

REPORT OF THE  
STATE CORPORATION COMMISSION  
HEALTH BENEFIT EXCHANGE DIVISION

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

November 1, 2023

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, 2023**

**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 sale and purchase of qualified health plans and qualified dental plans, to support the continuity of coverage and reduce the number of uninsured Virginians.

Virginia has completed its transition to a full State-based Exchange. Starting November 1, 2023, Virginia consumers will use Virginia's Insurance Marketplace to shop for and enroll in Qualified Health and Dental Plans and to access available financial assistance. Small Business Health Options Program insurance (SHOP) will also be available for eligible employees at <https://www.marketplace.virginia.gov/small-business-employers>.

Annually by November 1, the Exchange, in collaboration with the Secretary of Health and Human Resources, submits 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.

## 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 twenty-six full-time employees. Over the next year, the Division will continue to increase its hiring of staff to fill positions necessary for the ongoing operations of the 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. 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 <https://www.marketplace.virginia.gov/virginia-health-benefit-exchange>.

#### *Stakeholder Engagement*

The Exchange continues to strengthen stakeholder relationships through ongoing communication and collaboration. Stakeholder engagement is an important part of the Exchange's transition and ongoing operational plans as they inform organizational, operational, and process development.

Throughout 2023, the Exchange has made substantial engagement efforts with key stakeholders through weekly email updates, weekly frequently asked questions, monthly Town Hall meetings tailored to the needs of specific stakeholder groups, and community engagement meetings.

Engagement efforts will continue to increase as the Exchange shifts into ongoing operations. Critical stakeholder relationships include consumers and consumer representatives, Navigators and Certified Application Counselor Designated Organizations (CDOs), insurance agents, insurance carriers offering qualified health plans or dental plans, state agencies such as the Virginia Department of Medical Assistance Services and the Virginia

Department of Social Services, health care providers, and federally recognized Virginia tribes.

### Consumer Assistance

The Exchange engages assisters to work with consumers. These assisters provide consumers with free, impartial assistance, in person, on-line, or by phone across the Commonwealth. These assisters are a vital component of the consumer assistance program, and include Navigators, CDOs, and Certified Application Counselors (CACs). Assisters receive annual, Virginia specific training to help consumers seeking health insurance 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 2023, 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 2024. On August 25, 2023, the Commission awarded grants to both the Virginia Poverty Law Center and to Boat People SOS, Inc. The total of those grant awards was approximately \$2.8 million.

### *Certification and Training*

As part of the certification for agents, the Exchange’s new Learning Management System (LMS) was implemented in August 2023. Training is tailored to agents, navigators, and assisters operating in Virginia. With the LMS, they have access to courses and resources designed to prepare them to assist consumers as they shop and enroll in exchange plans through Virginia’s Insurance Marketplace. Training is also provided around other areas to support continuity of coverage, such as Medicaid, FAMIS, SHOP, and Medicare. Between

August and October of 2023, agents and assisters completed training through the Exchange's LMS.

To support the various navigator and assister groups, the Exchange maintains answers to frequently asked questions related to certification and training on our website. New questions are added to the FAQs weekly.

### Consumer Outreach and Education

The Exchange continues to work with a Virginia-based marketing and advertising firm to execute an outreach and education program. The purpose of the program is to promote the importance of health insurance coverage, to inform Virginia consumers about the transition to a full state-based marketplace, and to 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, last year, 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.

In 2023, the Exchange implemented a four-phase consumer outreach and education program.

Phase 1: Continuous Coverage Unwinding Campaign. This phase overlaps all phases and aims to reach consumers impacted by Medicaid's continuous coverage unwinding. It promotes coverage opportunities for eligible Virginians through Virginia's Insurance Marketplace.

Phase 2: Social Media Campaign- This phase raises general public awareness of the transition from the federal marketplace to Virginia's own state-based Exchange.

Phase 3: Brand Launch Campaign: This phase builds awareness of Virginia's Insurance Marketplace in every community in Virginia.

Phase 4: Open Enrollment Campaign: This phase educates Virginians about their health insurance options and the importance of health coverage, motivates eligible Virginians to purchase and maintain coverage on Virginia's Insurance Marketplace.

### Federal Approval

As part of its transition to a full Exchange, Virginia was required to obtain approval to operate a state-based exchange from the federal Centers for Medicare and Medicaid Services (CMS). This multiphase process spanned two years and included security reviews and audits,

operational readiness reviews, technological demonstrations, and a variety organizational and policy-based evaluations. On August 14, 2023, Virginia received its formal, written authorization to operate a full state-based exchange for plan year 2024 and beyond.

The Exchange marketplace platform and consumer assistance center launched on October 10, 2023, to provide specific functionality in the lead up to the November 1 beginning of open enrollment. This launch represents the completion of Virginia's transition from healthcare.gov to Virginia's operation of a full state-based exchange beginning with the plan year 2024 open enrollment.

### CMS Reporting

#### *SMART Report*

The Exchange submitted its State-based Marketplace Annual Reporting Tool, or SMART Report, to CMS on March 13, 2023. The SMART Report documents compliance with federal program integrity standards and operational requirements. On October 2, 2023, CMS acknowledged the successful completion of its review of the Exchange's SMART report.

#### *Open Enrollment Readiness*

On October 4, 2023, CMS provided the Exchange with a letter acknowledging the successful completion of the 2024 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 2024 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.

## 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 applicable federal law.

### Results of Operations

Exchange revenues for FY 2023 were approximately \$9.3 million (\$9.4 million for FY 2022), 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 30, 2023, informed carriers of the Exchange assessment fee for PY 2024 and PY 2025.

Exchange expenses for FY 2023 were approximately \$12.0 million (\$5.3 million for FY 2022). The breakdown of expenses is set forth as follows:

IT and Office Related Expenses	\$5,358,776
Management Services	\$2,338,567
Navigator Grants	\$2,223,826
Salaries and Benefits	\$1,368,937
Outreach, Education, and Marketing	\$492,695
Other	\$231,023

The Exchange [Financial Report](#), including Financial Statements and Independent Auditor's Report are available for the fiscal year ended June 30, 2022.

### 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. A second draw down request for \$14 million was approved on July 14, 2023, and processed on July 26, 2023. The Exchange does not anticipate a need for further drawdowns at this time.



## Effectiveness of Outreach and Implementation Activities

In PY 2023, the third year operating as an Exchange on the federal platform, increased outreach by the Exchange and its navigators, along with other Virginia and federal initiatives, resulted in positive increases in marketplace activity and overall enrollment in qualified health plans offered on the marketplace.

Plan Year 2023 enrollment was 346,140, an increase of 12% over PY 2022 enrollment. Most notably, 76,683 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 plan year. This is a 14% increase in new consumers over PY 2022.

The total number of applications submitted during the PY 2023 Open Enrollment was 283,899 (representing a total of 426,078 individuals applying for coverage).

Of the individuals who were eligible to enroll in a marketplace plan, 342,959 were found eligible for financial assistance, representing an increase of 10% over PY 2022 Open Enrollment.

*Source: Enrollment data is reported as of the last day of the open enrollment period. For Plan Year 2023, the last day of the open enrollment period was January 15, 2023.*  
<https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Marketplace-Products>

## **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 which was awarded in September 2021 for the amount of \$500,000.

The Exchange, with the assistance of three contracted firms, performed three projects pursuant to the State Exchange Modernization Grant Program:

Project 1 - a market analysis of eligibility and enrollment assisting in predicting the expected impact of the American Rescue Plan Act (ARPA), the expected impact of the end of the public health emergency, and projections of related anticipated changes to premiums in the individual market to provide updated HBE user fee revenue estimates;

Project 2 - a project to design, develop, and implement consumer outreach, education, and marketing procedures and materials to include the implementation of new federal requirements; and

Project 3 – a project to design, develop, and implement stakeholder, assister, and staff education and training to include the implementation of new federal requirements.

All projects were completed, and the grant close out documents were submitted to CMS on January 5, 2023.

The foregoing represents the Exchange's annual report for 2023 pursuant to Code §38.2-6516.