2020 Special Session I

Budget Bill - HB5005 (Chapter 56)

Administration of Health Insurance

Item 84	First Year - FY2021	Second Year - FY2022
Personnel Management Services (70400)	**$2,197,071,067**	**$2,301,071,067**
Health Benefits Services (70406)	$1,574,195,823	$1,678,195,823
Local Health Benefit Services (70407)	$587,455,244	$587,455,244
Health Insurance Benefit Payment Under the Line of Duty Act (70408)	$35,420,000	$35,420,000
Fund Sources:		
Enterprise	$587,455,244	$587,455,244
Internal Service	$1,574,195,823	$1,678,195,823
Trust and Agency	$35,420,000	$35,420,000

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, $650,000 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. 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.

I. The Department of Human Resource Management (DHRM) shall work with the Joint Legislative Audit and Review Commission (JLARC) to enable the private actuarial firm that contracts with JLARC, to perform a peer review of the actuarial calculations used for the State Health Insurance Program. The review shall (1) review the reasonableness of actuarial methods, and accuracy of reports produced by the actuary; (2) assess the data and methods used to establish rates; (3) review and comment on actuarial models used to estimate the impact of plan changes, develop rates and budget projections, and monitor claims experience; and (4) provide recommendations concerning the appropriate target level of cash balances for the fund. DHRM shall reimburse JLARC for expenses incurred in the review from the balances in the health insurance fund. JLARC shall report the findings by September 30, 2021.