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VOTE NO: SB 216

Catastrophic Health Plans are currently available to individuals under 30 and those eligible for certain exemptions from the Health Insurance Marketplace. They are designed for individuals with a very low risk of needing a large amount of healthcare.

High out-of-pocket costs

- Catastrophic plans have high deductibles and only cover three primary care visits prior to meeting the deductible.
- Catastrophic plans cannot be health savings account (HSA) qualified, meaning a consumer cannot benefit from an HSA if they are enrolled in a catastrophic plan.
- Consumers with unexpected medical needs will be liable for very high costs.

Expanding the availability and duration of Catastrophic Health Plans could also lead to higher premiums for these plans and all other plans on the Marketplace.

- By allowing anyone to purchase these plans, the risk pool will likely become older and sicker. This will lead to increased premiums for catastrophic plans, negating the purpose these bills attempt to achieve for a larger population.
- An actuarial analysis of a similar proposal to expand access to catastrophic plans in Colorado found that drawing healthy unsubsidized enrollees to catastrophic plans would **increase premiums for all other Marketplace enrollees by up to 6.6.% in the first year.***
- Increases in premiums for subsidized enrollees, as predicted above, means the §1332 waiver requirement to remain budget neutral would not be met.*

Note: In 2018 and 2019, the Governor vetoed similar legislation (2018, SB 964; 2019 SB 1027 & HB 2260). In 2019, the Governor stated that "This legislation would place consumers at risk of being underinsured and would fragment Virginia's federal marketplace risk pool, leading to rapidly increasing premiums." These factors remain the same.

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*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_UjN454XHgDTdtbCe8lMvkVlvKY2VUd/view. *See page 2.*