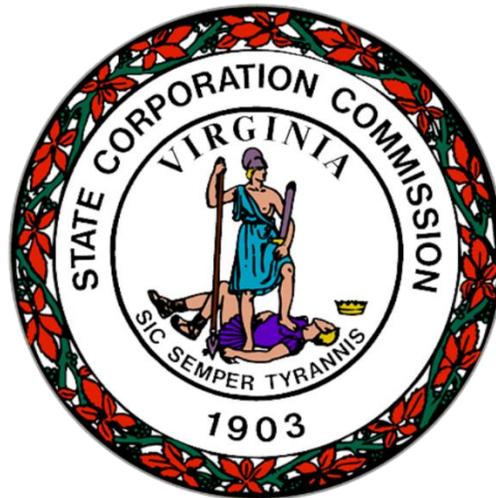


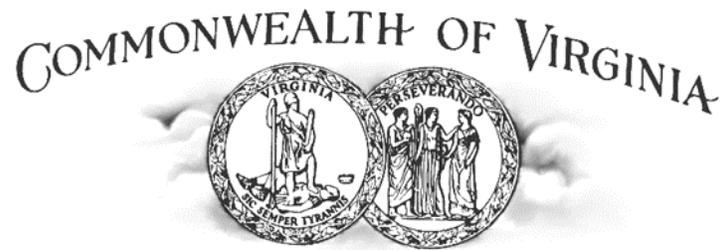
2024 Report on High Deductible Health Plan Availability and Health Savings Accounts Under the Virginia Health Savings Account Plan

*Submitted to the Senate Committees on Finance and Appropriations; Education and Health; and Commerce and Labor; and the House Committees on Appropriations; Finance; Labor and Commerce; and Health and Human Services
pursuant to § 38.2-5601 of the Code of Virginia*



State Corporation Commission
Bureau of Insurance

January 1, 2025



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VIA ELECTRONIC MAIL

The Honorable L. Louise Lucas
Chair, Senate Committee on Finance and Appropriations

The Honorable Ghazala F. Hashmi
Chair, Senate Committee on Education and Health

The Honorable R. Creigh Deeds
Chair, Senate Committee on Commerce and Labor

The Honorable Luke E. Torian
Chair, House Committee on Appropriations

The Honorable Vivian E. Watts
Chair, House Committee on Finance

The Honorable Mark D. Sickles
Chair, House Committee on Health and Human Services

The Honorable Jeion A. Ward
Chair, House Committee on Labor and Commerce

Dear Senators and Delegates:

Pursuant to § 38.2-5601 of the Code of Virginia and on behalf of the State Corporation Commission, the Bureau of Insurance submits this report in fulfillment of its responsibilities related to high deductible health plans and health savings accounts under the Virginia Health Savings Account Plan.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Scott A. White'.

Scott A. White
Commissioner of Insurance

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Executive Summary

In 1995, the [Virginia Medical Savings Account Act](#) (Act) became law, directing the Bureau of Insurance (Bureau) and other designated agencies to establish the Virginia Medical Savings Account Plan upon congressional authorization of plan components “[f]or the purpose of providing the Commonwealth’s people with a future that includes affordable health care.”¹ The initial plan was prepared pursuant to the Act, repealed in 2005, and reconstituted in [§ 38.2-5601](#) of the Code of Virginia as the Virginia Health Savings Account Plan (Plan).

Consistent with federal law, the Plan identifies measures to increase the use and efficacy of health savings accounts (HSA) within the Commonwealth and includes recommendations for legislation to increase the attractiveness of HSAs or eliminate barriers to their use.

Since 2005, the State Corporation Commission (Commission) and, until 2016, the Department of Taxation, have been charged with updating the Plan annually. For the Commission, this is accomplished by:

- including a report on the availability of high deductible health plans (HDHP); and
- identifying measures to increase the utilization and efficacy of health savings accounts, including recommendations for legislation to increase their attractiveness or eliminate barriers to their use.

On behalf of the Commission, the Bureau submits this report, with the following findings for this reporting period:

- HDHPs were widely available in Virginia at year-end 2023, with 23 companies offering them for use with HSAs. These are the same 23 companies from the prior year’s report.
- The Bureau did not identify any statutory barriers to the sale of HDHPs that would restrict their attractiveness to Virginians. As a result, it recommends no legislative changes to the Plan in this regard.

¹ § 1, Virginia Medical Savings Account Act, Chapter 650 – 1995 Acts of the Assembly.

Introduction

In 1995, the [Virginia Medical Savings Account Act](#) (Act) became law, directing the Bureau and other designated agencies to establish the Virginia Medical Savings Account Plan upon congressional authorization of plan components “[f]or the purpose of providing the Commonwealth’s people with a future that includes affordable health care.”² According to the Act, that future included high deductible health plans (HDHPs) and health savings accounts (HSAs).³ The initial plan was prepared pursuant to the Act which was ultimately reconstituted in [§ 38.2-5601](#) of the Code of Virginia as the Virginia Health Savings Account Plan (Plan).

Consistent with federal law, the Plan identifies measures by private and public entities to increase the use and efficacy of HSAs by residents, employers, and providers of health care coverage within the Commonwealth. The Plan also includes recommendations for legislation to increase the attractiveness of HSAs or eliminate barriers to their use.⁴

Since 2005, the Commission and, until 2016, the Department of Taxation, have been charged with annually updating the Plan.⁵ For the Commission, this is accomplished by:

- including a report on the availability of HDHPs,⁶ and
- identifying measures to increase the utilization and efficacy of HSAs and including recommendations for legislation to increase their attractiveness or eliminate barriers to their use.⁷

High Deductible Health Plans are health insurance plans that provide health coverage after an insured reaches a pre-determined deductible set annually by the Internal Revenue Service. Insurance companies offering these health plans may include health maintenance organizations, preferred provider organizations, health services plans, life

² Id.

³ See § 3 Operation of medical savings accounts (“Upon the authorization in federal law to establish medical savings accounts and upon development and enactment of the Plan described in § 2 of this act, medical savings accounts may be established in the Commonwealth.”). In 1996, medical savings accounts became a federal pilot program under the Health Insurance Portability and Accountability Act (HIPAA). These accounts provided tax benefits under the Internal Revenue Code and eventually evolved into health savings accounts that could be combined under a federally qualified high deductible health plan. Under federal law, “[t]he term ‘health savings account’ means a trust created or organized in the United States as a health savings account exclusively for the purpose of paying the qualified medical expenses of the account beneficiary.” 26 U.S.C. § 223(d)(1).

⁴ Va. Code [§ 38.2-5601 B](#).

⁵ Va. Code [§ 38.2-5601 A](#). However, since 2016, the General Assembly has exempted the Department of Taxation from these statutory requirements through state budget language that reads: “Notwithstanding the provisions of § 38.2-5601, Code of Virginia, the Department of Taxation shall not be required to update the Virginia Medical Savings Account Plan report after the completion of such report due on December 31, 2016.” (2024 State Budget, Item 258, W.)

⁶ Va. Code [§ 38.2-5601 C](#) (“The Plan shall include a report by the Commission on the availability of high deductible health plans, as defined in § 223 (c) (2) of the Internal Revenue Code of 1986, as amended, in the Commonwealth.”).

⁷ Va. Code [§ 38.2-5601 B](#).

insurance companies, health services plans, or accident and sickness insurance companies.⁸

Health Savings Accounts are owned by individuals and designed for use with HDHPs. The monetary contributions in the HSAs are used to pay for eligible medical expenses. The minimum deductible amounts and annual out-of-pocket limits for HDHPs to qualify for use with HSAs are determined by federal law and indexed annually to adjust for inflation.⁹ The following chart reflects the most recent standards:

Current Federal Standards for High Deductible Health Plans to Qualify for Use with Health Savings Accounts	
2024	2025
Minimum Deductible Limits <ul style="list-style-type: none"> • \$1,600 for a single person (self-only) • \$3,200 for family coverage 	Minimum Deductible Limits <ul style="list-style-type: none"> • \$1,650 for a single person (self-only) • \$3,300 for family coverage
Annual Out-of-Pocket Limits <ul style="list-style-type: none"> • \$8,050 for a single person (self-only) • \$16,100 for a family 	Annual Out-of-Pocket Limits <ul style="list-style-type: none"> • \$8,300 for a single person (self-only) • \$16,600 for a family

The Availability of High Deductible Health Plans in Virginia

For this report, the Bureau obtained information on the HSA market in Virginia from surveys of companies which had previously indicated that they were actively offering or considering offering HDHPs. For year-end 2023, there was no change in the total number of companies reporting compared to the prior year. This market information was supplemented with information from forms filed with the Bureau electronically and gathered through direct contacts with company personnel. Appendix A to this report includes a list of companies offering HDHPs in Virginia.

Of the 23 companies reporting, six accounted for 83% of the total covered lives by these plans. Three companies did not report any policy sales or Virginia covered lives,

⁸ As defined in 26 U.S.C. § 223(c)(2)(A), a “high deductible health plan” means “a health plan (i) which has an annual deductible which is not less than (I) \$1,000 for self-only coverage, and (II) twice the dollar amount in subclause (I) for family coverage, and (ii) the sum of the annual deductible and the other annual out-of-pocket expenses required to be paid under the plan (other than for premiums) for covered benefits does not exceed (I) \$5,000 for self-only coverage, and (II) twice the dollar amount in subclause (I) for family coverage.” Each year, the Internal Revenue Service publishes new minimum deductible amounts and establishes the minimum corresponding out-of-pocket limits.

⁹ The 2024 limits are set forth in [IRS Publication 969 \(2023\)](#). The inflation adjustments for 2025 are set forth in Rev. Proc. 2024-25 at <https://www.irs.gov/pub/irs-drop/rp-24-25.pdf>.

compared to six in the prior year’s report. This difference accounted for a significant increase in the total covered lives from year-end 2022 to year-end 2023.

The following chart compares HDHP purchases over the last five years. From this information, the Bureau makes the following observations:

- From year-end 2022 to year-end 2023, the number of:
 - new policies sold increased by 33,000, or 254%, with the number of cumulative policies in-force increasing by 100%.
 - covered lives in new policies sold increased by 45%.
 - total covered lives increased by 68%.
- From 2018 to 2023, the number of total covered lives increased by 27%.

The changes in total covered lives can differ from the reported change in the number of policies sold since an individual HDHP policy, or policy certificate in the case of a group health plan, may include dependent coverage.

Year End	Companies Reporting	New Policies Sold	Covered Lives	Cumulative Policies In-force*	Total Covered Lives*
2023**	23	46,000	142,000	58,000	345,000
2022	23	13,000	98,000	29,000	206,000
2021	22	13,000	109,000	36,000	225,000
2020	17	21,000	119,000	93,000	260,000
2019	17	19,000	143,000	87,000	293,000
2018	18	21,000	148,000	76,000	272,000

*Includes covered lives by individual and group in-force policies which include policies in effect from prior years.

**Reported numbers for 2023 increased in all categories with group policies sold and group covered lives accounting for the most significant increases.

Increasing the Attractiveness of Health Savings Accounts and Eliminating Barriers to Use

The Bureau inquired of insurers offering HDHPs for ways to eliminate barriers to use and increase the attractiveness of HSAs. They did not have any recommended changes to the product or the related legislation. Since HSAs are a function of federal law, state actions have limited impact on barriers to use and the attractiveness of health savings accounts. In that regard, the Bureau has not identified any state legislative or regulatory barriers to the sale of HDHPs that would restrict their attractiveness to Virginians.

Conclusion

At year-end 2023, 23 insurance companies offered HDHPs for use with HSAs in Virginia, covering 345,000 lives. Plan sales, as well as the number of policies

purchased, increased from year-end 2022 to year-end 2023, as did the number of covered lives.

In addition, the Bureau has not identified any state legislative or regulatory barriers to the sale of HDHPs that would restrict the attractiveness of using HSAs to Virginians. As such, the Bureau does not have any recommended legislative changes to the Plan.

The Bureau will continue to monitor federal and state legislation and associated regulations, as well as the HDHP market activity in Virginia.

**Appendix A. Companies Offering High Deductible Health Plans in Virginia
at Year-End 2023**

Aetna Health, Inc.

Aetna Health Insurance Company

Aetna Life Insurance Company

Anthem Health Plans of Virginia, Inc.

CareFirst BlueChoice, Inc.

Cigna Health and Life Insurance Company

Connecticut General Life Insurance Company

Golden Rule Insurance Company

Group Hospitalization and Medical Services, Inc.

HealthKeepers, Inc.

Innovation Health Insurance Company

Innovation Health Plan, Inc.

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.

Kaiser Permanente Insurance Company

Optima Health Insurance Company

Optima Health Plan

Optimum Choice, Inc.

Oscar Insurance Company

Piedmont Community HealthCare, Inc.

Piedmont Community HealthCare HMO, Inc.

UnitedHealthcare Insurance Company

UnitedHealthcare of the Mid-Atlantic, Inc.

UnitedHealthcare Plan of the River Valley, Inc.