



Vermont Businesses
for Social Responsibility

February 9, 2022

House Committee on Appropriations
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 for the proposed amendment to the FY22 Budget Adjustment Act that would unmerge the individual and small group health insurance markets for plan year 2023, provided that Congress extends the federal advanced premium tax credits.

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. 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.

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.**

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. Considering Blue Cross administers approximately half of our state's small group plans, one can assume that this initiative saved Vermont's small business community about \$20 million altogether.**

As we eagerly wait for Congress to extend the Advanced Premium Tax Credit, the Vermont legislature should take immediate action to ensure that we're prepared to leverage said credit to the benefit of our small businesses and their employees. This is an opportunity many of our members cannot afford to miss.

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 horizontal line extending to the right.

Jordan Giaconia

Public Policy Manager