

State Corporation Commission
2025 General Assembly Session
State Fiscal Impact Statement

recommendations, BOI believes that review of step therapy protocols would have to be based on a statistically significant sample rather than review of all available step therapy protocols. Review of a step therapy protocol would entail ensuring that it complies with the provisions of subdivision B of § 38.2-3407.9:05 of the Code of Virginia. It would also require review of carrier compliance with subdivision E, F, and H of § 38.2-3407.9:05.

The review of step therapy protocols and carrier compliance outlined above and enumerated in HB2258 is functionally a market conduct examination. It would require both a qualitative review of protocol development and the collection of statistical data. BOI does not have the resources, including staff, to absorb the impact of HB2258 on top of its existing market conduct examination and data analytics work; all of its existing market conduct examiners are already fully utilized conducting routine and complaint market conduct examinations. To determine whether insurance companies should provide increased specificity on the areas of medications, procedures, imaging, and other services related to step therapy, BOI would also have to consult with physicians or other relevant health care practitioners as it currently does not employ any persons with the necessary clinical expertise.

BOI estimates that it would need a total appropriation of \$643,200. This includes contracting costs for a market conduct manager (\$160/hr for 240 hours), an examiner-in-charge (\$155/hr for 960 hours), two examiners (\$140/hr for 960 hours), and two consulting physicians (\$220/hr for 120 hours) for the target market conduct examination. These contract rates are based on what other state departments of insurance pay for these types of contractors and on a review of recent contracts available on eVA. BOI may need to adjust its rates to generate the nongeneral fund revenue necessary to cover the expenses of HB2258's mandate. The additional nongeneral fund appropriations would provide BOI the authority to spend the moneys collected to fund HB2258's mandate.

BOI also notes that HB2258 has an opportunity cost (\$28,880) associated with developing a data call for aggregate step therapy statistics collection and analysis, specifically a data chief (\$70/hr for 120 hours), two data analysts (\$35/hr for 40 hours each), and a policy advisor (\$50/hr for 160 hours); the opportunity costs reflect both the calculated hourly rate and a multiplier that captures the fringe benefit rate and overhead. While this \$28,880 is absorbed by existing BOI FTEs and is not included in the nongeneral fund expenditure table, the cumulative effect of enactment of these types of proposals may exceed BOI's capacity and may result in a future need for additional appropriations, positions, or both.

Other: None.