

**REPORT OF THE  
STATE CORPORATION COMMISSION  
HEALTH BENEFIT EXCHANGE DIVISION**

**TO SELECT COMMITTEES  
OF THE GENERAL ASSEMBLY OF VIRGINIA**

November 1, 2022

**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, 2022**

## **Introduction**

Chapter 65 of Title 38.2 of the Code of Virginia establishes the Virginia Health Benefit Exchange (Exchange) within the State Corporation Commission (Commission). The purpose of the Exchange is 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.

Virginia has transitioned to a State-based Exchange on the federal platform. Virginia is on track to complete its transition to a full State-based Exchange by November 1, 2023. Until plan year (PY) 2024, Virginia consumers will continue to use [HealthCare.gov](https://www.healthcare.gov) to shop for an enroll in Qualified 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 Commerce and Energy 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.

## **1. Exchange Operations and Responsibilities**

### 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. The Division Director reports directly to the SCC Commissioners. The Exchange now has a staff of eleven full-time employees. Over the next year, the Division will continue to increase its hiring of staff to fill positions necessary for the Exchange to operate as a full Exchange.

### 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 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 last year, and the Committee voted to elect a Chair and a Vice Chair. [Bylaws of the Advisory Committee](#) were approved by its voting members in January 2021. Each Advisory Committee meeting includes an opportunity for public comment. Meeting agendas, presentations, and transcripts of the Advisory Committee proceedings are found on the Exchange's website at [scc.virginia.gov/pages/Exchange-Administration](http://scc.virginia.gov/pages/Exchange-Administration).

#### *Stakeholder Consultation*

The Exchange is developing stakeholder relationships in the lead-up to the transition to a full Exchange through ongoing communication and collaboration. These stakeholder relationships are an important part of the Exchange's transition plan as they inform organizational, operational, and process development. Critical stakeholder relationships 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.

## 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 on the Exchange. In June 2022, the Commission issued a Request for Applications for interested entities or individuals qualified under state and federal law to provide Navigator program services for PY 2023. On September 1, 2022, the Commission awarded grants to both the Virginia Poverty Law Center and to BoatPeople SOS, Inc. The total of those grants awards was approximately \$2.4 million.

### *Certification and Training*

To support the various assister groups, the Exchange issued a list of frequently asked questions and corresponding answers (August 2020 and November 2021) on topics covering certification, training, and registration requirements. The Exchange also oversees and administers the certification of individual Navigators.

## Consumer Outreach and Education

The Exchange continues to work with a well-respected, Virginia-based marketing, and advertising firm to develop an outreach and education program. The purpose of the program is to promote the importance of health insurance coverage, to inform Virginia consumers

about plan shopping functionality of the Exchange and educate consumers about available financial assistance programs.

The Exchange conducted surveys across Virginia to better understand individual and family insurance needs, barriers to purchasing and maintaining insurance, and experiences with shopping for health insurance. The survey identified affordability, accessibility, quality, and legitimacy as key considerations among survey participants.

In addition, the Exchange conducted an on-line survey of 833 Virginians eligible to purchase on the Exchange to facilitate the development of the Exchange's marketing and outreach plans.

### Blueprint Application

As part of its transition to a full Exchange, 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 a full Exchange. Virginia submitted its Application on August 1, 2022.

### Marketplace Platform and Consumer Assistance Center Contract

Following a competitive procurement process, the Commission awarded a contract for the Exchange's platform technology and consumer assistance center on September 28, 2022. The robust evaluation process included a 7-member evaluation committee consisting of representatives from the State Corporation Commission, Department of Medical Assistance Services, and Department of Social Services. Additionally, the Commission engaged more than 20 subject matter experts and advisors to provide a broad range of expertise throughout the procurement and evaluation process.

The contract consists of a one-year implementation period and eight-years of operations in the base term. The Exchange marketplace platform and consumer assistance center are on schedule to be live by October 2023. This will enable the Exchange to complete Virginia's transition from healthcare.gov in time for the PY 2024 open enrollment, which begins November 1, 2023.

### CMS Reporting

#### *SMART Report*

The Exchange submitted its State-based Marketplace Annual Reporting Tool, or SMART Report, to CMS on June 1, 2022. The SMART Report documents compliance with federal

program integrity standards and operational requirements. On October 12, 2022, CMS acknowledged the successful completion of its review of the Exchanges SMART report.

#### *Open Enrollment Readiness*

On October 13, 2022, CMS provided the Exchange with a letter acknowledging the successful completion of the 2023 Open Enrollment Readiness Review (OERR). The purpose of the OERR is to review the status of Exchange system functions and business processes related to consumer assistance, eligibility and enrollment, and plan management, as applicable, leading into the PY 2023 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 \$28.3 million and \$29.03 million to fund the Exchange functions for fiscal years (FY) 2022 and 2023 respectively. For those same years, the state budget appropriates \$107,562 both years to fund existing Exchange plan management functions.

### Results of Operations

Exchange revenues for FY 2022 were approximately \$9.4 million (\$3.48 million for FY 2021), 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 on June 3, 2021, informed carriers of the Exchange assessment fee for PY 2022 and PY 2023. The June 3, 2021 Order followed the initial [Assessment Order](#) issued July 7, 2020.

Exchange expenses for FY 2022 were approximately \$5.3 million (\$3.6 million for FY 2021). The breakdown of expenses is set forth as follows:

Management Services	\$2,299,196
Navigator Grants	\$1,955,784
Salaries and Benefits	906,772
Outreach, Education, and Marketing	\$126,620
IT, Telecom, and Office Furnishings	\$19,875
Other	\$40,613

The Exchange [Financial Report](#), including Financial Statements and Independent Auditor's Report are available for the fiscal year ended June 30, 2021.

### 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 significantly less than the available \$34 million.

### **3. Effectiveness of Outreach and Implementation Activities**

In PY 2022, the second year operating as an Exchange on the federal platform, increased outreach by the Exchange and its navigators, along with federal initiatives, resulted in positive increases in marketplace activity and overall enrollment in qualified health plans offered on the marketplace.

Total PY 2022 enrollment was 307,946, an increase of 18% over PY 2021 enrollment. Most notably, 65,740 consumers who enrolled in coverage, were new consumers to the marketplace, which are defined as those not having marketplace coverage at any time in the preceding PY. This is a 24% increase in new consumers over PY 2021.

The PY 2022 Open Enrollment Period ran from November 1, 2021, through January 15, 2022, which provided consumers an additional 31 days to shop for and enroll in coverage. Prior years Open Enrollment periods ran from November 1 to December 15. Federal law increased the affordability threshold for Virginians earning less than 400% of the federal poverty level and provided subsidies to consumers with incomes above 400% of the FPL for the first time since the Affordable Care Act was enacted, thus removing what was known as the subsidy cliff.

The total number of applications submitted during the PY 2022 Open Enrollment was 257,542 (representing a total of 392,611 individuals applying for coverage).

Of the individuals who were eligible to enroll in a marketplace plan, 307,120 were found eligible for financial assistance, representing an increase of 28% over PY 2021 Open Enrollment.

*Source:* <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Marketplace-Products>

#### **4. Other Relevant Information**

##### CMS Grant - State Exchange Modernization 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, making Virginia 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 estimates by projecting the expected impact of federal financial assistance programs, the end of the federal public health emergency, 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.

The foregoing represents the Exchange's annual report for 2022 pursuant to Code §38.2-6516.