



April 23, 2019

*Re: H. 524 - An act relating to health insurance and the individual mandate*

Vermont Businesses for Social Responsibility supports a health care system that:

- Supplies universal coverage of all Vermonters.
- Cuts unnecessary waste and spending from the system.
- Decouples employment and insurance.
- Is funded fairly and sustainably through progressive taxation.

### Association Health Plans

The return of Association Health Plans is due to the Trump administration undermining the Affordable Care Act. The Administration repeatedly failed to repeal or replace the ACA via the U.S. Congress and have opted instead to undermine it with executive orders and rule changes.

- *“The president still firmly believes that Congress must act to repeal and replace Obamacare, but before that can be done, this administration must act to provide relief,” Andrew Bremberg, who oversees domestic policy at the White House, told reporters last year.*

Trump told the *New York Times* in October 2017 that millions of people were going to sign up for Association Health Plans.

- *“We’ve created associations, millions of people are joining associations. Millions. That were formerly in Obamacare or didn’t have insurance. Or didn’t have health care. Millions of people,” he told the Times. “That’s gonna be a big bill, you watch. It could be as high as 50 percent of the people. You watch. So that’s a big thing.”*

Health care policy and legal experts broadly agree: This was a move designed to damage the ACA and build a market outside of that law.

- Tim Jost, a law professor at Washington and Lee University who generally supports Obamacare, told reporters, *“We’ll be back to where we were before the Affordable Care Act.”*

The actions by the Trump administration may also fall outside the legal scope of their authority, according to a ruling last month by U.S. District Court Judge John Bates.

- *“The Final Rule was intended and designed to end run the requirements of the ACA, but it does so only by ignoring the language and purpose of both ERISA and the ACA,” the Judge wrote.*

Associated Health Plans threaten the stability of our health care marketplace and have a negative impact on the affordability of health insurance.

- A larger pool of insurers is more stable and predictable in terms of pricing. The

larger the risk pool, the more predictable and stable the premiums generally are.

- AHPs often attract a younger and healthier population, potentially increasing the premiums in the Vermont marketplace for other consumers.

Available data shows this trend playing out in Vermont.

- Blue Cross Blue Shield of Vermont, in a rate filing before the Green Mountain Care Board, said the insurer anticipated this move “could significantly disrupt the single risk pool.”
- In a revised rate filing, BCBS requested an additional 2.3% rate increase to account for AHPs.

In the interest of furthering universal health care, VBSR supports using the “look through” policy to eliminate the new imbalance that has been created.

- VBSR partnered with Business Resource Services last Fall to offer access to AHPs as a member benefit to businesses and organizations that join.
- Prior to the ACA, this was a common benefit that business associations with due-paying members offered. It is seen as essential to remain competitive for members with other business associations.
- VBSR previously offered access to AHPs to members in the late 2000s until they were discontinued by the ACA. The organization was happy to see that business go in the name of advancing health care reform.

**Employer-sponsored health insurance is unsustainable, unfair, and bad for our economy.**

Drawbacks of employer-sponsored health insurance system:

- Limits business entrepreneurship and employee mobility between jobs.
- High administrative costs for businesses providing the benefit.
- Inequitable sharing of costs between businesses.
- Large segments of the population remain uncovered.

VBSR urges the Vermont Legislature to continue the state on the path to building a sustainable and more effective health care system – one with more predictable costs and outcomes.

This should not just be seen as a moral imperative, but also an economic one.

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