

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

**STATE CORPORATION COMMISSION  
BUREAU OF INSURANCE  
APRIL 2018**

## **Executive Summary**

- In 2013, the Virginia General Assembly passed legislation codified at § 38.2-326 of the Code of Virginia (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.
- The Virginia General Assembly also passed budget bills in 2013, 2014, 2015, 2016 and 2017 providing general fund monies to pay for plan management functions authorized in § 38.2-326 of the Code. The bills require the SCC to reimburse the general fund only for those funds that have been reimbursed by the federal government for carrying out plan management activities as part of the HBE.

The SCC was awarded a federal grant for work related to plan management functions. This grant covered work performed by the SCC for the HBE starting in April 2013 through December 31, 2015. The SCC accessed its federal grant funding to pay for expenses related to plan management functions and returned all money appropriated from the 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. Accordingly, the SCC continues to conduct plan management functions based on the funding provided by Chapter 836 of the 2017 Acts of Assembly. Should 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 Chapter 836 of the 2017 Acts of Assembly (and § 38.2-326 C of the Code) the SCC shall cease performing plan management functions.
- In carrying out its plan management activities as part of the HBE, the SCC's Bureau of Insurance (Bureau) transmitted to the U.S. Department of Health & Human Services (US HHS) its recommendations of qualified health benefit plans for the 2018 HBE in September 2017. These included plans from 7 health insurance carriers for the individual market and plans from 3 health insurance carriers for the small group market. In addition, the Bureau recommended that numerous stand-alone dental plans be federal exchange-certified for 2018, including plans from 11 dental insurance carriers for the individual market and plans from 9 dental insurance carriers for the small group market.

## **Introduction and Legislative Overview**

In 2013, the Virginia General Assembly enacted House Bill 1769 and Senate Bill 922, creating § 38.2-326 of the Code of Virginia (Code). 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 federal health benefit exchange (HBE) established by the U.S. Secretary of Health & Human Services (US HHS) pursuant to § 1321 of the Patient Protection and Affordable Care Act (ACA), provided certain funding, technology, and other conditions are met. Subsection F of § 38.2-326 of the Code 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 § 38.2-326 of the Code, 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 federal health benefit exchange, including all form and rate reviews and market analyses of such plans.

Budget bills passed by the General Assembly have and continue to provide for the funding and reimbursement of expenses related to plan management functions. Most recently:

- At the SCC's request, Chapter 732 of the 2016 Acts of Assembly reduced the amount appropriated to the SCC for the performance of plan management functions for fiscal year 2016 to \$200,446. Less money was needed as the initial start-up costs have been paid and the actual plan reviews are part of the Bureau's obligations under § 38.2-316.1. The sum of \$201,256 was provided for fiscal year 2017 and \$201,292 is provided for fiscal year 2018 from the general fund for plan management activities. The general fund appropriation remained the same in Chapter 836 of the 2017 Acts of Assembly. The SCC continues to believe that these amounts are adequate to cover the cost of plan management functions, barring unforeseen changes at the state and/or federal level.

This is the fifth report on plan management activities produced by the SCC. All previous reports may be found by visiting <http://www.scc.virginia.gov/boi/index.aspx> and selecting “Plan Management Functions” on the left side of the webpage.

## **Plan Management Grant**

As noted above, in accordance with § 38.2-326 of the Code, the SCC's obligation to perform plan management functions was 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.

Since receipt of grant funding in 2013, the SCC has allocated grant funds to cover: salary and fringe benefit costs for SCC employees working on plan management and related functions (legal, grant administration, accounting, etc.); actuarial consulting costs associated with the review of forms and rates for QHPs; Virginia's allocated portion of costs associated with enhancements to the National Association of Insurance Commissioners (NAIC) System for Electronic Rates and Forms Filings (SERFF), the system utilized by regulators and carriers nationally for form and rate filings, in support of plan management functions; travel associated with plan management activities; and the cost of a few additional laptop and desktop computers and printers to accommodate the increased workload resulting from the plan management activities.

SCC staff has maintained monthly records of the costs associated with plan management activities beginning with April 2013, concurrent with the pre-award funding received through the federal grant award, as noted above.<sup>1</sup> As was expected, the highest costs were incurred during the initial period of review of the various QHP submissions of forms and rates.

Although the cycle of increased expenditures during the period of high volume QHP submissions and review continued in 2014 and 2015, as was the case in 2013, overall plan management expenses declined beginning in 2014 as the processes became more streamlined during subsequent cycles of submission and reviews. The plan management expenses reported for various time-frames are as follows:

- Total plan management expenses for the period beginning with the pre-award period of April 2013 through December 31, 2015, were \$785,953.50.
- Total plan management expenses for calendar year 2014 were \$268,399.34. Total plan management expenses for Fiscal Year 2014 (July 1, 2013, through June 30, 2014) were \$330,482.11.
- A total of \$520,239.16 of the original grant award was available for plan management expenses as of January 2015.
- Total plan management expenses for Calendar Year 2015 were \$58,790.66. Total plan management expenses for Fiscal Year 2015 (July 1, 2014, through June 30, 2015) were \$246,081.44.

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 general fund for monies spent in carrying out plan management functions as required by subsection C of § 38.2-326 of the Code of Virginia (Code) ceased to exist. Since that time, the SCC has been unable to reimburse the general fund for monies spent in carrying out plan management functions. Accordingly:

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<sup>1</sup> Subsections D and E of § 38.2-326 of the Code state that the SCC may not use special fund revenues to fund plan management functions, but the SCC may provide existing technology support functions such as desktop, network administration and web services support in carrying out plan management functions. For the years 2013 and 2014, the SCC's Information Technology Division provided these functions. Technology support functions specifically for plan management activities were limited, were incidental to, and have not been documented separately from the technology support functions this division provides the SCC's Bureau of Insurance for its other work.

- A total of \$53,967.22 in general fund money was used for plan management expenses for calendar year 2016. Total plan management expenses for Fiscal Year 2015 (July 1, 2015, through June 30, 2016) were \$49,825.21.
- A total of \$58,106.78 in general fund money was used for plan management expenses for calendar year 2017. Total plan management expenses for Fiscal Year 2015 (July 1, 2016, through June 30, 2017) were \$54,088.63.

The SCC is continuing to conduct plan management functions based on the funding provided by Chapter 836 of the 2017 Acts of Assembly. Should 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 Chapter 836 of the 2017 Acts of Assembly (and § 38.2-326 C of the Code) the SCC shall cease performing plan management 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 2018:

<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	
Piedmont Community HealthCare HMO, Inc.	X	

### **Total Plans Offered by Exchange Carriers: 74**

Total Individual Plans: 54

Total Small Group Plans: 20

The following is an identification of the carriers and the associated markets for which **2018 Stand-alone Dental Plan applications for Exchange Certification** have been received and were certified:

<b>Company</b>	<b>Exchange Participation</b>	<b>Individual Market</b>	<b>Small Group Market (SHOP)</b>
Ameritas Life Insurance Corporation	Off Exchange Only		X
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 and Off Exchange	X	
Delta Dental of Virginia	Off Exchange Only		X
Dental Care Plus, Inc.	On and Off Exchange	X	X
Dentegra Insurance Company	On and Off Exchange	X	
Dominion Dental Services, Inc.	On and Off Exchange	X	X
DSM USA Insurance Company, Inc.	On and Off Exchange	X	
Group Hospitalization and Medical Services, Inc. (CareFirst Blue Cross Blue Shield)	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
TruAssure Insurance Company	On and Off Exchange	X	
TruAssure Insurance Company	Off Exchange Only		X

**Total Plans Offered by Carriers: 76**

Total Plans Offered by Carriers On-Exchange: 43  
(37 Individual/6 SHOP); 13 of those Only On-Exchange (all Individual)

Total Plans Offered by Carriers Off-Exchange Only: 33  
(11 Individual/22 SHOP)

## **Conclusion**

The State Corporation Commission (SCC) continues to perform plan management functions in accordance with the statutory directives of § 38.2-326 of the Code and budget bills passed by the General Assembly. The SCC made use of federal grant funding to reimburse the 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.