

State Corporation Commission

2022 Fiscal Impact Statement

1. Bill Number: HB101

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

2. Patron: Head

3. Committee: Commerce & Energy

4. Title: Group health benefit plans; sponsoring associations, formation of benefits consortium.

5. Summary: Provides that sponsoring associations, including self-funded multiple employer welfare arrangements, may provide health benefit plans for small employers in the form of a trust benefit consortium, subject to certain requirements. The bill includes conditions for qualifying as a sponsoring association, requirements for the formation of a trust benefits consortium, and provisions to establish a board of trustees. Under the bill, such trust benefits consortium is subject to the federal Employee Retirement Income Security Act of 1974 (ERISA) and U.S. Department of Labor regulations and such trust shall not include certain words or terms in its name that are uniquely descriptive of insurance companies or business, and a statement to this effect is required to be included on the first page of the health benefit plan documents. A benefits consortium or sponsoring association is exempt from the requirements of the Virginia Life, Accident and Sickness Insurance Guaranty Association and exempt from annual license taxes under the bill.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: No Fiscal Impact for the State Corporation Commission

8. Fiscal Implications: None for 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 offered the following comments on House Bill 101:

This bill changes references “bona fide association” to “bona fide sponsoring association.” Sponsoring association” as defined in the bill may be used without changing any reference to “bona fide association.” Changing “bona fide association” in Title 38.2 may have an impact on the regulatory structure for associations that may have relied upon terminology in current law. We recommend restoring all references to “bona fide association.”

Allowing self-funded MEWAs to utilize each employer member’s specific risk profile to determine premiums may conflict with Virginia’s non-discrimination statute (§ 38.2-3449 B) which prohibits adjustments among a group of similarly-situated individuals. The

Bureau considers all employer members, collectively, as a single group of similarly-situated individuals.

House Bill 245 is identical to House Bill 101 and both bills may be rolled into House Bill 884 in House Commerce and Energy.

Date: 01/26/22/V. Tompkins