

Comparable Health Care Service Incentive Program

*A Report Submitted to the Chairs of the Senate Committee on Commerce and Labor
and the House of Delegates Committee on Labor and Commerce,
pursuant to Subsection K of § 38.2-3462 of the Code of Virginia*



State Corporation Commission
Bureau of Insurance

November 1, 2025



COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

== COMMISSIONERS ==

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November 1, 2025

TRANSMITTED VIA EMAIL

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

The Honorable Jeion A. Ward
Chair, Labor and Commerce Committee
Virginia House of Delegates

Dear Senator Deeds and Delegate Ward:

On behalf of the State Corporation Commission, the Bureau of Insurance submits the annual aggregate report of all health carriers filing the Comparable Health Care Service Incentive Program information required pursuant to subsection K of [§ 38.2-3462](#) of the Code of Virginia.

Sincerely,

Scott A. White
Commissioner of Insurance

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Executive Summary

Pursuant to [§ 38.2-3462](#) of the Code of Virginia (Code), beginning on or after January 1, 2021, each health carrier offering or renewing a health benefit plan in the small group market in Virginia must develop and implement a Comparable Health Care Service Incentive Program (referred to in this report as the “Shared Savings Program”) providing incentives for covered persons¹ (referred to as “enrollees” in this report) to shop for comparable health care services from health care providers that are paid less than the average in-network allowed amounts for that service.

In 2024, eight Virginia health carriers participated in the program. These health carriers reduced their allowed costs of \$755,633 to paid costs of \$326,878, for a reduction of \$428,755. They paid \$56,015 in incentives to participating enrollees, for a net savings of \$372,740. On average, participating enrollees received \$46 in incentives, or 13 cents in incentives for every \$1 reduction in carrier-paid costs.

When viewed over a 3-year period, carrier savings have leveled out for the last two years, reaching 57% of the original allowed in-network amounts before incentive payments in 2024. Participant benefits have fluctuated, with savings passed to participants at 14% in 2022, dropping to 11% in 2023, then rising to 15% in 2024. Participation has fluctuated significantly over the 3-year period, with a sharp increase from 15,873 participants in 2022 to 50,521 in 2023, followed by a decrease to 25,274 in 2024. The program's penetration averaged 17% of covered persons in the small group market over the 3-year period.

Overall, the data from the Shared Savings Program continues to show cost savings for both participating carriers and enrollees, with carriers averaging 52% savings before incentive payments and 45% after incentive payments over the 3-year period.

Background

In 2019, the Virginia General Assembly enacted the Shared Savings Program (§ 38.2-3461 *et seq.* of the Code). The program, administered by the Bureau of Insurance (Bureau) on behalf of the State Corporation Commission, is designed to reduce health care costs by incentivizing enrollees to comparison shop for comparable health care services from health care providers that are paid less than the average in-network allowed amounts for that service.

As defined in [§ 38.2-3461](#) of the Code, a “comparable health care service” means:

- i. physical and occupational therapy service.
- ii. radiology and imaging service.
- iii. laboratory service.

¹ “Covered person” means a policyholder, subscriber, participant, or other individual covered by a health benefit plan. See [§ 38.2-3461](#) of the Code.

- iv. infusion therapy service; or
- v. at the discretion of the health carrier, other health care service, provided, that the service (a) is a covered non-emergency health care service or bundle of health care services provided by a network provider and (b) is a service for which the health carrier has not demonstrated that the allowed variation in amount among participating providers is less than \$50.

Eighteen health carriers were subject to the Shared Savings Program requirement in calendar year 2024. They collected \$2.057 billion in earned premium from 269,106 covered persons.

A health carrier may petition the Bureau to be excluded from program participation.² The Bureau must exempt a health plan with a limited provider network that demonstrates that the network is incompatible with a shared savings program. The Bureau may also consider program cost effectiveness in approving an exemption. Ten of eighteen carriers subject to the program requirement were exempted from program participation.

By April 1 of each year, participating health carriers must file the following information with the Bureau for the prior calendar year:

1. The total number of comparable health care service incentive payments made.
2. The use of comparable health care services by category of service for which comparable health care service incentives are made.
3. The total payments made to covered persons.
4. The average amount of incentive payments made by service for such transactions.
5. The total savings achieved below the average allowed amount by service for such transactions; and
6. The total number and percentage of a health carrier's covered persons in small group health benefit plans that participated in such transactions.³

According to the Bureau, when all of a health carrier's plans are exempt from program participation, the carrier is not required to file a report.⁴

The Bureau is required to file an aggregate report of all health carrier submissions by November 1 of each year.

² See subsection I of [§ 38.2-3462](#) of the Code.

³ See subsection J of [§ 38.2-3462](#) of the Code.

⁴ [Administrative Letter 2020-01](#), Virginia Bureau of Insurance, State Corporation Commission.

Program Results for 2024

Carrier Savings and Enrollee Incentives

In 2024, four of eight carriers participating in the Shared Savings Program provided incomplete numbers for all but the savings and incentives categories. According to these four carriers, this was due to continued use of a third-party administrator hired in a previous year. This third-party administrator continues to not be able to provide the information in the format requested by the Bureau. Nevertheless, the Bureau included the numbers they did report – where possible, presented in the overall aggregates – and denoted any of the categories that contain these numbers with an asterisk (*).

In 2024, as shown in Table 1, health carriers in the aggregate reported a \$428,755 reduction in paid costs, from \$755,633 in provider payments based on the average allowed in-network amounts, to \$326,878 based on the below average payment amounts for comparable shopped services. After paying incentives of \$56,015* to participating enrollees, health carriers realized \$372,740* in aggregate savings. On average, participating enrollees received \$46* in incentives, or 13 cents in incentives for every \$1 reduction in carrier-paid costs. Both of these metrics are up from the prior year.

Table 1. Participating Carrier Savings and Enrollee Incentive Payments, 2024

Service Category	Aggregate Provider Payments Based on Average Allowed In-network Amounts	Aggregate Provider Payments Based on Below Average Amounts for Comparable Shopped Services	Aggregate Incentive Payments	Average Incentive Payments	Aggregate Carrier Savings
PT/OT	\$148,148	\$62,599	\$12,425	\$49	\$73,124
Radiology/Imaging	\$187,066	\$70,926	\$25,415	\$31	\$90,726
Laboratory	\$110,606	\$6,147	\$975	\$139	\$4,484
Infusion Therapy	\$383,483	\$176,741	\$15,000	\$160	\$191,741
Other Services	\$25,330	\$10,465	\$2,200	\$50	\$12,665
Totals	\$755,633	\$326,878	\$56,015*	\$46*	\$372,740*

Incentive Payment Detail

As Table 2 shows, carriers made 1,229 incentive payments to participating enrollees in 2024. More than 67% of these payments were made for the “Radiology/Imaging” service category. The average incentive payment by service category ranged from a low

of \$31 for “Radiology/Imaging” to a high of \$160 for “Infusion Therapy.” Across all service categories, the average incentive payment per participating enrollee as shown in Table 1 was \$46*.

Table 2. Number of Service Encounters and Incentive Payments, 2024

Service Category	Service Encounters**	Incentive Payments
PT/OT	1,899	252
Radiology/Imaging	1,386	832
Laboratory	43	7
Infusion Therapy	1,166	94
Other Services	671	44
Totals	5,165	1,229

**“Encounters” is used as a generic reference to include “visits,” “units,” or other similar terms commonly associated with a specific service category.

Participating Enrollees

In the aggregate, the eight health carriers reported a total of 176,964 enrollees in their small group markets (up from 156,131 in 2023), with 25,274 or 14.3% participating in their Shared Savings Programs (down from 32.4% reported in 2023).

Overall Program 3-Year Comparison

As shown in Table 3, the following patterns can be seen:

1. Fluctuating participation: There was a sharp increase in participation from 2022 to 2023, followed by a substantial decrease in 2024 (about 50%), but still greater than 2022 levels.
2. Flat carrier savings: There was a minimal difference in the aggregate savings of carriers from 2023 to 2024, both before and after incentive payments.
3. Consistent participant benefits: While the percentage of savings passed to participants has varied a few percentage points from 14% in 2022 to 11% in 2023 then up to 15% in 2024, the overall trend has been relatively consistent.
4. Consistent incentive payment impact: The difference between carriers’ savings before and after incentive payments remained fairly consistent (6 to 8 percentage points).

The program appears to continue to be financially advantageous for carriers, with participants seeing increasing returns in 2024. This program applies only to the small group market, so the pool of potential enrollees can change from year to year. Employees can move between small employers, large employers, self-insured employers, government employers, government programs (e.g., Medicare, Medicaid),

and the individual market. These enrollment changes lead to potential variability in service utilization and could explain the differences observed from year-to-year in the data.

Table 3. 3-Year Program Comparison, 2022-2024

	2022	2023	2024	3-Year Average
Number of Participants Reported by the 8 Carriers	15,873	50,521	25,274	30,556
Total Number of Covered Persons in the Small Group Market Reported by the 8 Carriers	208,354	156,131	176,964	180,483
Percentage of Covered Persons in the Program	8%	32%	14%	17%*
Carriers' Aggregate Savings Before Incentive Payments	44%	56%	57%	52%*
Carriers' Aggregate Savings After Incentive Payments	37%	50%	49%	45%*
Aggregate Percentage of Carriers' Savings Passed on to Covered Participants	14%	11%	15%	13%*

*The percentages shown in the 3-Year Average column are weighted averages of the underlying years' information rather than a straight average of the information shown for each year in the table.

Conclusion

The data from the Shared Savings Program continues to show cost savings for both participating carriers and enrollees. Variations in the reported numbers continue to be observed but it has been a fluctuating pattern instead of an upward or downward only trend. With four years of data now available, the Bureau believes that the program will continue to show variability in utilization, especially when viewed with the fluid nature of the small group market pool. The Bureau found no evidence that continued monitoring of the savings passed to covered participants will change utilization of the program going forward.