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February 26, 2020

Virginia House of Delegates
Pocahontas Building
900 East Main Street
Richmond, Virginia 23219

Dear Distinguished Delegate:

AARP Virginia, on behalf of more than one million members and all older Virginians in the commonwealth, urges you to vote “no” on SB 861 relating to a benefits consortium, a type of Association Health Plan (AHP). While AARP Virginia appreciates efforts to increase access to healthcare for more Virginians, this bill could have calamitous impact on older and sicker individuals. This bill could have a disproportionate impact on Virginians ages 50 to 64 that would amount to an age tax, a government penalty based solely on a person’s age.

As part of its opposition to the bill, AARP Virginia is mobilizing its members and volunteers to contact their delegates to encourage them to vote “no” on the legislation. After the bill is voted on, AARP Virginia will report on the votes of each legislator to its members using email alerts and online channels, as well as through the media.

Expanding the availability of these plans would likely cause higher premiums in the Affordable Care Act (ACA) marketplace due to healthy individuals being drawn to them and leaving a sicker, higher cost group in the risk pool. This scenario would hurt all Virginians in the marketplace and particularly those who rely on comprehensive services offered by ACA-compliant plans such as individuals with pre-existing conditions and long-term diseases. Older Virginians, specifically those ages 50 to 64, are particularly vulnerable to the proliferation of these plans because they allow insurers to charge exorbitant rates just because of someone’s age. The ACA ensured that older Virginians could not be charged more than three times the amount of any other individual. While AARP would much prefer true community rating regardless of age, any acceptable new legislation should comply with the 3:1 age rating band.

AHPs can charge premiums based on gender, age, occupation, or other societal factors at the employer level, undermining protections provided by the ACA. This further fragmentation of the insurance markets creates risks and complexities for consumers. A very troubling aspect of SB 861, in particular, is that through the creation of a benefits consortium, these plans

Real Possibilities

would be able to operate with very little oversight by the State Corporation Commission after getting a license to sell insurance in the commonwealth.

In summary, SB 861 could not only strip important consumer protections for people seeking access, but it could also threaten those who currently have insurance through the ACA marketplace with high out-of-pocket costs and higher premiums. This would be a step in the wrong direction for Virginia. For these reasons, we respectfully ask you to vote "no" on SB 861.

Sincerely,

A handwritten signature in black ink, appearing to read "James A. Dau". The signature is fluid and cursive, with the first name "James" and last name "Dau" being clearly legible.

James A. Dau
State Director