

SUBCOMMITTEE: SUBCOMMITTEE #1

HOUSE BILL NO. 2639

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on _____
on _____)

(Patron Prior to Substitute--Delegate Byron)

A BILL to amend and reenact §§ 38.2-4214, 38.2-4319, and 54.1-2910.01 of the Code of Virginia and to amend the Code of Virginia by adding in Chapter 34 of Title 38.2 an article numbered 8, consisting of sections numbered 38.2-3461 through 38.2-3464, relating to health care shared savings; required disclosures by health care providers; and health insurance incentive programs.

Be it enacted by the General Assembly of Virginia:

1. That §§ 38.2-4214, 38.2-4319, and 54.1-2910.01 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Chapter 34 of Title 38.2 an article numbered 8, consisting of sections numbered 38.2-3461 through 38.2-3464, as follows:

Article 8.

Health Care Shared Savings.

§ 38.2-3461. Definitions.

As used in this article, unless the context requires a different meaning:

"Allowed amount" means the contractually agreed upon amount paid or payable by a health carrier to a health care provider participating in the health carrier's network.

"Average" means mean, median, or mode.

"Comparable health care service" means any covered non-emergency health care service or bundle of health care services provided by a network provider, including physical and occupational therapy services, radiology and imaging services, laboratory services, or infusion therapy services for which a carrier has not demonstrated that the allowed amount variation among participating providers is less than \$50.

26 "Covered person" means a policyholder, subscriber, participant, or other individual covered by a
27 health benefit plan.

28 "Health benefit plan" means a policy, contract, certificate, or agreement offered by a health carrier
29 in the small group market to provide, deliver, arrange for, pay for, or reimburse any of the costs of health
30 care services. "Health benefit plan" does not include the "excepted benefits" as defined in § 38.2-3431.
31 "Health benefit plan" does not include any health insurance plan administered by the Department of
32 Human Resource Management, including the health coverage offered to state employees pursuant to §
33 2.2-2818; health insurance coverage offered to employees of local governments, local officers, teachers,
34 and retirees, and the dependents of such employees, local officers, teachers and retirees pursuant to § 2.2-
35 1204; or health insurance coverage provided under the Line of Duty Act (§ 9.1-400 et seq.).

36 "Health care provider" means a health care professional or facility.

37 "Health care service" means a service for the diagnosis, prevention, treatment, cure, or relief of a
38 health condition, illness, injury, or disease.

39 "Health carrier" means an entity subject to the insurance laws and regulations of the
40 Commonwealth and subject to the jurisdiction of the Commission that contracts or offers to contract to
41 provide, deliver, arrange for, pay for, or reimburse any of the costs of health care services, including an
42 insurer licensed to sell accident and sickness insurance, a health maintenance organization, a health
43 services plan, or any other entity providing a plan of health insurance, health benefits, or health care
44 services.

45 "Network" or "provider network" means the group of participating providers providing services to
46 a health benefit plan under which the financing and delivery of health care services are provided, in whole
47 or in part, through a defined set of health care providers.

48 "Network provider" means a health care provider that has contracted with the health carrier, or
49 with its contractor or subcontractor, to provide health care services to covered persons as a member of a
50 network.

51 "Out-of-pocket costs" means any copayment, deductible, or coinsurance that is the responsibility
52 of the covered person with respect to a covered health care service.

53 "Program" means the comparable health care service incentive program established by a health
54 carrier pursuant to this article.

55 "Small group market" means the health insurance market under which individuals obtain health
56 insurance coverage, directly or through any arrangement, on behalf of themselves and their dependents
57 through a group health plan maintained by a small employer.

58 **§ 38.2-3462. Comparable Health Care Service Incentive Program.**

59 A. Beginning with health benefit plans offered or renewed on or after January 1, 2021, each health
60 carrier offering a health benefit plan in the Commonwealth shall develop and implement a program that
61 provides incentives for covered persons in its health benefit plan who elect to receive a comparable health
62 care service that is covered by the health benefit plan from health care providers that are paid less than the
63 average in-network allowed amount paid or payable by that health carrier to network providers for that
64 comparable health care service. A health carrier may base the average paid to a network provider on what
65 that health carrier pays to providers in the network applicable to the covered person's specific health
66 benefit plan, or across all of its health benefit plans offered in the Commonwealth.

67 B. Incentives may include, but are not limited to, cash payments, gift cards, or credits or reductions
68 of premiums, copayments, or deductibles. Health carriers may let covered persons decide which method
69 they prefer to receive the incentive.

70 C. The incentive program shall provide covered persons with an incentive for each service or
71 category of comparable health care service resulting from comparison shopping by covered persons. A
72 health carrier is not required to provide a payment or credit to a covered person when the health carrier's
73 saved cost is \$25 or less.

74 D. A health carrier shall determine the allowed amount paid or payable by that health carrier to
75 network providers for that comparable health care service on the basis of the average allowed amount for
76 the procedure or service under the covered person's health benefit plan. Such determination shall be made
77 on the basis of the average of the allowed amounts using data collected over a reasonable period not to
78 exceed one year. A health carrier may determine an alternate methodology for calculating the average
79 allowed amount if approved by the Commission. A health carrier shall, at minimum, inform covered

80 persons of their eligibility for an incentive payment and the process to request the average allowed amount
81 for a procedure or service on the health carrier's website and in health benefit plan materials.

82 E. Eligibility for an incentive payment may require a covered person to demonstrate, through
83 reasonable documentation such as a quote from the health care provider, that the covered person shopped
84 prior to receiving care from the health care provider who charges less for the comparable health care
85 service than the average allowed amount paid or payable by that health carrier. Health carriers shall
86 provide additional mechanisms for the covered person to satisfy this requirement by utilizing the health
87 carrier's cost transparency website or toll-free number, established under this article.

88 F. Each health carrier shall make the program available as a component of all small group health
89 benefit plans offered by the health carrier in the Commonwealth. Annually at enrollment or renewal, each
90 health carrier shall provide to any covered person who is enrolled in a small group health benefit plan
91 eligible for the program (i) notice about the availability of the program, (ii) a description of the incentives
92 available to a covered person, (iii) instructions on how to earn such incentives, and (iv) notification that
93 tax treatment of the shared savings amounts or awards will be compliant with the rules of the Internal
94 Revenue Service and treated as taxable income.

95 G. A comparable health care service incentive payment made by a health carrier in accordance
96 with this section shall not constitute an administrative expense of the health carrier for rate development
97 or rate filing purposes.

98 H. Prior to offering the program to any covered person, a health carrier shall file with the
99 Commission a description of the program in the manner determined by the Commission. The description
100 shall include a demonstration by the health carrier that the program is cost-effective, including any data
101 relied upon by the health carrier in making such determination. The Commission may review the filing
102 made by the health carrier to determine if the health carrier's program complies with the requirements of
103 this article.

104 I. A health carrier may petition the Commission to be excluded from participation in the program.
105 The Commission shall exempt from the program a health plan with a limited provider network that

106 demonstrates that the network is incompatible with a shared savings program. In making its determination,
107 the Commission shall consider the impact on premiums related to the administration of the program.

108 J. Annually by April 1, each health carrier shall file with the Commission, for the most recent
109 calendar year, the total number of comparable health care service incentive payments made pursuant to
110 this article, the use of comparable health care services by category of service for which comparable health
111 care service incentives are made, the total payments made to covered persons, the average amount of
112 incentive payments made by service for such transactions, the total savings achieved below the average
113 allowed amount by service for such transactions, and the total number and percentage of a health carrier's
114 covered persons in small group health benefit plans that participated in such transactions.

115 K. Beginning no later than 18 months after implementation of comparable health care service
116 incentive programs under this section and annually by November 1 of each year thereafter, the
117 Commission shall submit an aggregate report for all health carriers filing the information required by this
118 section to the chairs of the House and Senate Committees on Commerce and Labor.

119 **§ 38.2-3463. Health care price transparency tools.**

120 Beginning with health benefit plans offered or renewed on or after January 1, 2020, each health
121 carrier offering a health benefit plan in the Commonwealth shall comply with the following requirements:

122 1. A health carrier shall establish an interactive mechanism on its website that enables a covered
123 person to request and obtain from the health carrier the estimated out-of-pocket cost to the covered person
124 for comparable health care services from network providers, as well as quality data for those providers, to
125 the extent available. The interactive mechanism shall allow a covered person seeking information about
126 the cost of a comparable health care service to compare estimated out-of-pocket costs applicable to that
127 covered person's health benefit plan. The out-of-pocket estimate shall provide a good faith estimate of the
128 amount the covered person will be responsible to pay out-of-pocket for a proposed comparable health care
129 service or service that is a medically necessary covered benefit from a health carrier's network provider,
130 including any copayment, deductible, coinsurance, or other out-of-pocket amount for any covered benefit,
131 based on the information available to the health carrier at the time the request is made. A health carrier
132 may contract with a third-party vendor to satisfy the requirements of this subdivision.

133 2. Nothing in this section shall prohibit a health carrier from imposing cost-sharing requirements
134 disclosed in the covered person's covered benefit plan for unforeseen health care services that arise out of
135 the comparable health care service or for a procedure or service provided to a covered person that was not
136 included in an original estimate provided under subdivision 1.

137 3. A health carrier shall notify a covered person that an estimate provided under subdivision 1 is
138 an estimate of costs and that the actual amount the covered person will be responsible to pay may vary
139 due to the need for unforeseen services that arise out of the proposed comparable health care service.

140 **§ 38.2-3464. Rules and regulations; orders.**

141 The Commission, after notice and opportunity for all interested parties to be heard, may issue any
142 rules and regulations necessary or appropriate for the administration and enforcement of this article.

143 **§ 38.2-4214. Application of certain provisions of law.**

144 No provision of this title except this chapter and, insofar as they are not inconsistent with this
145 chapter, §§ 38.2-200, 38.2-203, 38.2-209 through 38.2-213, 38.2-218 through 38.2-225, 38.2-230, 38.2-
146 232, 38.2-305, 38.2-316, 38.2-316.1, 38.2-322, 38.2-325, 38.2-326, 38.2-400, 38.2-402 through 38.2-413,
147 38.2-500 through 38.2-515, 38.2-600 through 38.2-620, 38.2-700 through 38.2-705, 38.2-900 through
148 38.2-904, 38.2-1017, 38.2-1018, 38.2-1038, 38.2-1040 through 38.2-1044, Articles 1 (§ 38.2-1300 et seq.)
149 and 2 (§ 38.2-1306.2 et seq.) of Chapter 13, §§ 38.2-1312, 38.2-1314, 38.2-1315.1, 38.2-1317 through
150 38.2-1328, 38.2-1334, 38.2-1340, 38.2-1400 through 38.2-1442, 38.2-1446, 38.2-1447, 38.2-1800
151 through 38.2-1836, 38.2-3400, 38.2-3401, 38.2-3404, 38.2-3405, 38.2-3405.1, 38.2-3406.1, 38.2-3406.2,
152 38.2-3407.1 through 38.2-3407.6:1, 38.2-3407.9 through 38.2-3407.19, 38.2-3409, 38.2-3411 through
153 38.2-3419.1, 38.2-3430.1 through 38.2-3454, Article 8 (§ 38.2-3461 et seq.) of Chapter 34, 38.2-3501,
154 38.2-3502, subdivision 13 of § 38.2-3503, subdivision 8 of § 38.2-3504, §§ 38.2-3514.1, 38.2-3514.2, §§
155 38.2-3516 through 38.2-3520 as they apply to Medicare supplement policies, §§ 38.2-3522.1 through
156 38.2-3523.4, 38.2-3525, 38.2-3540.1, 38.2-3541 through 38.2-3542, 38.2-3543.2, Article 5 (§ 38.2-3551
157 et seq.) of Chapter 35, Chapter 35.1 (§ 38.2-3556 et seq.), §§ 38.2-3600 through 38.2-3607, Chapter 52
158 (§ 38.2-5200 et seq.), Chapter 55 (§ 38.2-5500 et seq.), and Chapter 58 (§ 38.2-5800 et seq.) of this title
159 shall apply to the operation of a plan.

160 § 38.2-4319. Statutory construction and relationship to other laws.

161 A. No provisions of this title except this chapter and, insofar as they are not inconsistent with this
162 chapter, §§ 38.2-100, 38.2-136, 38.2-200, 38.2-203, 38.2-209 through 38.2-213, 38.2-216, 38.2-218
163 through 38.2-225, 38.2-229, 38.2-232, 38.2-305, 38.2-316, 38.2-316.1, 38.2-322, 38.2-325, 38.2-326,
164 38.2-400, 38.2-402 through 38.2-413, 38.2-500 through 38.2-515, 38.2-600 through 38.2-620, Chapter 9
165 (§ 38.2-900 et seq.), §§ 38.2-1016.1 through 38.2-1023, 38.2-1057, 38.2-1306.1, Article 2 (§ 38.2-1306.2
166 et seq.), § 38.2-1315.1, Articles 3.1 (§ 38.2-1316.1 et seq.), 4 (§ 38.2-1317 et seq.), 5 (§ 38.2-1322 et seq.),
167 5.1 (§ 38.2-1334.3 et seq.), and 5.2 (§ 38.2-1334.11 et seq.) of Chapter 13, Articles 1 (§ 38.2-1400 et seq.),
168 2 (§ 38.2-1412 et seq.), and 4 (§ 38.2-1446 et seq.) of Chapter 14, Chapter 15 (§ 38.2-1500 et seq.),
169 Chapter 17 (§ 38.2-1700 et seq.), §§ 38.2-1800 through 38.2-1836, 38.2-3401, 38.2-3405, 38.2-3405.1,
170 38.2-3406.1, 38.2-3407.2 through 38.2-3407.6:1, 38.2-3407.9 through 38.2-3407.19, 38.2-3411, 38.2-
171 3411.2, 38.2-3411.3, 38.2-3411.4, 38.2-3412.1, 38.2-3414.1, 38.2-3418.1 through 38.2-3418.17, 38.2-
172 3419.1, 38.2-3430.1 through 38.2-3454, Article 8 (§ 38.2-3461 et seq.) of Chapter 34, 38.2-3500,
173 subdivision 13 of § 38.2-3503, subdivision 8 of § 38.2-3504, §§ 38.2-3514.1, 38.2-3514.2, 38.2-3522.1
174 through 38.2-3523.4, 38.2-3525, 38.2-3540.1, 38.2-3540.2, 38.2-3541.2, 38.2-3542, 38.2-3543.2, Article
175 5 (§ 38.2-3551 et seq.) of Chapter 35, Chapter 35.1 (§ 38.2-3556 et seq.), Chapter 52 (§ 38.2-5200 et seq.),
176 Chapter 55 (§ 38.2-5500 et seq.), and Chapter 58 (§ 38.2-5800 et seq.) shall be applicable to any health
177 maintenance organization granted a license under this chapter. This chapter shall not apply to an insurer
178 or health services plan licensed and regulated in conformance with the insurance laws or Chapter 42 (§
179 38.2-4200 et seq.) except with respect to the activities of its health maintenance organization.

180 B. For plans administered by the Department of Medical Assistance Services that provide benefits
181 pursuant to Title XIX or Title XXI of the Social Security Act, as amended, no provisions of this title
182 except this chapter and, insofar as they are not inconsistent with this chapter, §§ 38.2-100, 38.2-136, 38.2-
183 200, 38.2-203, 38.2-209 through 38.2-213, 38.2-216, 38.2-218 through 38.2-225, 38.2-229, 38.2-232,
184 38.2-322, 38.2-325, 38.2-400, 38.2-402 through 38.2-413, 38.2-500 through 38.2-515, 38.2-600 through
185 38.2-620, Chapter 9 (§ 38.2-900 et seq.), §§ 38.2-1016.1 through 38.2-1023, 38.2-1057, 38.2-1306.1,
186 Article 2 (§ 38.2-1306.2 et seq.), § 38.2-1315.1, Articles 3.1 (§ 38.2-1316.1 et seq.), 4 (§ 38.2-1317 et

187 seq.), 5 (§ 38.2-1322 et seq.), 5.1 (§ 38.2-1334.3 et seq.), and 5.2 (§ 38.2-1334.11 et seq.) of Chapter 13,
188 Articles 1 (§ 38.2-1400 et seq.), 2 (§ 38.2-1412 et seq.), and 4 (§ 38.2-1446 et seq.) of Chapter 14, §§
189 38.2-3401, 38.2-3405, 38.2-3407.2 through 38.2-3407.5, 38.2-3407.6, 38.2-3407.6:1, 38.2-3407.9, 38.2-
190 3407.9:01, and 38.2-3407.9:02, subdivisions F 1, F 2, and F 3 of § 38.2-3407.10, §§ 38.2-3407.11, 38.2-
191 3407.11:3, 38.2-3407.13, 38.2-3407.13:1, 38.2-3407.14, 38.2-3411.2, 38.2-3418.1, 38.2-3418.2, 38.2-
192 3419.1, 38.2-3430.1 through 38.2-3437, 38.2-3500, subdivision 13 of § 38.2-3503, subdivision 8 of §
193 38.2-3504, §§ 38.2-3514.1, 38.2-3514.2, 38.2-3522.1 through 38.2-3523.4, 38.2-3525, 38.2-3540.1, 38.2-
194 3540.2, 38.2-3541.2, 38.2-3542, 38.2-3543.2, Chapter 52 (§ 38.2-5200 et seq.), Chapter 55 (§ 38.2-5500
195 et seq.), and Chapter 58 (§ 38.2-5800 et seq.) shall be applicable to any health maintenance organization
196 granted a license under this chapter. This chapter shall not apply to an insurer or health services plan
197 licensed and regulated in conformance with the insurance laws or Chapter 42 (§ 38.2-4200 et seq.) except
198 with respect to the activities of its health maintenance organization.

199 C. Solicitation of enrollees by a licensed health maintenance organization or by its representatives
200 shall not be construed to violate any provisions of law relating to solicitation or advertising by health
201 professionals.

202 D. A licensed health maintenance organization shall not be deemed to be engaged in the unlawful
203 practice of medicine. All health care providers associated with a health maintenance organization shall be
204 subject to all provisions of law.

205 E. Notwithstanding the definition of an eligible employee as set forth in § 38.2-3431, a health
206 maintenance organization providing health care plans pursuant to § 38.2-3431 shall not be required to
207 offer coverage to or accept applications from an employee who does not reside within the health
208 maintenance organization's service area.

209 F. For purposes of applying this section, "insurer" when used in a section cited in subsections A
210 and B shall be construed to mean and include "health maintenance organizations" unless the section cited
211 clearly applies to health maintenance organizations without such construction.

212 **§ 54.1-2910.01. Practitioner information provided to patients.**

213 Upon request by a patient, doctors of medicine, osteopathy, and podiatry shall inform the patient
 214 about the following:

215 1. Procedures to access information on the doctor compiled by the Board of Medicine pursuant to
 216 § 54.1-2910.1; ~~and~~

217 2. If the patient is not covered by a health insurance plan that the doctor accepts or a managed care
 218 health insurance plan in which the doctor participates, the patient may be subject to the doctor's full charge
 219 which may be greater than the health plan's allowable charge; and

220 3. For purposes of § 38.2-3463, licensees of the Board of Medicine or their designee shall provide
 221 a description of the elective procedure or test, or the applicable standard procedural terminology or
 222 medical codes used by the American Medical Association, sufficient to allow a patient to compare care
 223 options if the patient is being referred for an elective procedure or test.

224

#