January 29, 2018

Virginia House of Delegates
Commerce and Labor Committee
Legislative Building
201 N. 9th Street
Richmond, VA 23219

Dear Chairman Kilgore and Members of the Committee:

The undersigned organizations write today to express our significant concern regarding changes to Virginia’s commercial insurance market as proposed by House Bill 1661. We urge the committee to not advance this legislation and instead provide the opportunity for thorough public discussion of the significant changes proposed by the bill.

We stand ready to work with you to find solutions that protect patients and consumers by ensuring they have access to affordable and adequate health insurance coverage. Our organizations represent thousands of patients and consumers facing serious, acute, and chronic health conditions, including thousands of farmers, tradesmen and women, and small business owners in the Commonwealth of Virginia. Together, our organizations have a unique perspective on what patients need to prevent disease, cure illness, as well as manage and improve health over the lifetime. A strong, robust marketplace is essential for people with healthcare needs to be able to access comprehensive and affordable coverage. We urge the Committee to make the best use of the recommendations, knowledge and experience our organizations can provide.

HB 1661 poses significant risks to patients and consumers throughout the Commonwealth. If enacted, this bill would allow a new type of coverage to be sold in Virginia: a self-funded, insurance-like health benefit plan that would be exempt from state insurance regulations. With no obligation to comply with many of the most important patient protections required of plans offered in today’s marketplace, these plans would be permitted, among other things, to refuse coverage for pre-existing health conditions; shift greater cost-sharing burdens onto those who enroll; charge higher premiums to older people, women and individuals with pre-existing conditions; or deny coverage altogether to people with pre-existing conditions. The consequences could be relevant to a significant number of Virginians: 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

Further, exempting these insurance-like plans from oversight by the State Corporation Commission’s Bureau of Insurance leaves consumers in the Commonwealth without an important voice to protect their interests as it relates, for example, to financial oversight. Currently, marketplace plans are required to spend 80 percent of premiums they collect on claims. The plans proposed by HB 1661 would not be subject to that requirement, thereby being allowed to keep more 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.

We are concerned that the increased availability of the types of coverage proposed by HB 1661 could lead to instability in the individual market as a whole by siphoning healthier consumers away from the larger marketplace risk pool. If healthier consumers select STLD plans, catastrophic plans or the insurance-like plans offered by HB 1661, the effect will likely involve premium hikes for those who need comprehensive coverage. These premium increases will, again, hurt Virginians with pre-existing conditions the hardest, as their lives quite literally depend on access to comprehensive coverage.

Again, we urge the Committee to reject HB 1661. We hope that you will instead work closely with all stakeholders, including organizations like ours who represent thousands of patients across the Commonwealth, to ensure access to affordable, comprehensive coverage. If you have any questions or if we may provide further information, please 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
Leukemia & Lymphoma Society
National Multiple Sclerosis Society
National Psoriasis Foundation