



Toward Evidence-Based Health Care Reform

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Help Us Understand H. 861...

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](#)

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[What we imagine a business owner in Vermont could have written...]

Dear Members of the House Health Care Committee:

I'm the person who came to a legislative health care commission hearing in my town and told you that our company and our employees need relief from the continually climbing cost of health care. I asked you for help and you promised you would. Please help us understand how H. 861 does that.

- H. 861 provides a health plan to 20,000 (1/3) of the uninsured that is better than we can afford for our employees. This only makes it harder for us if we have to make any cuts to live within our company budget. Or was it your intention that we drop our plan so our employees can join Catamount Health? It is better coverage at a lower cost, and they will get state subsidies, which is a help. We would just have to find a way to help them during the 12-month wait, but it could be worth it. But we're already insured, and **didn't you mean for Catamount Plan only to help the uninsured?**
- You say that Catamount Health will reduce the cost shift from the uninsured, which your expert says is adding 7% to our premiums. But you only budgeted Catamount Health for 20,000 of the 65,000 uninsured, and they are healthier than the general population and don't use as much health care. **So doesn't that mean the best this will do is cut 1/3 of the 7%? And doesn't this mean that to reduce the uninsured cost shift by \$53 million (that's 1/3 of the 7% times the three years you've budgeted) you are going to spend \$122 million state and federal dollars on the Catamount Plan?** As a business person that just doesn't make sense to me. Maybe you can help me understand.
- You say you are changing the way health care is delivered. Well, what you've done is give a strong vote of confidence for expansion of the Blueprint for Health Chronic Care Initiative, a project that has been ongoing without legislative permission for three years already. Of course it's a great idea and the way we have to go with health care. **But even your hired expert has told you the savings from this important, necessary program are years away for private insurance plans, and I told you at the hearing that our employees and our company need help now.**
- You say that changing chronic health care via the Blueprint is the most important part of your bill. **So why are you spending only 7% of your total budget on the Blueprint, and 93% to cover 20,000 (1/3) of the uninsured?**
- You say that you are going to put \$20 million dollars toward reducing the \$212 million Medicaid deficit. But when I read your bill (H. 861, Sec. 17a) I learned that the \$10 million a year for two years would be available for deficit reduction ONLY if your Catamount Health Plan is on budget. Remember that \$212 million Medicaid deficit? Well, Medicaid was supposed to be on budget too. **So am I supposed to believe**

that Catamount will stay on budget in order to leave money in the pot to reduce the Medicaid deficit? What if more than 20,000 enroll? What if their expenses are higher than you expected? What if cigarette tax revenues aren't as high as you guessed, or Big Tobacco wins in court and there's no settlement money? No Medicaid deficit reductions, because the money goes to cover the new deficit created by Catamount.

- You say you are reducing the cost shift by increasing Medicaid payments to physicians. But you aren't doing anything about the \$52 million cost shift from hospitals, which dwarfs the cost shift from doctors. **If you would increase payments to hospitals from Medicaid, my health plan would see an immediate decrease in charges from hospitals, and hospitals make up the largest part of everybody's insurance claims. This would help our company and our employees now.**
- You are funding part of Catamount Health with a tax on cigarettes. Great! Who can argue with a tax that discourages kids from smoking, and makes adults who smoke pay toward their higher health costs? You've also used the tobacco settlement money, which would be OK with me except that it will last only ten years, and the tobacco companies are challenging it in court. And on top of that, your expert told you that health costs will rise 8.5% a year. **It seems to me like you haven't found a source of money that we can count on year after year, and that goes up 8.5% a year, and there's a real danger we'll just have more deficits. And remember, we still have to find \$212 million to pay off the deficit we already have from the existing Medicaid program.**

There are a lot of us out here who have been working hard to do the right thing – paying our fair share and even more and we're having trouble seeing how this helps us. Maybe we can hold on to our health care coverage for a couple more years, waiting for the savings you promised to appear. But if they don't appear and Catamount Health collapses because it was too expensive and there wasn't sustainable funding for it, and the neglected Medicaid deficit swamps our health care system, what will we do then?

So let's keep trying, OK? We all want to help the uninsured have the security of health care when they need it, but those of us with insurance also need help now!