2024.

Items 7, 8 and 11 have been updated to include revised information as to estimated costs per fiscal year as a result of further development of the payment process to carriers.

Senate Bill 449 is similar to House Bill 431.

Date: 2/21/22/V. Tompkins