

SB 861: BENEFITS CONSORTIUM SEPARATING MYTH FROM FACT

Myth 1: Benefits consortiums under the proposed legislation can discriminate among small groups based on health status.

Benefits consortiums are prohibited from discriminating based on health status.

SB 861 specifically states that benefits consortiums are prohibited from establishing discriminatory rules based on health status related to eligibility, premium, or contribution requirements as imposed on health carriers pursuant to §38.2-3432.2.

Myth 2: Benefits consortium will draw young and healthy people out of individual markets, raising premiums for everyone else.

Benefits consortium plans are not in direct competition with the individual market of the Affordable Care Act (ACA).

Benefits consortium plans are not in direct competition with the individual market of the ACA. Shifts into the consortium occur at the group level, rather than at the individual level. Thus, self-selection by an individual employee is much more difficult and, therefore will not impact the individual market. Moreover, on July 1, 2018, Virginia expanded small group health insurance coverage to include groups of one (e.g. sole proprietors and independent contractors). SB 861 does not impact that statute.

Myth 3: Benefits consortium plans will not cover pre-existing conditions.

Benefits consortium plans cannot impose pre-existing condition limitations.

Benefits consortium plans are subject to the same section of Virginia code that controls all other small-group ACA compliant plans. As such, **they cannot impose a pre-existing condition exclusion on individuals or groups.**

Myth 4: Benefits consortium plans will offer only skimpy coverage or only high deductible plans.

Benefits consortium plans will provide quality comprehensive coverage.

Benefits consortium plans coverage must include all ACA-compliant Essential Health Benefits. Plus, the minimum level of coverage must be equivalent to an ACA Bronze plan (60% actuarial value). Given that these are member-managed programs, the members themselves will determine the specifics of the coverage within this framework and will likely be more generous than the minimum threshold.

Questions?

policy@vachamber.com | (804) 644-1607



VOTE YES ON SENATE BILL 861



Myth 5: Benefits consortium plans do not have proper oversight.

Virginia's Bureau of Insurance (BOI) has full licensing and regulatory authority.

The BOI has full licensing and regulatory authority as well as oversight related to financial and solvency requirements of all benefits consortium plans. Additionally, as a Multiple Employer Welfare Arrangement (MEWA), benefits consortium plans are subject to United States Department of Labor oversight under The Employee Retirement Income Security Act of 1974 (ERISA).

Myth 6: Benefits consortium plans will not offer strong financial protections.

Under SB 861 benefits consortiums are subject to significant financial and solvency provisions.

The minimum solvency requirement of \$4.5 million is one of the highest in the nation for a Multiple Employer Welfare Arrangement (MEWA). In other states, the minimum is typically \$300,000 to \$1 million. Benefits consortium plans also provide employer and individual financial security through the use of reinsurance and terminal liability provisions. The Virginia BOI provided considerable input regarding regulatory oversight and solvency provisions.

Myth 7: There is no need for the bill. Association Health Plan regulation is tied up in court.

The proposed legislation is not related to the federal AHP rule.

SB 861 is a Virginia solution based on groups that already offer these plans in the Commonwealth for private colleges & universities, bankers, and localities & municipalities. This bill builds upon the existing framework and adds, among other things, financial and security provisions, minimum coverage thresholds, consumer protections, and accessibility provisions to ensure that Virginia's small businesses, their employees and family members have quality health care coverage they can count upon.

FOR MORE INFORMATION PLEASE VISIT

vasmallbizhealthcare.org

OR CONTACT OUR TEAM:

policy@vachamber.com | (804) 644-1607