



Virginia
Regulatory
Town Hall

Notice of Intended Regulatory Action
Agency Background Document

Agency Name:	Department of Health (State Board of Health)
VAC Chapter Number:	12 VAC 5-407
Regulation Title:	Regulations for the Submission of Health Maintenance Organization Quality of Care Performance Information
Action Title:	Adoption of Regulations requiring the Submission of Quality of Care Performance Information by Health Maintenance Organizations
Date:	October 10, 2000

This information is required prior to the submission to the Registrar of Regulations of a Notice of Intended Regulatory Action (NOIRA) pursuant to the Administrative Process Act § 9-6.14:7.1 (B). Please refer to Executive Order Twenty-Five (98) and Executive Order Fifty-Eight (99) for more information.

Purpose

Please describe the subject matter and intent of the planned regulation. This description should include a brief explanation of the need for and the goals of the new or amended regulation.

For Virginia consumers who make health insurance decisions, it is often difficult to obtain information about the quality of health maintenance organizations (HMO). The proposed regulations will require the annual submission of quality data to the State Health Commissioner by HMOs. Specifically, the information will address quality of care or other performance indicators approved by the State Board of Health. The regulations will stipulate the information required, the fee structure for HMOs, the criteria for exemption by the Commissioner, the method for making the information available to consumers, the role of Virginia Health Information, Inc., and any other pertinent information.

Basis

Please identify the state and/or federal source of legal authority to promulgate the contemplated regulation. The discussion of this authority should include a description of its scope and the extent to which the authority is mandatory or discretionary. The correlation between the proposed regulatory action and the legal authority identified above should be explained. Full citations of legal authority and, if available, web site addresses for locating the text of the cited authority must be provided.

Sections 32.1-276.3, 32.1-276.4, 32.1-276.5 and 32.1-276.8 of the Code of Virginia [(as amended by Senate Bill 533, 2000 Act of Assembly, c. 897)] grants the mandatory authority for the regulations.

Section 32.1-276.4 requires VHI, Inc. to “collect, compile, and publish Health Employer Data and Information Set (HEDIS) information or reports or other quality of care or performance information sets approved by the Board pursuant to 32.1-276.5, and submitted by health maintenance organizations or other health care plans.”

Section 32.1-276.5 of the Code requires that HMOs

shall annually submit to the Commissioner, to make available to consumers who make health benefit enrollment decisions, audited data consistent with the latest version of the Health Employer Data and Information Set (HEDIS), as required by the National Committee for Quality Assurance, or any other quality of care or performance information set as approved by the Board. The Commissioner, at his discretion, may grant a waiver of the HEDIS or other approved quality of care or performance information set upon a determination by the Commissioner that the health maintenance organization has met Board-approved exemption criteria. The Board shall promulgate regulations to implement the provisions of this section.

This section also requires that the Commissioner contract with VHI, Inc. to compile, store, and make available to consumers the HMO data. The State Board of Health is required to evaluate biennially the impact and effectiveness of the data collected.

Section 32.1-276.8 of the Code grants the Board of health the authority to prescribe a tiered-fee structure based on the number of enrollees for each health maintenance organization to cover the costs of collecting and making available the data.

Substance

Please detail any changes that would be implemented: this discussion should include a summary of the proposed regulatory action where a new regulation is being promulgated; where existing provisions of a regulation are being amended, the statement should explain how the existing regulation will be changed. The statement should set forth the specific reasons the agency has determined that the proposed regulatory action would be essential to protect the health, safety or welfare of citizens. In addition, a statement delineating any potential issues that may need to be addressed as the regulation is developed shall be supplied.

The proposed regulatory action will detail the quality performance measures required of HMOs, the criteria for exemption by the Commissioner, and the tiered-fee structure. The decision on the appropriate performance measures will represent a consensus of insurance brokers, HMOs, small and large employers, consumer advocates, and agency health policy staff with expertise in managed care and HEDIS.

Alternatives

Please describe, to the extent known, the specific alternatives to the proposal that have been considered or will be considered to meet the essential purpose of the action.

The proposed regulations are clearly and directly mandated by law. No other alternatives are feasible or appropriate.

Family Impact Statement

Please provide a preliminary analysis of the potential impact of the proposed regulatory action on the institution of the family and family stability including to what extent the regulatory action will: 1) strengthen or erode the authority and rights of parents in the education, nurturing, and supervision of their children; 2) encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one's spouse, and one's children and/or elderly parents; 3) strengthen or erode the marital commitment; and 4) increase or decrease disposable family income.

The proposed regulations have no direct bearing on the rights of parents in regard to their children. The regulations may, however, encourage the assumption of personal responsibility and responsibility for family in that they facilitate the selection of a family health insurance plan. The proposed regulations will have no impact on marital commitment. The impact of the proposed regulations on disposable family income may be somewhat negative if generating the information required of the HMOs proves burdensome to the degree that insurance premiums are increased. The Board will attempt to prevent the imposition of any excessive burden in the development of these regulations.