

REPORT OF THE

**SPECIAL ADVISORY COMMISSION ON
MANDATED HEALTH INSURANCE BENEFITS**

TO THE GOVERNOR AND THE GENERAL ASSEMBLY AND
THE HOUSE COMMITTEE ON COMMERCE AND LABOR AND
THE SENATE COMMITTEE ON COMMERCE AND LABOR OF THE
GENERAL ASSEMBLY OF VIRGINIA

COMMONWEALTH OF VIRGINIA
RICHMOND
DECEMBER 2011

January 5, 2012

To: The Governor and the General Assembly
and
The House Committee on Commerce and Labor
and
The Senate Committee on Commerce and Labor
of the General Assembly of Virginia

The report contained herein has been prepared pursuant to §§ 2.2-2504 and 2.2-2505 of the Code of Virginia.

This report documents the activities of the Special Advisory Commission on Mandated Health Insurance Benefits during the past twelve months.

Timothy D. Hugo
Chairman
Special Advisory Commission on
Mandated Health Insurance Benefits

**SPECIAL ADVISORY COMMISSION ON
MANDATED HEALTH INSURANCE BENEFITS**

MEMBERS OF THE GENERAL ASSEMBLY
Delegate Timothy D. Hugo
Delegate Terry G. Kilgore
Delegate Donald W. Merricks
Delegate Christopher K. Peace
Senator George L. Barker
Senator A. Donald McEachin
MEMBERS APPOINTED BY THE GOVERNOR
Jeffrey Allende
Terri B. Flagg
Mark W. Foreman
Eugene J. Koprowski
Greg T. Madsen
John W. Rhee M.D.
Charles Herbert Slemp III
EX OFFICIO MEMBERS
Jacqueline Cunningham, Commissioner of Insurance
Karen Remley, M.D., M.B.A., Commissioner of Health

TABLE OF CONTENTS

<u>SECTION</u>		<u>PAGE</u>
AUTHORITY AND HISTORY		1
ISSUES CONSIDERED IN 2011		2
	HOUSE BILL 12 – COVERAGE FOR DEPENDENTS	3
	HOUSE BILL 440– COVERAGE FOR FAMILY MEMBERS	3
	HOUSE BILL 726 – REVIEW OF MANDATED BENEFITS	4
	APPENDICES:	
A	HOUSE BILL 12	
B	HOUSE BILL 440	
C	HOUSE BILL 726	

AUTHORITY AND HISTORY

The Special Advisory Commission on Mandated Health Insurance Benefits (Advisory Commission) was created in 1990 to evaluate the social and financial impact and medical efficacy of existing and proposed mandated health insurance benefits and providers. Sections 2.2-2503 through 2.2-2505 of the Code of Virginia provide for the establishment and organization of the Advisory Commission. Section 2.2-2503 requires that the Advisory Commission report to the Governor and the General Assembly on the interim activity and the work of the Commission no later than the first day of the regular session of the General Assembly.

ISSUES CONSIDERED IN 2011

Three bills were referred to the Advisory Commission by the 2010 Session of the General Assembly. Summaries of the bills are included in this report. The Advisory Commission did not schedule any meetings in 2011, however, because the issues covered by the bills referred in 2010 were impacted by federal healthcare reform legislation. Initial federal guidance on one key issue was not received until December 2011 and additional information is expected in early 2012. A meeting will be scheduled after the 2012 session.

HOUSE BILL 12 – COVERAGE FOR DEPENDENTS

House Bill 12 revises § 38.2-3525 in the Accident and Sickness Policies Chapter. The section allows group accident and sickness coverage for spouses, children, and other persons. The age limit for a child's coverage is increased from 19 to 27, and the requirements that a child be a dependent under age 25 or a dependent child or full-time student under the age 25 are deleted. The references to dependent are deleted before "child" in the subsections that address (i) the amount of accident and sickness insurance, (ii) certificates of coverage; and (iii) continuing coverage for a child while he or she is a full-time student that is unable to attend school because of a medical condition.

HOUSE BILL 440 – COVERAGE FOR FAMILY MEMBERS

House Bill 440 amends § 38.2-3500 that relates to individual policies and § 38.2-3525 that relates to group policies in the Accident and Sickness Policies Chapter. The bill amends §38.2-3500 to add to the definition of "eligible family member" the following in subsection C:

(iv) a qualified child, as defined in subsection B of §38.2-3525, who may be added to an existing policy, at the option of the policyholder, by rider or endorsement upon payment of any additional required premium, and

The age of children in (iii) is increased from 19 to 26 in § 38.2-3500.

The changes in § 38.2-3525 increase the age in subsection A 1 (ii) from 25 to 26 for a dependent full-time student. Subsection B is amended to read:

A group accident and sickness insurance policy that provides coverage for dependent children shall make available such coverage, at the option of the insured group member, for one or more qualified children. As used in this subsection, "qualified child" means, with respect to an insured group member, an individual who, but for age, would be treated as a dependent child of the insured group member and who is (i) under 27 years of age and (ii) not enrolled as a participant, beneficiary, or group member, other than under this subsection, § 704 of the federal Employee Retirement Income Security Act of 1974 or § 2704 or § 2746 of the Public Health Act, under any health insurance coverage or group health plan. If an insured group member opts to provide coverage for his qualified child under this subsection, any additional premium resulting from the extension of coverage to such person shall be paid by the insured group member.

HOUSE BILL 726 – REVIEW OF MANDATED BENEFITS

House Bill 726 revises § 2.2-2505 in the Administration of Government Title. The bill adds a subsection to the provisions relating to the review of existing mandated benefits and providers by the Advisory Commission. The bill requires the Advisory Commission to submit a schedule of evaluations for existing mandates to the standing committees with jurisdiction over health insurance. The schedule will include the dates by which the mandates will be evaluated by the Advisory Commission.