



Health Insurance Affordability in the Individual Market

POLICY OPTIONS IN BRIEF

There are 7 policy options in the report for Member consideration. Below are highlighted options.

Option: Direct the state-based exchange to develop a budget for enhanced marketing and navigator services (Option 1, page 20).

Option: Prohibit the use of a tobacco surcharge when setting premiums (Option 2, page 24).

Option: Establish state-specific individual mandate penalty (Option 3, page 25).

Option: Implement a state-funded cost sharing program through either an FSA-style debit card or by enhancing federal cost-sharing reductions (Options 4-5, pages 27, 28).

Option: Establish a public option insurance plan to be sold in all localities, with provider reimbursement rates set below current individual market rates (Options 6-7, pages 31, 32).

FINDINGS IN BRIEF

Younger, healthier individuals left Virginia's market as premiums increased

Adults between 18 and 34 years old accounted for more than half of the reduction in individual market enrollment since 2016 (not including those who were newly eligible for Medicaid expansion). Younger individuals tend to have lower health care costs, so this left a less healthy, higher cost group of Virginians, which further increased premiums. Additionally, more than half of uninsured individuals in this age group indicate they are unaware of individual market coverage options and federal financial assistance that is available to reduce their costs.

Improved marketing and navigation could bring more healthy people into the market and assist with plan choice

Virginia has an opportunity to significantly improve its marketing, outreach, and navigator assistance when it transitions to a state-based exchange in 2023. Federal funding reductions in recent years for marketing and navigators limited Virginia's ability to promote coverage options and help individuals select the best plan based on their circumstances.

There are multiple state policy options to improve affordability but impacts are moderate compared to federal subsidies

State policy options to improve affordability can reduce premiums and out of pocket costs to attract more Virginians into the individual market. However, the impact of these options is estimated to be moderate compared to the federal decision on whether to extend the current enhanced premium subsidies that are scheduled to expire after 2022. Implementing a state-funded cost sharing reduction program is estimated to reduce the number of uninsured in Virginia the most, if enhanced federal subsidies expire. Prohibiting the use of a tobacco surcharge is estimated to have the second largest reduction in the number of uninsured. Both options would have a smaller impact if enhanced subsidies are extended.



Policy Options

Joint Commission on Health Care Health Insurance Affordability in the Individual Market

Tuesday, December 7, 2021 – 10 a.m.

House Committee Room

OPTION 1 - Direct Exchange to develop marketing and navigator plan and provide one-time funding to initiate the plan

JCHC could introduce a budget amendment to appropriate \$3.7 million in general funds (for a total of \$7 million when combined with assessment funds) to the exchange for an annual marketing program that would begin before open enrollment starts in November of 2023 for the 2024 plan year, and amend § 38.2-6505 of the Code of Virginia to direct the exchange administrator to prepare an annual marketing plan that includes outreach and navigator programs. (pg. 20)

OPTION 2 - Eliminate tobacco surcharge

JCHC could introduce legislation to prohibit the use of a tobacco surcharge by amending § 38.2-3447 of the Code of Virginia to change the tobacco use rate to 1:1. (pg. 24)

OPTION 3 - Establish individual mandate for coverage

JCHC could introduce legislation to amend § 58.1 of the Code of Virginia to require the Virginia Tax Commission to include a self-attestation check box on all individual state income tax returns, indicating whether or not the individual and family has health coverage, matching the check box with the W-2 form or the federally required "IRS-1095" form, and by adding a tax penalty to the Code of Virginia if health coverage cannot be verified or does not exist. (pg. 25)

OPTION 4 - Enhance federal cost-sharing reductions

JCHC could introduce legislation to enhance federal CSRs by amending Title 38.2 of the Code of Virginia to direct the Bureau of Insurance to pay insurers offering plans on the state exchange based on the same methods used by the United State Secretary of Health and Human Services pursuant to 42 U.S. Code § 18071, and by appropriating the funds necessary for the cost of the payments. (pg. 27)

OPTION 5 - Create flexible spending account with debit card

JCHC could introduce legislation to establish a state-based cost-sharing reduction program by amending Title 38.2 of the Code of Virginia to require the exchange to distribute and administer flexible spending account debit cards to all qualified enrollees of the individual marketplace and appropriating necessary funding for the program. (pg. 28)

OPTION 6 - Establish a public option with rates at Medicaid +15%

JCHC Members could include language in the Appropriation Act directing the Bureau of Insurance to develop a Request for Proposals to administer a public option health insurance plan that would be sold on the Virginia exchange in all Virginia localities, with average provider reimbursement rates set at 26% below current average individual market reimbursement rates using data from Virginia Health Information. (pg. 31)

OPTION 7 - Establish a public option with rates at Medicaid +25%

JCHC Members could include language in the Appropriation Act directing the Bureau of Insurance to develop a Request for Proposals to administer a public option health insurance plan that would be sold on the Virginia exchange in all Virginia localities, with average provider reimbursement rates set at 16% below current average individual market reimbursement rates using data from Virginia Health Information. (pg. 32)