



# Toward Evidence-Based Health Care Reform

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## Bouquets & Brickbats

*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: [www.brsvt.com](http://www.brsvt.com)*

*To review past issues of Toward Evidence-Based Health Care Reform, [www.vtreform.com](http://www.vtreform.com).*

*To read and download the comprehensive health care reform proposal supported by BRS and several other Vermont business associations, [www.vtiha.org](http://www.vtiha.org).*

Bravo to the Governor for relenting in his opposition to using the tobacco tax to partially fund health care reform and cheers to the Vermont Senate for giving up their plan to use the tobacco settlement in their funding scheme. With those obstacles out of the way, let's hope they get down to fixing what's still really wrong in the latest Senate health care reform plan.

One major problem is the continued reliance on a Ben & Jerry's style "one-world, one-size-fits-all" health plan, which in the real world most Vermonters can't afford. Somehow, Senate Democrats have been convinced that a plan "actuarially equivalent" to a Blue Cross Blue Shield Freedom 200 plan with a \$200 deductible and \$20 co-pays can be purchased for \$350 per month. We wish! Even Vermont school boards are *paying far more for a less generous plan for teachers*.

BRS, the lowest-cost source of the Freedom Plans, has BISHCA-approved rates that are 32% higher than Catamount; the VEHI plan is less generous, with a 20% rather than \$20 co-pay for office visits, and still costs 32% more than the estimate for Catamount. (See table below).

Because ESI is not included in the Senate proposal, the risk of this under-priced, generous plan "crowding out" employer sponsored coverage presents a very real risk to the viability of private insurance.

Source	Plan	Monthly Premium
Senate Catamount Health	BCBS Freedom \$200 deductible/ \$20 co-pay	\$350/mo for single
Business Resource Services	BCBS Freedom \$200 deductible/ \$20 co-pay	\$456/mo for single
VT Health/Education Initiative (VEHI) (school boards)	BCBS Comp. \$250 deductible / <u>20%</u> co-pay	\$461/mo for single

To further complicate matters, the Senate's under-priced plan is still firmly rooted in the public sector. So, when Catamount enrollees start using the plan, the legislature will find out that a BCBS Freedom 200 really costs closer to \$450 a month, and their options will be limited to:

- capping enrollment (goodbye "universal"),
- reducing benefits (goodbye "comprehensive coverage"),

- increasing premiums (goodbye “affordable”),
- raising taxes (don't be *crazy*)
- running deficits (**oops**, we already have a \$221 million deficit in Medicaid by 2010) or
- more cost shifting by cutting back on provider reimbursements (yeah, that's always worked).

It is truly baffling why any politicians would want to put themselves in that position.

Because subsidies stop at the \$29,400 income level for an individual, the Senate plan, even if the premium is \$350 a month, with a mandate for coverage means that an uninsured Vermonter making \$565 a week will be paying \$86 a week for health insurance plan they probably never wanted and certainly never thought they could afford. Ouch!

While the news that Massachusetts beat us to the punch on “universal access” was probably a disappointment to some, it's important at this critical juncture to resist the temptation to attempt to trump them. In fact, the Massachusetts plan is instructive in a number of regards.

- There is no defined benefit package in the Massachusetts law. On the contrary, the law requires a new state authority to declare that new packages to be offered by health plans and insurers are “affordable” before triggering the individual mandate.
- The authority (called “The Health Insurance Connector”) acts as a purchasing pool, or supermarket, allowing consumers a choice of an affordable plan that suits their needs.

We know the legislature is anxious to get out of Montpelier. We'd like to stop writing these missives. The major obstacles are gone. Now all we have to do is Get Real.