



## 2010 Legislative Session

### Health Care Reform

For over sixteen years, Vermont Businesses for Social Responsibility has promoted a policy for Vermont to offer universal health care, including cost containment, an integrated system of care, and accessible and affordable coverage for all Vermonters.

Expanding this policy and working towards its implementation has never been more timely or vital for Vermont businesses and citizens. The rising cost of health insurance premiums is one of the most uncontrollable elements of business overhead and is forcing Vermont companies and their employees to make difficult choices. The system is on the verge of collapse as businesses and individuals drop and reduce coverage. More of the costs of health care are thus shifted to families, state programs, or back onto those who are insured and employers who continue to provide insurance. Economic development in our state is very closely tied to the solution of this worsening problem.

#### **What our businesses are experiencing**

Premiums continue to rise, and employers continue to be faced with choosing between their company's economic viability and the health care needs of their workforce. Findings and conclusions from our member surveys:

- Costs are skyrocketing for employers who provide employer-sponsored insurance.

*Nearly one-half of VBSR members spend the equivalent of 10% of their payroll on health insurance, while 20% of the members pay more than 20%. This "system" is not sustainable.*

- VBSR member businesses have responded to rising premium costs by cutting benefits and shifting more of the financial burden

to employees.

*In the past five years, 29% of members have introduced or increased employee contributions and 27% have changed from an indemnity plan to a health savings account.*

The health insurance system can no longer depend on the private sector market as its backbone.

- VBSR member businesses want to see de-coupling of health care from employment and public financing of health care.

*90% of VBSR members believe that health care should be a publically financed service.*

### **Action is Needed**

Vermont has a history of using its independent and self-reliant nature to take bold initiatives. By collaboratively designing and instituting a true system of universal health care, Vermont could take a leadership role in business attraction, retention, and success. The benefits associated with doing so are significant. They include a more stable and productive workforce; greater incentive to create, move, or expand a business in Vermont; improved efficiency and reduced costs throughout the public and private sectors; and a healthier population of Vermonters.

A health care plan for Vermont should include these elements:

- Universal coverage and access
- Cost management to:
  - Provide accountability and sustainability. There should be a budget that covers all health care services, that is accountable to the public, that ensures that the health care services are accessible and available, and that is affordable and sustainable.
  - Eliminate administrative redundancy.
  - Decrease unnecessary utilization through consumer education and disease management.
  - Reduce prescription drug costs wherever appropriate.
- An integrated system of care.
- Promotion of healthy behaviors and prevention.
- An equitable funding mechanism that takes into account the contributions already made by business.

## **Financing**

Financing Vermont's universal health care system is perhaps the most challenging aspect to implementing the plan. The current system shifts costs from uninsured patients and under-compensated practitioners to fewer and fewer business-financed insurance plans. VBSR believes that a progressive financing mechanism is essential, using public financing if necessary. There should be no financial barriers for patients to obtain care.

Many models have been proposed to achieve the goals of universal access. The current system that relies on business to be the provider of health insurance results in uneven coverage for employees and an uneven playing field for employers. Any new system should not penalize those employers who have taken on this responsibility, but rather should recognize the value of that contribution.

The time has come to gather the strengths of our citizens, the dedication of the business community, and the political will of our elected leaders to move this policy forward.