

CONFIDENTIAL
LEGISLATIVE BILL REVIEW FORM: 2016

Bill Number: S.214 Name of Bill: An act relating to large group insurance

Agency/ Dept: DVHA Author of Bill Review: Addie Strumolo

Date of Bill Review: 4/29/2016 Related Bills and Key Players _____

Status of Bill: (check one): ☐ Upon Introduction ☐ As passed by 1st body ☒ As passed by both

Recommended Position:

☒ Support ☐ Oppose ☐ Remain Neutral ☐ Support with modifications identified in #8 below

Analysis of Bill

1. Summary of bill and issue it addresses. *Describe what the bill is intended to accomplish and why.*

Vermont law currently allows qualified large employers (employers with more than 100 employees) to enroll in Vermont Health Connect plans as of January 1, 2018. This legislation changed the definition of "qualified employer" for purposes of VHC enrollment to exclude employers with more than 100 employees. This preserves the status quo in which VHC plans are available to employers with up to 100 employees.

2. Is there a need for this bill? *Please explain why or why not.*

Yes. Current state law directs VHC to make qualified health plans (QHPs) available to large employer groups in 2018. This expansion is no longer preferable due to findings that it would adversely impact health insurance premiums across markets. Therefore, legislation is necessary to remove the requirement to expand VHC to large groups in 2018.

Background:

Federal law provides the option for state exchanges to include large employers beginning in 2017. Vermont previously intended to take this option. During the 2015 session, the legislature delayed the large group expansion to 2018 and directed the State to study the market impact of such an expansion. The study, released by the Green Mountain Care Board in February, found that it is highly likely that allowing large employers to enter VHC will produce higher premiums on average in the large group market and that more Vermonters, including small group employees and individual policyholders, would be negatively impacted than positively impacted.

Moreover, the VHC website does not have functionality for group (employer) enrollment as previously intended, so there is no operational benefit for large employers in allowing them access to the exchange. The potential rate impact outweighs any benefit of allowing these groups to buy VHC plans directly from carriers.

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Finally, were the expansion to take place, there are significant outstanding policy decisions related to how the risk pool(s) should be structured which would require action and coordination among state agencies.

3. What are likely to be the fiscal and programmatic implications of this bill for this Department?

With this legislation, VHC does not have to allocate resources to support the expansion. Without the legislation, VHC would have to support at a minimum:

- certification process for additional QHPs that may be offered in light of an expanded exchange population,
- outreach and education efforts toward large employers,
- carrier coordination,
- broadened scope for the SHOP IT build, if it proceeds.

4. What might be the fiscal and programmatic implications of this bill for other departments in state government, and what is likely to be their perspective on it?

With this legislation, DFR and GMCB do not have to allocate resources to the certification and regulation of additional QHPs geared toward large groups.

5. What might be the fiscal and programmatic implications of this bill for others, and what is likely to be their perspective on it? (for example, public, municipalities, organizations, business, regulated entities, etc)

6. Other Stakeholders:

6.1 Who else is likely to support the proposal and why?

Health insurance issuers have said that they support maintaining the status quo.

Employers are likely to support the legislation. The projected adverse premium impact outweighs any benefit of having additional options for coverage through QHPs. Instead it would likely prompt employers to drop coverage and/or self-insure.

6.2 Who else is likely to oppose the proposal and why?

7. Rationale for recommendation: *Justify recommendation stated above.*

The State supports this change because it removes the requirement that VHC make QHPs available to large employer groups in 2018 which would require operational resources and adversely impact the insurance market.

8. Specific modifications that would be needed to recommend support of this bill: *Not meant to rewrite bill, but rather, an opportunity to identify simple modifications that would change recommended position.*

9. Will this bill create a new board or commission AND/OR add or remove appointees to an existing one? If so, which one and how many?

No.

Secretary/Commissioner has reviewed this document:

A handwritten signature in black ink, appearing to be "J. Dudley", written over a horizontal line.

Date: 5-5-16