

# **IMPLEMENTATION AND PERFORMANCE OF PLAN MANAGEMENT FUNCTIONS**

**STATE CORPORATION COMMISSION  
BUREAU OF INSURANCE  
JUNE 2021**

## **Executive Summary**

- In 2013, the Virginia General Assembly passed legislation codified at § 38.2-326 of the Code of Virginia (Va. Code). This law directs the State Corporation Commission (SCC), with the assistance of the Virginia Department of Health, to perform plan management functions required to certify health benefit plans and stand-alone dental plans for participation in the federal health benefit exchange (HBE), provided certain conditions are met, including the receipt of federal funds to pay operating expenses.
- Legislation to create a state-based exchange in the Commonwealth as a new SCC division amends Va. Code § 38.2-326 to specify that the SCC's Bureau of Insurance (Bureau) is the SCC division which performs plan management functions. The state-based exchange legislation was enacted by the General Assembly as Chapters 916 and 917 of the 2020 Acts of Assembly.
- The SCC accessed its federal exchange grant to pay for expenses related to plan management functions and returned funding appropriated from the Commonwealth's general fund through December 31, 2015.
- The SCC is not aware of funding opportunities through federal exchange grants to pay for plan management functions beyond the end of calendar year 2015. Consequently, the Bureau continues to conduct plan management functions based on the funding provided by Chapter 552 of the 2021 Reconvened Special Session 1 Acts of Assembly. If, however, any budget bills passed by the General Assembly remove funding for plan management activities or reduce such funding below necessary requirements, then, in accordance with subsection B of Va. Code § 38.2-326, the Bureau expects to encounter difficulties in performing plan management functions and may have to cease providing such functions.
- In carrying out its plan management activities as part of the HBE, the Bureau transmitted to the U.S. Department of Health & Human Services (US HHS) recommendations of qualified health benefit plans for the 2021 HBE in September 2020. These included plans from nine health insurance carriers for the individual market and plans from three health insurance carriers for the small group market. In addition, the Bureau recommended that numerous stand-alone dental plans be federal exchange-certified for 2020, including plans from eight dental insurance carriers for the individual market and plans from one dental insurance carrier for the small group market.

## **Introduction and Legislative Overview**

In 2013, the Virginia General Assembly enacted Va. Code § 38.2-326. This provision directs the SCC, with the assistance of the Virginia Department of Health, to perform plan management functions required to certify health benefit plans and stand-alone dental plans for participation in the HBE established by the U.S. Secretary of Health & Human Services pursuant to § 1321 of the Patient Protection and Affordable Care Act (ACA), provided certain funding, technology, and other conditions are met. Subsection F of Va. Code § 38.2-326 directs the SCC to make available to the public on its website a written report on the implementation and performance of its plan management functions during the preceding fiscal year, including, at a minimum, the manner in which all funds utilized for its plan management functions were expended.

As specifically identified in Va. Code § 38.2-326, the term “plan management functions” includes the analyses and reviews necessary to support the certification, recertification and decertification of qualified health plans (QHPs) and stand-alone dental plans for the HBE, including all form and rate reviews and market analyses of such plans.

Budget bills passed by the General Assembly continue to provide for the funding and reimbursement of expenses related to plan management functions. The amount of funding for FY 2021 and FY 2022 is \$103,671. The SCC believes that these amounts are adequate to cover the cost of plan management functions, barring unforeseen changes at the state and/or federal level.

Previous plan management activity reports may be found on the SCC website under Insurance. Scroll directly to the Life & Health Tips, Guides & Publications, and the reports will be located under Health Insurance.

## **Plan Management Grant**

As noted above, in accordance with Va. Code § 38.2-326, the Bureau’s obligation to perform plan management functions is contingent upon receipt of federal funding sufficient to pay the operating expenses necessary to carry out these functions. In 2013, the SCC applied for and was ultimately awarded a federal grant in the amount of \$1,247,402 from the US HHS to cover operating expenses for plan management functions, including analyses, reviews and recommendations of plans for approval by US HHS to be included in the federal HBE.

As required, the SCC reimbursed the Commonwealth's general fund for monies expended on plan management functions from 2013 through the end of 2015, at which time federal exchange grants expired. Total expenses for the period beginning with the pre-award period of April 2013 through December 31, 2015, were \$785,953.50, for which the general fund received reimbursement.<sup>1</sup> These expenses may be broken down by year as follows:

- Expenses for calendar year 2014: \$268,399.34
- Expenses for calendar year 2015: \$58,790.66
- Expenses for fiscal year 2014 (July 1, 2013 through June 30, 2014): \$330,482.11
- Expenses for fiscal year 2015 (July 1, 2014 through June 30, 2015): \$246,081.44

As was expected, the highest costs were incurred during the initial year of plan management review. Overall plan management expenses declined beginning in 2014 as the processes became more streamlined during subsequent cycles of plan submission and reviews.

It is the understanding of the SCC that funding opportunities through federal exchange grants pursuant to the federal ACA expired at the end of 2015. At that point, the SCC's ability to receive federal funds and thereby reimburse the Commonwealth's general fund for plan management related expenditures, as required by subsection C of Va. Code § 38.2-326, ceased to exist. General fund dollars spent on plan management activities, for which no reimbursement is apparent at this time, include the following:

- Expenses for calendar year 2018: \$51,277.74
- Expenses for calendar year 2019: \$46,447.82
- Expenses for calendar year 2020: \$55,866.46
- Expenses for fiscal year 2018 (July 1, 2017 through June 30, 2018): \$41,059.14
- Expenses for fiscal year 2019 (July 1, 2018 through June 30, 2019): \$46,447.82
- Expenses for fiscal year 2020 (July 1, 2019 through June 30, 2020): \$54,720.61

The SCC continues to maintain monthly records of the costs associated with plan management activities and the Bureau currently conducts such functions based on the funding provided by Chapter 552 of the 2021 Reconvened Special Session 1 Acts of Assembly. The SCC believes that the allotted amounts of \$103,671 for each fiscal year (2021 and 2022) are adequate to cover the cost of plan management activities, barring unforeseen changes at the state and/or federal level.

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<sup>1</sup> Details as to how these funds were spent may be found in the Plan Management Reports for 2014 and 2015.

If, however, any budget bills passed by the General Assembly remove funding for plan management activities or reduce such funding below necessary requirements, then in accordance with subsection B of Va. Code § 38.2-326, the Bureau anticipates difficulties in performing plan management functions and may have to cease providing such functions.

**QHP Certification Activities**

Upon completion of its reviews of the various QHP submissions made by carriers, the Bureau recommended QHP certification of health benefit plans from a number of carriers, in either or both the individual and small group market, the latter of which is known as the Small Business Health Options Program or “SHOP”. The following is an identification of the carriers and the associated markets for which their health plans were recommended and certified for 2021:

<b>Company</b>	<b>Individual Market</b>	<b>Small Group Market(SHOP)</b>
CareFirst BlueChoice, Inc.	X	X
Cigna Health and Life Insurance Company	X	
Group Hospitalization and Medical Services, Inc. (CareFirst Blue Cross Blue Shield)	X	X
HealthKeepers, Inc.	X	
Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.	X	X
Optima Health Plan	X	
Optimum Choice, Inc.*	X	
Oscar Insurance Company	X	
Piedmont Community HealthCare HMO, Inc.	X	

\*New QHP Applicant

**Total Plans Offered by Exchange Carriers: 102**

Total Individual Plans: 81

Total Small Group Plans: 21

The following is an identification of the carriers and the associated markets for which 2021 Stand-alone Dental Plan applications for Exchange Certification have been received and were certified:

Company	Exchange Participation	Individual Market	Small Group Market (SHOP)
Anthem Health Plans of Virginia, Inc.	On and Off Exchange	X	
Anthem Health Plans of Virginia, Inc.	Off Exchange Only		X
Cigna Health and Life Insurance Company	Off Exchange Only	X	
Delta Dental of Virginia	On Exchange Only	X	
Dental Care Plus, Inc.	On and Off Exchange	X	
Dentegra Insurance Company	On Exchange Only	X	
Dominion Dental Services, Inc.	On and Off Exchange	X	
DSM USA Insurance Company, Inc.	On and Off Exchange	X	
Group Hospitalization and Medical Services, Inc. (CareFirst Blue Cross Blue Shield)	Off Exchange Only	X	
Metropolitan Life Insurance Company	Off Exchange Only		X
Renaissance Life and Health Insurance Company of America	On and Off Exchange	X	
The Guardian Life Insurance Company of America	On and Off Exchange	X	
The Guardian Life Insurance Company of America	Off Exchange Only		X

**Total Plans Offered by Carriers: 53**

Total Plans Offered by Carriers On-Exchange: 37  
(All Individual); 12 of those Only On-Exchange

Total Plans Offered by Carriers Off-Exchange Only: 16  
(11 Individual/5 SHOP)

**Conclusion**

The SCC in conjunction with the Bureau continues to perform plan management functions in accordance with the statutory directives of Va. Code § 38.2-326 and budget bills passed by the General Assembly. The SCC made use of federal grant funding to reimburse the Commonwealth’s general fund for plan management expenses through December 31, 2015 and has relied on its general fund appropriation for plan management expenses since January 1, 2016. Submissions for QHPs and stand-alone dental plans for the 2022 health insurance plan year have been received, and the Bureau will review these plans for certification for use on the HBE for Virginia.

Legislation approved by the General Assembly and signed by the Governor directs the creation of a state-based exchange in the Commonwealth as a new SCC division, and that amends Va. Code § 38.2-326 to specify that the SCC's Bureau of Insurance is the SCC division which performs plan management functions, was enacted as Chapters 916 and 917 of the 2020 Acts of Assembly.