



# Healthcare is a Human Right Campaign Open Letter Calling Legislators to Action

JANUARY 8, 2015

## **Now Is The Time: Calling legislators to action on universal healthcare financing**

### **January 8th, 2015**

At the start of each legislative session we are reminded of the significance of true democracy. We expect our citizen legislators to be accountable to the people they represent, and to meet their obligations of advancing dignity and equity in our state and ensuring people's rights. Yet our faith in the democratic process has been challenged over the past years, as more and more families are struggling to meet their fundamental needs. The ongoing economic crisis, which is exacerbated by our healthcare crisis, is an indicator of failed policy, not a natural disaster.

This year our welcome to you, our legislators, is mixed with grave concerns about the state of democracy in Vermont. We have just witnessed the governor abandon Vermont's move to universal, publicly financed healthcare, which *according to his own estimates* would increase net incomes for 93% of Vermont families. Why would a governor unilaterally drop a plan that benefits 9 out of 10 people in our state?

The Healthcare Is a Human Right Campaign asks all of our legislators to respect Act 48, our universal healthcare law, to review the governor's report on Green Mountain Care (GMC) financing, and to develop plans for moving forward with equitable, public financing. This process must happen in a transparent and participatory way, unlike the governor's discussions behind closed doors. Act 48 requires the legislature and the GMC Board to make recommendations and take actions in line with the goal of providing comprehensive healthcare as a public good for all, financed equitably. No one in our state should go without care or face financial barriers to getting care. It is our legislature's task to establish a process for realizing the provisions in the law, and this process must include meaningful public participation.

The governor's report, while proceeding from flawed assumptions, offers important insights into the tremendous benefits of universal healthcare. It shows that public healthcare financing is in the best interest of the over 340,000 Vermont families who would be better off economically. Families with income under \$100,000 would benefit the most from higher incomes, lower health care costs, and lower federal tax liability. This matters to every legislator's constituents, and to all of us. The healthcare system as a whole would save \$378 million, even according to the governor's highly conservative savings estimates. The report includes several scenarios that demonstrate that universal, publicly financed healthcare in Vermont would improve people's access to care, provide financial benefits to the

vast majority of families, and can be paid for in a more equitable way than the current market-based system.

Yet the governor chose not to recommend any actions on his proposals. This was a political choice, not an economic one. His proposed revenue sources reveal an astonishingly inflexible design that would clearly burden small businesses and prompt concerns that special credits for those businesses would push costs up. The extent to which business interests have determined the multi-year process of internal healthcare financing discussions was revealed in the governor's briefings released with the report.

The case for universal, publicly financed healthcare becomes considerably stronger once we change some of the governor's assumptions. The HCHR Campaign is currently undertaking a detailed human rights assessment of his proposals and will publish this in the coming weeks. We are particularly concerned that the flat payroll tax and the "public premium," capped for high earners, needlessly benefit rich individuals and large businesses. They also risk underfunding the system, as does the failure to account for all existing revenue streams as well as considerable amounts of administrative savings. This may explain why the report does not opt for the comprehensive healthcare services and covered populations required by the human rights principle of universality.

The HCHR Campaign is developing a rights-based proposal for equitable financing, based on our 2012 financing report. In consultation with economists and other experts we are developing calculations for multiple revenue sources, which will include a progressive income tax on earned and unearned income that does not cap contributions by the wealthy, and a graduated payroll tax that applies to businesses based on size and the discrepancy between the wages of their lowest and highest paid workers. This will ensure that small businesses benefit from universal healthcare, and removes incentives to cut payroll costs by lowering wages. We also seek to increase transparency and accountability by taking the governor's public utility model for GMC operations a step further and transforming the designated administrative entity into a state authority, which would also yield cost benefits through incorporating existing private insurance reserves.

It is not only economically feasible but necessary to move to a publicly financed healthcare system that provides better care for all and increases family incomes. The question is now whether there is the political will to move forward. As our legislators, you can end the ongoing healthcare crisis in our communities. Every day that goes by, one of your constituents will forgo needed care. Every day, one of your constituents will have to choose between medications and putting food on the table.

Because this crisis is serious and real, we are with you in the statehouse today. It is in your hands to restore the democratic process to decisions about our healthcare system. The HCHR Campaign set out many years ago to ensure the human rights that are inherent to all human beings, and we put forward principles, standards, and policy proposals that match this moral vision. Over and over again we asked our elected officials to share their ideas with us, engage our communities, and take human rights obligations seriously. We are restating those demands today, in this time of moral crisis, because we cannot afford to delay universal healthcare any longer. We ask you to take up Governor Shumlin's healthcare financing proposals and hold a public hearing on the proposals. Now is the time to move forward and secure our human right to health care.



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