

January 18, 2021

Senator Richard L. Saslaw
Chairman of Senate Commerce and Labor Committee
900 E. Main Street
Richmond, VA 23219

RE: Oppose SB 1341, Health insurance; association health plan for real estate salespersons

Dear Chairman Saslaw and other members of the Committee:

I am writing to you to urge you to oppose SB 1341, which would have negative impacts on the marketplace—and consequently on small businesses that already struggle with healthcare costs. Ensuring strong and robust individual and small group healthcare marketplaces is vitally important to Virginia's entrepreneurs because this is essential to keeping costs down for business owners and their employees.

Unfortunately, SB 1341 would create a less protected insurance market that would only drive up premiums. For instance, as drafted, SB 1341 is not defined as insurance coverage, meaning it does not have to comply with state requirements or patient protection under the Affordable Care Act (ACA). In fact, the legislation's premium allowable rating is a 5:1 ratio, meaning an insurer could charge older adults up to five times the normal premium amount. This does not comply with the Affordable Care Act's guidelines of a 3:1 ratio.

What's more, this bill would not be limited to realtors in Virginia. The bill would allow these plans to be sold in other states, so long as one member lives in Virginia, further incenting other groups to recreate this model, resulting in a destabilized ACA marketplace. These plans put small businesses at risk since they are not treated like traditional insurance, which limits the state's ability to protect those with pre-existing conditions.

Though these plans might make it easier for younger and/or healthier employees to purchase coverage through association health plans, the tradeoff is small employers with older and/or sicker workers would end up paying more. Furthermore, consumers who would need robust healthcare would eventually be priced out as well.

Association health plans are dangerous additions to the marketplace that undermine the small group market and could raise costs for small business owners. I strongly urge you to oppose SB 1341.

Sincerely,

Awesta Sarkash
Small Business Majority