



INVESTING IN VERMONT –

A VISION FOR AN AFFORDABLE HEALTH CARE SYSTEM FOR ALL VERMONTERS

Vermonters deserve the security that comes from knowing they have access to quality health care, no matter what their income or employment status. Our state is making progress on health care reform, but there's more to do. The recently passed Catamount Health program takes a hard-won step in the right direction by expanding coverage to those without insurance, but it doesn't go far enough. Total spending on health care in Vermont is estimated to reach \$3.7 billion this year, more than 60% higher than when Jim Douglas first took office. That's more than \$7,500 per year for every Vermonter. We can do more to bring down health care costs for everyone.

Declaring "Mission Accomplished" and simply waiting two years to see what happens as Catamount is implemented, as Jim Douglas has suggested, is not an option. Businesses and municipalities that are getting projections of increases of 20% or even 36% in next year's premiums know that waiting won't get the job done.

Health care is still on the table. We have an opportunity to create a real solution to the health care crisis. To do this Vermont needs a health care system where all Vermonters – whatever their work situation, income situation, or age – have consistent access to primary care and to effective secondary care. The system I am proposing removes this burden from businesses, and lets patients retain their own doctors.

My proposal for a health care system in Vermont is based on these principles:

1. Controlling the rising cost of health care is the key to providing health care to all Vermonters.
2. Health care is a right, not a privilege. Access should not be based on age, income or employment status.
3. Vermont needs to move to a system of self-insurance for the state, creating a single risk pool that covers all Vermonters and is managed by a non-governmental agency.
4. Vermonters must retain choice. We should still be able to go to our family doctors, community health centers, community mental health centers and private for-profit providers.

5. Cost control must be built into the system to create real affordability. This includes reduced administrative costs and emphasizing preventative strategies that encourage and support personal responsibility for health and wellness.
6. Any legislation I sign will have near term health care cost control as the central purpose.
7. I won't sign any legislation that results in increases in health care costs for Vermonters.

The health care system I propose focuses first on changing the way health care is paid for, not the way it is delivered. There is enormous inefficiency and cost shift in the current system. This leaves health care providers and patients frustrated and seeking a better way. By forming a single-risk pool that includes all Vermonters, we will realize significant cost savings from more efficient use of the resources that already exist within the current system.

The changes outlined in my plan will be paid for not by more funding, but by fairer public contributions, including sliding scale premiums that spread the costs across users instead of overburdening some payers. I reiterate my promise: I will not sign any legislation that results in increases in health care costs for Vermonters.

Our Current Reality: Too Much Cost, Too Much Politics, Not Enough Coverage

Most of us have a personal story to tell about the burden insurance costs are imposing on local governments, employers and our own paychecks. Last year alone health care costs increased by \$350 million – that is the equivalent of about \$1 million a day. Employers are being forced to drop health care coverage or are shifting more financial responsibility to their employees, meaning employees pay more and more out of their own pockets – even while wages and salaries barely keep up with inflation.

The state legislature attempted to address these problems over the past two years. Instead of working with them cooperatively, Jim Douglas had to be dragged into taking a first step. He ignored legislators' work initially, and then weighed in at the end, only to express his disapproval. His own meager contribution – a new tax on private employer health insurance premiums – was widely dismissed by employers, insurers and consumer advocates.

Another recent Douglas proposal would have been disastrous for Vermont employers who currently provide coverage for their employees. Douglas wanted to pay for health care reform by requiring employers – who are doing the right thing by providing healthcare coverage to their employees – to absorb a \$45 million shift in costs every year. This 'Employer Sponsored Insurance' is not the kind of incentive that will bring businesses to Vermont or allow existing businesses to stay and grow.

My Vision of a Comprehensive Health Care System for Vermonters

I believe – and I think the vast majority of Vermonters agree – that we need to move to a system in which everyone is covered and everyone contributes what they can for that coverage.

The approach to health care reform that I am proposing will make the changes we need in how health care is paid for, but will not impact how health care is delivered. Vermonters will still be able to go to their family doctors, their community health centers, community mental health centers, and private for-profit providers. The biggest changes will be how care is accessed. Instead of basing access to health care on income and age benchmarks or to employment status, all Vermonters will be able to get the high quality health care services they need and deserve.

I will sit down with the legislature to plan how we can move forward together, and will work with our congressional delegation to get the necessary flexibility to implement changes on a statewide level. Together we will work to fix the current inefficiencies so that we can capture and redirect resources to build a system that, as a first step, assures that every Vermonter gets primary and preventive care at an affordable price. Next, I will work cooperatively to secure the financial strength of our community hospitals and primary care centers.

From there, using the wisdom and expertise of all interested parties, we'll do a comprehensive needs assessment of our hospital and acute care infrastructure, to assure we have and can get the right mix of services and capacity for our citizens. This will form the basis for a five-year plan to make sure our state's health care providers and infrastructure are meeting Vermonters' needs. This effort will reward hospitals and all providers for achieving the agreed upon goals.

I will explore the option of building a self-funded statewide reinsurance pool to help drive down health care insurance premiums. Management of this system will be contracted out to a public oriented entity, not a new governmental agency. And I will aggressively seek grant funding for program development to supplement the resources we can marshal on our own.

A secure, sustainable health care system will strengthen Vermont's economy by reducing the burden on employers who have been providing health insurance. They would be able to direct those resources into improving wages and benefits and into creating more and better jobs. I believe that if Vermont leads on the issue of health care, we will become a magnet for new employers who want to do business in a state that provides health care security to its citizens.

At all times, I will be a consistent and enthusiastic working partner with the legislature on health care. Together, we can build from what the legislature fought hard to provide for us and make sure that all Vermonters are guaranteed health care coverage. With investment, vision and leadership, we can.