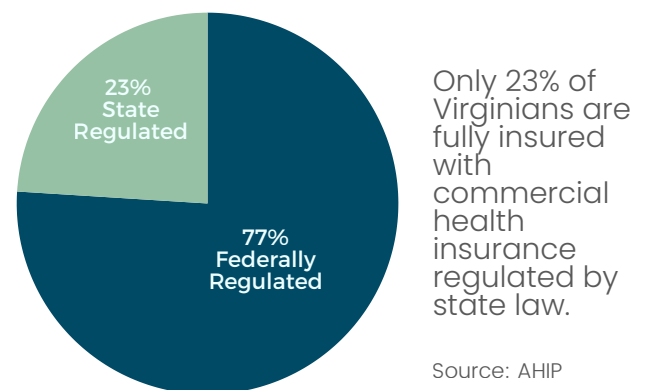
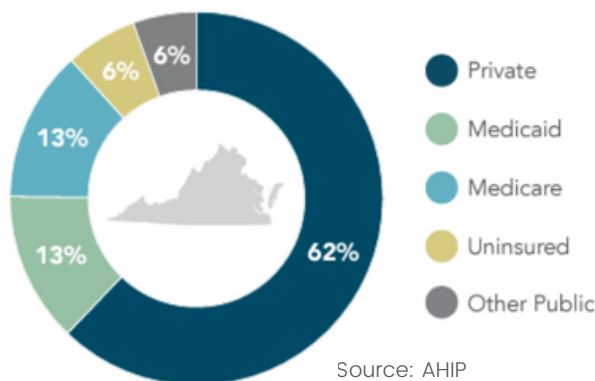




# UNDERSTANDING HEALTH INSURANCE IN VIRGINIA

Virginia's health plans are focused on lowering costs to provide more Virginians with greater access to quality health care. Currently, health plans provide insurance for 1,676,107 Virginians through fully insured commercial plans and administer coverage for over 2.8 million Virginians in self-funded plans.

## HOW ARE VIRGINIANS COVERED?



## TYPES OF INSURANCE

### Federally Regulated:

- **Self-Insured:** an employer assumes the financial risk for providing health care benefits to its employees (ERISA).
- **Medicare:** a national program that subsidizes healthcare services for anyone age 65 or older, people with disabilities or certain health conditions (Title XVIII).

### Federal/ State Regulated:

- **Medicaid:** a joint federal and state program that provides health care coverage to low-income individuals (Title XIX).

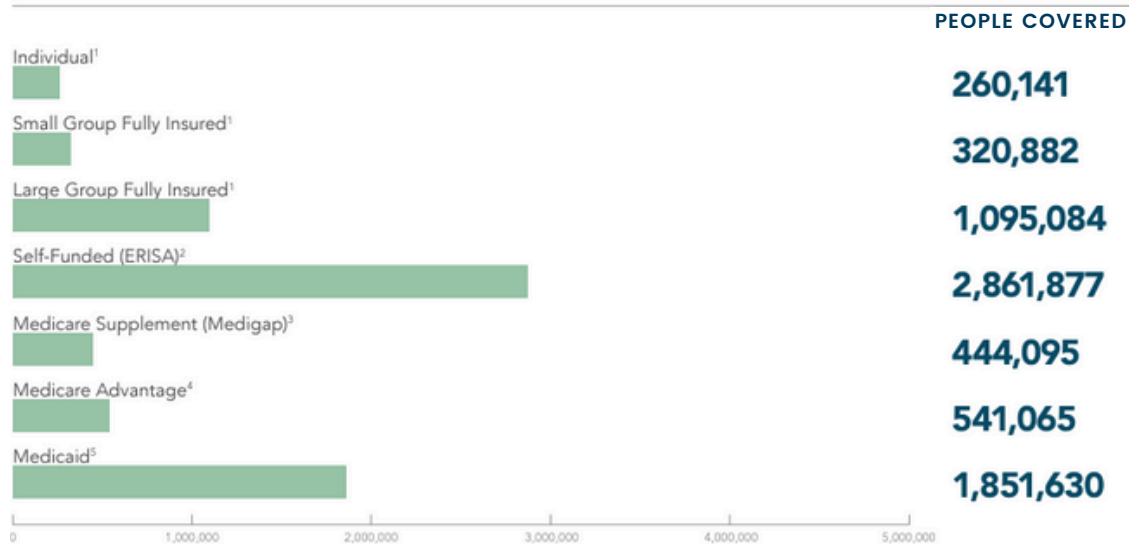
### State Regulated:

- **Large Group:** fully insured group medical insurance that covers an employer or association with 51 or more employees. **Fully insured** means the health insurance carrier takes on and manages the risk on behalf of the group.
- **Small Group & Individual:** fully insured group medical insurance that covers an individual or employer or association with 50 or fewer employees



# UNDERSTANDING HEALTH INSURANCE IN VIRGINIA

## ACCESS TO INSURANCE



Source: AHIP

## How Does Health Insurance Protect Consumer & Employer Affordability?

- Use of insurance tools reduce employer and consumer health care and prescription drug costs
- Ensure patient safety and quality through established and well-managed provider networks
- Leveraging technological innovations to provide real-time access to information for consumers and improving processes for providers
- Offer value-based contracts to providers to encourage positive patient outcomes
- Provide financial and outcomes data, through federal and state transparency requirements, to help inform consumers, employers, regulators, and policy officials
- Reduce waste, fraud, and abuse
- Federal law requires 85% of all insurance company revenue to be spent on patient care. Thus, all overhead, advertising, profits, etc. must come out of the remaining 15%.

## Current Challenges in the Health Insurance Market

- Hospital price increases & vertical market integration
- Annual increases in prescription drug manufacturer price
- Federal changes including:
  - Expiration of Enhanced Premium Tax Credits
  - New eligibility and work verification requirements for Marketplace enrollees
  - Shorter Marketplace enrollment periods for PY2027
- The general market uncertainty, fewer tax credits, and more rigorous eligibility requirements means healthier individuals will not purchase health insurance and those who remain enrolled are sicker (i.e. higher acuity). This change places upward pressure on premiums along with rising hospital and pharmaceutical costs.