

IMPLEMENTATION AND PERFORMANCE OF PLAN MANAGEMENT FUNCTIONS



BUREAU OF INSURANCE
NOVEMBER 2023

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 amended 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 I 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 2023 HBE in August 2022. These included plans from twelve 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 2023, including plans from ten dental insurance carriers for the individual market and plans from three dental insurance carrier for the small group market.

Introduction and Legislative Overview

In 2013, the Virginia General Assembly enacted Va. Code § 38.2-326. Pursuant to this statute, the SCC's Bureau of Insurance, with the assistance of the Virginia Department of Health, performs 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 2022 and FY 2023 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 the Consumers tab, by selecting "Insurance." Scroll directly to the Life & Health section and select "Tips, Guides & Publications." Click the down-arrow beside the words "Health Insurance," and the reports will be located in the "Other" section.

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. 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 2020: \$55,866.46
- Expenses for calendar year 2021 are \$16,137.52
- Expenses for calendar year 2022 are \$30,347.40
- Expenses for fiscal year 2020 (July 1, 2019 through June 30, 2020): \$54,720.61
- Expenses for fiscal year 2021 (July 1, 2020 through June 30, 2021): \$46,133.88
- Expenses for fiscal year 2022 (July 1, 2021 through June 30, 2022): \$59,474.72

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 2022 Special Session I Acts of Assembly, approved June 22, 2022. The SCC believes that the allotted amounts of \$103,671 for each fiscal year (2023 and 2024) are adequate to cover the cost of plan management activities, barring unforeseen changes at the state and/or federal level.

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 2023:

Company	Individual Market	Small Group Market(SHOP)
Aetna Health Inc.*	X	
Aetna Life Insurance Company	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	
Innovation Health Plan, 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: 167

Total Individual Plans: 145

Total Small Group Plans: 22

The following is an identification of the carriers and the associated markets for which 2023 Stand-alone Dental Plan applications for Exchange Certification were received and 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	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: 54

Total Plans Offered by Carriers On-Exchange: 38 (All Individual);
12 of those On-Exchange Only

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

Conclusion

The SCC’s Bureau, in conjunction with the Virginia Department of Health, 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.

For plan year 2023, 167 health insurance plans were received and certified for sale in either or both the individual and small group market, and 54 stand alone dental plans were received and certified for sale in either or both the individual and small group market, either on exchange, off exchange, or both.

Submissions for QHPs and stand-alone dental plans for the 2024 health insurance plan year have been received, and the Bureau will review these plans for certification for intended use on the Virginia health benefit exchange.