

Vermont's Insurance Market Structure

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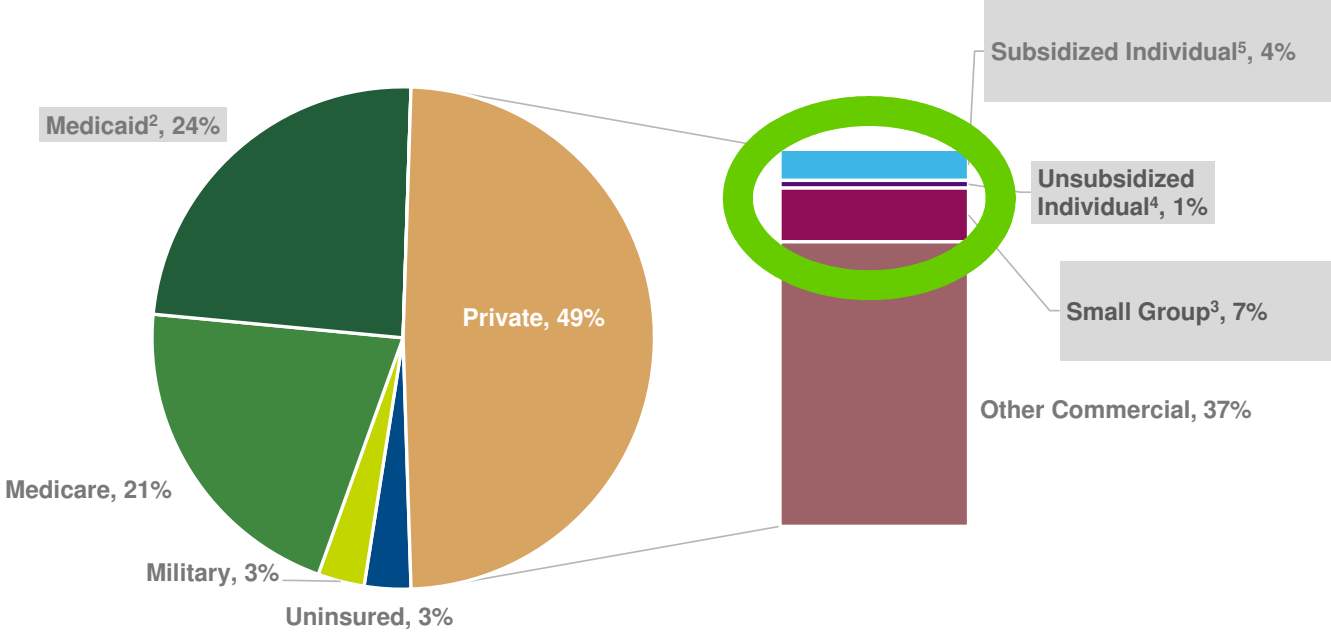
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Background



<https://dvha.vermont.gov/sites/dvha/files/documents/202409-Health-Coverage-Map.pdf>



Background

In 2013, Vermont merged individual and small group insurance markets (also known as qualified health plan market)

- Act 171 (2012)
- Option under the Affordable Care Act

Why?

- Increase size of the pool
- Moderate individual rates (typically smaller and less healthy market)
- Uniform administration and regulation
 - Same plan options and premiums

Background

In 2022, Vermont un-merged individual and small group insurance markets

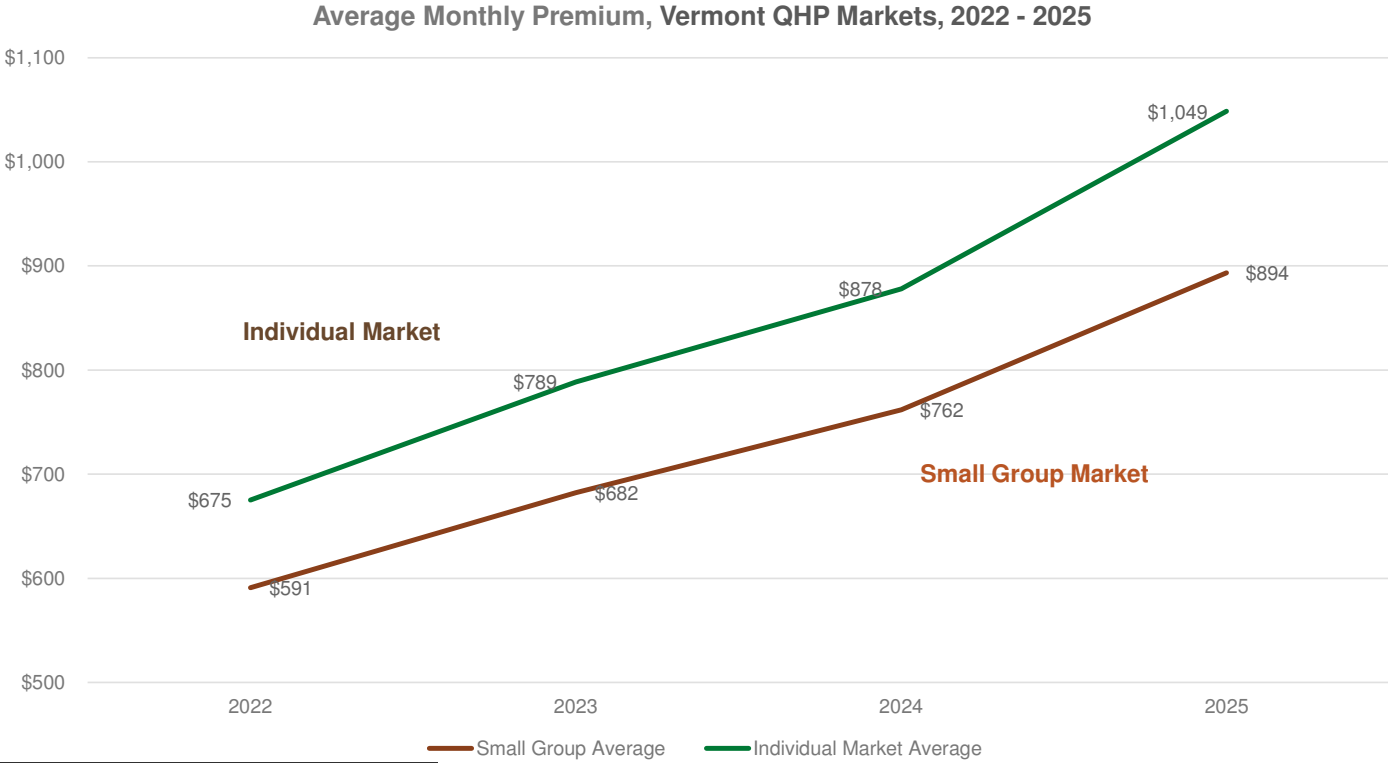
- Act 25 (2021), Section 34; Act 7 (2022)

Why?

- Take advantage of enhanced federal subsidies* which only apply in the individual market
- Reduce small group rates

* Federal subsidies are tied to the cost of a silver benchmark plan. Subsidies increase when the silver premium increases. This shields subsidized population from premium increases.

Background



Proposal

Permanently separate individual and small group markets

Why?

- Savings to small groups
 - Re-merging would result in 7% or **\$23.2 million** rate increase for small businesses
- There are more affordability mechanisms available for individual market
 - Even if enhanced federal subsidies go away, separate markets provides flexibility to pursue other options and draw down federal funds
 - Already absorbed relative increase to individual rates from market separation
- No clear advantage to uniform rating and plan design
 - Most states have separate individual and small group insurance markets

Next Steps

- Bill H.35
 - Federal deadline of March 1, 2025 to designate market structure for 2026