

May 10, 2024

Office of Governor Phil Scott
109 State Street, Pavilion
Montpelier, VT 05609

RE: VETO H.766, An act relating to prior authorization and strip therapy requirements, health insurance claims, and provider contracts.

Dear Governor Scott:

We are writing on behalf of the employers and employees across Vermont who are struggling with already high and increasing health care costs. We are particularly concerned about the impact H.766 could have on many employer and individual insurance costs owing to reduced cost controls and disproportionate expenses, and we urge you to veto the bill.

- The Green Mountain Care Board recently noted in its annual report that the cost of Qualified Health Plans has increased an average of 53% since 2019. Vermont cannot afford to lose the cost controls that would be eliminated in H.766 that offer checks and balances on health care spending. Our concerns with H.766 include:
- H.766 will experiment with untested policies that have not been used elsewhere and have not been sufficiently analyzed for cost impacts.
- The Senate amendment to eliminate all prior authorization for medical services, items, and procedures ordered by primary care was added with no testimony or analysis of the impact.
- Prior authorization is a fundamental tool that simply is necessary to help control unnecessary costs and optimize utilization and best practices.
- Vermonters will incur significantly higher out-of-pocket costs to meet high deductibles if more cost-effective alternatives are not considered first owing to the lack of prior authorization.
- The bill also requires insurers to align their claims edits with Medicare, which will limit an insurer's ability to ensure proper billing and, in many instances, increase the amount paid to providers, further increasing health care costs in Vermont.

The changes in the bill are substantial and will impact premiums starting this coming January 1. The growing burden of health care costs on employers and individuals is only compounded by other costs, including the very significant increases in property taxes currently facing both businesses and residents (taxes coincidentally also driven in part by increasing health care costs over 16% already).

We respectfully ask that you veto H.766 and demonstrate your stalwart support for Vermonters and local businesses.

Sincerely,

Associated General Contractors of Vermont
Associated Industries of Vermont
Central Vermont Chamber of Commerce
National Federation of Independent Business/Vermont
Vermont Retail & Grocers Association
Vermont Truck & Bus Association