
VIRGINIA STATE BUDGET

2018 Special Session I

Budget Bill - HB5001 (Chapter 1)

Bill Order » Office of Administration » Item 85

Administration of Health Insurance

| Item 85 | First Year - FY2017 | Second Year - FY2018 |
|---|------------------------|--|
| Personnel Management Services (70400) | \$1,944,464,330 | \$2,087,219,541 \$1,952,449,823 |
| Health Benefits Services (70406) | \$1,515,195,823 | \$1,619,195,823 \$1,419,195,823 |
| Local Health Benefit Services (70407) | \$429,268,507 | \$459,268,507 \$504,504,000 |
| Health Insurance Benefit Payment Under the Line of Duty Act (70408) | \$0 | \$8,755,211 \$28,750,000 |
| Fund Sources: | | |
| Enterprise | \$429,268,507 | \$459,268,507 \$504,504,000 |
| Internal Service | \$1,515,195,823 | \$1,619,195,823 \$1,419,195,823 |
| Trust and Agency | \$0 | \$8,755,211 \$28,750,000 |

Authority: § 2.2-2818, § 2.2-1204, and Title 9.1, Chapter 4, Code of Virginia.

A. The appropriation for Health Benefits Services is sum sufficient and amounts shown are estimates from an internal service fund which shall be paid from revenues paid by state agencies to the Department of Human Resource Management.

B. The amounts for Local Health Benefits Services include estimated revenues received from localities for the local choice health benefits program.

C.1. In the event that the total of all eligible claims exceeds the balance in the state employee medical reimbursement account, there is hereby appropriated a sum sufficient from the general fund of the state treasury to enable the payment of such eligible claims.

2. The term "employee medical reimbursement account" means the account administered by the Department of Human Resource Management pursuant to § 125 of the Internal Revenue Code in connection with the health insurance program for state employees (§ 2.2-2818, Code of Virginia).

D. Any balances remaining in the reserved component of the Employee Health Insurance Fund shall be considered part of the overall Health Insurance Fund. It is the intent of the General Assembly that future premiums for the state employee health insurance program shall be set in a manner so that the balance in the Health Insurance Fund will be sufficient to meet the estimated Incurred But Not Paid liability for the Fund and maintain a contingency reserve at a level recommended by the Department of Human Resource Management for a self-insured plan subject to the approval of the General Assembly.

E. The Department of Human Resource Management shall implement a Medication Therapy Management pilot program for state employees with certain disease states including Type II diabetes. The department shall continue to consult with all provider stakeholders in order to establish program parameters.

F. Concurrent with the date the Governor introduces the budget bill, the Directors of the Departments of Planning and Budget and Human Resource Management shall provide to the Chairmen of the House Appropriations and Senate Finance Committees a report detailing the assumptions included in the Governor's introduced budget for the state employee health insurance plan. The report shall include the proposed premium schedule that would be effective for the upcoming fiscal year and any proposed changes to the benefit structure.

G. Of money appropriated for the state employee health insurance fund, \$500,000 the first year and \$650,000 the second year shall be held separate and apart from the fund to pay for any required fees due to the Patient-Centered Outcomes Research Institute.

H. The Director of the Department of Human Resource Management shall analyze pharmacy claims data from the past biennium in order to assess the value of payments made to the state employee health program's contracted third party administrators, and the value of payments made by the contracted third party administrators to their contracted prescription benefit managers (PBMs). The Director shall identify and report any difference in value in payments made to the contracted PBMs and payments made to the state employee health program's contracted third party administrators and shall make recommendations to the Chairmen of the House Appropriations Committee and Senate Finance Committees by October 1, 2016.

I. In addition to such other payments as may be available, the full cost of group health insurance, net of any deductions and credits, for the surviving spouses and dependents of certain public safety officers killed in the line of duty and for certain public safety officers disabled in the line of duty, and the spouses and dependents of such disabled officers, are payable from this Item pursuant to Title 9.1, Chapter 4, Code of Virginia, effective July 1, 2017.

J. The Department of Human Resource Management shall identify the requirements, costs, and benefits of implementing a shared-savings incentive program for state-employed, public sector or retired enrollees who elect to shop and receive health care services at a lower cost than the average price paid by their carrier for a comparable health care service. Under such a program, the Department shall develop a plan to reimburse the insured for using a lower cost site of service. The cash payment incentive could be calculated as a percentage or as a flat dollar amount, or by some reasonable methodology determined by the Department. The Department shall determine whether to administer the program itself or through a third-party, or to require carriers to offer access to such a program for health care services eligible for shared incentives and estimate the projected fiscal impact of the program. No later than November 1, 2017 the Department shall report to the Chairmen of the House Appropriations and Senate Finance Committees.