COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

REPORT OF THE HEALTH BENEFIT EXCHANGE DIVISION

TO SELECT COMMITTEES

OF THE

GENERAL ASSEMBLY OF VIRGINIA

November 1, 2026

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, 2026

Introduction

Chapter 65 of Title 38.2 of the Code of Virginia established the Virginia Health Benefit Exchange Division (the "Exchange") within the State Corporation Commission (the "Commission"). The Exchange is responsible for the administration of Virginia's Insurance Marketplace. The purpose of the Marketplace is to facilitate the sale and purchase of Qualified Health Plans and standalone Qualified Dental Plans, to support the continuity of health coverage, and to reduce the number of uninsured Virginians.

The plan year 2026 Open Enrollment period for Virginia's Insurance Marketplace occurred from November 1, 2025, to January 30, 2026. During this reporting year, the Exchange continued its work to help Virginians compare coverage options, access available financial assistance, and maintain enrollment in qualified health plans. During the Open Enrollment Period, the number of new enrollments decreased by 16% compared to 2025, from 69,000 in 2025 to 58,000 in 2026, while overall enrollment decreased by 4.9%, from 389,000 to 370,000.[1]

Marketplace consumers experienced substantial premium cost increases in 2026 as a result of carrier rate increases and the expiration of the enhanced federal premium tax credits on December 31, 2025. H.R. 1 provisions also eliminated federal tax credits for certain non-citizens under 100% of the federal poverty limit beginning on January 1, 2026. As a result, the Exchange has observed steeper enrollment declines and high rates of terminations for non-payment in the months following the end of Open Enrollment. As of June of 2026, nearly 123,000 enrollees terminated their coverage, resulting in a net enrollment loss of 70,000.

Major federal policy changes continue to impact the Exchange's enrollment levels and preparation for the upcoming plan year 2027 Open Enrollment. These include the implementation of additional Marketplace and Medicaid eligibility changes required under H.R. 1 and monitoring of multiple regulatory actions by the Centers for Medicare & Medicaid Services and subsequent legal challenges. The Exchange continues to implement operational changes and consumer outreach to prepare Virginians and stakeholders for the resulting eligibility and enrollment changes.

[1] Metrics are rounded to the nearest 1,000.

In 2026, the General Assembly established the Virginia Health Insurance Affordability Fund, a $150 million state-funded initiative to improve the affordability of Marketplace coverage. Beginning in plan year 2027, the Exchange will administer Virginia Premium Savings for eligible Marketplace consumers with household incomes between 138% and 250% of the federal poverty level. Virginia Premium Savings will be applied automatically through the Marketplace application and plan-shopping process. The program is expected to provide meaningful premium assistance to qualifying Virginians, including consumers who may no longer qualify for federal advance premium tax credits.

As required by Code § 38.2-6516, the Exchange, in collaboration with the Secretary of Health and Human Resources, submits this report annually 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. It addresses:

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.

Exchange Operations and Responsibilities

Administrative Structure

The Exchange Division is led by Executive Director Keven Patchett, who reports directly to the State Corporation Commission Commissioners. The Division employs 48 full-time employees.

Advice and Consultation

Advisory Committee

Established on October 1, 2020, the Exchange Advisory Committee provides guidance and recommendations to the Commission and Executive 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.

For the 2026 year, Lou Rossiter, Professor Emeritus of William and Mary served as Committee Chair through June 30, 2026, and Doug Gray of the Virginia Association of Health Plans served as Committee Vice Chair. Doug Gray assumed the role of Acting Chair on July 1, 2026. New Committee Chair and Vice Chair elections are expected to occur in December 2026.

Agendas, presentations, and transcripts of the quarterly Advisory Committee meeting proceedings are available at https://www.marketplace.virginia.gov/virginia-health-benefit-exchange.

Stakeholder Engagement

The Exchange continues to cultivate a strong affiliation with stakeholders who work across the Commonwealth to assist consumers with eligibility and enrollment in Marketplace coverage. Quarterly stakeholder information sessions, a regular email cadence, and job aids provide timely technical assistance in the areas of policy and operational updates to support agents, navigators, and assisters in their work to enroll Virginia consumers. The Exchange has solicited feedback from stakeholders and made improvements to Virginia's consumer enrollment platform based on the feedback received. These improvements are designed to enhance the user experience and improve consumer security.

The Exchange collaborates with other state agencies, community organizations, and local associations that serve consumers who would benefit from information about available health insurance coverage. It also provides key stakeholders—including local health departments, local Department of Social Services staff, local clinics, and community health centers—with updates on the Marketplace.

In preparation for implementation of the Virginia Premium Savings program, Stakeholder Engagement developed and coordinated a September informational update, quarterly newsletter featuring Virginia Premium Savings information, and an educational one-pager. The team also provided targeted updates to state partners and participating carriers.

Consumer Assistance

The Exchange delivers direct consumer assistance through four channels: a comprehensive call center, a dedicated internal escalation team, community-based assister organizations, and health insurance agents.

Call Center

The Exchange oversees a contact center that provides customer service through phone, chat, and email, operating during regular business hours with extended hours in the evenings and weekends during open enrollment periods. This year, the Exchange implemented an Extended Hours Pilot Program through the end of the Open Enrollment Period. Under the program, the call center operates Monday – Friday: 8:00 AM until 10:00 PM ET, providing consumers with additional opportunities to seek assistance. In the 2026 open enrollment period, the call center maintained average wait times well below one minute and achieved a 95% customer satisfaction score.

Escalation Team

The Exchange's internal escalation team offers specialized support to consumers, agents, and assisters when issues exceed the scope of the call center's services.

Assisters

Assisters work directly with consumers, offering free, impartial support in person, online, or by phone across the Commonwealth. These assisters are a vital component of the consumer assistance program, and include Navigators, Certified Application Counselor Designated Organizations (CDOs) and Certified Application Counselors (CACs).

CACs receive annual, Virginia-specific training to help consumers seeking health insurance through the Exchange. From November 2025 through September 2026, Virginia navigators and assisters provided enrollment assistance for nearly 3,000 consumers, a nearly 45% increase from Plan Year (PY) 26.

CDOs and CACs

Effective January 1, 2021, the Commission adopted "Rules Governing the Certified Application Counselor Program" outlined in 14 VAC 7-10-10 through 14 VAC 7-10-80. These rules establish a process and criteria for the designation of CDOs, the certification of CACs, and the duties and obligations of both. CDOs seeking to operate in Virginia must register with the Exchange and obtain official designation. 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. Their responsibilities include guiding consumers through eligibility determinations and the enrollment process. All services offered by CACs are offered to consumers free of charge.

Agents

Health insurance agents are licensed by the Bureau of Insurance and trained and certified through the Exchange to provide consumer assistance with applications and enrollments in accordance with 45 C.F.R. § 155.220(d). During PY 26 their enrollment assistance consisted of nearly 197,000 enrollments, a 10% increase from PY 25.

Navigator Grant Program

The Exchange manages a Navigator program designed to assist Virginians in navigating, shopping for, and enrolling in health insurance coverage through the Exchange. In June 2026, the Commission issued a Request for Applications for interested entities or individuals qualified under state and federal law to provide Navigator program services for plan year 2027. On August 27, 2026, the Commission awarded grants totaling approximately $3.7 million to the Virginia Poverty Law Center, BoatPeople SOS, Inc., and Health Betterment Initiative.

Certification and Training

Beginning in August 2023, the Exchange introduced a new learning management system as part of its agent certification process. The training is customized for agents, navigators, and assisters operating within Virginia. The learning management system provides access to courses and

resources designed to equip them with the skills needed to assist consumers in shopping for and enrolling in health plans through Virginia's Insurance Marketplace. To support the continuity of coverage, training is also provided on topics such as Medicaid, FAMIS, Privacy and Security, Small Employer Options, and Medicare. Agents, navigators and assisters will have until October 31 of each year to complete the required training to ensure certification or recertification for open enrollment on November 1.

Consumer Outreach and Education

The Exchange collaborates with a Virginia-based marketing and advertising firm to execute a comprehensive outreach and education program. This initiative aims to highlight the importance of health insurance coverage, inform Virginia consumers about Virginia's Insurance Marketplace, and educate them about available financial assistance programs.

In 2026, the Exchange implemented a four-phase consumer outreach and education program:

Phase 1: Special Enrollment Campaign

This phase focused on educating consumers about qualifying life events that might make them eligible for a special enrollment period, allowing them to purchase a health plan outside of the standard enrollment period.

Phase 2: Brand Awareness Campaign

Designed to enhance visibility, this phase raised awareness of Virginia's Insurance Marketplace in every community throughout the state and provided information on the upcoming open enrollment period.

Phase 3: Virginia Premium Savings Program Campaign

The Exchange launched the Virginia Premium Savings educational campaign running from September 21 through October 31. The campaign includes a dedicated webpage and Frequently Asked Questions; new partner materials addressing the subsidy and immigrant eligibility under H.R. 1; educational videos, targeted email and text messaging, including outreach to former Marketplace consumers; and advertising across social media, television, radio, and streaming platforms.

The Exchange is also coordinating statewide outreach with the Governor's Office, Department of Social Services, Department of Medical Assistance Services, community stakeholders, and partner organizations, with a particular focus on immigrant communities. Television, radio, and streaming advertisements will continue through the end of Open Enrollment.

Phase 4: Open Enrollment Campaign

The final phase educated Virginians about their health insurance options and underscored the importance of maintaining health coverage, motivating eligible Virginians to enroll and maintain coverage through Virginia's Insurance Marketplace.

The Exchange partners with state and local agencies, community-based organizations, as well as colleges and universities to conduct consumer outreach and education activities state-wide. Our focus this year is consumer education about premium changes and the benefits of marketplace coverage, and encouraging consumers to work with Marketplace assisters to find a plan that best meets their healthcare and budget needs.

Ad hoc: Bronze to Silver Campaign

The Exchange launched the Bronze to Silver educational campaign running from January 16, 2026, to January 30, 2026. The campaign provided educational outreach to current consumers who may have been eligible for cost-sharing reductions by switching from a Bronze plan to a Silver plan. The campaign included targeted email and text messaging campaigns, consumer notices, and social media.

<u>CMS Reporting</u>

SMART Report

The Exchange successfully completed a federally mandated audit of its operations, known as the SMART Report. This audit assesses compliance with federal program integrity standards and various operational and fiscal requirements. The Centers for Medicare & Medicaid Services (CMS) acknowledged the successful completion of its review, affirming the Exchange's compliance.

Open Enrollment Readiness

CMS conducts an annual Open Enrollment Readiness Review (OERR) with state-based marketplaces. The OERR evaluates the status of Exchange system functions and business processes, including consumer assistance, eligibility and enrollment, and plan management, as applicable, to ensure readiness for open enrollment. In addition to confirming operational preparedness, CMS utilizes the annual reviews to gather information necessary for coordinating activities during open enrollment. The Exchange successfully completed the OERR for PY202 with no issues identified.

Exchange Finances

The Exchange is authorized through Chapter 65 of Title 38.2 of the Code of Virginia to fund operations through special revenues generated by assessment fees. Exchange funds are used solely for its operations and the support necessary for fulfillment of its purpose, duties, and objectives. Assessment fees are based on the premiums charged by carriers offering health and dental plans on the Exchange. The state budget authorized $55.02 million in General Fund and Dedicated Special Revenue to support Exchange functions for fiscal year 2026.

In November 2025, CMS formally approved Virginia's Eligibility & Enrollment Operational Advance Planning Document (OAPD) for the Exchange effective October 1, 2025, authorizing federal funding for the continued operation and maintenance of the Commonwealth's eligibility and enrollment systems. This approval supports Virginia's efforts to streamline access to Medicaid and related affordability programs. In Collaboration with the Virginia Department of Medical Assistance Services, the Exchange finalized a new Appendix to Interagency Agreement 507 outlining terms, conditions, and procedures tied to this federal funding award.

Results of Operations

For FY 2026, the Exchange generated approximately $54.3 million in revenue. These revenues were mainly collected through assessment fees levied on health and dental carriers offering plans through the Exchange in accordance with § 38.2-6510 of the Code of Virginia. An Assessment Order, issued on June 30, 2023, notified carriers of the Exchange assessment fee for plan years 2024 and 2025 and continuing thereafter until otherwise ordered by the Commission. In addition, the Exchange received approximately $4.0 million in federal funding via the recently approved OAPD, which was recorded as a credit to relevant expenses.

Total expenses for FY 2026 amounted to approximately $46.1 million. The expenses are as follows:

Platform Development and Maintenance	$ 27,477,209
Outreach, Education and Marketing	$ 3,768,096
Salaries and Benefits	$ 5,982,976
Navigator Grants	$ 3,438,391
Consultants and Professional Services	$ 623,750
Building Rentals and Office Related Expenses	$ 4,335,028
Other	$ 510,262

The Exchange's most recent Financial Report, including financial statements and the independent auditor's report, is available for the fiscal year ending June 30, 2025.

Working Capital Advance

The Virginia Appropriations Act 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 implementation costs, of which $6 million was approved on June 5, 2020, and drawn down by the Commission on July 1, 2020. A second draw down request for $14 million was approved on July 14, 2023, and processed on July 26, 2023. The Exchange completed the first repayment of $5 million towards the working capital advance in December 2024. A second payment of the same amount was submitted by the Exchange in August 2025, followed by a third payment which was completed in June 2026.

Effectiveness of Outreach and Implementation Activities[2]

For PY 2026, the third year of operation for Virginia's Insurance Marketplace as an Exchange, enhanced outreach efforts by the Exchange and its navigators, combined with various state and federal initiatives, continued to reach consumers in every region of the Commonwealth.

Total enrollment for open enrollment in PY 2026 was 370,000, reflecting a 4.9% decrease from the previous year and following expiration of the enhanced Premium Tax Credits. The Exchange enrolled 58,000 new to Marketplace enrollees, meaning they had not held coverage through the Marketplace in the preceding plan year. This represents a 16% decrease over the previous year.

Additionally, over 204,000 consumers received application support from certified agents or assisters, and 289,000 consumers who applied qualified for financial advanced premium tax credits.

The total number of applications submitted during the PY 2026 Open Enrollment was 304,000, representing a total of 490,000 individuals applying for coverage.

More than 78% of Virginians eligible to enroll in a Marketplace plan were also eligible for federal financial assistance, a significant decrease from previous years. The decrease is attributable to the expiration of enhanced premium tax credits and H.R. 1 changes, which when combined ended premium tax credit eligibility for consumers below 100% and above 400% of the Federal Poverty Level.

Eleven percent of health enrollees had a net premium of under $10 per month this year compared with thirty percent in plan year 2025. Forty-one thousand applicants were determined or assessed eligible for Medicaid or FAMIS.

The foregoing represents the Exchange's Annual Report for 2026 pursuant to Code § 38.2-6516.

[2] Metrics presented in this section are rounded to the nearest 1,000.