

State Corporation Commission

2022 Fiscal Impact Statement

1. Bill Number: HB 146

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

2. Patron: Head

3. Committee: Commerce & Energy

4. Title: Insurance; examinations, health care provider panels.

5. Summary: Requires the State Corporation Commission to conduct an examination of the business and affairs of an insurer upon (i) request by a statewide association representing health care professionals affirming no less than 10 complaints alleging insurer misconduct in a six-month period from providers participating in such insurer's network or (ii) verifiable information that such insurer has violated any law, regulation, or prior order of the Commission. The bill requires the Commission to publish a reasonably detailed summary of each violation and any corrective action plan on the Commission website within 60 days of the completion of an examination.

The bill requires a health insurer that uses a provider panel to establish procedures for (a) notifying a provider at least 90 days prior to the implementation of a policy that restricts enrollee access to the provider's services, (b) providing reasonable notice to primary care providers in the insurer's provider panel prior to the implementation of a policy that restricts enrollee access to the specialty referral services provider, and (c) notifying the purchaser of the health benefit plan of any change in policy that restricts enrollee access to a contracted provider. Finally, the bill requires a health insurer to provide with a renewal coverage proposal written notice of intent to increase by more than 15 percent the annual premium charged for coverage.

6. Budget amendment necessary: Yes.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

8. Fiscal Implications: To fulfill the requirements of House Bill 146, an estimated 5-6 additional market conduct examinations per year will need to be performed. Additional staff would be needed to perform this work. The Bureau of Insurance estimates hiring an additional 11 employees (two additional principal examiners, three senior examiners and six entry-level examiners). The total cost for this increase in staff is estimated at \$1.2M in FY23 and \$1.15M in FY24.

9. Specific agency or political subdivisions affected: State Corporation Commission Bureau of Insurance

10. Technical amendment necessary: House Bill 146 intends to require the BOI to conduct market conduct examinations, rather than financial examinations. Section 38.2-1317

authorizes financial examinations of insurance companies. The provisions added to this section requiring the Commission to conduct an examination of the business and affairs of an insurer based on complaints does not fall within the scope of this section and should be removed. The bill addresses examinations pursuant to Section 38.2-1317.2, which is addressed in Article 4 of Chapter 13.

11. Other comments: House Bill 146 has been assigned to Commerce and Energy Subcommittee #1. An amendment in the nature of a substitute to House Bill 146 is anticipated.

Date: 01/20/22/V. Tompkins