

REPORT OF THE
STATE CORPORATION COMMISSION
HEALTH BENEFIT EXCHANGE DIVISION

The Virginia Health Benefit Exchange

TO SELECT COMMITTEES
OF THE GENERAL ASSEMBLY OF VIRGINIA

November 1, 2021

COMMONWEALTH OF VIRGINIA
RICHMOND

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**Report of the Virginia Health Benefit Exchange for
the State Corporation Commission
Pursuant to §38.2-6516 of the Code of Virginia**

November 1, 2021

Introduction

On April 9, 2020, Governor Ralph Northam signed legislation establishing the Virginia Health Benefit Exchange (Exchange) within the State Corporation Commission (Commission). The law took effect on July 1, 2020 and is designed to facilitate the purchase and sale of qualified health plans and qualified dental plans, to support the continuity of coverage and reduce the number of uninsured Virginians.

As of Plan Year 2021, Virginia has now transitioned from its previous status as a Federally Facilitated Exchange to a State-based Exchange on the Federal Platform (SBE-FP). Virginia will ultimately transition to a full State-based Exchange (SBE) by Plan Year 2024. Until Plan Year 2024, Virginia consumers will continue to use [HealthCare.gov](https://www.healthcare.gov) to shop for and enroll in Affordable Care Act (ACA) health plans and to access available financial assistance. Small Business Health Options Program insurance (SHOP) will also be available for eligible employees at [HealthCare.gov/small-businesses/](https://www.healthcare.gov/small-businesses/).

Annually, by November 1, the Exchange, in collaboration with the Secretary of Health and Human Resources, must submit a report to the Chairs of the Senate Committees on Commerce and Labor and Finance and Appropriations and the House Committees on Labor and Commerce and Appropriations addressing the following items:

1. Exchange operations and responsibilities;
2. An accounting of the Exchange's finances;
3. The effectiveness of the outreach and implementation activities of the Exchange in reducing the number of individuals without health insurance coverage; and
4. Other relevant information.

See § 38.2-6516 of the Code of Virginia (Code)

In fulfillment of this directive, the Exchange presents this report for 2021.

1. Exchange Operations and Responsibilities

Blueprint Application

As part of its transition to an SBE-FP, Virginia was required to submit a completed Blueprint Application (Application) to the federal Centers for Medicare and Medicaid Services (CMS) detailing how it will meet the legal and operational requirements, and implement and execute the required activities of an SBE-FP. Virginia submitted its Application on July 27, 2020. On August 19, 2020, CMS acknowledged Virginia's ability to perform consumer assistance and plan management functions of an SBE-FP. While in this transition status, the Exchange is using the Federal Platform for consumer eligibility and enrollment functions.

Administrative Structure

On July 1, 2020, the Commission formed the Health Benefit Exchange Division (Division) for the purpose of implementing the new law and operating the Exchange. Victoria Savoy was named Division Director in September 2020. Over the last year, the Division hired staff to fill positions necessary to operate an SBE-FP and to begin positioning the Exchange for operating as a full SBE.

Advice and Consultation

Advisory Committee

The Exchange Advisory Committee (Advisory Committee) was established on October 1, 2020, to provide guidance and recommendations to the Commission and the Division Director in carrying out the purposes and duties of the Exchange. The Advisory Committee consists of 15 members appointed by the Governor and the Commission as set forth in [§ 38.2-6503 of the Code](#).

Quarterly meetings of the Advisory Committee were held over the past year, and the Committee voted to elect a Chair and Vice Chair. [Bylaws of the Advisory Committee](#) were approved by its voting members in January 2021. Meeting agendas, presentations, and transcripts of the Advisory Committee proceedings are found on the Exchange's website at scc.virginia.gov/pages/Exchange-Administration.

Stakeholder Consultation

As part of its Outreach and Education plan, the Exchange is maximizing its diverse and wide-ranging stakeholder relationships in the lead-up to the transition to a full SBE through ongoing communication and collaborative policy discussions to shape Exchange operations. Stakeholder partnerships critical to Exchange development include consumers and consumer representatives, Navigators and Certified Application Counselor Designated Organizations (CDOs), insurance agents, qualified health plans, dental plans, health care providers, federally recognized Virginia tribes, and state agencies such as the Virginia Department of Medical Assistance Services and the Virginia Department of Social Services.

Through its stakeholder outreach efforts, the Exchange conferred with over 300 relevant stakeholders. The Exchange encouraged their suggestions for achieving a transparent and competitive marketplace; promoting consumer choice and education; supporting the continuity of care; reducing the number of uninsured individuals; and assisting individuals with access to programs, policies, and procedures for securing coverage and acquiring education on premium tax credits and cost-sharing reductions. Stakeholders were also invited to identify any geographic areas or demographic groups that should be the focus of attention and targeted outreach and education efforts. Additionally, stakeholders continue to be consulted as part of the Advisory Committee selection process.

The Exchange held a virtual meeting on October 13, 2021 with representatives from carriers offering health and dental plans on the Exchange and the SHOP. The Exchange solicited feedback essential to its understanding of carrier needs as it relates to the transition to an SBE. The Exchange exhorted carriers to share lessons learned from any previous transition experiences in other states, and to disclose what carriers believe are the most essential aspects of ensuring a successful transition. The Exchange intends to hold regular carrier input meetings as it moves through the development stages

of the SBE. Additionally, the Exchange plans to have small group discussions with subject matter experts regarding information technology and security, enrollment and customer service, outreach, education and marketing.

Consumer Assistance

The Exchange engages assisters to work with consumers. These assisters are a vital component of the consumer assistance program, and include Navigators, CDOs, and Certified Application Counselors (CACs). Assisters receive annual training to help consumers seeking health insurance coverage through the Exchange.

CDOs and CACs

Effective January 1, 2021, the Commission adopted “[Rules Governing the Certified Application Counselor Program](#)” (Rules) set out at 14 VAC 7-10-10 through 14 VAC 7-10-80. The Rules establish a process and criteria for the designation of CDOs, the certification of CACs, and the duties and obligations of both. CDOs wishing to operate in Virginia must register with and be designated by the Exchange. CACs are individual staff members or volunteers who are certified by a CDO and trained to help consumers review health coverage options through the Exchange and Virginia’s Medicaid program. This includes helping consumers complete the eligibility and enrollment process. These services are free to consumers.

Navigator Grant Program

The Exchange also oversees a Navigator program to help Virginians navigate, shop for, and enroll in health insurance coverage through [HealthCare.gov](#). On June 21, 2021, the Commission, on behalf of the Exchange, issued a [Request for Applications](#) for interested entities or individuals qualified under state and federal law to provide Navigator program services for Plan Year 2022. In support of the Navigator program, on September 1, 2021, the Commission awarded approximately \$1.7 million in grant funds to the Virginia Poverty Law Center and \$400,000 to BoatPeople SOS, Inc.

Certification and Training

To support the various assister groups, the Exchange issued a list of frequently asked questions and corresponding answers on topics covering certification, training, and registration requirements. The Exchange also oversees and administers the certification of individual Navigators. For Plan Year 2022, assisters will be required to employ the Federally Facilitated Exchange training program. The Exchange has contracted with consultants to assist with the development of a Virginia Navigator and Assister Program and an Assister Training Program, with the goal of these being fully implemented for Plan Year 2024.

Consumer Outreach and Education

Outreach Plan

The Exchange has prepared a plan to reach its target population of uninsured, underinsured, underserved, and marginalized populations. These include hard-to-reach populations, consumers that may be affected by the discontinuance of the American Rescue Plan Act (ARPA), young adults, LGBTQIA+

individuals, immigrants, and communities with limited English proficiency. For Plan Year 2022, current health plan enrollees will be directed to [HealthCare.gov](https://www.healthcare.gov) to reenroll or update their account. The Exchange will encourage Medicaid- and FAMIS-eligible populations to go directly to [CoverVa.org](https://www.coverva.org) for eligibility and enrollment assistance. The Exchange recognizes that as a result of the Covid-19 pandemic, in-person outreach was limited in 2021, and anticipates that such will remain limited in the near-term. The Exchange therefore has solicited and will continue to solicit feedback from its sizeable group of stakeholders in developing relevant messaging and marketing activities.

In order to reach consumers most successfully in the present environment, the Exchange will provide effective communication prior to and during the upcoming open enrollment period that will be straightforward, frequent, and timely. The communications plan will ensure that Virginia consumers know where to go to shop for and enroll in health insurance coverage; will educate consumers about their health insurance options; will maximize the use of one-on-one personal assistance, available virtually or via telephone, with Navigators, CACs and insurance agents; and will make outreach and education information available in accordance with specified accessibility standards.

On August 27, 2021, the Commission issued a Request for Proposal for Advertising and Branding Services for the Exchange to cover Plan Years 2022 through 2025. Key components of this solicitation include further development of the Exchange's outreach and educational campaign, creation and execution of a marketing and advertising plan, and branding efforts for the Exchange. Previously, in 2020, the Exchange contracted with a third-party, Neathawk Dubuque, Inc. (NDP), for the creation of an advertising campaign to leverage strategic and tactical aspects of digital and traditional elements during open enrollment for Plan Year 2021. With an investment of \$200,000, the contract with NDP aided the Exchange in the development of creative assets to promote and reinforce awareness among Virginians of the existing health care coverage available. Insight gained from the NDP engagement will inform strategies for identifying and reaching individuals eligible for health coverage during the upcoming open enrollment period.

Education

Consumer education is a key component of Exchange activities. The Exchange has established and is maintaining an up-to-date website to communicate coverage options and available consumer assistance and associated services, including pertinent contact information. The website also directs users to [HealthCare.gov](https://www.healthcare.gov) to apply for and enroll in coverage. Written in plain language, the information on the website meets general accessibility standards for those individuals living with disabilities or who have limited English proficiency. The Exchange also operates a toll-free telephone hotline to respond to consumer inquiries, provide eligibility and enrollment information, and direct callers to [HealthCare.gov](https://www.healthcare.gov) and other applicable sites.

Legal Agreements

On August 30, 2020, the Exchange and CMS executed a Federal Platform Agreement to support the Exchange's operations on the Federal Platform as an SBE-FP. The Exchange also executed an Information Disclosure Agreement to support authorized sharing of data between CMS and the Exchange.

CMS Reporting

SMART Report

The Exchange submitted its annual report, the 2020 State-based Marketplace Annual Reporting Tool, or SMART Report, to CMS on May 27, 2021. The SMART Report documents compliance with ACA program integrity standards and operational requirements. On October 14, 2021, CMS acknowledged that the Exchange had met all the 2020 SMART reporting requirements.

Open Enrollment Readiness

On September 30, 2021, CMS provided the Exchange with a letter acknowledging the successful completion of the 2022 Open Enrollment Readiness Review (OERR). The purpose of the OERR is to review the status of SBE system functions and business processes related to consumer assistance, eligibility and enrollment, and plan management, as applicable, leading into the Plan Year 2022 Open Enrollment Period. CMS also utilizes the annual reviews to collect operational information required for coordination during open enrollment. No outstanding items or areas of non-compliance were identified during this review.

2. Exchange Finances

As part of its Application, the Exchange informed CMS that it has the necessary financial resources to fund its operations through assessment fees, federal grants, or funds appropriated by the Virginia General Assembly for operational sustainability in accordance with the ACA.

Budget

The current Virginia budget includes \$8.22 million and \$13.25 million to fund the Exchange plan management functions for fiscal years (FY) 2021 and 2022, respectively. For those same years, the state budget appropriates \$103,671 to fund existing Exchange plan management functions.

Revenues

Exchange revenues for FY 2021 were approximately \$3.4 million, generated through the collection of assessment fees on health carriers offering plans through the Exchange in accordance with [§ 38.2-6510 of the Code](#). An [Assessment Order](#) issued June 3, 2021, informed carriers of the Exchange assessment fee for the next two plan years. The June 3, 2021 Order followed the initial [Assessment Order](#), issued July 7, 2020.

Expenses

Exchange expenses for FY 2021 were approximately \$3.25 million. The breakdown of expenses is set forth as follows:

Management and Production Services	\$1,411,040
Navigator Grants	\$1,016,747
Salaries and Benefits	\$535,383

Outreach, Education, and Marketing	\$199,545
IT, Telecom, and Office Furnishings	\$85,405
Other	\$1,671

Working Capital Advance

The 2020 Virginia budget authorized the Secretary of Finance to approve a Working Capital Advance of up to \$40 million over ten years to fund Exchange start-up and other implementation costs; of which \$6 million was approved on June 5, 2020 and drawn down by the Commission on July 1, 2020. As the Exchange develops, future drawdowns are expected to be \$34 million through FY 2024.

3. Effectiveness of Outreach and Implementation Activities

In the first year of operations as an SBE-FP, the effectiveness of the Exchange’s initial outreach and implementation activities in reducing the number of uninsured Virginians was impacted by the pandemic, as well as major federal initiatives such as the Special Enrollment Period and the increased benefits provided to Virginia consumers through the ARPA. These confounding factors have caused many changes to this segment of the population and make comparisons to prior years difficult. The Exchange, however, can report that effectuated enrollment of Virginians is at approximately 259,000 as of August 15, 2021, which represents an increase in enrollment of 10.58% over the same date in 2020.

4. Other Relevant Information

CMS Grant

The Commission applied for a one-time, limited State Exchange Modernization Grant from CMS in July 2021. The Commission received a Notice of Award on September 10, 2021, and Virginia, along with the other SBE-FPs, is eligible to receive up to \$500,000 in grant funds. Proposed grant activities include:

- analyzing eligibility and enrollment in the Virginia individual market to provide updated revenue estimate by predicting the expected impact of ARPA and the end of the public health emergency and projecting related anticipated changes to premiums in the individual market.
- designing, developing, and implementing consumer outreach, education, and marketing procedures and materials to include the implementation of any new federal requirements; and
- designing, developing, and implementing stakeholder, assister, and staff education and training to include the implementation of any new federal requirements.

Project Management Services

On September 21, 2021, the Commission contracted with a third-party, Health Management Associates, Inc. (HMA), for program management and consulting services for the Exchange. Some of the services provided in this contract overlap with certain activities falling under the CMS grant. HMA also provides consulting services on the request for proposal requirements gathered for the design and development

of the Exchange's technology platform, website, consumer services center, and mailroom.