

IMPLEMENTATION AND PERFORMANCE OF PLAN MANAGEMENT FUNCTIONS

**STATE CORPORATION COMMISSION
BUREAU OF INSURANCE
JANUARY 2015**

Executive Summary

- In 2013 the Virginia General Assembly passed legislation codified at § 38.2-326 of the Code of Virginia. 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 and 2014 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 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 has covered work performed by the SCC for the HBE starting in April 2013 and is expected to continue through the end of 2015.
- To date, the SCC has been able to access its federal grant funding to pay for all expenses related to plan management functions and return all money appropriated from the general fund. Grant funding expended for plan management services was:
 - From April 2013 through December 2014, \$727,162.84
 - For calendar year 2013, \$458,763.50
 - For calendar year 2014, \$268,399.34
- 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 and will by operation of law cease plan management functions without alternative funding provided and/or continued appropriation.
- In carrying out its plan management activities as part of the HBE, in September 2014 the SCC's Bureau of Insurance (Bureau) transmitted to the U.S. Department of Health and Human Services its recommendations of qualified health benefit plans for the 2015 HBE. These included plans from 9 health insurance carriers for the individual market and plans from 6 health insurance carriers for the small group market. (One carrier subsequently withdrew its request for inclusion in the small group market exchange.)
- In carrying out its plan management activities as part of the HBE, in September 2014 the Bureau recommended that numerous stand-alone dental plans be federal exchange-certified for 2015, including plans from 6 dental insurance carriers for the individual market and plans from 19 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 State Corporation Commission (SCC), with the assistance of the Virginia Department of Health (VDH), 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 and 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 provided for the funding and reimbursement of expenses related to plan management functions. Chapter 806 of the 2013 Acts of Assembly, containing the 2012-2014 budget, provided \$200,000 for fiscal year 2013 and \$1,200,000 for fiscal year 2014 from the general fund to pay for plan management functions authorized in § 38.2-326 of the Code. This Act specifically provides that “[t]he Commission shall reimburse the general fund only for those funds that have been reimbursed by the Federally Facilitated Exchange for carrying out the plan management activities as part of the Federal – State Health Benefit Exchange.”¹ Similarly, House Bill 5002 passed by the General Assembly in 2014 Special Session I provides \$1,200,133 for fiscal year 2015 and \$1,200,446 for fiscal year 2016 from the general fund for plan management functions authorized in § 38.2-326 of the Code. That bill contains language requiring Commission reimbursement of the general fund “only for those funds that have been reimbursed by the U.S. Department of Health and Human Services for carrying out plan management activities as part of the Federal Health Benefit Exchange.”

This is the second report on plan management activities produced by the SCC. The first report, dated January 2014, may be found at:
<http://www.scc.virginia.gov/boi/index.aspx>

Plan Management Grant

As noted above, § 38.2-326 of the Code made the SCC’s obligation to perform plan management functions contingent upon receipt of federal funding sufficient to pay the operating expenses necessary to carry out these functions. As a result, the SCC applied for and was awarded a federal grant in the amount of \$1,247,402 from US HHS

¹ These dollar amounts and instructions were reiterated in House Bill 5001 passed in 2014 Special Session I of the General Assembly.

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, 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.² As was expected, the highest costs were incurred during the 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, as was the case in 2013, overall plan management expenses declined in 2014 as the processes became more streamlined during the second cycle of submission and reviews. The plan management expenses reported for various time-frames are as follows:

- Total plan management expenses for calendar year 2014 were \$268,399.34.
- Total plan management expenses for the previous fiscal year, July 1, 2013, through June 30, 2014, were 330,482.11.
- Total plan management expenses for the period beginning with the pre-award period through December 31, 2014, were \$727,162.84.
- As of the date of this report, \$520,239.16 of the original grant award remains available for plan management expenses through December 31, 2015. The SCC believes that this amount will be sufficient to cover operating costs for plan management activities through the end of calendar year 2015.
- For fiscal year 2015 (July 1, 2014, through June 30, 2015), \$1,200,133 has been appropriated in the current budget (Line Item 476 of the Special Session 1 budget, approved June 23, 2014) from the general fund to be used to pay for plan management expenses. The appropriation for fiscal year 2016 (July 1, 2015 through June 30, 2016) is \$1,200,446. The SCC will reimburse the general fund as federal funds are received to reimburse the general fund.

² 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 has 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.

- It is the SCC's understanding that funding opportunities through federal exchange grants pursuant to the federal ACA expire at the end of 2015. At that point, or when the last of the remaining funding is exhausted, an impediment would exist to 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. Accordingly, the SCC would by operation of law cease plan management functions without alternative funding provided and/or continued appropriation.

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 2015:

Company	Individual Market	Small Group Market (SHOP)
Aetna Life Insurance Company	X	
CareFirst BlueChoice, Inc.	X	X
Coventry Health Care of Virginia, Inc.	X	
Group Hospitalization and Medical Services, Inc. (d/b/a CareFirst Blue Cross Blue Shield) *	X	X
HealthKeepers, Inc.	X	X
Innovation Health Insurance Company	X	
Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.	X	X
Optima Health Plan	X	X ¹
Piedmont Community HealthCare, Inc.	X	X

*This company issues both medical and dental QHPs.

¹Plans were approved for Optima Health Plan, but the company decided it would not participate on the SHOP Exchange in 2015.

Total Plans Offered by Exchange Carriers: 172

Total Individual Plans: 90
 Total Small Group Plans: 82

The following is an identification of the carriers and the associated markets for which **2015 Stand-alone Dental Plan applications for Exchange Certification** have been received and were certified:

Company	Exchange Participation	Individual Market	Small Group Market (SHOP)
Ameritas Life Insurance Corporation	Off Exchange Only		X
Anthem Health Plans of Virginia, Inc.	On and Off Exchange	X	X
Companion Life Insurance Company	Off Exchange Only		X
Delta Dental of Virginia	Off Exchange Only		X
DentaQuest Virginia, Inc.	On and Off Exchange	X	X
Dentegra Insurance Company	On and Off Exchange	X	X
Dominion Dental Services, Inc.	On and Off Exchange	X	X
Group Hospitalization and Medical Services, Inc. (d/b/a CareFirst Blue Cross Blue Shield) *	On and Off Exchange	X	X
Kansas City Life Insurance Company	Off Exchange Only		X
Metropolitan Life Insurance Company	On and Off Exchange		X
Principal Life Insurance Company	Off Exchange Only		X
Reliance Standard Life Insurance Company	Off Exchange Only		X
Renaissance Life and Health Insurance Company of America	Off Exchange Only	X	X
Security Life Insurance Company of America	Off Exchange Only		X
Standard Insurance Company	Off Exchange Only		X
The Guardian Life Insurance Company of America	On and Off Exchange		X
The Lincoln National Life Insurance Company	Off Exchange Only		X
Union Security Insurance Company	Off Exchange Only		X
United Concordia Insurance Company	On and Off Exchange		X

*This company issues both medical and dental QHPs.

Total Plans Offered by Carriers: 119

Total Plans Offered by Carriers On-Exchange: 42 (12 of those only On-Exchange)
(20 Individual/ 22 SHOP)

Total Plans Offered by Carriers Off-Exchange Only: 77 (9 Individual/68 SHOP)

Conclusion

The 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. To date, the SCC has been able to use federal grant funding to reimburse the general fund for plan management expenses.