

single-payer because it will reduce their time and frustration spent fighting insurance companies, reduce office overhead expenses, and increase time available for patients. It will allow doctors to base their care decisions on what is best for their patients rather than what the insurance companies will cover. The health insurance industry has made life worse for medical practitioners over the past 25 years. Doctors, particularly primary care givers, are demoralized by the current system and by the hassles of dealing with multiple payers and mountains of paperwork. Both the Vermont Chapter of the American Academy of Family Physicians and the Vermont Psychiatric Association have endorsed single payer. With national polls showing the majority of physicians favoring single payer, we have reason to believe that, for every physician who might leave Vermont, we will likely gain 2 or 3.

**MYTH: “We can’t afford to pay for everyone’s health care.** Yes we can! We can afford to pay for everyone’s health care, but we can’t afford to pay for everyone’s insurance. Huge sums are currently wasted on paperwork, insurance company profits and CEO salaries. When everyone is enrolled in one common plan, administration is greatly simplified. Providers only have to request reimbursement from one source, not from dozens of competing insurance plans and individuals. Studies have calculated administrative savings in Vermont from public financing administered through a single reimbursement system to be in the range of hundreds of millions of dollars annually.

**MYTH: “Your taxes will soar.”** We currently fund nearly 60 percent of the health care bill through taxes. The public pays for those over age 65 through Medicare,

and for those at the bottom of the income scale through Medicaid. We pay for public employees’ health insurance mostly through property taxes. Under Green Mountain Care the taxes for Medicare and Medicaid will continue, but the balance of health care spending will be financed based on ability to pay. In other countries, this works quite well. People pay far less in health care taxes than the average citizen here pays for insurance—and everyone is covered.

**MYTH: “Vermont cannot do this alone. Health care reform can only be done nationally.”** The current federal health care reform, like the Massachusetts plan on which it is based, and Vermont’s Cata-mountain plan, will not cover everyone. These reforms fail to achieve universality because they are based on private insurance which many people cannot afford to buy. Experience shows that subsidizing individuals to buy private insurance cannot reduce the excessive claims administration that drives up health care costs. It is essential we go beyond the national plan if we want real change. Even the federal government recognizes that states may be able to do better so the federal law al-

lows waivers that specifically permit states to set up their own systems, beginning in 2017.

The only condition is that the state benefits must be as good as or better than the federal plans. That will not be a problem for Green Mountain Care!



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# Health Care for All Vermonters

## FREQUENTLY ASKED QUESTIONS ABOUT VERMONT’S NEW HEALTH CARE LAW

Our Vermont General Assembly recently passed Act 48, creating a “universal and unified health system,” which Governor Peter Shumlin signed into law on May 26, 2011. Here are answers to some of the most frequently asked questions about the new law.

### FINANCING

The new law states that “Green Mountain Care,” the universal system that will be put in place by 2017, will be publicly financed. This means we will treat health care as a public good, similar to police and fire protection, public education, and highways. We already pay every penny currently spent on health care. Act 48 changes how we pay; it doesn’t escalate how much we pay in total. Individual and employer-paid premiums will disappear and be replaced by publicly raised funds.

► **How will we pay for health care under Vermont’s new law?** Right now we already pay for 60% of our health care through our taxes which support Medicaid, Medicare, veterans, and coverage for public employees and retirees; 20% is paid through private insurance premiums, and we pay 20% out of pocket. Thus, all health care funding comes from us, the public, one way or another, but the cost is distributed in an inefficient, patchwork, and often unfair manner. The details are still evolving, but the new law, envisions the following:

PHASE 1: Until 2014, we continue to pay for health care as we do now by piecing together various programs for the poor, the elderly, and the disabled, and with others paying out-of-pocket, or having an

employer purchase private insurance for them.

PHASE 2: The federal health care reform act takes effect, by requiring that uninsured Vermonters buy coverage through an insurance exchange where they can compare prices of various plans. People earning up to 400% of the poverty level will receive federal subsidies. The rest of us will continue to receive health coverage as we do now, either through private insurance or a government program. If Vermont can obtain an early waiver of the federal law, then this phase will be short-lived and we will be able to move directly on to universal coverage.

PHASE 3: At the earliest opportunity allowed, Vermont will apply for waivers that will enable us to pool our state and federal dollars from Medicaid, Medicare, and other federal programs into one fund devoted to supporting the state’s universal health care program, called Green Mountain Care. The fund will be used to pay for Vermonters’ care directly and will be financed by public funds that will replace private premiums and out-of-pocket payments. (For those funding sources that cannot be fully integrated into the fund, the state will become the secondary payer, assuring all Vermonters full access to care, irrespective of the sources of their coverage.)

► **Specifically which taxes will support Green Mountain Care?** According to Act 48, the Secretary of Administration must propose two possible financing plans to the legislature no later than January 15, 2013. One plan would assume a federal

waiver for Green Mountain Care; the other would not. There will be extensive public input before the legislature acts to ensure that everyone pays a fair share, but that no person or business faces the financial insecurity rampant today. One possibility might be a combination of payroll tax and progressive income tax. This would replace the cost of private insurance that most employers and employees now share. Under Green Mountain Care, employers would be relieved of the responsibility of managing employees' health care insurance, and health coverage would no longer be dependent on employment.

► **If we fund GMC with taxes, then won't we pay more for health care than we do now?**

Both your premium and your employer's share of the premium will disappear. Most out-of-pocket payments will be eliminated. Instead, many of us, along with employers, will pay a public premium (tax, if you will) for Green Mountain Care. This is a change in how Vermonters pay for health care, but not an increase in the total amount we pay. Countries that have adopted this approach experience greater administrative efficiencies and cost-savings. We should also see lower net costs of health coverage for almost everyone.

## **ELIGIBILITY AND BENEFITS**

The new law says: "The State of Vermont must ensure universal access to and coverage for high-quality, medically necessary health services for all Vermonters. Systemic barriers, such as cost, must not prevent people from accessing necessary health care."

► **Who will be eligible?** Every person meeting Vermont residency requirements will be eligible to receive the same package of comprehensive health care benefits as every other Vermonter. A resident is defined as someone domiciled in Vermont, except for persons over 18 years old who are claimed as a dependent by a resident of another state.

► **What will be covered?** The law does not

specify an exact benefit package. That will be determined by an independent board, which will submit a proposal to the legislature for approval in January 2013. The Board will consult with health care experts as well as the public before issuing its proposal. We anticipate that every Vermonter will have coverage that includes hospital care, primary and specialist care, mental health care, and prescription drugs and supplies. We don't yet know whether the benefit package will include dental, vision, and hearing care. Also uncertain is whether the benefit package will include long-term or nursing home care. What is true is that we can afford to pay for a generous benefit package for all Vermonters for less money than we collectively spend on health care now.

► **Will my health care be rationed?** This is a fear stirred up by insurance companies. Cost controls in our new system could certainly limit the rate of growth in health care infrastructure so that we will not invest in more than Vermonters need. However, the current hidden rationing by insurance company denials and self-imposed avoidance of care will be a thing of the past. In Green Mountain Care, decisions will be made by a fair public process considering "the public good" (rather than private profit) as the basis for its decisions. The amount currently being spent on health care in Vermont is more than enough to finance almost all of Vermonters' health care needs. What we now spend on administration can be redirected, under Green Mountain Care, to real health care needs. "Rationing" will be unnecessary.

► **If I am on Medicare, do I have to give it up when Green Mountain Care comes into existence?** No. Federal and state law mandates that Medicare will always be there for you. The level of benefits you will receive under Green Mountain Care will be the same or better.

## **COST CONTAINMENT**

When the financing for health care is consolidated, many opportunities to contain

costs become available, including the elimination of administrative waste, by health resource planning and budgeting, by taking advantage of volume discounts on prescription drugs, and by negotiating reimbursement rates with providers.

► **Can you be more specific about the process of cost containment?** First, state and federal revenue will be deposited into a trust fund earmarked for health care. Then the legislature will adopt an annual health care budget so that expenditures from the fund can be used to support the Green Mountain Care health system. The annual budget-making process will begin with the Green Mountain Care Board, which will hear from community leaders and health planning experts before making recommendations to the legislature on overall health care spending. The Board will also have responsibility for setting provider reimbursement rates. Ultimately, this process will contain health care costs because we, the public, through our elected officials, will be in charge of how, and how much we pay for health care.

► **Will Green Mountain Care reduce the rate of growth of overall health care costs?** Many studies have shown that publicly financed systems are less costly because they eliminate insurance overhead, complicated billing systems, duplication, and administrative waste. Because society already pays for health care one way or another, it is helpful to think of public financing as simply a more logical and deliberate way to raise money for the services upon which we already rely.

## **HEALTH CARE DELIVERY**

Under Green Mountain Care, we will maintain our private delivery system: doctors and hospitals will still be private entities. Except for having less anxiety about paying, patients would notice no change in their relationships with providers.

► **Will I be able to choose my doctor?** Yes. The law states that "Every Vermonter should be able to choose his or her health care providers."

► **Will the government tell my doctor how to take care of my health care needs?** No. The law states that "The health care system must recognize the primacy of the relationship between patients and their health care practitioners, respecting the professional judgment of health care practitioners and the informed decisions of patients."

► **Will pre-existing conditions be excluded from coverage?** No. The law says that under Green Mountain Care, there will be no limits on the coverage of pre-existing conditions.

► **Overall, will I pay more for health care than I do now?** Under Green Mountain Care, health insurance premiums will be replaced by fair broad-based taxes based on ability to pay, so that those persons at the middle or lower end of the income scale, or having fewer assets than average, would pay less for their health care than they do now. Under this fairer system, some wealthy Vermonters might end up paying more.

## **MANAGING THE HEALTH CARE SYSTEM**

The new law envisions a "seamless and equitable" health care system. Part of this vision will be health promotion and prevention campaigns, innovative payment mechanisms to providers, and the management of health services to achieve high quality at reasonable cost.

► **Will management of the health care system result in lower quality health care?** No. Act 48 outlines principles which strongly support maintaining high quality health care. The principles also stress health care equity—health care as a public good, instead of a commodity. By eliminating the insurance company role in health care, it will be possible to put quality ahead of profits.

## **MYTHS**

**MYTH: Physicians will leave the state if we enact single payer.** This is the baseless claim the opposition drags out every time we attempt systemic health care reform. To the contrary, many physicians now endorse