

FOR IMMEDIATE RELEASE



THE
COMMONWEALTH
INSTITUTE

May 20, 2020

Media Contact

Sherri Egerton
Communications Manager
sherri@thecommonwealthinstitute.org
804-396-2051 x102
www.thecommonwealthinstitute.org

The Commonwealth Institute Applauds Gov. Northam's Vetoes on Association Health Plan, Multiple Employer Welfare Arrangement Legislation

Action protects access to affordable and comprehensive health coverage for people in Virginia during critical time

RICHMOND, VA – Gov. Northam's vetoes on HB 795/HB 235 and SB 861 this afternoon prevent harmful and inadequate health coverage options from becoming more widely accessible in Virginia. Expanding access to Association Health Plans (AHPs) and Multiple Employer Welfare Arrangements (MEWAs) would have resulted in the erosion of protections put in place by the Affordable Care Act (ACA). In addition, these plans were expected to have an adverse impact on costs to people who purchase health insurance through the individual marketplace. Virginia should instead continue to invest in programs to make health coverage more affordable for everyone, such as the planned transition to a state-based exchange and taking further steps to implement and fund a state reinsurance program.

Both AHPs and MEWAs would have weakened the ACA individual marketplace by "cherry-picking" younger and healthier people away from marketplace coverage. As a result, those left in the marketplace (or risk pool) are more likely older adults and individuals with high medical needs, who are then burdened with increased premiums for the comprehensive coverage they rely on.

"In light of the COVID-19 pandemic, many individuals and families are reassessing their health coverage options. Reduced income and employment will cause more families to turn to the health coverage options on the ACA marketplace. Ensuring the Virginia's marketplace is robust and affordable will be critical to keeping Virginia families healthy and covered in the wake of the economic downturn caused by this public health crisis," said Michael Cassidy, President and CEO of The Commonwealth Institute.

Association Health Plans expanded in HB 795/SB 235 would be able to charge different premiums to different associations based on the demographics and social factors of its membership. Associations with more women could be charged more, for example, as well as associations with older workers, in

higher risk industries, or based in zip codes with worse health outcomes. This type of discriminatory health coverage pricing is not what is needed in Virginia.

MEWA health products introduced and expanded under SB 861 are arguably even more harmful, offering fewer consumer protections than Association Health Plans. These plans would lack transparency and oversight as to how consumer premiums are being spent, potentially putting profits over the best interests of people. Associations or groups with older members would have no protections against exorbitant premiums due to no limitations in the ability to charge different premiums based on the average age of the group.

“Vetoing HB 795/SB 235 and SB 861 is the right thing to do in order to protect access to affordable and comprehensive coverage for all Virginians. These plans were set to benefit select groups and associations at the detriment of everyday people in the commonwealth,” said Freddy Mejia, health care policy analyst at the Institute.

According to The Commonwealth Institute, programs such as the state-based exchange and reinsurance programs would work together to promote more robust participation in the individual marketplace and help to lower premiums across the board.

####

About The Commonwealth Institute

The Commonwealth Institute for Fiscal Analysis provides credible, independent, and accessible information and analyses of fiscal and economic issues with particular attention to the impacts on low- and moderate-income persons. Our products inform fiscal and budget policy debates and contribute to sound decisions that improve the well-being of individuals, communities, and Virginia as a whole. Visit www.thecommonwealthinstitute.org for more information.