



February 27, 2026

Dear House Health Care Committee,

I'm writing from Common Good Vermont, the state's nonprofit association, regarding the governance provisions in H. 585 and S. 188.

We understand and appreciate the intent of adding representation for the public interest to the Boards of hospital service corporations but are concerned by the precedent this sets and do not believe this is an effective approach to increase transparency and accountability.

Nonprofit board members have fiduciary responsibilities to the organization. Specifically, the "duty of care" - to act reasonably and prudently when attending to their board responsibilities, the "duty of loyalty" - to act in the interest of the organization, disclose conflicts of interest, and avoid intentional misconduct, and the "duty of obedience" - to ensure the organization is abiding by relevant laws and regulations and is not engaging in illegal activities. A board member who is serving at the pleasure of the governor or another political entity, and represents the public interest, is at odds with these duties.

This also creates other blurred lines and potential conflicts of interest. The state already regulates hospitals and insurers through other means (including DFR, GMCB, and legislative oversight) - inserting government representatives into the organization is not oversight, nor does it function as such. An appointment from an elected official also subjects nonpartisan organizations to the influence of partisan politics, with the potential to bring political agendas into organizational decision-making.

In Vermont, many nonprofits serve Vermonters on behalf of the State, acting in public interest, and are funded with taxpayer dollars. This structure optimizes service delivery and public dollars as nonprofits, as compared to state government, operate with greater agility and stability, insulated from political shifts. Maintaining this independence is critical.

While we recognize that hospitals and insurers are somewhat unique in their structure and scale, we are concerned that opening the door to government intervention into the governance of nonprofits could have significant implications for the sector at large, including housing and human service organizations. We would encourage the Committee to explore other, more targeted, approaches to oversight and accountability that are not at odds with core governance structures.

While we cannot support this provision in H. 585 or S. 188, I would like to reiterate our support for the Association Health Plan section of H. 585. Health insurance costs are a driving expense for the sector, and we greatly appreciate your work on this issue on behalf of Vermonters.

Please be in touch with any questions.

Respectfully,

Emma Paradis
Co-Director, Common Good Vermont