## MYTHS ABOUT SINGLE PAYER COMING TO VERMONT

*For information on myths about single payer in general, please click here.*

**MYTH 1: 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 physician 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.

**MYTH 2: 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. The single payer plan that Dr. William Hsiao put forth shows an overall reduction in healthcare spending in Vermont. But the part of the story that is not visible is that under single payer 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. He calculated that every Vermonter could receive comprehensive hospital care, primary care, specialist care, prescriptions, mental health care, eye care, and some dental care.

How many of us have a benefit package that generous right now? Our current form of rationing is in the form of 43K uninsured people, which is roughly the same number of people as the population of Washington country.

**MYTH 3: 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.

**MYTH 4: Costs will go up.**
The proposal worked out by Dr William Hsiao the economist from Harvard who designed the Taiwan system, used conservative estimates in projecting costs. Nonetheless, he found substantial costs in each year of implementation, beginning with a saving of over $500 million dollars in the first year of single payer implementation (which he projected as 2015).

**MYTH 5: This is not real single payer.**
Read more here!

**MYTH 6: Hsiao and the legislative proposals are intended to reduce cost. But, things such as imaging technology, organ transplants, and cancer treatments are expensive. Won't this 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. Dr. Hsiao's proposal does nothing of the sort. He indicates that we will continue financing the health care services we already have in place and in fact will add to those services since we will be spending a higher percentage of the health care dollar on medical care and less on administration.

**MYTH 7: "'Global budgeting" means that accountable care organizations will have fixed budgets to be allocated among all patients in their organization. This provides an incentive for providers to avoid costly treatment.**

Vermonters would not stand for a repeat of the managed care debacle where avoidance of expensive treatments was the norm. Thus, Dr. Hsiao called for ACOs to be implemented within a single payer system with public accountability to prevent such problems. They are experimental however and he also called for them to be rigorously evaluated before we expand them statewide.

**MYTH 8: The legislature is just putting off the big decisions for later. Wait until Vermonters realize they will not be able to afford treatment at Dartmouth Hitchcock under the new single payer system.**

The question is a fair one. We do need to address the question of financing. And we will. We cannot implement a single payer system without addressing how we will pay for it. But let us consider that we are already paying the entire $5.3 billion tab for health care this year. What we don't pay for publicly, we pay for privately. Let us not delude ourselves that we are not already paying these costs. We are desperately in need of an overall budget to scrutinize how we are spending these dollars. As for Dartmouth Hitchcock, it will definitely be included in any proposed health care system for Vermont.

**MYTH 9: 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

**MYTH 10: 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. Costs control 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 negotiating reimbursement rates.

**MYTH 11: No one has figured out what this will all cost, not only now, but in the future.**
The proposal worked out by Dr William Hsiao the economist from Harvard who designed the Taiwan system, estimated that the entire system would be approximately $5.5 billion (after PPACA implementation) in 2015. This is $180 million less than the current projection for the same year. And keep in mind this is with EVERY Vermonter getting a generous benefit package with doctor care, hospital care, eye care some dental, mental health , and prescriptions. Do you have a plan that generous now? It makes no sense for Vermonters to waste money on needless paperwork and transaction costs when that same amount of money can be used for Vermonters health care.

**MYTH 12: We have no way of knowing what tax consequences of such a bill would be. Who would pay and how much?**
The bill does not specify exactly how we will pay and who will pay. That is going to be worked out next year or the year after in future legislation. However, once again, Dr Hsiao suggested in his report a 9.4% payroll tax on employers and a 3.1% payroll tax on employees in 2016. This would DROP TO 8.7% on employer and 2.9% on employee in 2019. Under this scenario, some would be paying more than they are now, but most Vermonters would be paying less. We should remember that Vermonters are financing every penny of the $5.3 billion we will be spending this year on health care in one way or another. We are paying this in many ways- taxes for Medicare and Medicaid, property taxes for public employees health insurance, higher prices for goods, lower wages when we do get health insurance coverage, huge out of pocket costs with co-pays, deductibles, and payment for those without insurance, bankruptcies, liens on homes, etc. 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. Additionally Hsiao's report indicated that 6500 new NET jobs by 2019 would be created due to the multiplier effect on the economy of holding down health care costs and making the financing of health care more fair (based on ability to pay).

**MYTH 13: We have no way of knowing what the benefits will be. So, why should we support such a bill?**
The bill specifies that the benefits will be at least as good as those offered by the Catamount plan.

**MYTH 14: 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.

**MYTH 15: They are jumping into a huge commitment without a thorough investigation of the pros and cons.**
Dr. Hsiao, a world renowned health care economist did a rigorous evaluation of the Vermont health care system. He had a team of experts run the numbers and looked at every piece of available data to determine the most fiscally conservative way for Vermont to offer generous coverage to all it residents. "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 had 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."

**MYTH 16: 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. In addition, the reason why other countries pay for the majority of their systems through taxes is that the services that people expect to be there when they are do need it (Burn unit, ICU, ER, high tech equipment and personnel) are the reason health care is expensive. If the people who are sick today can't pay for their care, then it won't be there for you when you need it. That is why a system cannot survive on a pay as you go model. Eighty percent of the care is used by only 20% of the people in any given population in any given year, and that is the reason why broad based taxes are needed to pay for it. We want it to be there for us when we need it!

But with that said, the other issue hinted at here refers to a specific financing mechanism, and that is not included in the legislation. Although the Hsiao report suggested a payroll tax, that is not in Act 48 -- which only stipulates that a fair and equitable financing scheme be presented to the legislature in January 2013.

**MYTH 17: Governor Shumlin's reckless 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). The current system 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.

**MYTH 18: 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 the health care bill was being considered. 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.

**MYTH 19: Under Act 48, you will not be allowed to purchase insurance outside of the Vermont Health Benefit Exchange.**

Groups will enter the Exchange at various beginning dates. Employers with 50 or fewer employees, and individuals, will be the first to purchase through the Exchange in 2014. In 2017, all non-ERISA employers will purchase through the Exchange. This process is a crucial stepping stone to single payer.

Ideally, we will all share the risks, and the benefits, of health coverage that is collectively financed as a public good. During the interim, the benefit package offered by the Exchange will be equivalent to, or better than, what most employees now receive. Nevertheless, employers will be allowed to offer their employees additional, supplemental benefits, if it is felt that the Exchange benefits are insufficient.