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No to Association Health Plans (AHPs), Yes to Reinsurance

Lower premiums for ALL and keep ACA consumer protections intact.

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NO to Association Health Plans (HB2033)

AHPs can skirt ACA consumer protections and cherry-pick healthier and younger enrollees. This creates an unlevel playing field and increases premiums for those dependent on comprehensive coverage.

- **Are Association Health Plans insurance or not? HB2033 says both!** The bill says AHPs "shall not be considered to be insurance under this title or any other provision of law." (Lines 188-190) This is how AHPs try to avoid strict requirements of the ACA and other insurance laws. However, the legislation is also written into Title 38 (Virginia's insurance code) and refers to many insurance provisions in Title 38.
- **Is there any regulatory oversight of AHPs?** If AHPs are not insurance and not subject to Virginia's insurance laws, then the SCC cannot regulate the plans. The language that the SCC can impose any insurance requirement "as it deems appropriate" (Lines 190-192) is confusing and ambiguous. **The SCC FIS says that lines 188-192 must be deleted for the BOI to have regulatory authority over these plans.**
- **AHPs can discriminate against older workers by charging them 4 times more than younger ones**. The ACA limits the age rating ratio to 3:1. AHPs can also discriminate by using non-ACA rating factors such as their own geographical ratings and drug utilization. This hurts older and sicker individuals and those living in geographic areas deemed less healthy (often poorer communities).
- **AHPs will not undergo rate review.** There will be no way for the state or consumers to know what rating factors are used or to evaluate the appropriateness of rates established.
- **As drafted, this bill only applies to realtors, but it clearly opens the door to other associations**.

YES to Reinsurance (HB2332)

Reinsurance subsidizes insures for certain high-cost enrollees. This creates a "healthier" and more predictable risk pool, allowing insurers to lower ACA premiums.

- States with reinsurance programs had an **average premium reduction of 16.9% in the first year.**[1]
- **Reinsurance does NOT undermine any ACA** consumer protections or split the risk pool. In fact, the lower premiums may draw new, healthy individuals into the plans, strengthening the risk pool.
- **Reinsurance directly lowers premiums** for those who are ineligible for financial assistance to purchase insurance through the ACA, such as those with income over 400% FPL.
- It is projected that the federal government would cover 82% to 84% of the cost of a Virginia reinsurance program. A Health Insurance Assessment (HIA) can be used to pay for the state share. A federal HIA expired on December 31, 2020. Since then, some states have established a their own HIA to fund affordability programs, like reinsurance. A 1-2% fee on insurers (less than the federal HIA) can generate between $16M and $86M, depending on which plans are subject to the fee and the level of the fee.[2]

More Information: Sara Cariano & Jill Hanken • sara@vplc.org • (804) 332-1432

[1] Sloan, Chris and Neil Rosacker, "State-Run Reinsurance Programs Reduce ACA Premiums by 16.9% on Average," Avalere, 10/29/19, https://avalere.com/press-releases/state-run-reinsurance-programs-reduce-aca-premiums-by-16-9-on-average, accessed 1/12/21

[2] Report on the Market Stability and Reinsurance Work Group, 12/9/2020, https://rga.lis.virginia.gov/Published/2020/RD644/PDF, accessed 1/17/2021