

SMALL BUSINESS COMMISSION

Tuesday, December 9, 2008

Richmond, Virginia

Overview.

The Small Business Commission ("Commission") held its final meeting prior to the 2009 Session in Richmond, Virginia, on December 9, 2008, and was presided over by the Commission's co-chairmen, Delegate Jeffrey M. Frederick and Senator W. Roscoe Reynolds.

Presentations.

I. House Bill 352: Motor carriers; liability insurance for buses with capacity of no more than 40 passengers.

House Bill 352 was passed by in the House Committee on Transportation during the 2008 Session of the General Assembly and the bill was forwarded by letter to the Commission for further study. The bill was first considered by the Commission at its August 12th meeting, where the Commission asked Delegate Mark L. Cole to meet with the relevant stakeholders and prepare a new proposal to be revisited at a future meeting.

Delegate Cole has filed a similar bill, House Bill 1627, for the 2009 Session. The bill would still allow sightseeing trolleys to maintain liability insurance on such buses in the amount of \$1,500,000, instead of the \$5,000,000 currently required by the Virginia Code. House Bill 1627 also features a revised definition of the term "trolley."

The Commission also heard from Robert Bradshaw, who represents the Independent Insurance Agents of Virginia, and Dennis Gallagher, who represents the Virginia Taxicab Association, both of whom opposed the bill.

The Commission expressed concerns regarding the potential impact of lowering the amount of liability insurance on trolleys and declined to take any action on the bill.

II. Update on the Joint Commission on Health Care Action on Section 125 Plans.

Stephen W. Bowman, Senior Staff Attorney for the Joint Commission on Health Care (JCHC) made a presentation on Section 125 plans. Mr. Bowman explained that Section 125 of the Internal Revenue Code enables employees to purchase health insurance policies with pre-tax dollars. Mr. Bowman reported that the JCHC considered several policy options for dealing with Section 125 plans and endorsed three: (i) requesting that the Department of Human Resources Management, in conjunction with the Department of Business Assistance, create detailed documents highlighting Section 125 plans, posting a sample Section 125 plan form, and making these documents available to the business community, (ii) requesting that the Virginia Chamber of

Commerce inform its membership about Section 125 plans, and (iii) requesting that the Virginia section of the National Federation of Independent Businesses inform its membership about Section 125 plans.

III. Update on the Special Advisory Commission on Mandated Health Insurance Benefits.

Senator George L. Barker, who is a member of both the Commission and the Special Advisory Commission on Mandated Health Insurance Benefits, updated the Commission on the work of the Special Advisory Commission. He noted that the Special Advisory Commission considered four mandates involving in vitro fertilization, hearing aids for children, amino acid based formulas, and autism services. Of the four, the Special Advisory Commission's only recommendation was for the autism services mandate. Senator Barker explained that he offered an amendment that would require that this mandate also apply to the state health insurance plan, but that this amendment was defeated.

IV. Public Comment: Limited Benefit Insurance Policies.

Delegate Daniel W. Marshall, III, spoke to the Commission about limited benefit health insurance policies in the form of his bill from 2007, House Bill 3160. This bill would allow the sale of insurance policies that are not required to provide coverage for some or all of the mandated health insurance benefits contained in the Virginia Code. The bill limits the availability of such plans to small businesses who employ between two and 50 employees and who had not offered health insurance during the preceding six months would be eligible to purchase such policies. The Commission had voted at its last meeting to recommend the bill in concept.

Legislative Recommendations

The Commission voted to endorse House Bill 3160 and directed staff to prepare the bill for introduction during the 2009 Session. The Commission also directed staff to prepare letters to the chairs of the relevant General Assembly committees informing them of the Commission's recommendations, including the Commission's recommendation adopted at its last meeting stating that no new insurance mandates should be enacted during the 2009 Session.