



THE VOICE of BUSINESS

April 15, 2020

Virginia General Assembly
Virginia State Capitol
1000 Bank Street
Richmond, VA 23219

Re: Senate Bill 861

Dear Members of the General Assembly,

We appreciate the legislature's broad support for Senate Bill 861, legislation that enables the creation of benefits consortiums, which was communicated to the Governor in March. **Unfortunately, the Governor has amended SB 861 to include a reenactment clause for the legislation to be considered during the next General Assembly session.**

At a time when the business community faces unprecedented economic headwinds, we believe it is more important than ever to support our small businesses. We estimate that the average Virginia small business, which has six employees, could save 15 to 20 percent – about \$20,000 annually – in health care premiums through benefit consortium plans in comparison to plans on the existing small group market. That is real money that could make the difference for employers and workers alike.

Attached you will find key features of SB 861 in a fact sheet and "Myths vs. Facts" document. I'd like to emphasize:

- SB 861 directly addresses broad access, consumer protections, quality coverage, and financial security.
- SB 861 **IS NOT** an association health plan. The legislation's foundation is based upon existing Virginia code that allows private colleges, bankers, and localities to offer similar plans. This legislation was written to address all of the Governor's concerns from his veto of similar legislation during the 2019 session.
- As a consortium, the plans utilize large group underwriting methodology and composite rating structures which will generally benefit older workers. This is why there is not a 3:1 or 5:1 age ratio; it simply is not used in large group rate development.
- The plans are member-managed, and all excess premiums must belong to the participants. This is why there is no need for a minimum loss ratio.
- The plans cannot impose pre-existing condition limitations, nor can health status be used to determine membership in the sponsoring association.
- These plans **DO NOT** impact the individual market or the planned Virginia state-based exchange because they are targeted at small groups of 2-50 employees.

We strongly urge you to reject the Governor's amendment and insist that he sign the legislation as originally enrolled and communicated. Small businesses simply can't afford to wait another year for relief and the legislature has the opportunity to make a real difference at no cost to the Commonwealth.

Thank you for your consideration and for your leadership during these challenging times.

Best regards,

A handwritten signature in black ink that reads "Barry E. DuVal". The signature is written in a cursive, flowing style.

Barry E. DuVal
President and CEO