



House Committee on Health Care

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February 5, 2019

As Vermont's largest statewide business organization, the Vermont Chamber of Commerce represents 1,500 members distributed throughout the State, encompassing virtually every industry. The Chamber is committed to growing our members' businesses while contributing to the overall Vermont economy. It is because of this core mission that the Vermont Chamber of Commerce is in support of Association Health Plans as a competitive option for employer-sponsored health insurance, and therefore cannot support legislation that would allow state regulators to apply the "look through provision" to these plans.

The Vermont Chamber of Commerce, along with dozens of other local and regional chambers of commerce, markets an Association Health Plan (fully-insured with BCBSVT) that is currently covering approximately 1,000 lives and 180 Vermont-based employer groups for 2019. As we heard last week, total participation in the two licensed VT AHPs is rather minimal at 5,000 lives, and 20% of those came from markets other than Vermont Health Connect.

We do not support the application of the look through provision to Association Health Plans, as we believe this would eliminate the market for these plans entirely, and force hundreds of Vermont employers, large and small, back into less desirable options.

Employers desire AHPs for several reasons:

- Choice – employers like options and the ability to shop around for the best rates and benefit packages that suit their particular needs and group of employees.
- Simplicity – Vermont Health Connect offers dozens of plans across two different carriers, which can be confusing for employees to understand and for benefit administrators to keep track of. An employer with 20 employees could potentially have 20 different rates and plans to explain and track through payroll – very costly and time consuming.
- Ability for small employers to be treated as large – ideal for rating, plus more favorable treatment under COBRA and Medicare rules.
- By moving into AHPs, most employers and their employee participants saw their Out of Pocket Maximums cut in half. Being allowed to operate in the large-group arena allows AHPs to be more flexible and creative in plan design – very desirable to the business community.

- With AHPs, our sole proprietors, the life blood of VT small business and innovation (and, a very large and growing segment of our economy) are able to purchase group insurance and use those premiums as a regular business expense.

The Department of Financial Regulation spent an extraordinary amount of time and resources, as did the AHP applicants themselves, on creating a fair but very firm regulatory framework around the licensing and operation of AHPs. The current rules protect Vermont from out of state “bad actors” while also providing our business community with an off-exchange alternative that employers in most other states have always enjoyed. Removing the AHP option would be yet another way we are putting VT at a competitive disadvantage for doing business here.

Finally, is applying the Look Through to AHPs even allowable under ERISA and the new DOL Rule? We believe this is a critical question that deserves a much more thorough legal analysis.

We’ve seen other states take the opposite approach to the Look Through, by writing into law a Bona Fide Group Exception, which would protect the AHP market and ensure that these plans and groups of businesses continue to be considered large group. We encourage the Committee to consider this approach.

You’ve heard from other witnesses that there is a much larger problem at the root of health care and high premiums than AHPs. I would encourage this committee to take a close look at the individual market and the instability and high premiums there as there are other ways we can and have been dealing with the cost of health care – i.e. special programs, subsidies, etc. The absence of 5,000 lives from the Exchange cannot possibly impact rates to a significant degree. Premiums are high no matter what market you operate in. The committee should work toward identifying the roots of the problem before handcuffing the business community to a broken system.