



Vermont Businesses
for Social Responsibility

May 3, 2022

House Committee on Health Care
Vermont State House
115 State Street
Montpelier, VT 05633-5301

Dear Representatives,

On behalf of Vermont Businesses for Social Responsibility (VBSR), I'm writing to express our strong support the proposal to temporarily unmerge the individual and small group health insurance markets for plan year 2023.

VBSR's mission is to leverage the power of business for positive social and environmental change. Our diverse membership represents all sectors and geographic regions of Vermont, from sole proprietors to the largest employers in the state, all united in our shared commitment to the triple bottom line of people, planet, and prosperity. Most of our members are small employers. Roughly 35% employ 10 Full time employees (FTEs) or less, 65% employ 50 FTEs or less, and only about 6% (or 40 companies) employ 300 or more FTEs.

As socially responsible business leaders, VBSR members pride themselves on running employee-first workplaces with livable wages and robust benefits. **According to our latest membership survey, roughly 80% of our members offer health insurance coverage for their employees.** It's important to note however, that an earlier 2019 policy survey indicated that 20% of our members were spending at least 20% of their payroll to cover this benefit. That figure has no doubt increased with the rising cost of healthcare in Vermont.

For over 30 years, VBSR has advocated for health care reform—working with partners to help create a level-playing field in which all can access affordable, reliable healthcare. This work has taken on new meaning in the wake of COVID-19. Vermont families and businesses have experienced tremendous income losses since the start of the pandemic, casting light on the unsustainable cost of healthcare which has historically hampered our businesses, curtailed job growth, and created major barriers for Vermonters seeking care. **Approximately 58% of our members identified the growing cost of healthcare as the biggest obstacle to the success of their businesses.**

Vermont's merged market has effectively shifted over \$17 million in health care costs to Vermont's small businesses, nonprofits, municipalities, and their employees. While our members are committed to keeping healthcare accessible for all Vermonters, these increased costs are hampering our small businesses who subsidize, both directly and indirectly, businesses that do not provide health insurance for their employees. Additionally, as the only fully merged market in the country, Vermont foregoes millions in federal funding that could otherwise be used to benefit our most vulnerable.

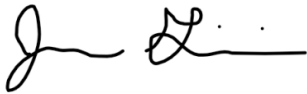
VBSR applauded the legislature's decision to allow individuals and small groups to purchase insurance in separate risk pools. This change, in concert with the Advanced Premium Tax Credit included in the American Rescue Plan Act, allowed individuals to cap their premiums at 8.5% of their income when purchasing insurance in the exchange. **Meanwhile, Vermont's small employers were also able to decouple from the individual risk pool and drastically decrease their insurance premiums, as the small group market has traditionally kept the individual group market stable.**

All told, unmerging the markets offered an invaluable financial lifeline to our small employers. **Within the BlueCross BlueShield of Vermont's network alone, small businesses saw a 6.7% rate decrease leading to roughly \$10 million in savings.**

As we eagerly wait for Congress to extend the Advanced Premium Tax Credit, the Vermont legislature should take immediate action to unmerge and mitigate financial hardship for our small businesses—allowing them to do what they do best, grow their enterprises, support their employees, and bolster Vermont's economic vitality. If possible, to mitigate the impacts on Vermont's individual pool, we also urge the Legislature to also dedicate \$1.9 million in general funds to offset the costs for those who would no longer be eligible for subsidies should the APTC not be extended.

Thank you for your consideration. VBSR would be happy to offer additional testimony and field questions from the Committee.

Thank you,

A handwritten signature in black ink, appearing to read 'Jordan Giaconia', with a stylized flourish at the end.

Jordan Giaconia

Public Policy Manager