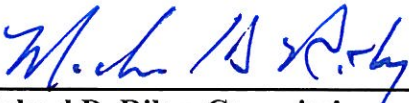


**Recommendation Form for the
2015 Transition to Employee Choice
Due to HHS June 2, 2014 for FF-SHOP States**

Instructions: Please fill out the following form and attach your recommendation for a one year transition to employee choice including an evidence-based assessment of the full landscape of the small group market in your State.

State: West Virginia

Insurance Commissioner (signature):



**Michael D. Riley, Commissioner
Offices of the Insurance Commissioner
State Of West Virginia**

Please adequately explain that it is in your expert judgment, based on a documented assessment of the full landscape of the small group market in your State that the 2015 Transition to Employee Choice would be in the best interest of small employers and their employees and dependents, given the likelihood that implementing employee choice would cause issuers to price their products and plans higher than they would otherwise price them. Please base your recommendation on discussions with those issuers expected to participate in the SHOP, including naming those issuers, and keep your recommendations specific to 2015 since this is a one year transitional policy.

Please see attached letter.



June 2, 2014

The Honorable Kathleen Sebelius
Secretary
U.S. Department of Health & Human Services
200 Independence Avenue, SW
Washington, D.C. 20201

Dear Secretary Sebelius:

Providing the 2015 Transition to Employee Choice, 45 CFR 155.705 (b) (2) and (3), is in the best interest of West Virginia small employers and their employees. Implementing choice at this time is expected to result in carriers pricing their products and plans higher than they would otherwise. I recommend a one year delay to afford some stability to the entire small group market, as the impact of the change effects products both sold “on” and “off” the Exchange.

West Virginia currently has only one issuer, Highmark West Virginia, participating in the Federally Facilitated SHOP Exchange. There is the possibility of adding one more insurer for the next open enrollment period; however, this is still an insufficient number of issuers to allow for meaningful plan choice. Given our demographics and small market size, insurance carriers have been hesitant to participate in the Exchange and Employee Choice further increases the likelihood of adverse selection for our state. I have spoken with our lone participating carrier and they have expressed their concerns of implementing Employer Choice. To mitigate their limited enrollment expectations, adverse selection risks and the operational readiness charges associated with Employee Choice they have stated that they would likely price their products conservatively.

Given the complexities and costs of the Employee Choice model, I believe this one-year transition is prudent and in the best interest of West Virginia’s small employers and their employees.

If you have any additional questions or you would like to discuss this issue further, please do not hesitate to contact me. I look forward to speaking with you.

Sincerely,

Michael D. Riley
Insurance Commissioner

