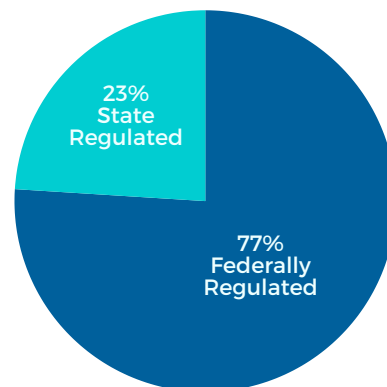
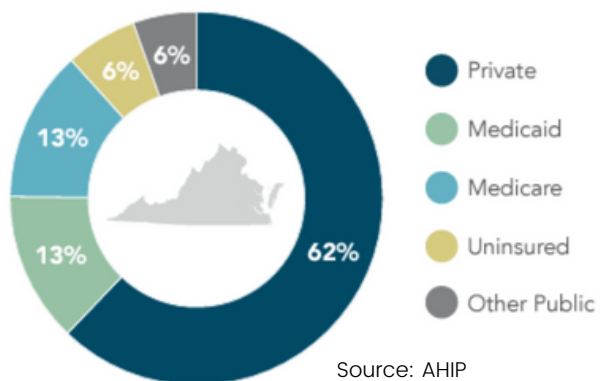




UNDERSTANDING HEALTH INSURANCE IN VIRGINIA

Virginia's health plans are focused on lowering costs to provide more Virginians with greater access to quality health care. Currently, health plans provide insurance for 1,699,333 Virginians through fully insured commercial plans and administer coverage for over 3 million Virginians in self-funded plans.

HOW ARE VIRGINIANS COVERED?



Only 23% of Virginians are fully insured with commercial health insurance regulated by state law.

TYPES OF INSURANCE

Federally Regulated:

- **Self-Insured:** an employer assumes the financial risk for providing health care benefits to its employees (ERISA).
- **Medicare:** a national program that subsidizes healthcare services for anyone age 65 or older, people with disabilities or certain health conditions (Title XVIII).

Federal/ State Regulated:

- **Medicaid:** a joint federal and state program that provides health care coverage to low-income individuals (Title XIX).

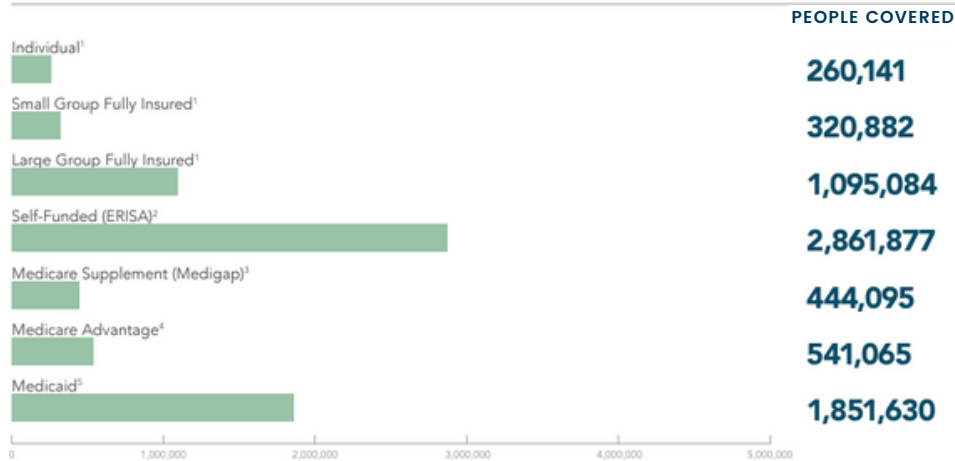
State Regulated:

- **Large Group:** fully insured group medical insurance that covers an employer or association with 51 or more employees. **Fully insured** means the health insurance carrier takes on and manages the risk on behalf of the group.
- **Small Group & Individual:** fully insured group medical insurance that covers an individual or employer or association with 50 or fewer employees



UNDERSTANDING HEALTH INSURANCE IN VIRGINIA

ACCESS TO INSURANCE

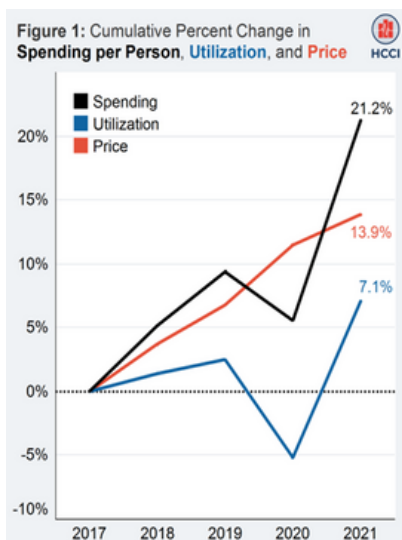


Source: AHIP

How Does Health Insurance Protect Consumer & Employer Affordability?

- Use of insurance tools reduce employer and consumer health care and prescription drug costs
- Ensure patient safety and quality through established and well-managed provider networks
- Leveraging technological innovations to provide real-time access to information for consumers and improving processes for providers
- Offer value-based contracts to providers to encourage positive patient outcomes
- Provide financial and outcomes data, through federal and state transparency requirements, to help inform consumers, employers, regulators, and policy officials
- Reduce waste, fraud, and abuse

What is Driving Health Care Costs? **Spending, Utilization, and Price**



Source: HCCI

These Cost Increases are a direct result of:

- Hospital price increases & vertical market integration
- Annual increases in prescription drug manufacturer prices
- State and Federal benefit mandates
- Certificate of Public Need
- Erosion of Federal protections under ERISA