

Don't Expand Low Quality Health Insurance Plans

Vote No on SB 1285 – Expanding Catastrophic Health Plans

Vote No on SB 1336 – Expanding Short Term Limited Duration Plans

Short Term Limited Duration (STLD) Plans

Lack important consumer protections leading to higher, unexpected costs. They can:

- Charge more based on a pre-existing condition or gender,
- Cap what they pay for services, exposing the consumer to high out-of-pocket costs,
- Deny coverage of pre-existing conditions,
- Spend less on benefits than plans in the individual and small group markets, and
 - The top five STLD insurers only spend 40% of premiums on benefits.ⁱ Individual and small group plans are required to spend 80 to 85% of premiums on benefits.
- Exclude coverage for prescriptions, maternity care, mental health, or substance use disorders.

Catastrophic Health Plans

Currently available to individuals under 30 and those eligible for certain ACA exemptions. They are designed for those with low risk - but can be very costly.

- High deductible plans with very limited pre-deductible coverage
- Health savings accounts (HSA) cannot be used with these plans.
- Federal financial assistance cannot be applied to these plans.

Expanding Catastrophic plans would require a federal State Innovation Waiver, which is unlikely to be approved.

1. Expanding eligibility and enrolling older individuals into these plans will likely increase their premiums. Violating the waiver requirement that coverage options remain as affordable as they were prior to the waiver.
2. An actuarial analysis of a similar proposal in Colorado found that primarily healthy individuals would move from metal level plans to catastrophic plans, weakening the metal level plan risk pool (which is segregated from the catastrophic plan risk pool) and increase those premiums as well.ⁱⁱ This would increase federal health insurance subsidies, violating the federal budget neutrality waiver requirement.ⁱⁱⁱ

Virginia's individual health insurance market is healthy and robust!

These proposed expansions are unnecessary!

Premiums in VA have decreased every year since 2018 with the largest premiums decrease in the country last year. Enrollment has increased for 3 consecutive years and new carriers continue to enter the market and existing carriers have expanded their service areas.

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ⁱ See Short-term Health Plans spend Little on Medical Care, August 06, 2019. <http://www.modernhealthcare.com/insurance/short-term-health-plans-spend-little-medical-care>

ⁱⁱ Bingham, A., Bly, A., Cohen, M., & Steiner, T., *Effects of Expanding Catastrophic Plan Eligibility*, November 2018, Wakley Consulting Group, LLC. https://drive.google.com/file/d/1W_UjN454XHgDTdtbCe8IMvkVlvKY2VUd/view. See page 2.

ⁱⁱⁱ Ibid.