



March 9, 2021

Governor Ralph Northam  
 Office of the Governor  
 P.O. Box 1475  
 Richmond, VA 23218

Dear Governor Northam:

The Healthy Market Virginia Coalition writes to express our support for the Commonwealth Health Reinsurance Program (HB 2332). This bill provides a solution that is proven across the country to significantly lower the cost of health insurance for those who need relief.

Together, our organizations represent thousands of patients and consumers in Virginia who live with serious, acute, and chronic health conditions, including older adults, tradesmen and women, and small business owners. As such, we have a unique perspective on what patients need to prevent disease, cure illness, as well as manage and improve health over their lifetime. Among patients' most critical needs is access to a strong, robust insurance marketplace through which they can purchase comprehensive and affordable coverage.

Reinsurance has been proven to reduce premiums and can also draw new insurers to the marketplace which increases competition and choice for consumers. Fourteen states have implemented reinsurance programs. A 2019 analysis found that in the first year, states saw premiums drop by an average of 16.9%.<sup>1</sup> Reinsurance programs are largely funded by the federal government, through 'pass-through' funding. The programs reduce federal costs because reinsurance lowers premium tax credits for subsidized consumers. The amount of a state's pass-through funding represents the amount of premium tax credits the federal government would have provided to the state's residents absent the reinsurance program, minus the credits the federal government will continue to provide<sup>2</sup>.

<sup>1</sup> <https://avalere.com/press-releases/state-run-reinsurance-programs-reduce-aca-premiums-by-16-9-on-average>

<sup>2</sup> <https://www.cbpp.org/research/health/reinsurance-basics-considerations-as-states-look-to-reduce-private-market-premiums#:~:text=What%20is%20reinsurance%3F,the%20amount%20of%20the%20subsidy.>

While the General Assembly voted to fund the reinsurance program via General Fund dollars, our coalition still believes the best and most equitable way to fund Virginia's share of funding for a reinsurance program and protect general fund sustainability is by instituting a state-level Health Insurance Assessment (HIA). As of this year, 10 states have approved 1332 waivers that fund the reinsurance program at least partially with an HIA (AK, CO, DE, ME, MD, MT, NH, ND, OR, and PA) and one state (MN) uses a provider assessment. It is important to note that this is not a new assessment; Virginia would be replacing a federal assessment that is no longer collected and using that funding to directly support Virginians. The federal HIA of 2-3% expired on December 31, 2020. The 1% assessment originally proposed in HB2332 is less than the plans were previously paying and would be assessed on fewer products. Additionally, the originally proposed 1% assessment is either in line with, or even more modest, than other states; with New Jersey placing a 2.5% assessment, Maryland placing a 1% assessment, and Delaware placing a 2.75% assessment. In these states, consumers continue to see premium decreases<sup>3</sup>.

Virginians rely on access to quality coverage to protect the lives and health of themselves and their families. We urge you to protect patients, small business owners, and older adults throughout the Commonwealth by signing HB2332 into law. If you have any questions regarding this letter, or if we may provide further information, please don't hesitate to contact Chelsi Bennett with the American Heart Association at [chelsi.bennett@heart.org](mailto:chelsi.bennett@heart.org) or 904-304-1345.

Sincerely,

American Heart Association  
Leukemia and Lymphoma Society  
Cystic Fibrosis Foundation  
The Impact Project  
Virginia Breast Cancer Foundation  
Virginia Poverty Law Center  
The Commonwealth Institute  
National Multiple Sclerosis Society  
Arthritis Foundation  
Virginia Hemophilia Foundation  
Hemophilia Association of the Capital Area  
Small Business Majority  
American Cancer Society Cancer Action Network  
Hemophilia Federation of America  
National Hemophilia Foundation  
Virginia Diabetes Council  
Susan G. Komen

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<sup>3</sup> <https://www.commonwealthfund.org/publications/issue-briefs/2020/oct/benefits-limitations-state-run-individual-market-reinsurance>