

2018 SESSION
(SB964)**GOVERNOR'S VETO**

Pursuant to Article V, Section 6, of the Constitution of Virginia, I veto Senate Bill 964, which would direct the Commissioner of Insurance to request federal permission for insurance carriers to offer catastrophic plans to all individuals purchasing coverage through the Marketplace.

This legislation would place consumers at risk of being underinsured and would fragment Virginia's federal Marketplace risk pool, leading to rapidly increasing premiums. Senate Bill 964 would allow insurance carriers and individuals to circumvent the protections in the Affordable Care Act. Under current law, catastrophic plans are only available for individuals who are younger than 30 years of age and individuals who qualify for a hardship or affordability exemption. Catastrophic plans typically have lower premiums because they require individuals to pay deductibles in excess of \$7,000 before the plan pays for health care costs. People with minimal current health care needs are more likely to purchase these threadbare plans. This adverse selection would contribute to the increase in Virginia Marketplace premiums. Virginia is already witnessing unnecessary premium increases in the preliminary rate filings insurance carriers have submitted for 2019, because of federal actions destabilizing the Marketplace.

We are fortunate to have a better opportunity to expand health care to people who need it and make it more affordable for all Virginians. Expanding Medicaid will connect nearly 400,000 people with insurance and return millions to the state budget to support other priorities that make life better for Virginians. Additionally, states that have expanded Medicaid have Marketplace premiums that are an average of 7% lower than states that have not, demonstrating that expansion will benefit far more people than just those who will receive coverage. Senate Bill 964 would undermine efforts to make sure all Virginians have access to quality, affordable health care.

Accordingly, I veto this bill.

GOVERNOR'S RECOMMENDATION**1. After line 30, enrolled**

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4. That the provisions of the first, second, and third enactments of this act shall not become effective unless reenacted by the 2019 Session of the General Assembly.

5. That the Secretary of Health and Human Resources shall convene a work group to examine recent trends in the individual insurance market and state options for stabilizing that market. The examination shall include, but not be limited to, a review of innovative solutions that reduce individual insurance premiums and out-of-pocket costs while preserving access to comprehensive health insurance. The examination shall also consider the resources necessary to fund any proposed options. The work group shall include the Commissioner of Insurance or his designee and others at the discretion of the Secretary. The Secretary shall report his findings and recommendations to the Governor and the Chairmen of the Senate Finance Committee and the House Appropriations Committee by December 1, 2018.