

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

**STATE CORPORATION COMMISSION  
BUREAU OF INSURANCE  
MARCH 2017**

## 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, 2014, and 2015 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 the end of 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. 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
  - For fiscal year 2015: \$246,081.44
  - For calendar year 2015: \$ 58,790.66
- 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 732 of the 2016 Acts of Assembly only. Should any budget bills passed by the General Assembly remove funding for plan management activities or reduce such funding below necessary requirements, the SCC will cease performing plan management functions by operation of law in accordance with Chapter 732 of the 2016 Acts of Assembly and § 38.2-326 C of the Code.
- In carrying out its plan management activities as part of the HBE, in August 2016, the SCC's Bureau of Insurance (Bureau) transmitted to the U.S. Department of Health & Human Services its recommendations of qualified health benefit plans for the 2017 HBE. These included plans from 11 health insurance carriers for the individual market and plans from 5 health insurance carriers for the small group market.

- In carrying out its plan management activities as part of the HBE, in August 2016, the Bureau recommended that numerous stand-alone dental plans be federal exchange-certified for 2017, including plans from 9 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 & 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 as follows:

- 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.”<sup>1</sup>
- Chapter 2 of 2014 Special Session I Acts of Assembly provided \$1,200,133 for fiscal year 2015 and \$1,200,446 for fiscal year 2016 from the general fund for plan management functions. That bill contained the same conditions for reimbursement outlined in the 2013 budget bill.

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

- Chapter 665 of the 2015 Virginia Acts of Assembly provided \$1,200,133 for fiscal year 2015 and \$1,200,446 for fiscal year 2016 from the general fund for plan management functions. Again, this chapter contained the provision that the SCC “shall reimburse the general fund for the plan management activities performed by the commission, as part of the Federal Health Benefit Exchange, only for those funds that have been reimbursed by the U.S. Department of Health and Human Services for carrying out the plan management activities as part of the Federal Health Benefit Exchange.”
- 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. The sum of \$201,256 is provided for fiscal year 2017 and \$201,292 is provided for fiscal year 2018 from the general fund for plan management activities. The SCC believes that these amounts are adequate to cover the cost of plan management functions during those years, barring unforeseen changes at the state and/or federal level.

This is the fourth report on plan management activities produced by the SCC. The first three reports, dated January 2014, January 2015, and February 2016, respectively, 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 United States Department of Health and Human Services (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>2</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 in both 2014 and 2015 as the processes became more streamlined during the second and third 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.
- 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.
- A total of \$520,239.16 of the original grant award was available for plan management expenses as of January 2015.
- A total of \$53,967.22 in general fund money was used for plan management expenses for calendar year 2016.

It is the SCC's understanding 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 ceased to exist. At this time, the SCC is unable to reimburse the general fund for monies spent in carrying out plan management functions.

Accordingly, the SCC is continuing to conduct plan management functions based on the funding provided by Chapter 732 of the 2016 Acts of Assembly only. Should any budget bills passed by the General Assembly remove funding for plan management activities or reduce such funding below necessary requirements, the SCC would immediately cease performing plan management functions by operation of law in accordance with Chapter 732 of the 2016 Acts of Assembly and § 38.2-326 C of the Code.

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<sup>2</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 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.

**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 2017:

<b>Company</b>	<b>Individual Market</b>	<b>Small Group Market(SHOP)</b>
Aetna Health, Inc.*	X	
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	X
Innovation Health Plan, Inc.		X
Innovation Health Insurance Company	X	
Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.	X	X
Optima Health Plan	X	
Piedmont Community HealthCare HMO, Inc.	X	
Piedmont Community HealthCare, Inc.	X	
UnitedHealthcare of the Mid-Atlantic, Inc.	X	

**\*New QHP applicant**

**Total Plans Offered by Exchange Carriers: 208 (+ 2 Multi-state Plans, or MSPs)**

Total Individual Plans: 132 (+2 MSPs)

Total Small Group Plans: 76

The following is an identification of the carriers and the associated markets for which **2017 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	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	X
Dominion Dental Services, Inc.	On and Off Exchange	X	X
DSM USA Insurance Company, Inc.	On and Off Exchange	X	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	On and Off Exchange		X
Reliance Standard Life Insurance Company	Off Exchange Only		X
Renaissance Life and Health Insurance Company of America	On and Off Exchange	X	
Standard Insurance Company	Off Exchange Only		X
The Guardian Life Insurance Company of America	On and Off Exchange	X	X
TruAssure Insurance Company*	On and Off Exchange	X	X

\* **New SADP Applicant**

**Total Plans Offered by Carriers: 99**

Total Plans Offered by Carriers On-Exchange: 49  
(35 Individual/14 SHOP); 19 of those Only On-Exchange (11 Individual/8 SHOP)

Total Plans Offered by Carriers Off-Exchange Only: 50  
(12 Individual/38 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. 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.