



Vermont Workers' Center

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Statement on the Green Mountain Care financing and benefits debate

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TO: Robin Lunge, Director of Health Reform

FROM: Vermont Workers' Center - Healthcare Is a Human Right Campaign

CC: Anya Rader-Wallack, Dr. Karen Hein, Con Hogan, Mark Larson, Sen. Claire Ayer, Rep. Michael Fisher, Albert Gobeille, Dr. Allan Ramsay, Georgia Maheras

Vermont's universal healthcare law, Act 48, requires that the people of our state have opportunities to participate in the many decisions that must be made as we transition to Green Mountain Care. Importantly, the law foresees a public planning process to develop a financing mechanism for the new universal system and to agree on the healthcare services (or "benefits") Vermonters will be able to receive.

Since last November, the Shumlin Administration has held a number of so-called "listening sessions" on the financing question, and it is now preparing similar sessions to discuss the issue of healthcare "benefits." Both financing and "benefits" are critical questions in the transition process, and it is important that the people of Vermont are fully engaged in this discussion. It is equally important that everyone is clear on what these questions entail and that the Administration shows sufficient leadership to address growing confusion and concerns.

Participants in the financing listening sessions have been forced to sift through many new "principles" for financing, introduced by the Administration (such as "non-disruption", "economic pressures", "elasticity of demand"). They were also asked to discuss health

benefits and cost containment measures, which are not financing issues. These problems with the format and content of the listening sessions have caused unnecessary confusion. Act 48 states clearly that the new healthcare system should be paid for in an equitable way. The principle of equity requires that Vermonters contribute to the system based on their ability to pay and receive the care they need. Therefore, the discussion should return to the simple question at hand: ***What is the most equitable way of financing a universal healthcare system? We call on the Shumlin Administration to address this question now, and to commit to using the most equitable financing mechanism to replace the unfair insurance premiums and out-of-pocket expenses that Vermonters are currently struggling to pay.***

The Administration also has an obligation to clarify that the financing discussion is not about how much the new system will cost and how much we can save, but rather about the way in which we will pay. We already have sufficient evidence that the premiums and fees Vermonters pay now are higher than the funding needed for the new system. The money is already there – this is not the issue at hand. Instead, the financing discussion must be about identifying a new and equitable way to finance the system. In the future, the money for health care should no longer come from our individual pockets, but from a shared pot that allows for equitable contributions by residents and businesses based on their ability to pay.

This is the right time for the Administration to state publicly that the revenue for the new universal system will be raised equitably, as required by Act 48, and to provide an outline of the most equitable mechanism for doing so. Addressing this issue now would also serve as an appropriate response to the growing demand, formally expressed in an amendment to Act 48 introduced by Senator Brook, for an earlier release of the financing plans for Green Mountain Care, before the January 2013 date required by the current law.

Once the Administration confirms its principled approach to financing, it will be more straightforward to approach the “benefits” debate from the same principled perspective. Currently the question of “benefits” in Green Mountain Care is mixed up with a discussion of insurance coverage benefits in the Exchange, the marketplace that will precede the universal, publicly financed health system. But healthcare services in a universal system are provided on a different basis from benefits packages that are sold as part of insurance coverage plans.

A universal healthcare system is guided by the principles of protecting people’s health and enabling access to all medically necessary care. The limitations of an insurance market system, in which policyholders bet against sickness by buying specified “benefits packages,” no longer apply. A universal healthcare system puts people’s health first and invests public money into keeping our population healthy. We welcome the Administration’s recent statements affirming the importance of prioritizing the health of our population. People need healthcare throughout their lives; neither the prevention nor the treatment of illnesses is an unexpected occurrence against which we can insure ourselves. We must reject the old model of denying care to those who cannot afford the best “benefits

package” or cannot pay their co-pays, and instead set up democratic processes that can guide the difficult decisions about how to allocate funds. **We call on the Shumlin Administration to lead the emerging “benefits” discussion by shifting the focus from insurance benefit packages to people’s health needs.** The upcoming “benefits” listening sessions should be designed as conversations about health needs and about new ways of allocating resources to maximize Vermonters’ health.

If the Administration is serious about moving toward a universal healthcare system and treating healthcare as a human right, then the “benefits” discussion must start with people’s health needs and their ability to get comprehensive, appropriate care, as stated in Act 48. Rather than developing benefits packages and cost-sharing requirements that artificially restrict access to care, healthcare resources should be allocated based on needs, in a way that does the most good for Vermonters’ health. Most countries with a universal healthcare system provide comprehensive care (usually including preventive and public health services, primary care, ambulatory and inpatient specialist care, prescription pharmaceuticals, mental health care, dental care, rehabilitation, home care and nursing home care) *without defining a specific package*. By focusing on keeping people healthy, these countries achieve better health outcomes, greater savings and more equity in access to care than the United States. Vermont now has an opportunity to show that we can make it happen here too. We can put people’s health first by building a universal healthcare system that is paid for in an equitable way and that ensures Vermonters get the care they need.

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