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August 25, 2023

Commissioner Kevin Gaffney
Vermont Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101

RE: Blue Cross Blue Shield Vermont and Michigan Affiliation

Dear Commissioner Gaffney:

Change is rarely easy, but sometimes necessary. This may be one of those times. Reflexively, I am concerned about the proposed affiliation between Blue Cross Blue Shield of Vermont (BCBSVT) and Blue Cross Blue Shield of Michigan (BCBSM). Vermont has a proud tradition of going its own way. And Vermonters have benefitted over the past 40+ years from having their own “homegrown insurance company” in BCBSVT. As Vermonters forged their own path toward improved health insurance coverage well before the Affordable Care Act, BCBSVT was a valued partner in the expansion of health care access in this state. Vermonters need BCBSVT to continue supporting access to care into the future.

As to the future, BCBSVT leadership seems convinced that the company can no longer go-it-alone and continue providing Vermonters with a secure, modern, and increasingly digital health care experience. I am not in a position to gauge whether BCBSVT’s concerns about their viability are well founded or overblown. I do know that there are many people on the BCBSVT team who have a sincere commitment to helping Vermonters access care. While there is a hopefulness that BCBSM will not move toward micromanaging BCBSVT, none of us know to what extent that will take place over the years to come. We cannot be sure that this affiliation will not lead to a future where BCBSVT is less responsive to the needs of the people in our state.

Despite being a fellow “Blue”, as a business entity, BCBSM seems worlds apart from our Vermont-based health insurance company. As reported in VT Digger, while BCBSVT has just a handful of subsidiaries, “Michigan Blue Cross has dozens of whole or partially owned subsidiary companies, which in several cases have dozens of their own nested subsidiaries.” The organizational charts in the application materials span six pages. In other words, BCBSM is a “big business” in the truest sense. Simply being big is not an indictment. But bigger systems in my experience tend to be more out-of-touch and less supportive of the people on the ground who are dependent on them. Further, it would be naïve to think that BCBSM is affiliating with BCBSVT out of a sense of altruism. No money may be changing hands directly as result of the affiliation. But BCBSM, likely through one or more of its many subsidiaries, almost certainly stands to gain financially from the deal.

Vermonters, hopefully, will benefit from this deal, too. Our health care system is in a fragile state. After emerging from a pandemic, we have experienced two years of double-digit cost growth in the cost of insurance, hospital services, and pharmaceuticals. All reasonable minds agree such cost growth is not sustainable. While it is not immediately clear to me that the affiliation is for the general good of the state, it seems inevitable the deal will move forward. My office will continue to bring Vermonters’ concerns about affordability and access to the health insurance rate review process and remains committed to helping Vermonters navigate the health care system, however much or little it ends up changing as result of this affiliation.

Sincerely,

/s/ Mike Fisher

Mike Fisher
Chief Health Care Advocate