# VIRGINIA ACTS OF ASSEMBLY -- 1995 SESSION

## CHAPTER 650

*An Act to establish the Virginia Medical Savings Account Act.*

[S 1035]

Approved March 25, 1995

Whereas, health care reform has been and will be among the most important issues before policy makers in the coming decade; and

Whereas, to be effective, health care reform must be focused on educating people to approach health care with the same cost-consciousness they should use to handle their other day-to-day living expenses and on motivating people to be responsible for managing their own needs; and

Whereas, in the coming year, the Congress of the United States will be discussing the concept of medical savings accounts—mechanisms for empowering people to manage the dollars available for their health care by paying directly for necessary services; and

Whereas, Virginia should be on the cutting edge of health care reform with innovative and sensible concepts; now, therefore,

Be it enacted by the General Assembly of Virginia:

*THE VIRGINIA MEDICAL SAVINGS ACCOUNT ACT.*

**1.** ***§ 1. The Virginia Medical Savings Account Plan established; plan to be established upon Congressional authorization; state agency actions required.***

*For the purpose of providing the Commonwealth's people with a future that includes affordable health care, there is hereby established the Virginia Medical Savings Account Plan. Upon the passage of federal legislation authorizing the components of the Plan, the state agencies named in this act shall take action to implement the Plan as follows:*

*1. The Department of Medical Assistance Services shall develop and implement a plan to utilize medical savings accounts for provision of primary and acute care to the working poor and individuals who are eligible to receive medical assistance services as defined in the federal legislation or in any regulations promulgated to implement such legislation. Further, upon the effective date of this act, the Department shall develop a plan and apply for a waiver from the Health Care Finance Administration to implement a medical savings account demonstration project to provide health care services to the working poor and certain individuals eligible for medical assistance services.*

*2. The Bureau of Insurance within the State Corporation Commission shall provide the General Assembly and the Departments of Medical Assistance Services and Workers' Compensation a report on the available plans/policies for high-deductible, indemnity health insurance policies or other comparable insurance mechanisms for providing low-cost catastrophic care. The Bureau shall also, in developing this report, advise the Departments on inclusion of the essential health services used as the basis for certain managed-care commercial health insurance coverage.*

*3. The Department of Workers' Compensation shall develop and implement a plan to utilize medical savings accounts for provision of acute care to the employees who are eligible to receive services through workers' compensation insurance. The Department shall concentrate its focus on containing costs for employers while ensuring adequate care for injured or sick workers. The Department shall cooperate with the Department of Taxation in developing a system for voluntary employer contributions to medical savings accounts and reasonable tax deductions for these contributions.*

*4. The Department of Taxation shall, consistent with federal law and regulation, develop and present to the General Assembly a system for refundable tax credits which shall include a sliding scale for the working poor as defined in federal or state law and a system of tax credits, including innovative uses of such tax credits, for employers voluntarily contributing to employee medical savings accounts and health care providers who participate in providing care to medical savings account holders at a reduced price or without compensation.*

*§ 2. Components of the Virginia Medical Savings Account Plan.*

*Upon the passage of federal legislation authorizing the components of the Plan, the Departments of Medical Assistance Services, Workers' Compensation, and Taxation and the Bureau of Insurance shall develop the Virginia Medical Savings Account Plan. The Plan shall set forth the requirements for establishing medical savings accounts, which shall include, but not be limited to:*

*a. Definitions of eligible participants.*

*b. Criteria for accounts, including such matters as trustees, maximum amounts, contracts for managing debit cards, etc.*

*c. Use of direct debit cards and methods for ensuring their use solely for payment for necessary health care services.*

*d. Programs to educate recipients in handling health care services in a cost-effective manner while*

*ensuring that necessary care is obtained.*

*e. Integration of existing coverage.*

*f. A system of refundable tax credits, which has been coordinated with the Virginia Department of Taxation.*

*g. A system for withholding the amounts (refundable tax credits) to be deposited to the medical savings accounts.*

*h. A system for calculating individual need for health care services in order to ensure that adequate sums are calculated for the care of individuals with greater need.*

*i. A system for providing a viable sliding scale for refundable tax credits for the working poor.*

*j. A system for allowing voluntary employer contributions to the medical savings accounts and tax deductions for such contributions.*

*k. A system for allowing tax credits for health care practitioners providing services to holders of medical savings accounts at reduced cost or without compensation.*

*l. A cafeteria menu of insurance plans to provide high-deductible, indemnity health insurance policies.*

*m. Any other specific provisions necessary to the efficient implementation of the Virginia Medical Savings Account Plan.*

*§ 3. Operation of medical savings accounts.*

*Upon the authorization in federal law to establish medical savings accounts and upon development and enactment of the Plan described in § 2 of this act, medical savings accounts may be established in the Commonwealth.*

*§ 4. Role of the Joint Commission on Health Care.*

*The Joint Commission on Health Care shall monitor the development of the Plan required in § 2 and make recommendations to the designated agencies on modifications of the Plan. Periodic reports shall be provided to the Commission by the designated agencies as the Commission may require.*