



HEALTHY MARKET VA

Working together to ensure access to affordable, high-quality healthcare coverage for everyone by strengthening Virginia's health insurance marketplace.

February 4, 2021

The Honorable Eileen Filler-Corn
 Speaker of the House
 Virginia House of Delegates
 Pocahontas Building, Room E605
 Richmond, Virginia 23219

Dear Speaker Filler-Corn and Members of the House of Delegates,

Our organizations write to share our views on increasing health insurance affordability by implementing a reinsurance program in Virginia's marketplace. Together, our organizations represent thousands of patients and consumers in Virginia who live with serious, acute, and chronic health conditions, including older adults, tradesmen and women, and small business owners. As such, we have a unique perspective on what patients need to prevent disease, cure illness, as well as manage and improve health over the

lifetime. Among patients' most critical needs is access to a strong, robust insurance marketplace through which they can purchase comprehensive and affordable coverage.

We write today to express our support for the establishment of a reinsurance program – HB 2332 and its companion budget amendment 479 #2h – and urge you to pass both pieces of legislation.

The average monthly premium for health insurance in Virginia's ACA marketplace declined by 6.9% for 2021.¹ However, for many Virginia families, especially those who do not receive federal subsidies because their income is above 400% of the Federal Poverty Level, coverage remains out of reach. For a family of four, that amounts to \$106,000 in household income for 2021².

There is a proven solution for this problem: establishing a state-based reinsurance program. As of this year, 14 states have established reinsurance programs³ by working with the federal government. A 2019 study⁴ showed that the 12 states that had already created programs saw average premium reductions of 16.9% in the first year of implementation. Reinsurance delivers measurable results by reimbursing health insurers for certain high-cost claims in order to lower overall premiums in the marketplace. With a reinsurance program in place, insurers' costs for enrollees with large claims are offset. They can then offer lower rates, especially helping those who must purchase unsubsidized coverage.

As outlined by the 2020 Virginia Market Stability and Reinsurance Work Group report⁵, the federal government will be able to cover between 82% and 84% of the cost of a reinsurance program⁶. HB 2332 and its companion budget amendment 479 #2h provide a pathway to reduce Virginia health insurance premiums by 20%. We are pleased that this legislation includes a Health Insurance Assessment, as recommended in the Work Group report. This assessment recently expired at the federal level, and the Work Group's proposal of a 1% state fee⁷ is significantly lower than their previous federal payment while providing the resources the Commonwealth needs to fund the remainder of the reinsurance program.

Virginians rely on access to quality coverage to protect the lives and health of themselves and their families. We urge you to protect patients, small business owners, and older adults throughout the Commonwealth by implementing a reinsurance program and funding it through a Health Insurance Assessment.

We stand ready to work closely with you to ensure access to affordable, comprehensive coverage. If you have any questions regarding this letter, or if we may provide further information, please contact Chelsi

¹ 2021 ACA rate filing data as of August 10, 2020, Virginia State Corporation Commission, Bureau of Insurance. Accessed January 27, 2021. <https://scc.virginia.gov/getattachment/cdacfc7f-2476-43d2-9785-b27e6fab941e/ratedata2021.pdf>

² HHS Poverty Guidelines for 2021. Accessed January 27, 2021. <https://aspe.hhs.gov/poverty-guidelines>

³ The Benefits and Limitations of State-Run Individual Market Reinsurance, Justin Giovannelli, JoAnn Volk, Rachel Schwab, and Emily Curran. The Commonwealth Fund, November 11, 2020. <https://www.commonwealthfund.org/publications/issue-briefs/2020/oct/benefits-limitations-state-run-individual-market-reinsurance>

⁴ State-Run Reinsurance Programs Reduce ACA Premiums by 16.9% on Average, Chris Sloan and Neil Rosacker, Avalere, October 29, 2019. <https://avalere.com/press-releases/state-run-reinsurance-programs-reduce-aca-premiums-by-16-9-on-average>

⁵ Report of the Virginia Market Stability and Reinsurance Work Group, December 9, 2020. <https://rga.lis.virginia.gov/Published/2020/RD644/PDF>

⁶ *ibid*

⁷ *ibid*

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Sincerely,

AARP Virginia
American Cancer Society Cancer Action
Network
American Heart Association
American Lung Association
Arthritis Foundation
The Commonwealth Institute
Cystic Fibrosis Foundation
Hemophilia Association of the Capital Area
The Impact Project

The Leukemia & Lymphoma Society
National Multiple Sclerosis Society
National Organization for Rare Disorders
Small Business Majority
Virginia Breast Cancer Foundation
Virginia Diabetes Council
Virginia Hemophilia Foundation
Virginia Poverty Law Center

CC: Virginia House of Delegates