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MEMORANDUM

TO: House Committee on Health Care
FROM: Emily Brown, Director of Rates and Forms for Life and Health
SUBJECT: Department of Financial Regulation
DATE: April 10, 2019

Dear Committee Members,

Thank you for the opportunity to testify on S.89, An act relating to allowing reflective health benefit plans at all metal levels. In 2018, the Vermont Legislature passed a bill to allow “silver loading” in response to the elimination of federal funding to reimburse insurers for the cost-sharing reduction (CSR) subsidies they are obligated to provide under the Affordable Care Act. As you know, silver loading allows insurers to recoup the cost of providing CSR subsidies by adding a surcharge to on-exchange silver plan premiums. The higher premiums are offset by increased federal premium tax subsidies to consumers. This approach is currently in place in Vermont and benefits the greatest number of subsidized consumers.

However, in the event the Trump administration prohibits silver loading, S.89 would allow insurers to adopt an alternate approach known as “broad loading,” or applying a uniform surcharge to all policies on and off the exchange. The Department of Financial Regulation supports S.89 because it would allow Vermont’s regulators the ability to adapt to a changing federal regulatory landscape, ensure a stable insurance market in the State, and protect Vermont consumers.