

# COMMONWEALTH OF VIRGINIA

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## STATE CORPORATION COMMISSION BUREAU OF INSURANCE

June 15, 2009

### Administrative Letter 2009-06

**To:** All Insurers Licensed To Write Accident and Sickness Insurance in Virginia and All Health Services Plans Licensed In Virginia, and Other Interested Parties

**Re:** 2009 House Bill 2024 and Senate Bill 1411  
Virginia Code §§ 38.2-3406.1 and 38.2-3406.2

The purpose of this Administrative Letter is to provide guidance to insurers and health services plans that may be interested in developing one or more contracts or plans of "basic health insurance coverage" in accordance Virginia Code §§ 38.2-3406.1 and 38.2-3406.2, enacted by the Virginia General Assembly during its 2009 legislative session. For purposes of this letter, the term "*basic health insurance coverage*" means a group policy or subscription contract providing accident and sickness insurance coverage, offered or issued by a health insurer or health services plan, to small employers.

The full text of House Bill 2024 and Senate Bill 1411, both of which amend the Code of Virginia by adding Virginia Code §§ 38.2-3406.1 and 38.2-3406.2, may be obtained at <http://legis.state.va.us/>. Both bills establish additional requirements and define terms applicable to the "basic health insurance coverage" product that are not addressed in this letter. Both bills also amend or reenact other Virginia Code sections. Carriers are therefore strongly advised to review both bills in their entirety.

In accordance with the provisions of §§ 38.2-3406.1 and 38.2-3406.2, group accident and sickness policies or subscription contracts sold or issued by health insurers or health services plans to small employers may include "any or none" of the state-mandated health benefits, with the exception of the following state-mandated benefits, for which coverage must be included:

- § 38.2-3418.1 - coverage for mammograms
- § 38.2-3418.1:2 - coverage for pap smears
- § 38.2-3418.7 - coverage for PSA testing
- § 38.2-3418.7:1 - colorectal cancer screening

In addition, to the extent that health care services covered by these policies or subscription contracts may be legally rendered by a health care provider listed in Virginia Code § 38.2-3408, the "basic health insurance coverage" product must allow for the reimbursement of such covered services when rendered by such a provider.

In connection with any and all products developed in accordance with § 38.2 3406.1, the Bureau of Insurance (the Bureau), will expect and require the following:

- The intended purpose of any and all forms developed in accordance with § 38.2 3406.1 must be clearly disclosed when the forms are submitted to the Bureau for approval.
- Policy forms, subscription contracts, certificate forms or other evidences of coverage furnished to small employers and their employees must prominently disclose any and all state-mandated health benefits that the policies or subscription contracts do not provide.
- Application and enrollment forms must include the following:
  1. A prominent disclosure that the policy or contract is not required to provide all state-mandated health benefits, along with the specific state-mandated health benefits that the policy or subscription contract does not provide; and
  2. A clear description of any and all eligibility requirements applicable to each employee.

The bills also direct carriers offering these plans to report information identified below to the Bureau, from which reports relating to these plans will be made to the Governor and the General Assembly on August 1, 2010 and August 1, 2011. To that end, carriers are also expected and required to maintain any and all records relating to the following. Specific instructions for reporting this information will be furnished at a later date:

- (1) the number of small employers and the number of individuals covered by basic health insurance coverage plans;
- (2) the state-mandated health benefits covered under each basic health insurance coverage plan issued; and
- (3) the premium cost and out-of-pocket expenses for each plan.

Questions regarding this letter may be directed to:

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Cordially,



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