Myth Busters

We don't know what it will cost: The Shumlin administration projects that we will need to raise an amount between $1.6 to $2.1 billion for a tax package to fund single payer that will replace all premiums and out of pocket payments. However, what is important is that it is a lot LESS than we are paying now. In 2012, Vermonters spent a total of $2.6 billion on private premiums and out of pocket health care expenses. In that year, our total bill for health care was actually $5.1 billion, but the rest was paid by Medicare, Medicaid, and other government reimbursements which Vermont should continue to receive under a single payer system. We should keep in mind that in a single payer system, we won't be increasing what we pay for health care, but financing health care in an efficient way. The difference with single payer is that there will be predictable dedicated costs for the health care services we want for ourselves and others rather than the hodgepodge way we piece together the financing of those services now (insurance premiums, property taxes for public employees' health insurance, higher prices for goods, huge out of pocket costs with co-pays, deductibles and even bankruptcies, taxes for Medicare and Medicaid, etc.).

The problems encountered with implementation of the Exchange prove that government is unreliable, and we cannot go ahead and create a single payer system: Health care exchanges were federally mandated and not a state idea. Single payer is a simpler concept than the health care exchange, as it does not involve different levels of coverage for different people, changing subsidies as your life situation changes, and restricted enrollment periods that can leave you in the lurch. With single payer we are guaranteed enrollment in Green Mountain Care by virtue of our Vermont residence, and then our coverage is guaranteed. As Act 48 states, Green Mountain Care will cover all Vermonters regardless of any other coverage they may also hold (such as Medicare for which it will act as a wraparound).

We don't know what will be covered in the single payer plan: Act 48 specifies the minimum cost sharing and coverage for Green Mountain Care, the state's future single payer plan. The benefit package, by law, must include primary and specialty care, mental health and substance abuse, hospitals and prescription drugs. Under Green Mountain Care everyone will be eligible for these broad benefits, and out of pockets must be kept to a minimum because the "actuarial value," or the amount that the plan pays, must be kept high. What is still undecided are the categories of adult dental and vision, and this is something on which citizens will need to weigh in ~~about~~ as the legislature considers the financing package in the next session.

Canadian single payer is a bad model for Vermont: Vermont is creating its own single payer system – one that will work here for Vermonters. Nonetheless, when people hear about single payer they often think about Canada, and there are many myths that the opposition will use about Canadian health care to scare people about the possibility of creating a single payer system in Vermont. We have to remember that Canadians live two years longer than Americans and their health care costs are half of what ours are per person. Interestingly, each year since 2004 more physicians have returned to Canada than have emigrated, and this indicates general satisfaction with the system. For more on the

myths of Canadian health care, take a look at this article on debunking the myths about Canadian health care.

We're moving too fast on health care, and there's been no discussion about the options. Vermont is hardly moving too fast on health care. In fact, Vermonters have been discussing health care reform since the early 1990s when Howard Dean was Governor. The state has commissioned independent studies and each one has concluded that single payer is the most cost-effective for the state.

Physicians will leave the state if we enact single payer: This is the claim the opposition drags out every time we attempt systemic health care reform. What evidence do they have that this will happen? Many years ago, this might have been the case, but not now. Physicians are demoralized, hassled by payers and buried in paperwork, and this has gotten steadily worse over the past 25 years. Many are leaving the profession because they see no hope with things as they stand now. This is particularly true of primary care physicians and psychiatrists. Most physicians see reason to hope with talk of passage of a single payer in Vermont. The Vermont Chapter of the American Academy of Family Physicians just endorsed single payer and so has the Vermont Psychiatric Association .With national polls showing the majority of physicians favoring single payer, we have reason to believe that for every physician who might leave Vermont due to the passage of single payer, we will likely gain 2 or 3.

Single payer will create more rationing: Stories about single payer and rationing often refer to Canada. Canada does have some waits for elective surgery and non-urgent care, but so do we. However, this is about Vermont, not Canada. And in Vermont, we need to remember that switching to a publicly funded guaranteed health care system for all of us means that a higher percentage will be spent on care and far less will be spent on administration and paperwork. This shift will allow every citizen of Vermont to receive health care at a lower cost than is currently the case. Our current form of rationing is in the form of 43,000 uninsured people, which is roughly the same number of people as the population of Washington country. In addition, we have almost 160,000 underinsured.

Single payer will create more bureaucracy: Single payer systems have less overhead. Currently, even with just a few insurers in Vermont, each insurer still offers multiple plans. Providers end up billing scores of different plans and this creates a great deal of administrative cost. With single payer, all provider payments will come from one source and this will definitely cut down on administrative costs.

Costs will go up: There have been five official studies commissioned by the State of Vermont since 2001. Each and every study has concluded that a single payer system would control costs better than any other system. The studies are Lewin (2001), Thorpe (2006), Hsiao (2011), BISHCA (2011), and UMASS (2013).

What about things such as imaging technology, organ transplants, and cancer treatments. They are expensive. Won't public financing mean that services will be limited for some classes of people, based on their age or degree to which their disease has advanced? This is a scare tactic often used by those advocating for the status quo. We will continue financing the health care services we already have in place. Furthermore, the Green Mountain Care Board will continue to oversee our health care infrastructure to make sure it is right sized – this means what we need for our population, not cutting back on needed services.

We cannot get an ERISA waiver: Although there is no provision in ERISA for waivers, it doesn't matter because, according to the Hsiao report and many independent ERISA experts, no waiver is needed to implement single payer health care. ERISA does not prevent the state from enacting a single payer program. A state can raise revenue for a public good without violating ERISA, which simply prevents states from regulating EMPLOYER benefit plans. Creating and raising revenue for a publicly funded health care system for all Vermonters does not violate ERISA. If a company wants to continue to offer their own health care benefits the state cannot ban them. That would violate ERISA. But, by the same token, the state can raise funds through a payroll or other tax to pay for a publicly funded health care system for all Vermonters. They need not exempt ERISA employers. In fact, exempting them would violate ERISA.

Other proposals to contain costs (Massachusetts and Tennessee and at the federal level) have failed, so how exactly would the Governor's proposal control costs? The proposals in TN and MA are not examples of true health care systems. They are patchwork to broken systems with fragmented financing and no overall cost controls. A single payer system would implement an overall budget and provide care within that amount. Many people worry about rationing when they hear this. But the truth is, we will be spending a higher percentage of money on health care and a much lower percentage on paperwork and billing than we are now. So, for less money than we spend in total, we can provide a very generous benefit package to all Vermonters. Cost controls would be implemented in several ways: the overall budget, the administrative cost reductions, an increase in primary care and prevention measures, a single state formulary (drug list) for the whole state and negotiated reimbursement rates.

I will not be able to get supplementary insurance if desired: Yes, you could buy insurance or your employer could offer that as a benefit of employment. Yes, insurance companies would still be available to offer supplemental benefits. This is not unlike the way other countries run their systems- France, Germany, Japan, Finland, Canada -- the list goes on and on.

We are jumping into a huge commitment without a thorough investigation of the pros and cons: "Winston Churchill said, "Americans can always be counted on to do the right thing...after they have exhausted all other possibilities." When it comes to health care, we have tried everything else and it has not worked. We have the highest costs in the world and yet our outcomes are mediocre, and people here die from lack of care just like a third world country. It is time to do the right thing and

make sure all Vermonters get the care they need.

Healthy people would be better off if they can opt out, and just pay for medical costs out of pocket: No one aside from Bill Gates can afford to pay for catastrophic care, and no one ever knows when he or she might need that catastrophic care for oneself. The reason other countries use taxes to pay for most of their health care is that we all expect care to be there for us when we need it. And, no one person can finance things like a burn unit, ICU, ER, high tech equipment and personnel. Such things have to be financed collectively. A health care infrastructure cannot be financed simply by the people who are sick at any given point in time. That is why a system cannot survive on a pay-as-you-go model. In fact, 80% of the care is used by only 20% of the people in any given population in any given year. That is the reason broad based taxes are needed to pay for it. We want health care to be there for us when we need it!

Governor Shumlin's push towards a single payer system could very well be the biggest job-killer in Vermont's history: Dr. Hsiao and his team found that, in Vermont, single payer would create a net gain of 3,800 new jobs in the first year of implementation. (Check out his article in "The Road to Single Payer" on our homepage). A new study, under the direction of economist Jonathan Gruber of M.I.T. is currently being conducted to look even more deeply at economic spinoffs resulting from a single payer system. But, one thing is clear. It is the current system that is the biggest job killer. Employers are holding back on employing more people due to ever spiraling health insurance costs. In addition, Vermonters have less disposable income because they must spend it on health care. With a system that is more efficient, sustainable, and accountable, and that is progressively financed, people will have financial security with respect to health care, and they will thus have more disposable income, which will circulate through the economy.

Employers pay 40% of total health care costs—and were never consulted as the health reform bill was debated in the Legislature: Employers were asked for their input in at least two separate hearings at the Statehouse while Act 49 was being considered in 2011. Currently, the Governor also has an advisory committee on single payer made up of members of the Vermont business community. As for the current distribution of health care financing, the fact is that private employers now only finance 20% of the total costs of health care. Another 60% comes from taxpayers, who pay for Medicare, Medicaid, and public employee health insurance. Taxpayers also bear the burden of financing the tax subsidies that private employers get for providing employee health insurance. The final 20% of current health care financing comes directly from individuals in the form of co-pays, deductibles, and other out-of-pocket payments.

Indiana would be a good model for Vermont: Not really. Indiana has 14% of their population uninsured, we have 8%. Indiana has 8% of their kids uninsured, Vermont has 4%. According to the United Health Foundation, Vermont is the healthiest state and Indiana checks in at #41. Women in Indiana receive both mammograms and pap smears at lower rates than the national average.