



March 4, 2019

Governor Ralph Northam
Office of the Governor
P.O. Box 1475
Richmond, VA 23218

Dear Governor Northam:

Our organizations write to express serious concerns regarding Senate Bill 1674, Senate Bill 1240, Senate Bill 1027, Senate Bill 1689, House Bill 2260, House Bill 2443, and House Bill 1661, given the sweeping changes they would make to Virginia's commercial insurance market. In short, we urge you to veto these pieces of legislation to protect access to care for residents of the Commonwealth, in particular those living with pre-existing conditions.

Together, our organizations represent thousands of patients and consumers in Virginia who live with serious, acute, and chronic health conditions, including thousands of farmers, 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.

While we address each bill in detail below, our primary concern regarding all five bills is this: they increase availability of the types of coverage that will destabilize Virginia's health insurance market by siphoning healthier consumers away from the larger marketplace risk pool, which in turn will trigger significant premium hikes. It's Virginians with pre-existing conditions who will suffer the greatest harm, as their lives quite literally depend on access to affordable, comprehensive coverage. These Virginians represent a significant portion of the Commonwealth's population: approximately 26 percent of non-elderly residents have a pre-existing condition that would result in them being uninsurable or would face limited coverage based on their pre-existing condition.¹

- **HB 2260 and SB 1027 would expand the availability of catastrophic plans to any potential buyer regardless of age.** Catastrophic plans – which offer barebones coverage only – serve a narrow purpose in the individual market: to offer a financial safety net for younger consumers or those who qualify for a hardship exemption who do not currently have serious medical needs and are unlikely to develop such needs in the near term . Because of the barebones nature of catastrophic plans, they are a poor coverage option not only for patients but for the vast majority of consumers. This includes enrollees who, though healthy at the time of enrolling in a catastrophic plan, later encounter an unexpected health crisis while holding such limited coverage.
- **HB 1661 would allow a new type of association health plan to be sold in Virginia: a self-funded, insurance-like product that would be exempt from state insurance regulations after getting a license to sell insurance in the state.** With no obligation to comply with all of the most important patient protections required of plans offered in today’s marketplace, these products would be permitted, among other things, to refuse covering services for pre-existing health conditions; shift greater cost-sharing burdens onto those who enroll; charge higher premiums to employer groups based on age, gender and occupation.² Further, the products permitted by HB 1661 would not be subject – as are current marketplace plans – to spend at least 80 percent of premiums on claims. This would permit these products to keep a greater portion of their profits as well as spend more on advertising, marketing, and broker commissions. If, as a result, these plans would be unable to pay claims, enrollees would be left without coverage and holding the bill for their health care.
- **HB 2443 and SB 1689 would make significant changes to current oversight of self-funded multiple employer welfare arrangement (MEWA) health benefit plans.** Specifically, these plans would be exempt from all statutory requirements relating to insurance premium rates, policy forms, and policy cancellation and nonrenewal. HB 2443 also exempts these self-funded MEWAS from any tax levied on insurance companies. As with HB 1661, exempting these plans from oversight by the State Corporation Commission’s Bureau of Insurance after getting a license to sell insurance leaves consumers in the Commonwealth without an important voice to protect their interests.
- **SB 1674 and SB 1240 would expand access to short-term, limited duration (STLD) health plans.** Similar in many ways to the coverage described above, STLD plans are not required to adhere to a range of important standards. Among other things, STLDs may charge higher premiums based on health status, impose annual or lifetime coverage limits, refuse coverage for pre-existing conditions, chose to not cover essential health benefits, and require consumers to pay extremely high out-of-pocket costs. Thus STLDs are a poor coverage option not only for patients but for the vast majority of consumers, as anyone may encounter a serious diagnosis while holding such limited coverage.

We urge you to protect patients throughout the Commonwealth by vetoing these harmful bills, and 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 don’t hesitate to contact Sarah Balog with The Leukemia & Lymphoma Society at sarah.balog@lls.org or 678-852-6383.

Sincerely,

American Cancer Society Cancer Action Network
 American Heart Association
 American Lung Association
 Arthritis Foundation
 Cystic Fibrosis Foundation
 Hemophilia Association of the Capital Area
 Leukemia & Lymphoma Society

National Multiple Sclerosis Society
 National Organization for Rare Disorders
 Psoriasis Foundation
 Susan G. Komen Foundation
 Virginia Hemophilia Foundation
 Virginia Breast Cancer Foundation

¹ Claxton, Gary, Cynthia Cox, Anthony Damico, Larry Levitt, and Karen Pollitz. Pre-existing Conditions and Medical Underwriting in the Individual Insurance Market Prior to the ACA. Kaiser Family Foundation. December 2016. <http://files.kff.org/attachment/Issue-Brief-Pre-existing-Conditions-and-Medical-Underwriting-in-the-Individual-Insurance-Market-Prior-to-the-ACA>.

² Keith, Katie. Final Rule Rapidly Eases Restrictions on Non-ACA-Compliant Association Health Plans. Health Affairs. June 21, 2018. <https://www.healthaffairs.org/doi/10.1377/hblog20180621.671483/full/>