

February 21, 2022

Dear Chair Lippert and Members of the House Health Care Committee,

I am writing on behalf of our members to express concern about the impact of the numerous proposals to add benefits, limit payers' ability to manage costs, and add regulation and programs that will cumulatively result in higher health insurance premiums for Vermonters. Blue Cross is not expressing support nor opposition to H.266 to add hearing aids as a covered benefit. Health care policy involves numerous choices, but also important trade-offs between access and affordability.

There are enormous upcoming pressures on health care premiums ranging from relatively small changes to some that will have a significant impact – but each one will result in higher, not lower costs for Vermonters with commercial health insurance coverage. Cost pressures include areas both within and outside of the Legislature's control.

- Hospital budgets approved by the GMCB in 2022 and their commercial charges were the highest since the GMCB was created, and are anticipated to be followed by requests in the high teens to 20% in 2023. These will include the long overdue, but impactful 20% increase in nurses pay at the University of Vermont Medical Center.
- The Essential Health Benefits Benchmark Plan project resulted in a group of changes to plans for 2023 plus the likely addition of hearing aids in 2024, and the GMCB just approved three no-cost share primary care and mental health care visits for every standard plan, eliminating this as a consumer choice in benefit design.
- Ongoing health care reform investments, information technology and data sharing requirements, and the constantly changing direction of the All Payer Model from a focus on achieving scale to fixed prospective payments, a possible move towards Global Hospital Budgets, and the uncertain future of Vermont's waiver agreement with the federal government all have significant system costs.
- Prescription drug manufacturer price increases continue unabated and [H.353](#), the Pharmacy Benefit Manager (PBM) bill would limit our leverage to negotiate for better drug prices.
- Legislative proposals in [S.285](#) would expand the Blueprint program, substantially funded by private health insurance payments on behalf of our members, while [S.244](#)

mandating higher percentage of primary care spending would be more likely to increase the total cost of care rather than the intended goal. These conversations are happening while we are leaning into value based payments for primary care programs like the Vermont Blue Integrated Care and other innovative supports for primary care that improve quality outcomes for our members.

- All of this is in addition to the ongoing costs of the COVID-19 pandemic—directly in testing and treatment and indirectly in federal and state emergency rules and regulations—that continues to be funded out of member reserves and is not yet included in premiums. For example, the cost of covering over the counter antigen tests could reach millions per month with the cumulative numbers becoming staggering.

Given the broad concerns around premium costs and out-of-pocket expenses for Vermonters, we are dismayed that so little consideration is being given to the impact on affordability. Our actuaries' previous analysis of providing hearing aid coverage suggests the pent-up-demand will make this more costly in the initial few years than the estimates provided in the DFR report. Adding benefits, limiting copays, and capping out-of-pocket costs all restrict the ability to design reasonable plan parameters, and forces increases in other health care services. Every addition increases the pressure on rising premiums and limits individuals and employer's ability to purchase health insurance coverage. Collectively every policy change we make must balance both choice and cost to Vermonters, taking into consideration the full spectrum of income, health status, and access to care statewide.

Sincerely,

Sara Teachout, Corporate Director, Government and Media Relations
Blue Cross and Blue Shield of Vermont