



Toward Evidence-Based Health Care Reform

Vol. 1, No. 6

FACTS AND REFORMS: Insurance Reform is Not Health Care Reform

Welcome to "Toward Evidence-Based Health Care Reform," a periodic e-memo providing facts, figures, examples and analysis of current issues in health care reform in Vermont. The memo is written by Jeanne Keller, Keller & Fuller, Inc., and sponsored by BRS, Inc., a member organization providing a range of services and support to Vermont's small businesses. For more about BRS, please visit our website: [LINK](#)

To review past issues of Toward Evidence-Based Health Care Reform, [click here](#).

To read and download the comprehensive health care reform proposal supported by BRS and several other Vermont business associations, [click here](#).

As the title of this e-memo indicates, we support health care reform that is based on facts about our health care system, sound economic principles and evidence gained from prior efforts in Vermont, elsewhere in America and the world. We agree it is important to be guided by noble visions and to promote equitable social policy. But vision can't be legislated; laws need to be grounded in reality, in what actually can be done here in Vermont. And there are some immutable facts we face as we work together to reach a consensus on reform, such as these key realities:

Vermont can't have a single payer. Federal laws do not allow a state to put everyone into one plan. People on Medicaid and Medicare cannot have their plans changed unilaterally by a state. Employees and their families covered by self-insured employers can't have their plans changed unilaterally by the state. Employers cannot be forced by a state to provide any health care benefits at all. It is questionable whether a state could charge a payroll tax and use that to pay for coverage for employees, without the state having to defend their tax in the federal courts, probably all the way to the US Supreme Court. Those proposing a single payer as Vermont's health care reform have not addressed this reality with the public. A realistic reform proposal must knit together multiple payers in the most equitable and efficient way we can.

Changing the financing system (from premiums to taxes) does not change the cost of health care. Insurance reform is NOT the same as health care reform. For reform to contain cost, it must change what is driving up costs. There is evidence about what is driving up costs and it is:

- Increased utilization of health care services, including surgery, diagnostic testing and pharmaceuticals.
- Increased provider charges fueled by inflation, workforce shortages and higher overhead costs.
- New technologies that are more expensive than what they are replacing – drugs that relieve symptoms with fewer side effects or that are more effective in treating illnesses, and new radiological equipment that produces extremely high resolution views of internal organs, systems and joints.

- An increasing burden of illness in our population. Our health care system is finding successful treatments for chronic illnesses, allowing people to live longer, often long enough to develop multiple illnesses. The stories about people who can't afford their 15 prescriptions are not simply about the cost of those fifteen prescriptions. They are stories of people whose lives have been saved, and who now have multiple illnesses and are dependent on 15 prescriptions and a lot of other health services to stay alive. Three-quarters of what we spend on health care in Vermont is spend on treatments for chronic illnesses.
- Obesity, smoking and other high-risk behaviors have a very significant impact on our growing costs, and are beginning to overburden the health system.

The fact that there are uninsured Vermonters, and the complaints about insurance not being affordable are **symptoms** of a cost problem in the health care system. Reforms need to address the root causes, without making things worse. It's clear that everyone in this debate shares the goal of controlling costs and making care more affordable and efficient. Every proposal should be evaluated for whether it presents **a realistic approach** to controlling these cost drivers, but also will "do no harm" to what is working right.

There are more important but little recognized facts about our health care system in Vermont that should guide our choices on what to include in a reform package. The next three issues of our e-memo will address (1) Facts and Reforms: Cost; (2) Facts and Reforms: The Uninsured; and (3) Facts and Reforms: Quality and Access.

Don't forget that all of our e-memos are posted and downloadable from our website: www.vtreform.com.