



April 25, 2011

Dear Senator:

We write to ask you to oppose any floor amendments that seek to reduce the number of employers in the exchange, delay the entry of employers to the exchange, allow sale of individual and small group insurance outside the exchange, or exempt certain individuals from paying for or receiving GMC benefits. These amendments will undermine your efforts to control costs and increase coverage. They all seek to maintain the status quo, rather than working to enable the exchange to work as a transition to the universal, publicly administered and publicly funded healthcare system that is the reason for this reform.

The exchange is required by the ACA, but, provided we obtain the necessary waivers, is intended to be a transitional step toward our unified healthcare system, GMC. The exchange, though not satisfactory from a human-rights perspective, will allow us to begin unifying the benefit package, as well as claims administration and provider payment. That unification is the initial source of the economies that will enable us to create a system that provides for Vermonters' human right to healthcare.

**To effectively increase coverage and decrease costs, it is necessary to include as many employers as possible in the exchange.** One fact is undisputed by health financing experts: The fewer employers participate in the exchange, and the greater the market outside the exchange, the fewer people will obtain coverage and the more expensive coverage will be for everyone, inside and outside the exchange.

**Likewise, to effectively increase coverage and decrease costs, it is necessary to allow the sale of individual and small group insurance only through the exchange.** The greater the number of insurance plans sold outside of the exchange, the more likely adverse selection against the exchange will cause it to fail by covering too few people and having plans that are too costly. There are several reasons for this:

- Plans sold outside the exchange, under H.202 and under federal law, can require more cost sharing (e.g. be a Bronze plan). As a result, those who are less likely to use their health insurance benefits are more likely to buy outside of the exchange, and those who are more likely to use their benefits are more likely to buy inside the exchange. This will make the plans inside the exchange more expensive.
- The Affordable Care Act imposes on healthcare plans sold inside the exchange numerous requirements, including requirements concerning provider adequacy, grievance procedures, marketing practices, benefit design and quality reporting, that the Act does not impose on plans outside the exchange. This sets up a competitive disadvantage for the plans inside the exchange, thus making those plans likely to be more expensive.

- Federal premium tax credits are only available for individuals and small businesses healthcare plans bought through the exchange. Since plans outside the exchange are likely to be less expensive, those who are not eligible for federal tax credits are more likely to purchase outside of the exchange. This adds to the adverse selection against the exchange.

We need to continue to work toward providing healthcare to the largest pool of Vermonters possible, and as quickly as possible. During the transition period, employers should be required, as soon as possible, to purchase healthcare plans only through the exchange, and small group and individual plans must only be sold through the exchange. This is necessary not only for expanding the number of people with access to healthcare, but also for the creation of a reasonably large risk pool that might start reducing costs.

Vermonters who receive retiree healthcare benefits, federal employee benefits, or coverage under TRICARE should be included in contributing to the financing of GMC and should also be eligible for GMC benefits. H.202 already provides that GMC will be the secondary payer for healthcare plans covering these Vermonters. Vermonters who have benefits under these programs may need the wrap-around care that GMC can provide, and Vermont's system should provide that.

Vermonters have demanded – and the Administration and Legislature have agreed – that we create a universal, publicly financed healthcare system that provides healthcare as a public good for all. Everyone participates – individuals, families and businesses – so that everyone can benefit. Like fire departments and roads, a public good is a service that belongs to us, with costs and benefits shared by all. Those seeking to opt out to pursue their own financial gains threaten the well-being of all Vermonters. We must not allow them to put profits before people.

Sincerely,

The Healthcare is a Human Right Campaign of the Vermont Workers' Center