Virginia Institute for Public Policy

AN ANALYSIS OF McAULIFFE'S AFFORDABILITY PLAN

Most of the affordability concerns that McAuliffe's Affordability Plan is attempting to address have been caused by the expansion of Medicaid. The expansion flooded Virginia's healthcare market, already rife with rent seeking behaviors due to the Certificate of Public Need (COPN) program, with "cheap money" providing an opportunity for the medical apparatus to drive prices up (or to increase service utilization) and claim higher profits. The effect of COVID-19 on the medical infrastructure in the state was exacerbated by this reality, thus requiring Governor Northam to use executive actions to bypass much of the regulatory structure, allowing the market to catch-up with the spike in service demand caused by the pandemic.

Ultimately, McAuliffe's Plan is an attempt to legislate and regulate Virginia's way through the negative effects of past legislative and regulatory burden (i.e., pass Bill #1 and then pass more bills to fix the completely predictable effects of Bill #1).

STABILIZE THE MARKETPLACE AND LOWER PREMIUMS

Stand up Virginia's state healthcare exchange.

McAuliffe's Plan: *"In 2020, Senator Jennifer McClellan successfully passed legislation to stand up a Virginia exchange, which is expected to be functional by 2023. The new platform will make health care more affordable in the Commonwealth, with health officials projecting that Virginia can operate the exchange at about half the cost of the federal government with the savings. These savings will support better outreach, increased enrollment, and lower costs to consumers. Standing up the exchange will also allow Virginia to collect the 3% fee that insurance companies pay to list plans, rather than passing those funds along to the federal government, and it will open up the opportunity to offer direct financial support to Virginians to purchase insurance through premium tax credits or subsidies. As governor, Terry will work with Senator McClellan and the Democratic majorities in the legislature to stand up the new exchange and lower health care costs for Virginians purchasing insurance on the new marketplace. Terry will also work to create standardization among plans on the exchange to protect consumers, target outreach and enrollment services, as well as work directly with insurers to make sure that plans meet the health care needs of all Virginians."*

This plank is interesting as it has already passed and been signed into law by Governor Northam (2020 Session – SB 732). McAuliffe is not saying anything of substance here. He plans to support the work of the Bureau of Insurance required by the new statute, which is the Governor's most basic job.

Implement a state reinsurance program.

McAuliffe's Plan: *"During the 2021 General Assembly, the legislature took an important step toward creating a reinsurance program by passing enabling legislation. Now we must secure approval of a Section 1332 state innovation waiver under the ACA, which will allow us to access federal funds to support a reinsurance program. Reinsurance helps insurers offset some of the costs of covering enrollees with high medical expenses, which allows insurers to keep premiums lower for the rest of their enrollees. These programs have a proven track record of reducing premiums, increasing insurer participation in the marketplace or new exchange, and stabilizing the individual market. Every state that has implemented a waiver-funded individual market reinsurance program has seen lower premiums for those otherwise ineligible for subsidies as a result. Some states have experienced premium reductions of 30% or more that have continued year after year. If we are truly going to make healthcare more affordable for Virginians in need, we have to secure a 1332 waiver in Virginia. As our next governor, Terry will work with the Biden administration to get this done."*

Reinsurance is already perfectly legal and actively practiced in the state of Virginia (cf. VA Code, § 38.2-136). What it seems that McAuliffe would like to do differently is to have the State assume the risk associated with reinsurance. This, of course, could certainly help to drive insurers back into Virginia's market and potentially decrease premiums in the short run. However, this also means that if a disease like COVID were to continue to produce variants, Virginia's budget would be on the line in securing the liquidity of the exchange insurers. If, for some reason, the state suffered a considerable shortfall in revenues, an eventuality which becomes more probable as productivity continues to flag in the face of increasing inflation, this could also serve to destabilize Virginia's health insurance industry.

The purpose of reinsurance is to make sure that every egg is in a different basket. McAuliffe's reinsurance idea literally defies this purpose by creating a big (poorly woven) basket into which insurance companies will dump all their eggs. Given some of the other ideas within McAuliffe's Healthcare Affordability and Accessibility Plans, introducing this level of risk into the state budget is highly ill-advised.

Create a Medicaid "buy-in" option on the exchange.

McAuliffe's Plan: *"Virginians who earn less than $17,775 or $30,305 for a family of three may qualify for Medicaid, but those who make just over that threshold often have trouble paying for out-of-pocket costs such as deductibles and coinsurance, even with federal subsidies to help offset the cost of their premiums. As governor, Terry will leverage Virginia's Medicaid program infrastructure and purchasing power to create a Medicaid-like plan that would be available on the new state-based exchange for those who do not qualify for Medicaid but are having trouble paying for coverage, and he will also consider opportunities to cap provider payments to further protect consumers. The buy-in option will help further stabilize the insurance market and expand coverage by offering an affordable insurance plan to many more Virginians."*

While this is actually a pretty innovative idea, there's one significant problem. The people most likely to choose the Medicaid buy-in are, statistically speaking, the healthiest people in society – i.e., singles and married couples with children, ages 25 to 35. Private insurers will lose many of those consumers who provide financial cross-coverage for the older and sicker portion of the population. If we include the above State Reinsurance Program to the mix, the risk to Virginia's budget, or, what would more likely be the case, the risk of considerable financial damage to the private insurance market becomes more of a concern.
Even without the State Reinsurance Program, health insurance premiums will increase for those who can least afford them. Insurance companies rely on the premiums paid by younger and healthier individuals and families to subsidize the care costs of those who are older or dealing with one or more chronic conditions.

Make current telehealth flexibilities permanent.

McAuliffe's Plan: *"The COVID-19 pandemic has illuminated the many benefits of telemedicine in providing care when individuals might not have the opportunity to visit their provider in person. Telehealth visits cost on average only $79 compared to an in-person average of $146 per visit, making them a more affordable option for seeking treatment. Virginia has already made some temporary telehealth measures permanent this year, including expanding Medicaid coverage of telemedicine to include remote monitoring of high-risk patients. As governor, Terry will leverage the flexibility provided by the federal government to maximize opportunities for virtual care, and work with Senators Mark Warner and Tim Kaine on their efforts to pass the CONNECT for Health Act and permanently open up telemedicine options currently allowed under a temporary public health emergency — securing access to this life-saving innovation for all Virginia residents and health care providers. He will also work to drastically expand broadband and technology literacy, making sure that new options are accessible to all Virginians, including in rural areas where telehealth has been shown to vastly improve health outcomes."*

We are completely on board with the idea of codifying current telehealth flexibilities and expanding them to allow more out-of-state healthcare professionals to practice within the state. There are some concerns with the CONNECT for Health Act at the federal level, but a lot can be done to formalize these flexibilities at the state level.

Create an Office of Health Insurance Oversight at the SCC and add affordability criteria to rate review.

McAuliffe's Plan: *"From 2017-2020, Virginians purchasing insurance through the individual market saw a 17.8% increase in premiums, which was among the highest in the nation. The rising cost of health insurance is crippling for many Virginians who were already struggling to afford healthcare costs. Virginia's families deserve protection from premium gouging and assurance that any rate increase is justified. This is especially critical as Virginia begins implementing a state-based health care exchange. The State Corporation Commission has been under-resourced for too long, preventing the agency from effectively serving as a watchdog for Virginia consumers. As governor, Terry will work to create an Office of Health Insurance Oversight, solely focused on improving the quality and affordability of health coverage in Virginia. It will act as a permanently convened health spending oversight entity, with the first task of incorporating new affordability criteria into insurance rate reviews. Terry will ensure that insurance plans sold in Virginia reflect industry best practices to improve the health of Virginians while constraining rising health care costs."*

This plank is incredibly vague. What McAuliffe's Plan seems to suggest is the creation of a regulatory body which will wield price fixing authority over insurance premium rates. If our assessment is correct, the number of problems that a new Office of Health Insurance Oversight would cause the already flagging capacity for economic calculation within the healthcare market is potentially astronomical. Price fixing never works, and always leads to massive issues within a market's underlying supply and demand structure.
This idea is yet another misunderstanding of what prices are and what they reflect to both consumers and producers. It is policies like this that will drive away the competitors necessary to begin controlling costs. Affordability begins and ends with competition, not regulatory oversight.

Strengthen consumer protection.

McAuliffe's Plan: *"We must protect Virginians who seek out access to vital health care and become the target of illegal and unethical health care billing practices. The Commonwealth's balance billing law, which went into effect this year, is an important step in that direction, protecting consumers against surprise out-of-network health care costs. Terry will ensure that all Virginians know their rights in case of wrongful billing and will work to*

strengthen protections against other predatory billing practices. In addition to predatory billing, consumers are also at risk of scammers who take advantage of increased health care enrollment to target Virginians, collecting personal information and charging unnecessary fees. Terry will work with the Attorney General and the Office of Consumer Protection Section to weed out these scams and improve public outreach about insurance enrollment. Terry will also coordinate with state and local law enforcement to identify these bad actors and take every step possible to protect Virginians so they can focus on what is most important -- getting the care they need without worrying about the unexpected price tag."

Protecting Virginians from scammers and the like is always an important endeavor, although there is likely very little the Governor and Attorney General can do from a legal standpoint. Unfortunately, the scammers who target Virginia's vulnerable populations are often located in international call-centers, outside of the reach of state law enforcement capabilities. In terms of "predatory billing," the solution McAuliffe's plan offers is, again, already state law which any elected Governor or Attorney General, regardless of party affiliation, is obliged to enforce; doing so is the most basic requirement of the office.

What McAuliffe's plan leaves out are any efforts to require medical facilities to publish their prices in much the same way that every other good or service is marketed across the world – before the consumer makes their purchase. Price transparency would go a long way to protecting the interests of consumers in Virginia's healthcare market.

SUPPORT AND LOWER COST FOR OLDER ADULTS

Improve long-term health care and support aging Virginians.

McAuliffe's Plan: *"Older adults are at the greatest risk of developing chronic health conditions that require around-the-clock care, either in long-term healthcare facilities or by home care aides. This is becoming an increasingly serious issue in Virginia, as our elderly population is anticipated to nearly double in size between 2010 and 2030. Moreover, the pandemic has highlighted the need to better support older adults, caregivers and Virginia's institutional long-term care infrastructure. The shocking reality is that 3.2 percent of total COVID-19 cases are found in nursing homes, yet they account for 32 percent of all COVID-related deaths in the entire Commonwealth. These facilities also continue to experience staffing shortages at alarming rates, making it difficult to ensure a consistent high quality of care. We have to do better for our most vulnerable community members. As governor, Terry will support efforts that allow older adults to age in place by expanding access to in-home care options and exploring opportunities to leverage Medicaid to further support caregivers. Additionally, he will partner with our community colleges to provide training for caregivers at no cost. Terry will also work to address employee retention by raising wages for home health care workers and ensuring access to paid sick and family medical leave."*

Nothing is offered by way of solving the supply issue related to long-term care facilities, which has been caused, almost entirely, by the COPN program.

The initial policy suggestion is to support in-home care options, which is a vague policy position to take. Since in-home care is already covered under Medicare, it is completely unclear what use Medicaid dollars could be to elderly Virginians. McAuliffe's plan seems to suggest state Medicaid dollars would be used to subsidize wages and education for care-professionals, which is a completely inappropriate use of state money budgeted specifically for healthcare purposes.

The removal of restrictions on telehealth usage as well as the sunsetting of the COPN program in its entirety, including long-term care facilities, would go much farther to address this and other concerns within Virginia's healthcare infrastructure.

Expand PACE centers to give more care options for older adults.

McAuliffe's Plan: *"Virginia's Programs of All-Inclusive Care for the Elderly (PACE) give older adults the option to stay at home and receive comprehensive medical care, all covered under Medicaid and Medicare. These programs are a vital way to give seniors an affordable alternative to nursing home care, and are more flexible than other all-inclusive programs, with the ability to have in-home and out-of-home care. However, PACE services are only available to individuals in existing PACE service areas near centers, and programs are challenging to set up due a lack of qualified staff and the complexity of the programs for both health care providers and health plans. Terry is committed to overcoming the barriers to PACE access by creating incentives for practitioners to live and work in rural areas, which are underserved by PACE centers. He will also direct the Department of Medical Assistant Services to put out a Request for Applications, opening the door to new PACE centers serving more Virginians."*

Building support for rural healthcare, particularly for elderly patients, has been something that elected officials have tried and failed to accomplish for decades in Virginia. The reason these centers do not already exist is largely the COPN program as well as expensive regulatory regimes which continue to disincentivize the operation of PACE centers and rural long-term care centers. Without phasing out these burdens, McAuliffe's "white toast, no butter" policy plan is bound to be just another failure. You cannot throw good money after bad and believe that it could possibly turn out any different than before.

HOLDING BIG PHARMA ACCOUNTABLE AND LOWER PRESCRIPTION DRUG COSTS

Create a Prescription Drug Accountability Division at the SCC.

McAuliffe's Plan: *"As the cost of prescription drugs continues to skyrocket, we must intervene and protect Virginians so they don't have to choose between taking medically-necessary prescriptions or paying their basic living expenses. As governor, Terry will work with the legislature to create a Prescription Drug Affordability Division at the SCC that will be charged with monitoring prescription drug prices and serving as a watchdog for Virginia consumers. The SCC is well-equipped to take on this responsibility, as it already regulates the insurance industry and Pharmacy Benefit Managers (PBMs), the industry middlemen operating between insurance companies and pharmacies. When rising drug prices surpass certain thresholds, the SCC will step in to conduct an affordability review and require drug manufacturers to justify price increases. If an increase is determined to be excessive, the SCC could set an upper limit on how much state payers in Virginia would spend on that drug, which will reduce costs and ensure consumers can afford the drug. Under this framework, Terry will create long-needed regulatory infrastructure in the Commonwealth and protect consumers from predatory pricing."*

This plank creates a new regulatory body within the State Corporation Commission (SCC) charged solely with the fixing of pharmaceutical prices. Yet again, a willful failure to pay heed to economic realities. If prices are fixed, crucial supplies of life-saving medications will be reallocated to those places where prices are higher than the fixed rate. Virginia is surrounded by states who would benefit from any attempt by regulators to fix prices on pharmaceutical supplies, particularly in the case of healthcare emergencies like COVID-19.

There is certainly a massive problem with the prices of certain medications in the U.S., but the problem lies in the unhealthy relationship between what McAuliffe refers to as "Big Pharma" and the U.S. Food and Drug Administration (FDA), not with the prices themselves. Because McAuliffe's plan does not address the root cause of the inflation, it will only serve to exacerbate problems of accessibility and affordability. Regardless of what regulators or the Office of the Governor demand, the price of unavailable medications is always infinity.

Pass a Prescription Drug Price Sunlight Law and finally open up the black box of prescription drug pricing.

McAuliffe's Plan: *"The prescription drug supply chain is incredibly complex and involves numerous middlemen. There are also countless confidential negotiations for rebates and discounts, making it hard to know what is actually driving drug prices higher. The lack of transparency makes it easy for these industries to operate in the shadows and profit off the backs of Virginia taxpayers and consumers. Terry will shine a light on this obscure system and require drug manufacturers, wholesalers, insurers, and PBMs to submit detailed cost and price information on high-cost drugs for Virginians, including the impact of drug costs on rising premiums. Terry will also ensure that these industries report information about certain increases in drug prices to the SCC and consumers in advance of the increase and provide justification for the increase. Virginians can rely on Terry to deliver transparency and fairness."*

The principle behind price transparency is something on which everyone can agree. How we get there and what we do with the information is another thing entirely. The prices of all medical goods and services must be easily accessible to patients, including pharmaceuticals; this is simply the right thing to do. Does price transparency require another regulatory body to accomplish? Probably not. Does price transparency require direct government oversight of every detail of a pharmacy's fixed and variable costs and profit margins as well as that of each step along the supply chain, all to be formulated and recorded at the cost of each supplier?

Most certainly not. Neither does price transparency necessitate McAuliffe's eventual goal of all this information gathering – price fixing.

Why not have Virginia take the lead and adopt and embrace medical price transparency?

Maximize Virginia's ability to negotiate for the lowest drug prices possible.

McAuliffe's Plan: *"Currently, state agencies responsible for prescription drug coverage in the Commonwealth all negotiate the price of drugs independently. That means that the cost of state-purchased or reimbursed prescription drugs could vary significantly among employee health plans, state hospitals, correctional facilities, and others. Terry will pool Virginia's purchasing power for these state payers so we can negotiate directly with drug companies, seek discounts and better bulk drug pricing for the Commonwealth. He will also direct the Medicaid program to seek additional discounts from drug companies by joining with other states in multi-state purchasing pools, negotiating higher rebates for drugs that surpass certain price limits, and creating value-based payment arrangements with individual manufacturers for specific drugs. Terry will explore every opportunity available to the Commonwealth to save money and protect consumers."*

Although this plank seems like a workable idea, what happens if centralized efforts to negotiate prices fail? Will price negotiations lead to repeated state-wide furloughs of pharmaceutical access for state employees and prisoners? The evaluation of the specific language of any legislation along these lines, along with its financial impact, will be necessary before making a final recommendation on this policy.

Implement a pharmacy benefit carve-out model for Virginia's Medicaid program.

McAuliffe's Plan: *"The Virginia Department of Medical Assistance Services (DMAS) currently contracts with Managed Care Organizations (MCOs) to administer its Medicaid program, including the pharmacy benefit. Four states have implemented models that carve out the pharmacy benefit from the MCOs and enable the state Medicaid program to administer this benefit, and several other states are considering this option as well. In 2019, DMAS was directed to study the most cost-effective manner to deliver this benefit without jeopardizing clinical benefits. The DMAS study ultimately found that carving out the pharmacy benefit would not only result in a $32 million savings to the Commonwealth, but it would also provide the most transparency into this complex system. As governor, Terry will ensure that DMAS adopts and implements a carve-out model for its pharmacy benefit and redirects those savings into other critical services."*

The jury is still out on the value of carve-in versus carve-out pharmacy benefits within state run healthcare plans. One thing that is of concern is the insistence of McAuliffe's plan that carve-out benefit plans save money, but this does not seem to be the consensus among researchers. Carve-outs are generally discussed in terms of risk management, while carve-ins are discussed in terms of cost savings. Again, it seems too early, relative to available data and research, to determine which of these options is a better choice.

Hold industry middlemen to a higher standard and make PBMs compete to bid down costs.

McAuliffe's Plan: *"In recent years the Virginia legislature has adopted several important initiatives, including: eliminating "gag orders" that prevent pharmacies from advising patients of true drug prices or cheaper alternative options; requiring licensure of PBMs; and prohibiting spread pricing that allows industries to profit without passing on savings to consumers. However, there is more work to be done to protect Virginia consumers from predatory practices. As governor, Terry will require PBMs to act as fiduciaries, ensuring that they are acting in the best interests of their clients and not their bottom lines. Too often, PBMs are incentivized to favor high-cost drugs due to rebates and other discounts, resulting in savings for insurers and high costs for consumers. This practice must end. Terry will also require PBMs to engage in a transparent, multi-round reverse auction bidding process where PBMs can review other bids and improve their offers throughout the process. This practice has led to decreased spending in other states; for example, one state is anticipating several billion in savings over a several-year period because of this reform. Additionally, Terry will ensure that all of these requirements become conditions of PBM licensure in Virginia, meaning that any PBM that fails to comply with these provisions could lose their licensure. It is past time for bold, aggressive action and Terry will deliver for Virginia consumers as governor."*

This is another plank specific to state employee and prison healthcare plans. There is only one state that has attempted this reform, New Jersey, which is projected to save the state health system a considerable amount of money. We are always happy to see elected officials and candidates recognize the need to save as much money as possible within the state-run health plans. As far as this particular idea is concerned, it is a very new policy innovation that will have to play out for several more years before we have the information necessary to determine whether or not it will work.

Other than cost savings, the question which remains to be answered is: what is the trade-off?

Penalize pharmaceutical companies for imposing excessive and unsupported price increases on Virginia consumers.

McAuliffe's Plan: *"While Virginians and Americans struggle to pay for their prescription medications, the pharmaceutical industry continues to increase drug prices, despite raking in nearly $12 trillion in revenues between 2000 and 2018. As governor, Terry will hold pharmaceutical companies accountable for unjustifiable price increases. The Institute for Clinical and Economic Review (ICER) conducts evidence-based reviews of prescription drug prices, labeling them as unsupported if they are not backed by clinical effectiveness, patient experiences, or similar evidence. Virginia will become one of the first states in the nation to adopt a bold policy to utilize ICER's reviews and impose aggressive taxes on companies that dole out unsupported price increases on their drugs. If pharmaceutical companies want to raise their prices without cause, we will ensure they pay a substantial tax that can be reinvested to meet the healthcare needs of Virginians."*

This plank is another example of a fundamental misunderstanding of how pricing occurs, and how prices work. Prices of pharmaceutical medicines are not based on "clinical effectiveness, patient experiences, or similar evidence." If this were the case, prices for drugs like Synthroid (a treatment for hypothyroidism) and Crestor (a medicine which lowers cholesterol and triglycerides in the blood) would be in the thousands of dollars per bottle. Prices occur within the context of supply and demand, not simply effectiveness and consumer experience.

As the late Dr. Steven Horwitz was known to drill into his students, "Prices are knowledge surrogates. This is the whole of economics." There is a reason why the price of fast-acting insulin is so high, and it has far more to do with federally mandated price collusion than with the McAuliffe Plan's unnuanced demonization of all pharmaceutical companies.

Create a Prescription Drug Affordability Commission.

McAuliffe's Plan: *"In addition to creating an accountability division within the SCC, Terry will immediately create a Prescription Drug Affordability Commission to begin exploring additional policy solutions to lower costs for consumers. While Terry works to build capacity within the SCC, this Commission will be able to dive right in and get to work. Terry will direct the Commission to develop short and long-term policy recommendations, including immediate solutions that can be implemented through executive action. The Commission will be tasked with exploring multi-state purchasing pools, bulk purchasing opportunities and additional transparency measures that are necessary to protect consumers. Leveraging every mechanism the Commonwealth has to rein in drug costs, Terry will be the ambitious leader Virginians need in Richmond."*

This plank seems more like a grab at executive power than anything else and is not inherently valuable in terms of developing and implementing sound healthcare policy solutions. Whatever workable solutions are going to be agreed upon should come through the General Assembly and not via the Governor's office. "Immediate solutions that can be implemented through executive action" is a euphemistic way of saying "temporary efforts for the sake of political expediency and media bestowed glory."

AN ANALYSIS OF McAULIFFE'S ACCESSIBILITY PLAN

A few notes which should be held to account regarding McAuliffe's Accessibility Plan:

- Several of the planks within the Accessibility Plan are simply mirrored from the Affordability Plan; in such places, the analysis will also be mirrored and marked (**).

- For better or worse, it was a majority of legislators – both Republicans and Democrats - who were responsible for the passing of Medicaid expansion, in contrast to the Accessibility Plan's opening lines.

- "The overwhelming prevalence of job loss due to the pandemic" is a direct result of mandatory lockdowns which effectively began in late March of 2020 and continued, on and off, into 2021. There is little to no data which suggests lockdowns were remotely effective in addressing the spread of COVID-19. The economic loss which has been suffered by so many Virginians seems to have been exchanged for a little bit of nothing.

- Although widespread access to healthcare is correctly seen as a moral imperative, it is neither a right nor a requirement of economic growth. Rather, high-quality healthcare is a feature of prosperity. To put this another way, **prosperity necessarily precedes the benefits of prosperity**.

Make Healthcare More Accessible and Affordable

** Implement a state reinsurance program.

McAuliffe's Plan: *"During the 2021 General Assembly, the legislature took an important step toward creating a reinsurance program by passing enabling legislation. Now we must secure approval of a Section 1332 state innovation waiver under the ACA, which will allow us to access federal funds to support a reinsurance program. Reinsurance helps insurers offset some of the costs of covering enrollees with high medical expenses, which allows insurers to keep premiums lower for the rest of their enrollees. These programs have a proven track record of reducing premiums, increasing insurer participation in the market, and stabilizing the individual market. Every state that has implemented a waiver-funded individual market reinsurance program has seen lower premiums for those ineligible for subsidies as a result. Some states have experienced premium reductions of 30% or more that have continued year after year. If we are truly going to make healthcare more affordable for Virginians in need, we have to secure a 1332 waiver in Virginia. As our next governor, Terry will work with the Biden administration to get this done."*

Reinsurance is already perfectly legal and actively practiced in the state of Virginia (cf. VA Code, § 38.2-136). What it seems that McAuliffe would like to do differently is to have the State assume the risk associated with reinsurance. Of course, it could certainly help to drive insurers back into Virginia's market and potentially decrease premiums in the short run. However, if a disease like COVID were to continue to produce variants, Virginia's budget would be on the line in securing the liquidity of the exchange insurers. If, for some reason, the state suffered a considerable shortfall in revenues, an eventuality which becomes more probable as productivity continues to flag in the face of increasing inflation, this could also serve to destabilize Virginia's health insurance industry.

The purpose of reinsurance is to make sure that every egg is in a different basket. McAuliffe's reinsurance idea literally defies this purpose by creating a big (poorly woven) basket into which insurance companies will dump all their eggs. Given some of the other ideas within McAuliffe's Healthcare Affordability and Accessibility Plans, introducing this level of risk into the state budget is highly ill-advised.

Provide financial assistance to help Virginians afford health care premiums.

McAuliffe's Plan: *"A key benefit of standing up a state-based exchange is the ability to offer direct financial support to Virginians to purchase insurance through premium tax credits or subsidies. In fact, about 88% of Virginians who enrolled in a plan through the marketplace have received a tax credit to help pay their premium. Still, the rise in premiums, deductibles, and copays can make healthcare coverage feel out of reach, especially if families do not qualify for federal assistance. Individuals who make around $50,000 or $105,000 for a family of four, have historically not qualified for assistance, leaving them with minimal relief options if their employer does not offer affordable coverage. Virginians have struggled to afford coverage for long enough. President Biden has already begun to address this problem, and as governor, Terry will work with the Biden administration and the General Assembly to secure additional funds and expand access to critical subsidies."*

Health insurance premiums are already tax deductible for federal income taxes, as well as deductible from Virginia income taxes if the federal deduction has not already been taken. Furthermore, the federal government offers a graduated premium tax credit which increases as household income decreases. The federal government regularly overpays this tax credit, to the tune of tens of billions of dollars, due in large part to the relative complexity of the tax paperwork required. These tax benefits are already widely available to and widely taken advantage of by Virginians. It is unclear whether McAuliffe's Plan hopes to simply claim the current reality as a win, or to heap more subsidies on top of what already amounts to considerable reimbursement for whatever portion of health insurance premiums are out-of-pocket expenses.

** Expand opportunities for telehealth and make current flexibilities permanent.

McAuliffe's Plan: *"The COVID-19 pandemic has illuminated the many benefits of telemedicine in providing care when individuals might not have the opportunity to visit their provider in person. Additionally, telehealth opportunities save both the patient and the provider time. In fact telemedicine saves patients over 100 minutes of time compared to an in person visit. This is especially critical for rural communities that are already more likely to face provider shortages, especially in specialty care, and transportation challenges. Telehealth has been shown to vastly improve outcomes for rural communities. As governor, Terry will work within the flexibility provided by the federal government to maximize virtual care options for those with Medicaid or state-regulated health insurance plans, eliminate unnecessary restrictions on practitioners, expand Virginians' access to specialists, and leverage technology so that every Virginian can benefit from telehealth. He will also work to drastically expand broadband and technology literacy so that every community can not only access telehealth, but can effectively navigate the technology to take advantage of it."*

We are completely on board with the idea of codifying current telehealth flexibilities and expanding them to allow more out-of-state healthcare professionals to practice within the state. There are some concerns with the CONNECT for Health Act at the federal level, but a lot can be done to formalize these flexibilities at the state level.

** Create an Office of Health Insurance Oversight at the State Corporation Commission.

McAuliffe's Plan: *"From 2017-2020, Virginians purchasing insurance through the individual market saw a 17.8% increase in premiums, which were among the highest in the nation. The rising cost of health insurance is crippling for many Virginians who were already struggling to afford healthcare costs. Virginia's families deserve protection from premium gouging and assurance that any rate increase is justified. This is especially critical as Virginia begins implementing a state-based health insurance exchange. The State Corporation Commission has been under-resourced for too long, preventing the agency from effectively serving as a watchdog for Virginia consumers. As governor, Terry will work to create an Office Health Insurance Oversight, solely focused on improving the quality and affordability of health insurance sold in Virginia. This will help ensure that plans sold on the state-based exchange reflect industry best practices to improve the health of Virginians while constraining rising health care costs."*

This plank is incredibly vague. What McAuliffe's plan seems to suggest is the creation of a regulatory body which will wield price-fixing authority over insurance premium rates. If this is the case, the number of problems that this would cause the already flagging capacity for economic calculation within the healthcare market is astronomical. Price fixing never works, and always causes massive issues within a market's underlying supply and demand structure.

This is yet another misunderstanding of what prices are and what they reflect to both consumers and producers. It is policies like this that will drive away the competitors necessary to begin controlling costs. Affordability begins and ends with competition, not regulatory oversight.

Improve health care access and outcomes for rural Virginians.

McAuliffe's Plan: *"Over one million Virginians live in a rural community, and for too long they have lacked access to basic health services and have experienced significant health disparities. Nationwide, people who live in rural communities are more likely to die prematurely from every one of the top leading causes of death in America.In Virginia, we know that rural communities do not have enough providers to meet the needs of their residents. This is especially true when it comes to dental care, as some rural communities in Virginia may have only one dentist per 5,000 residents, and no safety-net provider. Terry attended the Remote Area Medical clinic each year when he was governor, which provided free medical and dental clinics in southwest Virginia and saw firsthand that no Virginian should lack access to necessary care because of whether they live. As governor, Terry will partner with the Biden administration to expand access to coverage and care by increasing the availability of telehealth services, investing in Virginia's federally qualified health centers (FQHC) that provide care to those most in need, expanding access to basic dental services in schools, improving access to transportation, ensuring medical students get the training they need to support rural populations and developing innovative regional solutions that get Virginians the care they need. He will also work to expand loan repayment programs for medical professionals who stay and work in a rural area."*

In February of 2012, an infant died in the LewisGale Medical Center in rural Salem, Virginia. The baby's death was caused by a condition which would have been treatable at a hospital in Roanoke, about six miles away.

The reason LewisGale Medical Center was ill equipped to handle this procedure was because regulators in Richmond refused to allow the hospital to update its neo-natal care facilities including an ambulance specially equipped with medical bassinets for just such an emergency. The facility in rural Virginia had been trying to update its facilities for 2 years before this incident occurred. Unfortunately, LewisGale was made to wait and was ultimately denied the ability to do so. The program behind this failure of accessibility, and so many others, was the Certificate of Public Need (COPN) program. What's worse, after the above incident, LewisGale once again applied for a certificate to update its neo-natal care facilities and was, once again, denied.

In order to address very real disparities between rural and urban health care capabilities, Virginia's next Governor must start with the sunsetting and elimination of the COPN program in its entirety.

** Hold Big Pharma accountable to ensure affordable drug prices.

This plank of McAuliffe's Accessibility Plan includes numerous ideas which are collectively referred to as *Prescription for a Healthier Virginia*. Each of these ideas have been handled individually in our Analysis of McAuliffe's Affordability Plan.

** Improve long-term health care and support aging Virginians.

McAuliffe's Plan: *"Older adults are at the greatest risk of developing chronic health conditions that require around-the-clock care, either in long-term healthcare facilities or by home care aides. This is becoming an increasingly serious issue in Virginia, as our elderly population is anticipated to nearly double in size between 2010 and 2030. Moreover, the pandemic has highlighted the need to better support older adults, caregivers and Virginia's institutional long-term care infrastructure. The shocking reality is that 3.2 percent of total COVID-19 cases are found in nursing homes, yet they result in 32 percent of deaths from the entire Commonwealth. These facilities also continue to experience staffing shortages at alarming rates, making it difficult to ensure the highest quality of care. We have to do better for our most vulnerable community members. As governor, Terry will support efforts that allow older adults to age in place by expanding access to in-home care options and exploring opportunities to leverage Medicaid to compensate caregivers that support their loved ones. Additionally, he will partner with our community colleges to provide training for caregivers at no cost. Terry will also work to address employee retention by raising wages for home health care workers and ensuring access to paid sick and family medical leave."*

Nothing is offered by way of solving the supply issue related to long-term care facilities, which has been caused, almost entirely, by the COPN program.

The initial policy suggestion is to support in-home care options, which is a vague policy position to take. Since in-home care is already covered under Medicare, it is completely unclear what use Medicaid dollars could be to elderly Virginians. McAuliffe's plan seems to be suggesting that state Medicaid dollars would be used to subsidize wages and education for care-professionals, which is a completely inappropriate use of state money budgeted specifically for healthcare purposes.

The removal of restrictions on telehealth usage as well as the sunsetting of the Certificate of Public Need (COPN) program in its entirety, including long-term care facilities, would go much farther to address this and many other concerns within Virginia's healthcare infrastructure.

Enhance and Strengthen Virginia Medicaid

Streamline and modernize Medicaid enrollment.

McAuliffe's Plan: *"In light of the pandemic, it is more important than ever for eligible Virginia families who are uninsured to be able to enroll in Medicaid quickly and easily. Previously, Virginians have struggled with complex, paper-based applications, bureaucratic processes, language barriers, and notoriously long wait times to enroll in Medicaid. In fact, 30 states outrank Virginia in Medicaid application processing times, and we rank 30th overall in eligibility and enrollment. This is unacceptable. Applicants with serious health conditions should not have to be left waiting and wondering whether they will be able to get the care they need. As governor, Terry will*

dramatically shorten wait times for Virginians who are awaiting a determination as to whether they qualify or not. Terry will also modernize the Medicaid enrollment process, minimize paperwork by automating more processes, simplify the rules for eligibility, and leverage an individual's eligibility or enrollment in other benefits like SNAP to enroll them into Medicaid."

McAuliffe's Plan seems to suggest that its incredibly difficult to sign up for Medicaid. Let us help (as posted on https://www.dmas.virginia.gov/for-applicants/applying-for-medicaid/):

> Virginia Medicaid accepts applications for health coverage year-round. You can choose from three different ways to apply:
>
> 1. Apply online at www.commonhelp.virginia.gov
>
> 2. Call the Cover Virginia Call Center at 1-855-242-8282 (TDD: 1-888-221-1590) to apply on the phone Mon - Fri: 8:00 a.m. to 7:00 p.m. and Sat: 9:00 a.m. to 12:00 p.m.
>
> 3. Mail or drop off a paper application (available in English and Spanish) to your local Department of Social Services (mailing may take longer than other methods of applying). Find your nearest local Department of Social Services.
>
> Visit CoverVa.org for more information:
>
> - Check out our easy eligibility screening tool
> - Find tips for how to apply for coverage"

Additionally, there are no hospitals in Virginia that require patients with serious health conditions, or even mild health conditions, to wait while their Medicaid eligibility and enrollment is processed before receiving care, particularly as hospitals can be reimbursed based on "presumptive eligibility" for those patients that are likely to qualify for Medicaid.

Improve outreach to Medicaid eligible individuals.

McAuliffe's Plan: *"Access to affordable coverage has always been critical to ensuring the health of Virginians, and it has become even more important during the COVID-19 pandemic. Many Virginians have lost their jobs and subsequently, their health insurance. As Governor, Terry will mobilize additional resources to reach as many Virginians as possible who might be eligible for Medicaid and encourage them to enroll in coverage. Targeted outreach to Latinx communities and families with children will be a top priority of Terry's to counteract the Trump Administration's harmful anti-immigrant rhetoric and policies over the last several years. Terry will also focus on culturally competent outreach that builds trust and ensures community members are engaged in their own language. No Virginian who is eligible for coverage should have to go without coverage simply because they aren't aware of the resources available to them."*

One of the major concerns relating to healthcare supply in Virginia is the overuse of emergency rooms for concerns which are not considered emergencies. Regardless, any use of the emergency room provides an opportunity for the uninformed to learn about their eligibility for Medicaid, as most major hospitals in the state will both introduce and help an individual to join the program. This plank seems more of a solution in search of a problem.

** Create a Medicaid "buy-in" option on the exchange.

McAuliffe's Plan: *"Virginians who earn less than $17,775 or $30,305 for a family of three may qualify for Medicaid, but those who make just over that threshold often have trouble paying for out-of-pocket costs such as deductibles and coinsurance, even with federal subsidies to help offset the cost of their premiums. As governor, Terry will leverage Virginia's Medicaid program infrastructure and purchasing power to create a Medicaid-like plan that would be available on the new state-based exchange for those who do not qualify for Medicaid but are having trouble paying for coverage. This option will help further stabilize the insurance market and expand coverage by offering an affordable insurance plan to those with low incomes."*

This is actually a pretty interesting concept coming from the McAuliffe team. There's only one significant problem. The people most likely to choose the Medicaid buy-in are, statistically speaking, the healthiest people in society – i.e., singles and married couples with children, ages 25 to 35. Private insurers will lose many of those consumers who provide financial cross-coverage for the older and sicker portion of the population. If we include the above State Reinsurance Program to the mix, this considerably drives the risk of collapsing Virginia's budget, or, what would more likely be the case, considerable financial damage to the private insurance market in the state.

Even without the State Reinsurance Program, this concept will drive up health insurance premiums for those who can least afford them. Insurance companies rely on the premiums paid by younger and healthier individuals and families in order to subsidize the care costs of those who are older and those dealing with one or more chronic conditions.

Promote Health Equity and Eliminate Racial Health Inequities.

Address maternal mortality for Black women.

McAuliffe's Plan: *"Virginians who earn less than $17,775 or $30,305 for a family of three may qualify for Medicaid, but those who make just over that threshold often have trouble paying for out-of-pocket costs such as deductibles and coinsurance, even with federal subsidies to help offset the cost of their premiums. As governor, Terry will leverage Virginia's Medicaid program infrastructure and purchasing power to create a Medicaid-like plan that would be available on the new state-based exchange for those who do not qualify for Medicaid but are having trouble paying for coverage. This option will help further stabilize the insurance market and expand coverage by offering an affordable insurance plan to those with low incomes. suggests that the continued expansion of Medicaid is associated with lower rates of maternal mortality. This expanded coverage will include better maternity care, essential home visiting programs for new mothers that increase access to support and education, mandatory mental health screenings during and after pregnancy, and ensuring every woman has access to lactation support and counseling."*

In Virginia, the issue of maternal mortality among Black women and concerns over rural access to healthcare in the state are largely the same issue. Black communities in Virginia are located, by and large, in the low-density rural areas of the Tidewater, just south of Richmond, and along the middle coastline of the state. These areas are among the nearly half of Virginia communities which are considered "medical deserts" and have persistently maintained shortages of primary care and maternity care services. The single most significant cause of these deserts are regulatory regimes, like COPN, which disincentivize or outright prohibit the creation of new services within these areas.

The further expansion of Medicaid will do nothing to solve this problem any more than the last expansion of Medicaid or its initial creation in 1965. It is not the kind of problem that is solved by simply spending more money.

Require consistent, standardized reporting on health data by race and ethnicity.

McAuliffe's Plan: *"In order to eliminate health disparities, we need consistent, frequent reporting of health data by race and ethnicity, including by subpopulations. The COVID-19 pandemic revealed glaring gaps in racial health data collection in Virginia, especially in settings like nursing homes. Without collecting this data, it will be difficult, if not impossible, to uncover existing disparities, target resources appropriately, and measure progress against our goals to eliminate them. Terry will use this data to publish an annual Virginia Health Equity Scorecard, clearly reporting on priority health measures and disparities that the Commonwealth can track over time. Terry will also use this data to focus resources and attention on communities in Virginia with the greatest need and disparities."*

The data collection requirements suggested in this plank of the Accessibility Plan are already the law of the land (cf. Title 32.1, Chapters 7.1 and 7.2). The Board of Medicine and Virginia Center for Health Statistics are already providing data biennially, including data pertaining to race and ethnicity.

COVID-19 did not reveal "glaring gaps in racial health data collection in Virginia", but rather caused glaring gaps in *all* health-related data collection in the Commonwealth. Nobody was ready for the whirlwind that was 2020. Hospitals, primary care doctors, urgent care facilities, and long-term care facilities all had difficulty maintaining data consistency amid the often-overwhelming demands of preparing for and handling COVID-19 patients, not to mention the normal flow of patients with non-COVID related ailments. The nation only found out in July of 2021 that the CDC 2019-nCoV RT-PCR Diagnostic Panel, which many hospitals had relied on to identify COVID-19 patients throughout the pandemic, was not able to consistently differentiate between COVID-19 and seasonal influenza viruses. This shortfall in data collection was not some massive policy failure, but rather was consistent with the challenge of handling a new, highly transmissible, and potentially deadly virus. In the same way, the work being done today by the Board of Health to correct recent failures in health-related data collection has not been caused by any failure to require standardization (as it is already a legal requirement), but was simply the strain of a pandemic on an unprepared system.

The above statement is neither a defense of the Board of Medicine nor the public or private healthcare apparatus in the state, but a call for the retention of reasonable expectations.

Expand and diversify the healthcare workforce.

McAuliffe's Plan: *"Eliminating health inequities will require an expansion and evolution of the current health care workforce in the Commonwealth and improving trust between health care professionals and Black and Brown communities. Historically racist and discriminatory practices have understandably led these communities to distrust health care professionals, which has further exacerbated disparities by preventing care-seeking behavior or compliance with care plans. One way to improve trust is to diversify our workforce. In Virginia, the number of Black and Latinx physicians in practice remains strikingly low, making up 19% and 9% of physicians in Virginia respectively. Virginia needs a broad array of health care workers who come from the communities they serve and as Governor, Terry will explore opportunities like loan repayment programs and the creation of new residency slots specifically for students in underrepresented health professions who commit to practicing in Virginia. Building a diverse and broad workforce of physicians, nurses, and allied health professionals is a critical step in Virginia being able to eliminate health inequities for good. Terry will also improve cultural competency and bias training for medical professionals."*

This plank of McAuliffe's Accessibility Plan is simply a repackaging of affirmative action, but we will not rehash all the arguments related to this dated and ultimately ineffective policy. The issue here, once again, is not workforce diversity but regulatory regimes which have caused medical deserts to spread to nearly half of Virginia.

Even if Black and Latino physicians made up 80% of the healthcare workforce in the state, this does not address the disincentivizing and prohibition of new primary care and ambulatory practices.

Address social factors that hinder good health for communities of color.

McAuliffe's Plan: *"Individual health is determined by more than one's access to health care, and is heavily influenced by social factors like access to nutritious food, stable housing, a safe physical environment, and economic stability. Communities of color face barriers to good health in many of these dimensions. Far too many people of color experience poor health due to lack of access to healthy food options, safe and stable housing, and clean outdoor environments. As governor, Terry will work with the Biden administration to obtain a waiver from Centers for Medicare and Medicaid Services, allowing Virginia to invest more resources in addressing these social determinants of health in communities of color. Terry will leverage these funds as well as community partnerships to improve the health of these communities to ensure every Virginian has a shot at a healthy life."*

This plank is less about healthcare and more about all the social and economic factors facing minority communities around the state. McAuliffe's Plan, once again, offers no realistic policy solutions other than to "leverage" Medicaid funding for non-medical uses. If Virginia wants to create solutions for these problems, why not try:

- Eliminating zoning restrictions to allow the building of multi-family housing where it currently does not exist (i.e., rural areas where minority communities are concentrated).
- Eliminate restrictions on farm to table services and other retail agriculture innovations local to these communities.
- Focus law-enforcement presence in communities with the most need.
- Allow education dollars to directly fund students instead of institutions thus allowing parents, regardless of their ethnicity, to find the best educational fit for their children.
- Many other such policies which do not amount to opaquely "leveraging more resources" to maybe address these very real disparities among Virginia's citizens.

Establish a statewide social determinants of health coordinator at the Virginia Department of Health.

McAuliffe's Plan: *"In December, Governor Northam directed $10 million in federal CARES funding to support the implementation of a statewide screening and referral system through Unite Us. This important investment will allow Virginia to truly move the needle on social determinants of health and better coordinate systems of care to provide for Virginians. Innovation is already occurring across the public and private sectors, but there are concrete steps the Commonwealth can take to accelerate progress and ensure more equitable outcomes. Terry will establish a statewide position under the Commissioner of Health dedicated to supporting social determinant screening and referral systems, including capacity building for community service providers and statewide data analysis to assess gaps in services and program effectiveness."*

This position effectively already exists within the Office of Family Health Services and the Office of Health Equity. There is such a thing as "too many cooks in the kitchen", particularly when discussing effectiveness and efficiency of the public sector.

Provide all Virginia's children a chance at good health.

McAuliffe's Plan: *"Terry has already committed to ensuring every child in Virginia has access to a world-class education, but to make the most of this opportunity, all children, regardless of their background, also need a healthy start in life. Sadly, health disparities among children of color persist across the healthcare spectrum including in mortality, care access and quality, and preventative care. Terry will work to eliminate these disparities with a holistic approach by addressing the risk factors and root causes of poor health and by expanding Virginia's FAMIS program. No child should be at a greater risk of poor health because of the color of their skin, and Terry will ensure all children have every possible chance at a healthy life."*

This plank is a repetition of the issue concerning maternal mortality and the shortage of primary care and maternal care particular to Virginia's black community. The problem is largely a rural/urban concern. Again, we must start by addressing programs like COPN in order to get a handle on the underlying cause of medical deserts in the state.

Protect Reproductive Freedom

Enshrine Roe v. Wade in Virginia's constitution.

McAuliffe's Plan: *"For years, Republicans, including former President Donald Trump, have worked tirelessly to overturn and undermine the monumental and essential Roe v. Wade. The decision, which guarantees the right to a safe, legal abortion for every American, is supported by close to 80% of Americans. Now more than ever, we have to take every step possible to protect the freedoms provided by this landmark case, and that includes amending Virginia's constitution to include these protections. As governor, Terry will work with the General Assembly to pass the necessary resolutions and obtain approval from Virginia voters to permanently enshrine Roe v. Wade in our constitution."*

This plank seriously overestimates support for abortion and seriously underestimates the general effectiveness of pro-life advocacy in the state of Virginia. The most this effort would be likely to achieve is to galvanize every social conservative in the Commonwealth to flood to the polls in the next state election, and little more.

Increase abortion access and coverage.

McAuliffe's Plan: *"While every Virginian is entitled to a safe, legal abortion, 93% of counties in Virginia have no clinics that provide abortion services, making it difficult or impossible for Virginians to access this medical service. As Virginia's 72nd Governor, Terry was a brick wall against every attack attempted at a person's right to make her own healthcare decisions, and he aggressively fought attempts that would further minimize a person's ability to access care. Since then, Governor Northam and Virginia Democrats have worked to expand reproductive freedoms and protect the right to choose. As our next governor, Terry will continue to stand firm against any attack, and break down barriers so that every Virginian has access to the reproductive health care they need."*

The Democratic Party has held both chambers of the General Assembly and the Governor's office for enough time to have already achieved this plank. However, there is no indication of an influx of abortion clinics, which seems to indicate that, even assuming the accuracy of McAuliffe's support numbers, there simply may not be an abundance of demand for abortions in Virginia. As McAuliffe's Plan states, "every Virginian is entitled to a safe, legal abortion", so it is questionable in what ways the next Governor would be able to "expand reproductive freedoms".

Ensure every Virginian has access to the contraceptives they need.

McAuliffe's Plan: *"Nearly all women will use contraception at some point during their lives, and two-thirds of women in America use some form of contraceptive on any given day whether for pregnancy prevention or treatment of a medical condition. Unfortunately, nearly half a million women in Virginia live in contraceptive deserts, which means they do not have access to a full range of contraceptive options or cannot simply go to an appointment to get the care they need. Making matters worse, pharmacies in Virginia are not required to fill or dispense prescribed contraceptives, which can further impede access. Terry believes that Virginians should be in charge of their own reproductive health decisions. As Virginia's next governor, Terry will enable Virginians to receive contraceptive care via telehealth, ensure that state-regulated health plans are required to cover any FDA-approved form of contraception, including over-the-counter contraceptives, and join eight other states in requiring pharmacies to dispense them."*

Contraceptives are already readily available to everyone in the state, often at zero cost. For those contraceptive methods which are more "medically intensive", we must return to the problem of medical deserts which has been discussed repeatedly in these analyses. Truly, removing regulatory impediments to the development of competitive medical options is the most significant stand our state legislators can take to solve problems of both accessibility and affordability.

Prohibit discrimination based on reproductive health decisions.

McAuliffe's Plan: *"Virginians should be entitled to make their own reproductive health care decisions, and our laws should ensure that no person is discriminated against because of these decisions. Nationwide, there are disturbing examples of employees being fired from their jobs or penalized for things like taking birth control, accessing fertility treatments, having sex or becoming pregnant outside of marriage, or having an abortion. And this happens here in Virginia too. In recent years, a Henrico County woman lost her job at a church daycare after getting pregnant without yet being married to her fiancé. No person should be penalized for exercising their reproductive freedoms, and national polling indicates that more than 80% of Americans agree. As our next governor, Terry will protect Virginians and ban discrimination based on reproductive health decisions."*

The question of religious freedom is one which has raised its head within the left/right divide quite often of late. This particular plank, however, demands that an individual not only renounce their right to act according to their own conscience but also cede their right to free association. It is not only a constitutional non-starter, but an ethical failure as well.

Modernize Virginia's Public Health System

Ensure health departments are prepared for times of crisis.

McAuliffe's Plan: *"Virginia's local and regional health departments continue to be under-funded, partly due to restrictive funding mechanisms that can prevent them from responding nimbly in an emergency. The COVID-19 pandemic has further highlighted the negative consequences of underinvestment in these agencies. Outside of a pandemic, our state and local health departments are working diligently behind the scenes to prevent public health emergencies, yet Virginia has lost over 52,000 state and local jobs since the start of the pandemic. As governor, Terry will work with the Biden Administration to draw down additional funds for Virginia's health departments and will work with localities in allocating funds to specifically address emergency preparedness as well as racial health inequities. We must also ensure the structure of our local health departments is designed to best serve local communities and equitably meet their day-to-day needs. Preparing for the next emergency begins*

now, and as governor, Terry will also invest in recruitment, retention, and training of our public health workforce so that Virginians are receiving quality care regardless of their zip codes."

Governor Northam, in 2021, has already reworked the Cooperative Health Budget which governs the state-local partnership funding local health departments. His plan rebalanced contributions based upon local financial realities post-COVID and has even included an additional $10 million dollars and temporary forgiveness for those localities which need to provide more funding to meet their obligations. This comment is not meant as an endorsement of the current Governor's budgetary policy, but rather to question what more is necessary, according to McAuliffe's Plan. It seems McAuliffe's Plan is once again falling back on the aged political workhorse, "more money ought to fix it".

Modernize the public health technology infrastructure.

McAuliffe's Plan: *"Outdated technology infrastructure and the lack of ability to exchange data -- such as test results, hospital bed capacity, and staffing availability -- in a timely manner can present challenges during normal times but can be debilitating during a pandemic or other health emergency. Governor Northam has shown strong leadership despite these challenges, and our next governor will have to continue his legacy and build upon it. As governor, Terry will invest in the needed infrastructure to create a 21st century public health system that can work seamlessly with the private sector in times of crisis as well as to improve the health of their communities. He will also mandate the standardized and consistent collection racial and ethnic health data needed to track our progress and focus our resources on eliminating inequities."*

As stated repeatedly in this analysis, the current regulatory governance in Virginia is the reason there are gaps in our healthcare infrastructure. Removing these barriers will allow for competitive opportunities to expand the supply of medical services. Competition between service suppliers will drive the market back into rural areas benefiting the entire state, particularly black and brown communities. As these markets expand, higher demand for necessary infrastructure will incentivize greater innovation and expand technological capabilities beyond what the Office of the Governor is capable of achieving.

The secret is not public policy here, it's Virginians – it's Virginian businesses, Virginian doctors, and Virginian patients each engaging the other in hopes of getting the best possible outcome for each.

Establish standing regional public-private coalitions.

McAuliffe's Plan: *"Private sector partnerships are essential to the public sector response during emergencies. These partnerships can open up critical resources, support communities in need and provide vital insights to inform our public sector response. Despite also being impacted by the pandemic, business, academic, nonprofit and faith-based organizations have shown resilience over the past year and continue to give back to those in need throughout their communities. We must continue to work closely and collaboratively with private sector partners. Terry will invigorate existing regional public-private coalitions and build new ones so that together, we can react swiftly and in a coordinated fashion for the next emergency."*

This plank of the McAuliffe's Plan is great. It is always important for both sides of the public/private coin to know what to expect from the other side; it increases emergency response and overall administrative efficacy. Public-private coalitions have also been regularly utilized for a very long time and will continue to do so regardless of who is Governor.

Prioritize Care for Mental Health and Substance Use Disorders

Increase funding for the Virginia Mental Health Access Project (VMAP).

McAuliffe's Plan: *"Virginia has faced critical shortages in child psychologists and psychiatrists for many years, and that shortage has only been exacerbated by the effects of COVID-19 that are leaving more children in need of access to services. This is especially true for low-income and minority children. This program, established under Governor Northam, provides essential training to pediatricians and creates regional teams of mental health providers to serve our children. 47 It is critical that we expand this program to all regions of the state, and expand it to cover children under the age of five, postpartum women, and young adults up to age 26."*

This proposal is yet another opportunity to support the advancement of data proven, innovative approaches to a very real problem which has been utterly unaddressed. As effective as telehealth and telemedicine have been shown to be in traditional medical situations, particularly in the realm of diagnosis, remote patient monitoring, and long-term care of patients with one or more chronic conditions, behavioral telehealth has shown the greatest promise, by far.

Codifying the recent flexibilities allowing out-of-state behavioral specialists to give direct care to Virginians with behavioral health needs is the right answer to this problem. It's important to note, this is an idea that McAuliffe and his team would almost certainly support, but there's no need to pair it with yet another "more money ought to fix it" policy idea.

Allocate new funding for substance use disorder prevention, harm reduction and treatment.

McAuliffe's Plan: *"Virginia and states across the nation have been fighting the opioid and addiction epidemic for years, but psychostimulant deaths are on the rise and the COVID-19 pandemic has upended years of progress. People with substance use disorders have been at increased risk during this pandemic due to lack of treatment availability, economic strains and the impacts of isolation and social distancing. In fact, the Virginia Department of Health reported a 66% increase in overdose deaths in 2020, projecting it to be the worst year on record with more than 2,000 deaths. During his administration Terry championed efforts to address the opioid and addiction epidemic, creating the Governor's Task Force on Prescription Drug and Heroin Abuse, declaring the opioid overdose epidemic a public health emergency, hosting a multi-state summit, adopting numerous bills to reduce over-prescribing and increase accountability, and securing millions in funding. As our next governor, Terry will continue to invest in new funding for prevention and treatment services, and he will fight to expand evidence-based comprehensive harm reduction strategies like syringe access programs and naloxone distribution. Terry will also break down barriers to employment and housing for people in recovery, ensuring that recovery-friendly services are prioritized."*

This plank is yet another "more money ought to fix it" policy idea. First, numerous gubernatorial administrations, including McAuliffe's, have tried to get control of the abuse of the recreational drug du jour, and they have failed. It is without fear of hyperbole that we suggest that failure in the War on Drugs, particularly "more funding" solutions, is possibly the most consistent outcome of any public program or policy in American history. McAuliffe's plan even admits as much, boasting about all the programs which the former Governor funded immediately after stating that the opioid epidemic is worse than ever. There is a lesson to be learned here regarding the sunk cost fallacy, or the tendency to continue engaging or investing in a behavior regardless of its outcome. Like the Concorde supersonic passenger airplane, the costly Drug War just seems to carry on for the sake of tradition rather than for the sake of those who desperately need help with addiction.

Leverage federal dollars to support permanent supportive housing.

McAuliffe's Plan: *"Having access to safe, stable housing is a fundamental need for every human being, and we know that securing and maintaining housing for individuals experiencing mental illness or a substance use disorder can be particularly challenging. In fact, studies demonstrate that 25% of people experiencing homelessness have a serious mental illness, and nearly half have any kind of mental illness. In addition to increasing access to affordable housing, we must invest in wraparound services that help vulnerable populations maintain stable housing. Permanent supportive housing is an evidence-based, cost-effective model that merges affordable housing with wraparound services to support people experiencing mental illness, substance use disorders, disabilities, and chronic illnesses. We know that Medicaid covers these wraparound services, so we must build on current efforts to draw down every federal dollar available to Virginia and provide this critical service during and after this pandemic."*

This plank is another "more money will fix it" policy solution. This program, however, is interesting in that it is a Section 8 style repackaging of the asylum programs of the 19th century. Decades of data would be necessary to determine, first, whether such an idea might cause more harm than good, and second, the plank's cost effectiveness. Several similar communities focused largely on the treatment of addiction and youth mental illness already exist but allowing charities and service providers to partner to produce diversity of these care communities within the state might provide valuable insight into both treatment effectiveness and cost.

Focus mental health resources on early intervention, crisis prevention and supporting Virginians across the lifespan.

McAuliffe's Plan: *"For too many years, Virginia's mental health system has been underfunded and our community members have paid the price. Under Terry's leadership, Virginia adopted and began implementing STEP-VA, which is a comprehensive plan to reform our public mental health system and ensure quality, consistent care throughout the Commonwealth. Through STEP-VA, we have increased capacity within our Community Services Boards (CSBs) and ensured that every person has same-day access to being seen. However, Virginia still ranks 37th when it comes to access to care, meaning too many Virginians lack access to care and the services they need. That is shameful given that Virginia is the 9th wealthiest state in the nation. We must continue building upon the work that has been done to implement STEP-VA and the Behavioral Health Redesign to ensure that every Virginian has access to the care they need. That includes investing in prevention and early intervention services to provide care before a person begins experiencing a behavioral health crisis. We must also ensure that we are leveraging every federal dollar available to Virginia through Medicaid."*

At the risk of sounding repetitive: no, solving this problem does not "include investing" in programs that have not produced the desired results after years of funding, nor does it include "leveraging every federal dollar". It is surprising how often McAuliffe's Plans state that the solution is more money rather than seeking out what is causing healthcare problems in Virginia and seeking real solutions for those underlying concerns.

Virginia's difficulty producing behavioral health facilities, once again, goes back to the requirements of Title 32.1, Chapter 4, Article 1.1 of the Code of Virginia, the Certificate of Public Need program. If facilities were allowed to be built and expanded, much of this problem would be solved.

THE VIRGINIA INSTITUTE'S POLICY RECOMMENDATIONS

The Virginia Institute for Public Policy's recommendations will not be surprising to anyone who has read our preceding analysis, or truly to anyone who has been involved in Virginia's healthcare policy over the last decade or more. As a state, we have repeatedly failed to address the underlying causes of worsening scarcity in the market for medical services and professionals. This failure has been largely at the behest of a constant call for more money; a call that Richmond has almost always happily answered. Yet, the concerns behind medical deserts, rising costs, and inequity in the market continue to grow. Despite a consistently increasing public outlay for healthcare in the Commonwealth, these problems are neither solved nor are they getting better. At some point, it becomes imperative that Virginia takes an appropriately nuanced and serious approach to healthcare policy.

1. The Certificate of Public Need program (Title 32.1, Chapter 4, Article 1.1) must come to an end in its entirety. There is an enormous amount of data from states which have long ended this program as to this policy's efficacy and safety, despite longstanding claims to the contrary from those institutions which profit most from COPN's continuation.

   It is altogether reasonable to recognize the effects of confiscating monopoly status on some hospitals' and long-term care facilities' short-run financial stability. After all, there are some hospitals in the state that have built their entire business plan on the increased profit margins indirectly provided by the COPN program. As such, it is also reasonable to stagger the sunset of the program over a 5-year period, which is the standard length of time that the depreciation of newly acquired capital equipment, such as medical imaging machines, can be deducted in accordance with Section 179 of the Federal Internal Revenue Code. Doing so will allow current certificate holders already in the throes of equipment depreciation to recoup their capital expense before eliminating the program.

2. One of the places where we strongly agree with Terry McAuliffe's healthcare plan is to make permanent the temporary regulatory flexibilities allowing telehealth and telemedicine technologies to be widely available during the pandemic. There is no reason to restrict this adaptable and innovative solution to supply concerns in the Commonwealth.

   Of course, this technology will not replace in-person visits to hospitals or primary care physicians, but it can and will become an easy-to-use compliment to those important services. Telehealth is particularly important for those Virginians who suffer from one or more chronic illnesses, as the leveraging of telehealth has been shown to decrease the number of days that these patients spend in emergency rooms annually. Such a service equates to more time at home with friends and family for the sickest people in our communities.

3. Another opportunity to really address supply concerns in the state is to dramatically broaden the scope of practice of our nurses and midwives. These medical professionals are some of the most highly trained specialists in the country. Virginia's nurses often carry educational merits equivalent to, if not surpassing, the engineers responsible for making sure Virginia's bridges don't collapse or the accountants responsible for making sure that the state budget does not collapse under its own weight.

   Providing an opportunity for these amazing individuals to have full practice authority, i.e., being permitted to both practice and prescribe without physician oversight in the case of our most experienced nurses, would create opportunities to really address medical deserts in Virginia. Our cities and suburbs are oversaturated with physicians, but there is unmet demand throughout rural Virginia which could easily be

addressed with a combination of telehealth and nurse practitioners practicing both primary care and specialized medicine.

4. The state of Virginia has a "licensure-by-endorsement" process which originated as an avenue for out-of-state practitioners to be quickly licensed in Virginia. This program should have been very useful for those medical professionals moving into our state as well as those who wished to provide telehealth and telemedical services to Virginians from their homes around the country. The licensure-by-endorsement program was a great idea, but in practice has been a regulatory millstone around the neck of provider growth.

   Licensure-by-endorsement needs to be streamlined and the Board of Medicine must be provided with a "no-later-than" timeframe on licensing new medical professionals via this program. Updating this key program stands to open the door to an influx of professionals just as Virginia begins to loosen restrictions on telehealth and removes the burden of the COPN program.

With the right timeline and a little healthy competitive spirit, these policies could easily create an accessibility and affordability windfall for Virginians for years to come – and this without resorting to the old, tired political wheeze of "more money ought to fix it".