

**Green Mountain Care Board**  
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## MEMORANDUM

**To:** Senator Tim Ashe, Chair Senate Finance; Senator Claire Ayer, Chair Senate Health and Welfare; Senator Jane Kitchel, Chair Senate Appropriations; Representative Janet Ancel, Chair House Ways and Means; Representative Mitzi Johnson, Chair, House Appropriations; Representative Bill Lippert, Chair House Health Care; Representative Ann Pugh, Chair House Human Services

**From:** Judy Henkin, General Counsel, Green Mountain Care Board

**Date:** March 2, 2016

**Re:** Large Group Insurance Market

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Section 15 of Act 54 (2015) charged the Green Mountain Care Board, in consultation with the Department of Financial Regulation, with “analyz[ing] the projected impact on rates in the large group health insurance market if large employers are permitted to purchase qualified health plans through the Vermont Health Benefit Exchange beginning in 2018.” In early February of this year, the Board completed this analysis with the assistance of Lewis & Ellis (L&E), our consulting actuaries.

At the Board’s direction, L&E modeled the financial implications of the transition from experience rating to community rating if the large group market were to enter the Exchange. L&E produced a written report with its findings, which we have made available to legislators, insurers and to other state governmental entities. L&E’s report looks at the impact of large employer migration to the Exchange as currently provided for in 18 V.S.A. § 1804(c), and analyzes how the change could affect the small and individual markets currently purchasing their insurance on Vermont Health Connect (VHC). L&E’s report concludes: “Even if significant VHC enrollment gains are realized, it appears highly likely that allowing large employers to enter VHC will produce higher premiums on average in the large group market. It also appears that more Vermonters, including small group employees and individual policyholders, would be negatively impacted than positively impacted in all scenarios tested.”

During the February 25, 2016 Board meeting, the Board held a public discussion to review the results of the study with our staff and actuaries from L&E. Based on this discussion, and the findings of the study, we request that the Legislature take action to prevent the large group market inclusion on the Exchange.

