



NFIB Vermont
802-992-0751
NFIB.com/VT

March 30, 2025

Vermont Senate Finance Committee
The Honorable Senator Ann Cummings, Chair

H.585 (Association Health Plans)

Dear Chair Cummings and Committee Members,

The National Federation of Independent Business (NFIB) is a nonpartisan, nonprofit organization representing more than 800 small businesses in Vermont. Our members operate in every industry – from family farms to main street shops – and are typically very small, with 90% employing fewer than 20 people.

For forty years, the cost of employee health insurance has ranked as the top problem in NFIB's *Small Business Problems & Priorities*, a quadrennial survey of the challenges facing small businesses.¹ In a recent survey, nearly every small business owner who offers employee coverage (98%) is worried that it will become unaffordable in the next five years.²

Our members strongly support expanding access to Association Health Plans and regularly wonder why they can form purchasing groups for many things that are essential to their business – supplies, services, management – but not health insurance.

Small Employer Health Insurance Struggles. The individual and small group markets are key sources of coverage for small business owners and employees. Vermont's individual market struggles, including the highest premiums in the country, are well documented.³

The small group market is not in much better shape. Between 2009 and 2023, the share of small businesses offering employee coverage declined by more than 20% in Vermont.⁴

Most do not because it is unaffordable. For a single person, the lowest cost small group plan (bronze) offered by Blue Cross Blue Shield of Vermont comes with an annual premium of \$9,900, deductible of \$6,500, and additional cost sharing charges. For a family, the same plan's premium runs nearly \$28,000 in premium plus deductible and cost sharing charges.⁵

Even a small business with as few as five employees can easily face annual premiums of more than \$100,000 before deductible and out of pocket costs.

The inability to offer health coverage exacerbates the competitive disadvantages that many small employers face when trying to recruit and retain workers. Most big businesses that

¹ Wade, Oldstone, *Small Business Problems and Priorities, 2024*, NFIB.com, July 2024.

² NFIB Vermont, *VT House Bill 585 Will Deliver Better Health Coverage Options*, 1/15/2026.

³ KFF, *2026 Marketplace Average Monthly Benchmark Premiums | KFF State Health Facts*, accessed 1/26/2026.

⁴ Skinner, Amy, *How Rising Healthcare Costs Have Caused Small Businesses to Eliminate Benefits*, *TakeCommandHealth.com*, accessed 1/26/2026.

⁵ BCBS VT, *"2026 Small Group Qualified Health Plans & Premiums Chart."* Sep. 2025.

offer health coverage receive more favorable premiums because of larger employee counts and operate under a far different regulatory environment compared to small groups.⁶

Association Health Plans Help. Association Health Plans (AHPs) are a vital tool for leveling the health coverage playing field. They allow multiple small employers to band together and create a larger pool of employees to enhance purchasing power and lower costs.

H.585 removes the prohibition on new AHPs and relaxes restrictions that hinder the ability of small employers to use this option. This is an important step in creating more affordable options and empowering small business owners to provide a crucial benefit for employees.

Other states have successfully adopted similar reforms to improve coverage options.

In 2017, the Minnesota Legislature responded to a similar crisis in the state's individual and small group markets with some of the same key pieces as H.585, including an individual market reinsurance program and expanding access to Association Health Plans (AHPs).⁷

The individual market reinsurance program worked to reduce premiums and grow enrollment in qualified health plans, restore choice and competition among insurance carriers, and reestablish plans with broad provider networks.⁸

At the same time, the AHP law brought better health coverage options to thousands of rural small business owners, workers, and families who felt they had no real choices left.

While AHP advocates wanted to leverage greater purchasing power across many small employers for lower premiums, an equal priority was having coverage that provided affordable access to medical providers near their communities. As they would under H.585, AHPs remained subject to stringent federal requirements.

Conclusion. AHPs are an important and complementary part of improving the healthcare landscape for small business owners, employees, and families in need of better options.

Increasing commercial options for small employers can help foster competition, improve quality, and reduce costs across markets.

Thank you for considering our members' perspective.

Sincerely,



John L. Reynolds
NFIB Vermont State Director
John.Reynolds@NFIB.org
(802) 992-0751

⁶ 74% of businesses with >500 employees self-insure for health coverage compared to 16% of small businesses and 32% of medium-sized firms. EBRI, "New Research Finds Increasing Number of Self-Insured Health Plans in Small and Medium-Sized Businesses," [EBRI.org](https://www.ebri.org/pubs/articles/2024/08/29/2024-08-29-01), 8/29/2024.

⁷ [2017 SF 1](#), [2017 HF 5](#). Individual market premiums increased by 80% and enrollment declined by 49% from 2014 to 2017. Minn. Dept. of Health, "Healthcare Markets Chartbook," <https://www.health.state.mn.us/data/economics/chartbook/summaries/section4summaries.html>

⁸ According to a [September 2021 review](#) of Minnesota's reinsurance program by the federal Centers for Medicare and Medicaid Services (CMS), reinsurance reduced the lowest cost bronze plan by 22%, the lowest cost silver plan by 34%, the second lowest cost silver plan by 36%, and the lowest cost gold plan by 31%. Every county in the state is [now served by at least three](#) different health insurers