

Legislators,

I am a New Hampshire broker who sells several small group plans in Vermont. This bill which hopes to straighten out inequities and difficulties for consumers in Vermont will, in my opinion, negatively impact the consumers you are trying to protect. For every government action, there is an opposite reaction by those affected.

Let me give you one example. In NH health insurance rates are set by the age of the covered member. In VT, you use community rating where all ages pay the same premium. As an insurance broker, I use that knowledge to help my clients. The easiest way to do this is to take younger insurance groups and use Health Reimbursement Accounts to self-insure as large a deductible as possible for the employer. Then the employer can take the deductible down to the lowest level they want to provide for their employees. On average, as rates are set in NH, younger people have less claims. The Health Reimbursement Account saves the employer money, which is passed onto the employees through either better benefits or lower employee contributions. However, what it also does is distort community rating raising the cost the rest of the employers buying coverage in Vermont. This is but one example,

H.766 will drive up health insurance costs. I have had many employees go through step therapy. It is not that difficult and it works as follows: If there are three drugs that can treat the condition one cost \$10, the next \$75, and the most expensive \$150, the employee has to try the \$10 drug first, then the \$75, then the \$150 drug. The pharmacy companies advertise the \$150 drug and that is what the employee believes they should be on. Yet, the \$10 and \$75 might work and lower the cost to the entire system. Once a patient has been through step therapy they do not have to do it again. Even if the employee changes insurance companies the medical records reflect they have tried the other drugs with no success. Ultimately, the doctor is in charge of the prescriptions. Doing away with step therapy will put the pharmaceutical companies and their marketing departments back in charge. Prior authorization will do the same thing on MRIs etc. Hospitals are losing money and one way to solve that is to use their expensive machines. The more they are used the better the hospital will do. However,

not every condition requires an MRI scan. Some do and some don't but having no preauthorization on these expensive tests will only drive-up health insurance costs.

Health insurance costs are paid by the employer, but it directly affects employee contributions to those plans and ultimately the employees pay as there is only so much money to spend on personnel.

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