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

COMMMONWEALTH OF VIRGINIA
RICHMOND
DECEMBER 2012

January 8, 2013

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.

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

SPECIAL ADVISORY COMMISSION ON MANDATED HEALTH INSURANCE BENEFITS

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Laura Lee Viergever
EX OFFICIO MEMBERS
Jacqueline Cunningham, Commissioner of Insurance
Maureen Dempsey, MD,FAAP, Acting State Health Commissioner

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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 REFERRED TO THE ADVISORY COMMISSION IN 2012

Two bills were referred to the Advisory Commission by the 2012 Session of the General Assembly. Summaries of the bills are included in this report. The Advisory Commission did not schedule any meetings in 2012, however, because the issues covered by the bills referred in 2012 were impacted by federal healthcare reform legislation. The federal Patient Protection and Affordable Care Act (the ACA) impacts mandated benefits in Virginia because of the requirement within the ACA for coverage of essential benefits. The Essential Health Benefits plan for Virginia has not yet been finalized. The Advisory Commission has 24 months to complete its assessments and therefore plans to meet after the 2013 legislative session to review the proposed bills. Many of the issues related to Essential Health Benefits and state mandated benefits should be resolved by that time.

SENATE BILL 81 - COVERAGE FOR HOSPITALIZATION AND ANESTHESIA FOR DENTAL PROCEDURES

Senate Bill 81 amends §38.2-3418.12 that relates to accident and sickness coverage for hospitalization and anesthesia for dental procedures. Insurers, corporations, and health maintenance organizations (HMOs) must currently provide coverage for medically necessary general anesthesia and hospitalization or facility charges of a facility licensed to provide outpatient surgical procedures for dental care provided to a covered person who is determined by a licensed dentist in consultation with the covered person's treating physician to require general anesthesia and admission to a hospital or outpatient surgery facility to effectively and safely provide dental care and is (i) under the age of five; or (ii) is severely disabled; or (iii) has a medical condition and requires admission to a hospital or outpatient surgery facility and general anesthesia for dental care treatment. Insurers, corporations, and HMOs may require prior authorization for the general anesthesia and hospitalization in the same manner as for other covered benefits.

Senate Bill 81 increases the age of children covered by the mandate from under age 5 to under age 13. The revised age requirement for coverage up to age 13 applies to any policy, contract, or plan delivered, issued for delivery, or renewed in Virginia on and after July 1, 2012.

HOUSE BILL 1174 - COVERAGE FOR ABORTION SERVICES

House Bill 1174 adds §38.2-3407.2:1 to the General Provisions article relating to Accident and Sickness Insurance and revises § 38.2-4300 in the HMO Chapter.

Section 38.2-3407.2:1 requires health insurers that offer, sell, or issue a health insurance policy in Virginia that provides coverage for abortion services to offer a policy with "substantially identical" terms and conditions that does not provide abortion coverage. A policy that does not provide coverage for abortion services must provide (i) coverage for physician services and other services incurred for medical assistance to preserve the life of a pregnant woman provided every measure must be taken to preserve the life of the unborn child, or (ii) reimburse for services providing medical treatment to address "previous fetal demise or intrauterine fetal death."

The bill also revises the definition of “basic health care services” in the HMO chapter. The bill adds language prohibiting a requirement that basic health care services must include coverage for abortion services, but allows basic health care services to include coverage for abortion services. However, HMO plans that do not include coverage for abortion services must provide coverage for (i) physician services and other services incurred for medical assistance to preserve the life of a pregnant woman provided every possible measure must be taken to preserve the life of the unborn child, or (ii) reimburse for services providing medical treatment to address “previous fetal demise or intrauterine fetal death”.