

# COMMONWEALTH OF VIRGINIA

**SCOTT A. WHITE**  
**COMMISSIONER OF INSURANCE**  
**STATE CORPORATION COMMISSION**  
**BUREAU OF INSURANCE**



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July 1, 2022

The Honorable Richard L. Saslaw  
Chair, Commerce and Labor Committee  
Senate of Virginia  
P.O. Box 1856  
Springfield, Virginia 22151-0856

The Honorable Kathy J. Byron  
Chair, Commerce and Energy Committee  
Virginia House of Delegates  
P.O. Box 900  
Forest, VA 24551

Dear Chairs Saslaw and Byron:

Pursuant to Virginia Code § 38.2-3462 K, this letter serves as the State Corporation Commission's (Commission) aggregate report (Report) for all health carriers who submitted annual reports of the Health Care Shared Savings Incentive Program (Program) established by the 2019 Acts of Assembly Chapters 666 and 684. This letter constitutes the first such Report. In accordance with the Subsection K, future reports will be filed by November 1 of each year.

## Background:

Article 8 of Chapter 34 of Title 38.2 of the Code of Virginia requires health carriers offering a small group health benefit plan in Virginia, beginning with plans offered or renewed on or after January 1, 2021, to develop and implement a Program that provides incentives for covered persons to shop for and use comparable health care services from providers that are paid less than the average in-network allowed amounts for that service.

As described in subsection J of § 38.2-3462 of the Code, each health carrier is required to file a "Shared Savings Annual Report" (Report) by April 1 of each year beginning April 1, 2022. In each Report, the health carrier must provide:

- the total number of comparable health care service incentive payments made;
- the use of comparable health care services by category of service for which comparable health care service incentives are made;
- the total payments made to covered persons;
- the average amount of incentive payments made by service for such transactions;

- the total savings achieved below the average allowed amount by service for such transactions; and
- the total number and percentage of a health carrier's covered persons in small group health benefit plans that participated in such transactions.

Subsection I of Code § 38.2-3462 allows a health carrier to petition the Commission to be excluded from Program participation when the carrier's provider network is incompatible with the Program. The Commission also considers Program cost effectiveness in approving an exemption. In its Administrative Letter 2020-01, the Bureau of Insurance indicated that when all a carrier's plans are exempt from the Program, the carrier is not required to file a Report. The Commission's report is to be an aggregate of all health carriers' Reports.

### Aggregate Report

The Commission's Bureau of Insurance collected health carriers' Shared Savings Annual Reports as of April 1, 2022, and analyzed and aggregated the data received. The results are as follows:

For Plan Year 2021, 18 health insurance carriers in Virginia reported collecting \$2.008 billion dollars of earned premiums from 311,524 covered persons in the small group market.

Of the 18 carriers, eight submitted the Report required by the statute. The Commission granted a one-year Program exemption for eight carriers whose submissions indicated the Program did not demonstrate sufficient savings. Two carriers provided proof of network structure and design characteristics sufficient to also claim a one-year exemption.

The eight carriers reported information for five categories of eligible services:

Service Category	Number of Service Instances	Amount the Carrier Covers for the Aggregate Amount of Qualifying Services in this Category	Total Provider Charge for All Services in this Category that Qualify for the Incentive	Total Incentive Payments Made in this Category to Program Participants who are Carrier Enrollees	Number of Incentive Payments in this Category the Carrier Made to Enrollees	Average Incentive Payments in this Category the Carrier Made to Enrollees	Savings Achieved
PT/OT	112	\$50,525	\$24,774	\$3,960	58	\$68	\$21,791
Radiology/Imaging	19	\$8,488	\$7,044	\$ 370	19	\$19	\$1,074
Laboratory	768	\$121,018	\$ 60,726	\$18,660	750	\$25	\$41,632
Infusion Therapy*	-	\$ -	\$ -	\$ -	-	\$ -	\$-
Other Services	833	\$438,006	\$233,154	\$27,905	374	\$75	\$176,947
<b>Totals</b>	<b>1,732</b>	<b>\$618,037</b>	<b>\$325,698</b>	<b>\$50,895</b>	<b>1,201</b>	<b>\$42</b>	<b>\$241,444</b>
<b>*Medical management policies and programs already steer members to the low-cost treatment alternative</b>							

Additionally, the eight carriers reported the following aggregated descriptive information regarding participation by eligible covered persons and the percentages of savings accrued under the carrier's programs:

<b>Number of Covered Persons in the Programs</b>	59,082
<b>Total Number of Covered Persons in the Small Group Market as Reported by the 8 Carriers</b>	179,972
<b>Percentage of Covered Persons in the Programs</b>	32.83%
<b>Average Percentage Reduction of Paid Costs Before Incentive Payments</b>	47.3%
<b>Average Percentage Reduction of Paid Costs After Incentive Payments</b>	39.1%
<b>Percentage of Savings Passed on to Covered Participants</b>	21.1%

As this is the first time the Commission has received Reports, there is insufficient data to conduct additional analysis at this time.

Please let me know if I may provide additional information or answer any questions you may have.

Best regards,



Scott A. White  
Commissioner of Insurance  
State Corporation Commission Bureau of Insurance