



# Statement on equitable healthcare financing

OCTOBER 15, 2012

## Healthcare Is a Human Right Campaign

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In light of ongoing discussions about Green Mountain Care, Vermont's future universal healthcare system, the Healthcare Is a Human Right Campaign reminds policymakers that Act 48 sets out clear principles for the design and establishment of our new system. We call for a timely and participatory transition process that implements those principles in a decisive, meaningful and accountable manner. There is no justification for using the federal Affordable Care Act and the Exchange marketplace as an excuse to delay the universal, equitable healthcare system that the people of Vermont demanded in Act 48 and that we so desperately need.

The Healthcare Is a Human Right Campaign demands that policymakers take the requirements of Act 48 seriously and develop a financing plan for Green Mountain Care that meets the principles of universality and equity. It is very clear what those principles mean in practice:

- Green Mountain Care must be financed publicly and provide comprehensive healthcare as a public good for all. All Vermont residents have a right to receive the medically necessary care they need.
- Green Mountain Care must be financed equitably, with contributions based on ability to pay, rather than on the use of needed care.

The most equitable way to finance a healthcare system is through income taxes, which ensure that contributions are made according to ability to pay. This must include taxes on earned and unearned income, as well as on wealth. In order to capture the insurance contributions employers are currently making, we also propose a progressive payroll tax to be paid by employers. This tax must take into account ability to pay, with more profitable and larger businesses paying more than less profitable and smaller businesses. Financing mechanisms that do not account for ability to pay (premiums and out-of-pocket costs or user fees) and are regressive (indirect taxes such as sales, consumption and sin taxes) fail to meet the principle of equity.

The Healthcare Is a Human Right Campaign also reminds policymakers that healthcare financing is closely linked to much needed tax reform. Vermont's tax code should be guided by ability to pay, as

well as by the state's obligation to meet people's needs. Currently, low and middle-income residents pay a higher share of their income in state taxes than the wealthiest top 5% of the population. This fails to satisfy the principle of equity. At the same time, the state has been cutting necessary public services and jobs and is neglecting people's needs.

We call on the Administration to adopt a People's Budget that ensures that everyone can meet their fundamental needs, and that finances our needs and rights - including healthcare - according to the principle of equity. We must reform our tax code to advance equity and secure the revenue base for meeting people's needs. This is what Act 48 and the new purpose of the state budget (32 V.S.A. § 306a) require. Above all, equity and universality are what the people of Vermont require to live their lives with dignity.

