



Senate Finance Committee - H. 585

Emma Paradis, Common Good Vermont

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Good afternoon, Committee. For the record, Emma Paradis, co-director of Common Good Vermont.

Thank you for the opportunity to testify on H. 585, An act relating to health insurance reforms, specifically on the sections regarding Health Insurance Governance and Expanding Access to Association Health Plans.

Common Good Vermont is a statewide program of United Way of Northwest Vermont dedicated to uniting, strengthening, and advocating for Vermont's nonprofit sector. As of January 1, 2025, we are also the state's nonprofit association, representing 200+ members and growing.

Very quickly, I'd like to speak to the provision regarding health insurance governance that would require "representatives of the public," individuals appointed by partisan, elected officials, to serve on certain nonprofit boards. As I shared in a letter to the Committee, we are concerned that opening the door to government intervention into the governance of independent nonprofits could have significant implications for the sector at large, including housing and human service organizations who deliver publicly funded programs. We would encourage the Committee to explore other, more targeted, approaches to oversight and accountability that are not at odds with core governance structures.

Moving to Association Health Plans, Common Good is deeply invested in ensuring that health insurance markets are accessible, affordable, and equitable for nonprofits that rely on stable benefits to recruit and retain staff. In the face of rapidly rising health insurance costs, AHPs could potentially provide much needed relief to nonprofit employers and expand benefits to employees. However, while we support the expansion of AHPs in Vermont, we feel strongly that appropriate guardrails must be in place.

Currently, most of our members are small to median sized organizations, with 55% having annual budgets under \$500K. These organizations range from being volunteer run to small teams of 4-5 staff – likely not the primary demographic for an association plan as most do not currently offer a health insurance benefit (though those on the larger end are more likely to and a more affordable option may enable them to offer coverage in the future).

Mid-sized organizations, 37% of members, have budgets of \$500K - \$5M – these organizations have more employees and are more likely to offer health insurance already, making them a prime audience for an association plan. Approximately 9% of member organizations have budgets over \$5M and may be more likely to manage their own benefits and spend more on benefits as a percentage of wages than smaller organizations.

Regardless of size, managing health insurance costs is a top priority for Vermont nonprofits. For those who do provide insurance, it is a driving cost. For organizations participating in our 2024 Wages & Benefits Survey, 94% reported premium increases (compared to 52% in 2022). These increases were absorbed by employers and employees alike, and in some cases, were mitigated by higher deductibles or decreased coverage. We are concerned that after seeing years of growth in the percent of organizations offering health insurance, 2024 showed a 2% decrease from 2022 which may indicate an emerging downward trend.

For those who don't offer health insurance due to cost being a barrier, this can make recruitment and retention difficult. We are also seeing more organizations look to alternative arrangements such as [Individual Coverage Health Reimbursement Arrangements](#) (ICHRA). In both cases, the expiration of ACA subsidies will have a negative impact on both employers and employees.

No matter where you stand, health insurance costs are hurting our workforce – forcing skilled, mission-driven workers to choose between a career supporting healthy communities and their family's health.

As such, Common Good Vermont sees expanding access to association plans as a real opportunity with the potential to provide affordable benefits and predictability to nonprofits and their employees in the face of a broken system. There is also the potential to reduce administrative burdens for small organizations through a shared system.

We have seen other state associations, such as Together South Carolina, have success with AHPs and testimonials from their members indicate cost savings are achievable. The President and CEO of United Way of Greenville County shares: *"In 2022, we joined the Together SC Association Health Plan (AHP), saving \$50,000 annually while gaining access to high-quality benefits alongside nonprofits across South Carolina. This collaboration has strengthened our ability to support our team while keeping costs manageable...As early adopters of the Together SC AHP, we're proud to show how nonprofits can leverage collective strength to create lasting impact—for our teams and our communities."*

However, we also urge caution. The rules governing association health plans exist to protect against adverse selection, ensure fair market competition, and avoid situations

where Vermonters are segmented into uneven risk pools that may raise costs for some or reduce benefits for others. We have to consider how association plans will impact the quality of benefits, organizations and nonprofit employees not covered through the AHP, and Vermonters at large.

There are also questions about what cost savings will be achievable given Vermont's scale and demographics. While nonprofits employ 1 in 5 Vermont workers, most organizations are small – 68% have budgets under \$100,000.

That said, while AHPs are by no means a silver bullet to solve Vermont's health care challenges, they are the best chance we have at bringing down the cost of health insurance in the short term for nonprofit employers and employees. We can mitigate and manage risks while still moving forward.

With these considerations in mind, we recommend:

- Clear guidance and disclosure requirements to ensure nonprofits understand the difference between different options available to them.
- Require annual reporting on AHP enrollment, premiums, and benefit design.
- Ensure parity in essential health benefits so nonprofit workers are not offered substandard coverage.
- Move up the effective date for AHPs to no later than January 1, 2027. Employers need relief now and while we are ready to hit the ground running, we will need assurance that AHPs will be allowed before investing time and resources into development and implementation.

We see these recommendations as key to creating conditions that support the successful and responsible expansion of AHPs, while mitigating unintended consequences. With proper guardrails in place, we are optimistic that the proposed expansion of AHPs could provide much needed relief to Vermont's nonprofit workforce and would support the committee moving this provision of the bill forward as soon as possible.

