

## US surgery costs double those in Canada

By ANDRÉ PICARD | Toronto Globe & Mail | Wednesday, July 13, 2005 Page A13

One of the first studies to directly compare the costs of surgery in Canada and the United States has found Canada's single-payer system is far more cost efficient, but it still has a lot of room for improvement.

The research, published in the Archives of Internal Medicine, found that heart bypass surgery, a common procedure, costs an average of \$10,373 in Canada, compared with \$20,673 in the United States. (For purposes of comparison, all figures are in U.S. dollars.)

And those are just hospital costs. The U.S. Medicare program reimburses an average of about \$25,000 for bypass surgery, and many patients with private insurance pay more. Under Canada's medicare system, patients do not pay directly for medically necessary procedures, such as bypass surgery, which uses blood vessels to reroute blood flow around arterial blockages to improve the supply of blood and oxygen to the heart.

"The conventional wisdom is that health care is much more expensive in the U.S. and the conventional wisdom is right," said Dr. Mark Eisenberg, head of cardiovascular epidemiology at Jewish General Hospital in Montreal.

Despite the significantly higher costs in the United States (they are essentially double those in Canada), the rate of complications and death after bypass surgery was similar in both countries.

"All this extra technology, all this extra spending, does not lead to improved survival," Dr. Eisenberg said.

Americans spent \$5,635 per capita on health care in 2003, compared with the \$3,003 spent by Canadians. Put another way, health spending accounts for almost 15 per cent of gross domestic product in the U.S. and just under 10 per cent in Canada.

The large difference is usually attributed to high administrative costs in the United States and the penchant for over treatment in the profit-driven U.S. system.

But the new study by Dr. Eisenberg and a Canadian-U.S. research team shows that, when it comes to heart bypass surgery, the reasons are more complex. The research shows that administrative and overhead costs in the United States are higher, but so are labour costs and the price of virtually every product and service, from basic pain-reliever pills on up.

"It's striking how much more everything costs: Gauze pads cost twice as much; stents cost twice as much," Dr. Eisenberg said.

In fact, the new research provides some striking cost comparisons. For example:

- Ø In the United States, it costs \$1.56 to deliver an acetylsalicylic acid (ASA) pill to a bypass patient, while it only costs 97 cents in Canada.
- Ø A simple lab test to determine blood gas costs \$21.61 in the United States, compared with \$7.22 in Canada.
- Ø Catheterization (slipping a thin plastic tube into an artery or vein to determine the health of blood vessels ) costs \$511.70 in the U.S. and \$306.86 in Canada.
- Ø An hour of operating room time costs \$397.05 in a U.S. hospital, compared with \$313.76 in Canada.
- Ø One day in a surgical bed costs \$561.53 in the United States and \$360.10 in Canada.

The only area where the Canadian system proved slightly more expensive was an intensive-care bed, which cost \$1,123.95 daily in Canada, compared with \$1,121.81 in the United States.

The research also showed Canadian patients remain in hospital longer after surgery, an extra day on average, which adds substantially to the cost of bypass surgery.

"In Canada, there is no impetus to discharge patients. There is still room for improvement," Dr. Eisenberg said. About 500,000 bypass operations are performed annually in the United States, compared with about 25,000 in Canada.

The study looked only at the cost of surgery, not appropriateness of treatment.

The study examined the treatment costs of more than 12,000 bypass-surgery patients at nine hospitals in Canada and in the United States. All the hospitals used identical accounting software, allowing direct cost comparisons.

About 74,600 Canadians died of heart disease in 2002, according to Statistics Canada.

---

## Canadians Ponder Paying for Medical Services

July 9, 2005

(Angus Reid Global Scan) – Many adults in Canada would consider spending their own money on health care, according to a poll by Pollara Inc. 63 per cent of respondents say they would be willing to pay out of pocket to have faster access to medical services that currently have long wait times.

In Canada, the universality criterion establishes that all residents of a province or territory must be entitled to the insured, public-run health services provided by their provincial or territorial health care insurance plan on uniform terms and conditions.

On Jun. 9, the Supreme Court of Canada ruled that forbidding residents of Quebec from getting private insurance for services that are not covered by the country's universal health care system is a violation of the province's Charter of Human Rights and Freedoms. 55 per cent of respondents agree with the tribunal's decision.

Prime minister Paul Martin ruled out any immediate changes to federal programs, saying, "We're not going to have a two-tier health care system in this country. (...) Our purpose is to strengthen our universal public system and to provide timely access to medical services." 73 per cent of respondents believe the Supreme Court's decision is a step toward a two-tiered medical services system.

Martin promised to invest \$6.6 billion U.S. to improve Canada's health care system and reduce waiting times for critical services.

### Polling Data

Would you be willing to pay out of pocket for you or your family to have faster access to medical services that currently have long wait times?

- Ø Yes | 63%
- Ø No | 32%
- Ø Don't know / Refused | 5%

The Supreme Court of Canada recently ruled that citizens should have the right to buy private medical insurance for private medical care if the public system is not able to provide services in a timely manner. Do you agree or disagree with this position?

- Ø Strongly agree | 26%
- Ø Somewhat agree | 29%
- Ø Neither agree, nor disagree | 6%
- Ø Somewhat disagree | 12%
- Ø Strongly disagree | 24%
- Ø Don't know / Refused | 4%

Do you believe that this is a step toward a two-tiered health system in Canada?

- Ø Yes | 73%
- Ø No | 15%
- Ø Already a two-tiered system | 3%
- Ø Don't know / Refused | 9%

Source: Pollara Inc. | Methodology: Interviews to 1,263 Canadian adults, conducted from Jun. 20 to Jun. 25, 2005. Margin of error is 2.8 per cent.

---

### Showdown Over Health Care

Montpelier, Vermont - June 2, 2005 | WCAX.COM

Any chance of health care reform is fading fast at the Statehouse. The Democrats and the Republican Governor still disagree on how to pay for the package.

"The people of Vermont need a leader," said Sen. Jim Leddy, D-Chittenden County.

The Democrats were taking aim at the Republican Governor.

"Again, it is time to make a choice. Everybody is watching," said Rep. John Tracy, D-Burlington.

No one was budging in this partisan fight over changing how Vermonters get and pay for their health care.

The Democrats were sticking to their proposal. They believe a payroll tax on uninsured workers and employers who don't provide coverage is the best approach to insuring the uninsured.

"All of us know we like Jim Douglas. But Jim Douglas has got to decide whether he is going to do the right thing or he is going to do nothing. And Vermonters will be the one who benefit or Vermonters will be the ones who suffer," said Sen. Peter Welch, D-President Pro Tem.

At the 11th hour, the Democrats offered up three financing options, but each included the payroll tax. It didn't take long for the Governor to reject the offer.

"You know, this is a theatre at the end of the session, to be perfectly blunt. What we are seeing is amateur hour," said Gov. Jim Douglas/R-Vermont.

The Governor believes taxing insurance premiums is the solution-and again rejected the payroll tax.

"The payroll tax appears in all three of those options. That is totally unacceptable. What part of no don't they understand," asked the Governor.

The Democrats were poised to pass a bill and send it to the Governor. A veto is almost certain.

"This is an unrealistic atmosphere in Montpelier. And people tell me everyday that they are taxed to death. That they can not afford huge regressive tax on the people of this state," said Gov. Douglas.

"There is no more devastating attack on a poor person or any person to be left naked without basic health care protection," said Sen. Leddy.

"Sometimes I think legislators regard what they do in Montpelier at the Statehouse as some parlor game of some kind. This is serious. This affects real lives real people. I am going to protect the working poor of this state," said Gov. Douglas.

---

## **Health care, budget are keys to adjourning Legislature**

By Ross Sneyd, Associated Press Writer | June 1, 2005 | AP Wire

MONTPELIER, Vt. -- Gov. James Douglas, who suggested to some lawmakers Wednesday he might veto the 2006 state budget, has instructed his administration to determine what would happen if the state does not have a budget in place by the July 1 start of the fiscal year.

That was another sign that lawmakers and the administration were laboring to finish the work of the 2005 Legislature and adjourn by this weekend. But agreements remained elusive on both the budget and a health reform measure, casting into doubt whether the work would be done by the weekend or would spill into next week.

Negotiators on both bills were nearing agreements and the health care team said its package could be forwarded to the full Senate by the end of Thursday.

The governor's problems with the budget could mean the session would stretch even longer, though, because if he were to veto the budget -- something that's never happened, at least according to records maintained by the state archives -- lawmakers would have to address his concerns and pass a new version through both the House and Senate.

There are a number of provisions in the budget that concern the governor, but his greatest issue is a provision adopted by the Senate that would impose a settlement of the Vermont State Colleges faculty contract.

"He's not at all enthusiastic about it," said spokesman Jason Gibbs. "There are a handful of issues the administration has expressed concerns with, but the biggest problem is the state colleges."

Although that's well short of an explicit veto threat, a number of lawmakers who met with the governor and also are members of the state colleges board of trustees said they came away from a meeting with him the clear understanding that Douglas was thinking of rejecting the budget in large part because of the contract dispute.

"He said he wouldn't approve the budget with that in there," said Rep. Richard Marron, R-Stowe. "He feels it's a matter of principle and he was prepared to find out what would happen without a budget by July 1."

The union representing faculty at the state colleges has been locked in a bitter contract dispute for months and asked legislators to step in and settle it. Senators did, adding a provision to the budget forcing the parties to negotiate an early retirement package that has been at the heart of their disagreement. If they can't find a settlement by September, the issue would be left to an arbitrator to settle.

"The governor expressed great concern about the language that actually overturns a portion of the collective bargaining agreement that's in the big bill," Rep. George Cross, D-Winooski and another VSC trustee, said, using Statehouse slang for the budget. "I don't think it's the one factor that would make the difference" in a veto.

But some administration officials said Douglas should not be underestimated. "I think he is waiting to hear from the leadership of the state colleges and other trustees" before making a decision, Gibbs said.

The clearest indication that the governor is serious has been his instructions to figure out how state government could continue to operate in the absence of a budget. "It's true that the governor has asked members of his administration to prepare a contingency plan in the event the budget isn't satisfactory," Gibbs said.

There appears to be a veto fight brewing over the health care initiative, too. Lawmakers are sticking to their plan of implementing a payroll tax on businesses that do not offer their workers health insurance and an income tax on those employees. Douglas is adamantly opposed to the payroll tax and has made clear he would reject any bill containing one that reaches him.

Nonetheless, six lawmakers negotiating an agreement on the health reform initiative agreed to the broad outlines of how the tax would be administered and drew nearer to recommending a compromise to the full House and Senate.

"I think the prospects for Saturday (adjournment) are reasonably good," said Senate President Pro Tem Peter Welch, D-Windsor. "We're going to hope the governor is going to do the right thing on this."

---

### **Douglas opposes health tax**

June 1, 2005 | By John Zicconi, Vermont Press Bureau | Rutland Herald

MONTPELIER — House and Senate negotiators Tuesday continued to refine a tax package designed to pay for a no-frills health care package for the state's uninsured, even though Gov. James Douglas insists their financing approach is unacceptable to him.

Douglas seldom utters the word "veto." But Tuesday he made it clear that negotiators must abandon the use of a combination payroll tax on business and income tax on the uninsured to pay for reform or lawmakers will adjourn without anything to show for their efforts.

"The bottom line is this: If the General Assembly wants to lower the cost of health care for all Vermonters, they will send me a bill ... we all agree on," Douglas said. "If they want to cause gridlock ... they can send me a bill with a sky-high payroll tax."

The governor's remarks were made during a day that started with him criticizing the House and Senate, saw him meet with Legislative leaders behind closed doors to discuss his concerns, and ended with House members proposing a new variation of the payroll/income tax that Douglas finds unacceptable.

Legislative leaders acknowledged the governor's veiled veto threat, but continue to insist businesses that don't offer health insurance — and workers that are uninsured — must be forced to pay for reform that provides coverage to the uninsured.

"The position the House and Senate share is if everybody is in, then everybody pays," said Senate President Peter Welch, D-Windsor. "We want those who are not contributing to pay and not make those who are already paying pay more."

House and Senate negotiators are trying to forge a compromise bill that grants primary care coverage to some 35,000 uninsured Vermonters by 2006, and then extends comprehensive coverage to all Vermonters by 2009.

The governor does not like the House and Senate direction because it would force small businesses to pay taxes they likely cannot afford, and calls for the uninsured — who often are low-income wage earners — to pay additional income taxes.

"Placing a tax on not only small business but also individual working Vermonters is just unacceptable," Douglas said. "Many small businesses have operating margins that are smaller than 3 percent."

He said House and Senate leaders are initially proposing a 3 percent payroll tax and a small income tax to pay for a bare-bones primary care insurance plan for the uninsured. But as they seek to extend coverage to include hospitalization and other health care benefits these taxes will inevitably go up, the governor said.

An independent analysis of the House and Senate plan indicates a payroll and income tax would have to soar to more than 12 percent to pay for extended coverage, Douglas said. That level of taxation would cripple the state's economy, he said.

"We don't want to impose a tax that is regressive at the outset and growing, and economically damaging in the long run," Douglas said.

---

### **Compromise offered to cover uninsured**

By Nancy Remsen, Free Press Staff Writer | Burlington Free Press

MONTPELIER -- House and Senate negotiators inched closer to agreement Tuesday on a way to pay for bare-bones preventive and primary health coverage for 35,000 uninsured Vermonters -- a first step toward the promise that all Vermonters would have affordable health care.

On a day marked by a sharp increase in political activity as the Legislature rushes toward the goal of adjourning this week, Gov. Jim Douglas rejected the pay plan even before House negotiators officially presented it to the Senate late Tuesday. The House compromise would rely on a payroll tax, which Douglas opposes.

"A payroll tax would have such a devastating effect on our economy," Douglas said. Signaling to the House and Senate the likelihood he would veto a bill that included a payroll tax, he said, "We can't go down that road."

House negotiators offered a two-pronged plan to raise \$35 million to provide insurance for a portion of the 63,000 Vermonters without insurance. Vermonters without insurance would pay 1 percent of their gross adjusted wages to a fund that would be tapped to provide them with some basic primary and preventive health coverage.

Employers would pay a 3 percent tax if their health insurance costs were less than 3 percent of total payroll expenses. The tax would be 1 percent for businesses with total payroll of \$50,000 or less. Employers who spend more than 3 percent of payroll on health insurance would owe nothing.

Payments would be made once a year, although lawmakers said individuals could have money withheld from their paychecks to avoid paying the tax in a lump sum.

Rep. John Tracy, D-Burlington, told senators this was a streamlined version of their own payroll tax plan. Besides being simpler to administer, Tracy noted the House compromise would treat small businesses more gently -- but still require everyone to pay their fair share of the cost of ensuring all Vermonters have basic health coverage.

"We have embraced the concept put forth by the Senate that everyone should pay," Tracy said. The House compromise also accepts the Senate notion that a concrete step should take place in the coming year. The original House bill set out a vision, but postponed decisions on funding and the details of the health benefit plan until next year.

"I think it is a very interesting proposal," said Sen. Ann Cummings, D-Washington, chief Senate negotiator and chairwoman of the Senate Finance Committee which first proposed the payroll tax. Senate negotiators said they would need to review the financial estimates behind the House plan before deciding whether to accept the compromise.

"I want to make sure we have enough money," Cummings said. The Senate's original plan would have raised \$10 million more, leaving a cushion should more than 35,000 Vermonters qualify for coverage under the new health insurance program.

The House compromise also included a schedule of the steps leading to a state-sponsored health insurance program for all Vermonters. The uninsured would get primary and preventive coverage beginning July 1, 2006. All Vermonters could get primary and preventive coverage beginning July 1, 2007 -- if cost containment measures showed progress reversing the upward trend in health spending. Hospital coverage would be added Oct. 1, 2008 and other essential health services covered as of July 1, 2009 -- only if more progress was made curbing costs.

The senators weren't comfortable setting this course. Sen. Peter Welch, D-Windsor, said including the schedule in the bill would pre-ordain the outcome of work planned over the summer. The House and Senate have agreed to do a study to investigate better ways to pay for health care. They also agreed to hold public hearings and use other means to find out whether Vermonters would like to stick with a private insurance system or move to a government-sponsored system.

The House vision for the future also was a sticking point with the governor, who characterized it as a government takeover.

Even as lawmakers and the governor parried over the merits of a payroll tax to fund health care, they continued to say agreement on some health care reform remained possible. "At the end of the day," Welch said after meeting with Douglas, "Vermont is going to have advanced on health care."

---

## **Health Leaders Seek Consensus Over Uninsured – New York Times**

By ROBERT PEAR | Published: May 29, 2005

WASHINGTON, May 28 - At a time when Congress has been torn by partisan battles, 24 ideologically disparate leaders representing the health care industry, corporations and unions, and conservative and liberal groups have been meeting secretly for months to seek a consensus on proposals to provide coverage for the growing number of people with no health insurance.

The participants, ranging from the liberal Families USA to the conservative Heritage Foundation and the United States Chamber of Commerce, said they had made progress in trying to overcome the ideological impasse that has stymied action on the problem for eight years.

The group, which first came together last October, has not endorsed any specific plan, but has discussed a range of options, including tax incentives for the purchase of insurance, changes in Medicaid to cover more low-income adults and the creation of insurance purchasing pools at the state level.

"This effort holds as much promise as any I've participated in over the last decade, probably more," said Kate Sullivan Hare, the executive director of health care policy at the United States Chamber of Commerce.

Historically, such efforts have failed because of profound disagreements over the proper role of government. The group is far from any final agreement, but persists in seeking common ground, even as the problems of the uninsured have been eclipsed on Capitol Hill by Social Security and other issues.

The group also includes top executives from AARP, the A.F.L.-C.I.O., the American Hospital Association, the American Medical Association, America's Health Insurance Plans, the Blue Cross and Blue Shield Association, Johnson & Johnson, the National Conference of State Legislatures, the National Governors Association, Pfizer and the Service Employees International Union.

The group's overarching goal is to agree, by the end of this year, on proposals that expand coverage to as many people as possible as quickly as possible. By meeting in secret, the group has tried to shield itself from political pressures. Some of the proposals under discussion could lead to increases in federal spending or regulation, at a time when the government already faces large deficits and Republicans generally oppose further expansion of government.

Though federal policymakers talk little about the issue these days, the problems of the uninsured have been gaining urgency among people who provide and pay for health care, including employers.

Increasingly, business executives say, health care costs hurt the global competitiveness of American companies. "This is a crisis," General Motors said in its latest annual report, noting that its health costs - \$5.2 billion last year - had "a tremendous impact" on its profitability.

The Census Bureau says that 45 million people lacked health insurance in 2003, up by 1.4 million from 2002 and by 5.2 million from 2000. The National Academy of Sciences estimates that 18,000 adults die each year because they are uninsured and cannot get proper care. The number of uninsured may rise further as states like Tennessee and Missouri cope with soaring health costs by ending Medicaid coverage for tens of thousands of low-income people.

Health policy has become a flash point of American politics, defining fundamental differences between Republicans and Democrats. The differences have widened since the collapse of President Bill Clinton's proposal for universal health insurance coverage in 1994.

The latest quest for consensus grew out of talks between Ronald F. Pollack, the executive director of Families USA, and Dr. William W. McGuire, the chairman of UnitedHealth Group, one of the nation's largest insurers.

The 24-member group takes a pragmatic approach, members said, looking for incremental steps.

"People are uninsured for different reasons," said Dr. Mary E. Frank, the president of the American Academy of Family Physicians and a participant in the talks. "No one solution will work for everyone. We need different solutions for different groups of the uninsured."

E. Neil Trautwein, assistant vice president of the National Association of Manufacturers, said the consensus group was "not biased in favor of big government solutions," and assumed that health care would continue to be provided through a mix of private insurers and public programs.

Mr. Trautwein said the talks reminded him of a medieval alchemist stirring together disparate and volatile ingredients. "It could produce some wondrous proposal, or could blow sky-high," he said.

Members of the group acknowledge that cost could constrain their ambitions. They will retain budget analysts to estimate the costs of various options, from which their final recommendations will be selected.

The group will present its recommendations to Congress and the Bush administration. Several members said they hoped to stick together and use their collective power to fight for the proposals.

The group is applying lessons learned in the battle over the Clinton health plan. Members said they were listening carefully to one another, trying to build trust. They are not trying to remake the health care system or guarantee insurance for every American through one big program, they said.

The group is considering these options:

The federal government could require parents to arrange health insurance for their children up to a certain age, say 21. If the children were not eligible for public programs like Medicaid, the parents could obtain tax credits to help meet the cost.

If an employer does not offer health benefits to employees; the workers could designate amounts to be withheld from their paychecks, along with taxes. These amounts would eventually be forwarded to insurers to pay premiums.

The federal government could provide tax credits to low-income individuals and families or small businesses to help them pay for insurance. The full amount of the credit would be sent directly to the insurer.

Medicaid could be expanded to cover any adult with income below the official poverty level (about \$9,600 for an individual). Each state would decide for itself whether to do this, and the federal government would provide financial incentives for states to take the option.

The federal government would offer small grants to states to help them establish insurance purchasing pools. Individuals and small businesses could buy coverage through these pools.

Asked what had prompted the initiative, Stuart M. Butler, the vice president of the Heritage Foundation, said: "It's a coalition built of frustration. True believers on the left and the right have been stymied on this issue."

---

### **Senate offers new taxing scheme for health care**

May 28, 2005 |By John Zicconi Vermont Press Bureau | Rutland Herald

MONTPELIER — Senate leaders on Friday offered an altered taxing scheme as part of their negotiations with House colleagues to come up with a publicly financed health care plan for Vermonters.

A health care reform bill approved last week by the Senate calls for businesses to pay a 3 percent payroll tax on all employees that do not have health insurance, and for all uninsured workers to pay a 3 percent tax on their gross wages.

The money, estimated to be about \$40 million, would be used to offer a no-frills primary and preventive health-insurance package to the 35,000 uninsured Vermonters who do not qualify for Medicaid.

Senators want to provide primary and preventive coverage only to the uninsured by July 2006, and then add hospital coverage by July 2009 only if a series of cost-containment strategies show they are working.

"We have to do confidence-building steps," Welch said. "That is important to achieving sustainable public support."

Under the Senate's original proposal, businesses that provide insurance would pay a 3 percent payroll tax only on the salaries of workers who are uninsured. Companies did not have to pay the tax on workers who receive health coverage through a spouse or parent.

The plan proposed Friday would still exempt businesses from paying a tax on employees who are enrolled in the company's insurance plan, but called for the business to pay a 0.5 percent payroll tax on workers who receive health coverage through someone else's policy.

As for taxing workers, the old Senate plan called for all uninsured workers to pay a 3 percent tax on gross wages that would be withheld from their pay checks. The new proposal instead calls for the uninsured to pay a 2 percent income tax.

Welch said the new plan was simpler because it reduced the need for businesses to obtain insurance information from their employees and share that information with the state.

"We are trying to find something simple and fair, but not perfect," Welch said. "Perfect can be the enemy of the good."

Senators like this approach because it allows the insured to keep their private coverage and forces only the uninsured and their employers to pay for a public system for those who need it.

As for requiring businesses to pay a 0.5 percent payroll tax on workers who are insured but not by the company's policy, Welch said it would likely cost those businesses between 8 percent and 15 percent of a worker's salary to insure them if they did not get coverage elsewhere, so the additional tax was minimal.

"It's a tradeoff" for achieving simplicity, Welch said.

Senators during negotiations with House leaders on Friday made subtle changes to their taxing scheme in hopes of talking House members into accepting their go-slow approach to crafting a publicly-financed, universal health care plan for all Vermonters.

The House in April approved a reform measure that calls for primary, preventive and hospital coverage for all Vermonters — not just the uninsured — to be publicly financed through taxes by 2007.

Senate President Peter Welch told House negotiators the state must take slow, methodical steps to achieving universal health care to build public confidence and not scare people into believing the government is attempt to bite off more than taxpayers can chew.

House negotiators said little about the Senate's proposal except they would consider it before returning to the bargaining table on Tuesday.

"We are receptive to their ideas but we have not made a decision," said John Tracy, D-Burlington and the House's lead negotiator. "We will be communicating with each other over the weekend."

Gov. James Douglas is vehemently opposed to using a payroll tax to pay for health care reform. Calls to his office seeking comment on the new Senate proposal were not immediately returned.

---

## **MVP warns it may leave**

May 26, 2005 |By John Zicconi Vermont Press Bureau | Rutland Herald

MONTPELIER — Two of Gov. James Douglas' priorities for reforming health care appear to be on a collision course.

Douglas believes Vermont needs additional insurance companies offering a wider variety of coverage options than are presently available. Increased competition, the governor believes, will help reduce the spiraling cost of health insurance, which increases more than 10 percent annually.

But on Wednesday, a top executive at one of the state's leading private insurance carriers said the governor's health-care reform proposal — which calls for a 3 percent tax on health insurance premiums — is fatally flawed and could drive his company out of Vermont.

James Hester, vice president of MVP Health Care's Vermont Division, said it is likely impossible for his company to absorb such a tax increase without passing it on to customers.

"We have no confidence at all in the actuarial models the governor and the Banking, Insurance, Securities and Health Care Administration are using," Hester said in an interview.

"The administration's analysis of the cost savings to insurance companies due to reducing the cost shift is not based in reality," he said. "It is a flawed analysis."

Legislative leaders are meeting with Douglas behind closed doors in an attempt to forge a health care reform funding scheme the governor can support before the General Assembly adjourns in June.

House and Senate leaders vehemently oppose the governor's tax plan and instead favor a combination payroll and income tax as a way to pay for health coverage to the uninsured. They quickly seized upon Hester's objections.

"The governor's tax plan ... is playing Russian roulette with one of our best carriers," said Senate President Pro Tem Peter Welch, D-Windsor.

"The governor's philosophy is keeping businesses in the state and not driving them out," said Rep. John Tracy, D-Burlington, chairman of the House Health Care Committee. "But clearly here is something that would make it difficult for insurance companies to do business here."

Douglas believes insurance companies would not have to raise rates if a 3 percent premium tax is enacted.

He says the \$20 million it raises would help provide coverage to about 21,000 uninsured Vermonters who no longer would receive free or reduced-cost health care at the expense of those who have insurance.

By reducing health care's so-called "cost shift," MVP and other insurance companies would save enough money to make up for the additional tax, Douglas said.

Hester called the governor's logic "nonsense," and said the first thing MVP would do if a premium tax is enacted is ask the state for an equal percent rate increase. If the request was denied, MVP might be forced to leave Vermont.

"Our total projected surplus is less than 3 percent, so we would be operating at a loss," Hester said. "If we were given less than a 3 percent rate increase we would have to review whether financially we could stay in the state."

MVP is the state's third-largest health insurer and covers nearly 54,000 Vermonters. MVP also covers an additional 500,000 people in New York and Massachusetts.

Hester's concerns were echoed by Leigh Tofferi, spokesman for Blue Cross Blue Shield of Vermont, the state's largest health care provider with 170,000 customers.

Tofferi called the governor's belief that insurance companies will recoup their losses through a reduced cost shift "unproven and untested."

He said Blue Cross, which has a 2.5 percent profit margin, likely would ask the state for a 3 percent rate increases should a premium tax be enacted.

"We are not willing to risk our financial position on unproven assumptions," Tofferi said.

Blue Cross Blue Shield of Vermont only insures Vermonters. If the company's operating margin is eliminated or greatly reduced, it could be forced to merge with a larger Blue Cross carrier that does business in other states, Tofferi said.

An out-of-state company might not be as willing to offer low-profit, high-risk plans as a local company, he said.

"A nonlocal market may not operate in all the trouble spots," Tofferi said. "There is value to Vermont in having a Blue Cross plan that is managed locally."

Administration officials said the governor based his financial assumptions on an analysis conducted by the respected actuarial firm of Mercer, Oliver & Wyman, which has done work for the state for years.

That analysis shows that insurance companies can absorb a 3 percent premium tax as long as health care reform provides coverage to 12,000 of the state's 63,000 uninsured, they said.

Charles Smith, Douglas' secretary of administration, said he was aware of Hester and Tofferi's concern.

"I don't buy their arguments," he said. "If handled right there does not have to be any pass through to premium holders."

---

## Doctors belted by rate boosts

May 14, 2005 |By John Zicconi Vermont Press Bureau | Rutland Herald

### NEW RATES

The average malpractice insurance rate increase is 19.7 percent.

BERLIN — Vermont physicians believe the cost of medical malpractice insurance recently approved by a state regulatory agency spells trouble for both local doctors and their patients.

Vermont's largest malpractice insurance carrier beginning in July will raise rates for emergency room physicians by 69 percent, oncologists by 46 percent and family care obstetricians 38 percent.

Medical Mutual Insurance Company of Maine will also raise rates for radiologists, urologists and surgical podiatrists more than 30 percent. Overall, the average rate increase for all fields of practice is 19.7 percent.

Skyrocketing malpractice costs — local rates rose about 50 percent between 2001-04 — are driving doctors out of business and threaten patient access, especially in rural areas where physicians earn less than they do in metropolitan areas like Burlington, doctors said.

The ever-increasing threat of being sued is also driving up the cost of health care as physicians are forced to practice "defensive" medicine that includes ordering more expensive tests and consultations than are necessary just in case their judgment is ever called into question, doctors said.

"Vermont has never been considered a state in crisis," said Dr. Glen Neale, a Morrisville orthopedic surgeon. "But we have now moved into that area."

Vermont physicians on Friday high-lighted these extreme examples at a press conference and called for the Vermont Legislature to enact malpractice insurance reform.

"There is no physician that is not going to pass the increased cost on to their patients," said Dr. David Butsch, a general surgeon at the Central Vermont Medical Center.

Physicians called for a number of reforms, including limiting damages for pain and suffering in malpractice cases to \$250,000, establishing a mandatory arbitration process before cases can be heard in court and setting expert-witness qualification standards for malpractice hearings.

The Vermont House and Senate have elements of these reforms built into their larger health care reform proposals, but it is still unclear if either bill will become law.

Physicians on Friday, regardless of how health care reform efforts conclude, called for lawmakers next year to take up a standalone malpractice bill offered by Rep. Harry Chen, D-Mendon, who is an emergency room doctor.

Chen said debating the bill next year would be optimum timing because a special malpractice study committee formed by the Legislature in 2004 is due to issue a report in December. Lawmakers hope the committee — which is comprised of doctors, lawyers, hospital executives, patients and regulators — can help them identify solutions that can contain runaway insurance rates, he said.

"The hope is we will take this issue up seriously as a result of this study," Chen said.

Vermont malpractice rates are the lowest in New England and among the bottom 20 percent in the nation, said Peter Yankowski, deputy commissioner for the insurance division of the Vermont Banking, Insurance, Securities and Health Care Administration.

Medical Mutual Insurance Company of Maine last week was granted permission to increase its rates substantially because the company was losing money, he said.

"If you look at medical malpractice companies over the past few years, they have not enjoyed profitable operations," Yankowski said. "When reviewing rates, we have to make sure they can cover their expected claims."

Yankowski acknowledged that local malpractice rates have increased substantially since 2000, but in the five years prior to that they hardly budged, he said.

"No one is making a lot of money here," Yankowski said. "Even though the rates have gone up, we still have some of the lowest rates in the country."

The recent rate increase will boost insurance premiums for obstetricians from \$11,100 to \$15,300, emergency room doctors from \$12,500 to \$21,100 and general surgeons from \$21,300 to \$26,900.

Physicians say Vermont malpractice rates may be among the lowest in the nation, but so are their salaries.

Vermont doctors earn an average of about \$120,000 per year, said Paul Harrington, executive vice president of the Vermont Medical Society.

"People make a lot more elsewhere," Harrington said. "It is the percentage of income that I look at."

Trial lawyers, who represent patients injured by physicians, do not oppose malpractice reform, but they don't agree with everything doctors want, especially limiting damage awards.

Vermonters file about 50 malpractice lawsuits per year — which represents just 1 percent of all the state's civil cases — and generally no more than two go to trial, said Tom Sherrer, president elect of the Vermont Trial Lawyers Association. Financial settlements and jury awards are among the lowest — 48th — in the nation, he said.

Vermont's biggest problem is insurance companies do not charge Vermont doctors based on local risk, Sherrer said. Local physicians instead are lumped into risk pools with states that have much worse financial histories, he said.

Instead of limiting damage payments, lawmakers should focus on ways malpractice providers can cover local doctors in isolation, he said.

"There is a disconnect between what is happening in Vermont and the insurance industry," Sherrer said. "The big question is where are they losing money? That is why this captive insurance idea that is going around is a wonderful and one that we support."

---

### **Panel OKs health reform**

May 13, 2005 | By John Zicconi Vermont Press Bureau | Rutland Herald

MONTPELIER — A key Senate committee Thursday approved a health care reform proposal that Gov. James Douglas has described as "unhealthy."

The plan provides primary care coverage to the state's 63,000 uninsured by July 2006 and calls for hospital coverage for all Vermonters by July 2009.

Extended coverage, however, would take effect only if a series of cost-containment measures begin reducing the double-digit annual inflation rate of health care spending and a series of economic studies show services can be provided without harming the state's economy.

The Democrat-controlled Senate Finance Committee approved the bill 4-2 along party lines.

Douglas dislikes the proposal, which calls for an estimated 3 percent payroll tax on businesses that do not provide employee health benefits and on workers who do not have health insurance.

The tax is estimated because government officials will not decide what primary care medical services the plan will offer until January. Lawmakers next year will set the actual tax rate only after they approve a service package.

"The General Assembly must sign off on the final package," Senate President Peter Welch, D-Windsor, said.

Should the full Senate pass the bill next week as expected, it will mark the second time in as many months the Democrat-controlled Legislature approved a health-care reform plan the Republican governor opposes.

The Senate's approach to providing universal access to health care differs drastically from a reform plan passed last month by the House. That proposal calls for the immediate reorganization of several state agencies so a publicly financed health care system can be put into place by 2007 even though no one has identified how much it would cost or whether the state can afford it.

Douglas suggested he would veto the House plan.

The governor also strongly opposes the Senate bill because he believes a payroll tax is bad for the economy and would amount to the equivalent of an 80 percent income tax increase on the uninsured working poor.

But talks about a compromise continue, Welch said. Douglas is expected to join upcoming negotiations between House and Senate leaders to unify their proposals.

"There is plenty of room for the governor at the table," Welch said. "We have a serious disagreement over how to finance this, but that is no reason to discontinue serious conversation."

Douglas last week floated what he called a "compromise" proposal that calls for a 3 percent premium tax on health plans offered by companies like CIGNA, MVP Health Care and Blue Cross Blue Shield.

Senators rejected that idea because it taxes the insured to pay for the uninsured. They prefer to tax businesses that don't provide insurance and workers without coverage because they are the ones who will benefit from their government-run plan.

Jason Gibbs, the governor's spokesman, said a successful compromise hinges on finding an agreeable taxing scheme.

"We need to find another revenue source," Gibbs said. "The governor is open to alternatives. ... But a payroll tax on the working poor is not appropriate."

Gibbs said any compromise must also include a strategy to provide universal access to health care without creating a single-payer, government-run system.

The Senate plan breaks the uninsured into two categories: 35,000 who lack any kind of insurance means and 27,000 who qualify for Medicaid, but who have not enrolled.

The plan calls for the Medicaid eligible to enroll in that government-sponsored program, which receives 60 percent federal funding and creates a new state-run, primary care insurance program for the others.

A primary care package would cost about \$1,500 per person, senators said.

Businesses that provide private insurance would be exempt from paying the payroll tax unless they have employees who are uninsured. Companies would not get credit for workers who receive coverage through the Vermont Health Access Plan for the working poor.

Small businesses with a payroll less than \$25,000 would also be exempt from the tax, which is expected to generate some \$40 million annually.

The bill's cost-containment measures include hospital budgets capped at annual increases of about 7 percent, enhanced prescription drug initiatives, investments in health information technology and the development of a long-term strategy for integrating Vermont's health care delivery system, which would include less expensive methods to treat chronic diseases such as diabetes and hypertension.

"I don't think there is any way we can achieve universal access without cost containment being an essential component," said Sen. James Leddy, D-Chittenden and chairman of the Senate Health and Welfare Committee. "We have to transform our fee-for-service, volume-driven system into a preventative, cost-controlled system."

---

### **Committee polishes health bill; session looks longer**

AP Wire | By Ross Sneyd, Associated Press Writer | May 12, 2005

MONTPELIER, Vt. -- Senators quickly and quietly agreed Thursday to extend their session until as late as June 4 as a key committee completed its work on a health reform initiative that continued to rely on a payroll tax that the governor adamantly opposes.

The Senate Finance Committee ignored Gov. Jim Douglas' veiled threats to veto any bill that included the payroll tax on workers and employers, arguing that his preferred premium tax was not as fair a way to expand health coverage to the uninsured.

"There's no support for a premium tax," said Senate President Pro Tem Peter Welch, D-Windsor. "It got killed in the House last year by Republicans."

There was a last-minute effort to answer some of the governor's criticisms by exempting the first \$25,000 of a worker's income from the tax that applies to employers. That was designed to make the proposal more affordable for small companies, such as mom-and-pop stores, many of which pay their part-time employees less than that. The Finance Committee voted 4-2 in favor of the tax provision and the committee recommended the bill on the same vote. Both Republicans on the committee opposed it.

"To me the question isn't which tax," said Sen. Mark Shepard, R-Bennington. "If I'm going to raise a tax, I want it for something I want it to pay for."

Shepard and other Republicans believe the Senate plan, just like the House bill, will lead to socialized medicine. "There's going to be a migration from market plans to that (public plan)," Shepard said. "A certain amount of migration will break the (private) market."

Just hours earlier, the Senate without debate and almost no advance notice rushed through a bill that would enable lawmakers to continue debating among themselves and the administration for at least three more weeks.

The \$800,000 is needed because the Legislature's annual budget will be exhausted Friday and there's no money for staff, equipment and supplies without a supplementary appropriation.

But even as the bill was quickly sent to the House, legislative leaders promised they were still aiming for adjournment in as little as two weeks.

"At this point I'm still hoping we can finish our work in May, but I acknowledge the Senate has significant work on bills," said House Speaker Gaye Symington. "I think we can get out of here as soon as we can, having done our work well."

But the prospect of an early adjournment dimmed again as Senate leaders continued pressing ahead on their version of health care reform. The Senate wants to provide insurance to those who do not currently have it by instituting a 3 percent payroll tax on employers who don't provide coverage to their employees and a similar amount on the workers themselves.

Democrats said that would be fairest because the tax would be imposed only on those companies and their employees where coverage is not now provided.

Republicans responded, however, that a payroll tax is regressive because it hits people with lowest incomes hardest.

Douglas has been promoting for nearly a week an alternative that would impose a 3 percent tax on health insurance premiums to provide similar coverage. He's less committed to that tax than he is opposed to the Senate tax.

"There's so many reasons why this is a bad idea," Douglas said. "Maybe there is some idea we haven't thought of or put on the table."

Welch agreed that could happen. "The speaker and I are willing to have a serious discussion with the governor," he said. "Both of us are interested in doing anything to address the health care crisis."

There still is some possibility that a new tax source could be devised and adopted because the bill still has to be considered by the Senate Appropriations Committee and will not be debated by the full Senate until next week.

It is significantly different from the framework that the House adopted last month and so will have to be subject to negotiations. That alone could take weeks and the governor's opposition could make the talks more difficult.

---

## **States and Employers Duel Over Health Care**

By REED ABELSON | Published: May 6, 2005 | New York Times

The relentless rise in health care costs is causing states and businesses to fight over whose job it is to insure workers. And nearly two dozen states, struggling with the growing burden of providing public assistance to people with jobs but no insurance, are looking to shift more of the financial burden onto the workers' employers.

Last month, for example, Maryland, which spends roughly \$350 million a year on health care for the uninsured, passed a bill requiring the state's very largest employers to spend at least 8 percent of their payrolls on health benefits for their workers. Lawmakers elsewhere, including Connecticut, are considering legislation that may also require some companies to provide coverage, either directly or by paying into a state fund.

Some measures, as with a New Jersey proposal, would let companies bid on state contracts only if they provided health insurance for their workers.

At the very least, some states would embarrass companies whose workers are on Medicaid or other forms of state assistance by publishing the employers' names - as Massachusetts has already done with a list of companies including Dunkin' Donuts, Stop & Shop and Wal-Mart Stores. Dunkin' Donuts says individual franchised stores, not the company, are responsible for coverage, while Wal-Mart challenged the findings. Stop & Shop declined to comment.

The Maryland bill may not presage passage of such measures in other states, but employers and others say there is no doubt that the issue is heating up around the country. Medicaid, the states' main public assistance health care program, now eats up about 16 percent of their budgets. Nationally, the number of uninsured is 45 million and rising. And with federal funds expected to be scaled back by \$10 billion over the next five years, the states' burden seems likely to grow.

Some employers, though, question whether that national problem should necessarily be theirs to solve.

"The focus of the debate is whether there should be an employer mandate," said Ellen Valentino, Maryland director for the National Federation of Independent Business, whose state group of small companies opposed the legislation.

But backers of the Maryland bill, which seemed to take special aim at Wal-Mart, the nation's largest employer, say the support for it there indicates a growing recognition of the growing financial burden of caring for the uninsured. They say taxpayers are unfairly supporting too many companies' uninsured workers, who turn to government programs like Medicaid or simply show up in the emergency rooms of hospitals subsidized by the state to provide care to people unable to pay.

Jonathan Parker, campaign director of Americans for Health Care, a union-led group in Washington that helped push for the Maryland bill, said legislative pressure was rising in state capitals nationwide. "We're going to see it in more and more states," he said, "and we're going to see it sooner rather than later."

Mr. Parker's group points to people like the Smiths, a couple in Portland, Ore. Cheryl Smith, 54, works as a nurse's aide at a private residential care facility, making about \$20,000 a year. Her husband, Vern, 51, has diabetes and an array of conditions associated with the disease.

Mr. Smith, a former security guard, has not worked for about three years, and Mrs. Smith's employer does not offer insurance. After he had a heart attack at the end of March, the couple faced enormous bills - \$68,000 for the hospital stay, \$38,000 for doctors' fees, with more on the way for other services.

"I personally don't know what to do with them," Mrs. Smith said.

An Oregon proposal to require all employers to contribute to a health care fund failed in 2003, but its backers vow to revive the effort. Oregon has reduced the number of people eligible for its state programs, and Mr. Smith is among those who lost benefits.

Several other states, including Tennessee and Minnesota, have also been dropping people from public programs or are considering such cuts as they try to balance their budgets. "They are in fiscal crisis, and they are looking at ways to cut costs, shift costs," said Jeff Munn, a senior health care consultant at Hewitt Associates, which advises employers on health care and a range of other matters.

"If history is a guide, a lot of these efforts will fail," Mr. Munn said. "That said, it does feel like there's momentum around these efforts."

Only a few months ago, it seemed as if any momentum had stalled. California voters narrowly defeated a proposal in November that would have required large employers to pay more to insure their employees, after a campaign by unions and other groups that focused much of their energy on Wal-Mart.

But the Maryland bill's passage indicates that the issue remains very much alive. "The movement to require employers to provide health insurance coverage is by no means dead," warned the HR Policy Association, a group of human resources executives, which urged its members last month to take "the offensive" in coming up with solutions to problems of the uninsured.

By the association's count, at least 10 states have looked into some sort of requirement that companies contribute more to their employees' health coverage. These "pay or play" bills require companies either to directly provide coverage or to pay into some sort of state fund that would help insure those workers. Late in April, the finance committee of the Connecticut Senate reported out a bill aimed at companies with 5,000 or more employees. But similar legislation died in Washington State.

In Maryland, although Gov. Robert L. Ehrlich Jr., a Republican, is expected to veto the bill, proponents say they believe they have enough votes in January, when the Legislature is next to meet, to override his veto. Democrats, who control both the Senate and the House of Delegates, pushed for the measure.

Other advocates also see rising support. "It's gone kaboom," said Mark Federici, director of strategic programs at Local 400 of the United Food and Commercial Workers union, who says the support "is certainly a reflection of the general frustration everyone is faced with" over health care.

As in California, Wal-Mart proved to be a big target in Maryland. In the legislation passed, the insurance obligation applied to the very largest employers, those with 10,000 or more workers. Of that handful, according to the bill's proponents, only Wal-Mart appeared to be below an 8 percent threshold; the company testified that it devotes 7 percent to 8 percent of its payroll to benefits.

One of Wal-Mart's competitors, Giant Food, another of the state's largest employers, came out forcefully in support of the legislation. Giant, which says it spends at least 20 percent of its payroll on health benefits, already satisfies the requirements of the law.

Giant's support "really opened the door," said Vincent DeMarco, president of the Maryland Citizens' Health Initiative, a coalition of unions, consumer advocates and others pushing for the legislation.

By focusing on such a small group of employers, the proponents succeeded in what a Maryland Chamber of Commerce official termed a "divide and conquer" strategy toward business. "From a policy point of view, the bill doesn't make any sense," said Ronald W. Wineholt, a vice president at the chamber, arguing that because the legislation affected such a small number of companies, it did not address the bulk of the working uninsured. The bill was "more politics than policy," he said.

Exactly how much Maryland would save from the legislation is unclear. By state calculations, Wal-Mart spends roughly \$270 million on wages in Maryland. If it were forced to pay another percentage point or two of that toward health benefits, the additional amount would not exceed several million dollars.

The bill's supporters, including Mr. Parker, say the legislators settled on a partial approach to a problem everyone acknowledges is much larger. "Conceptually, something has to be done," he said. He predicts more activity this summer as his group and others try to capitalize on the momentum and decide how best to focus their activities in the next legislative session.

Wal-Mart and some others say that the legislation has unfairly singled out the company, which has been frequently criticized around the country for not offering more generous health benefits to its employees. "Taking a shot at us is not a way to address all these issues," said Nate Hurst, who handles government relations for the company, based in Bentonville, Ark. Wal-Mart says that a little more than half of its 15,000 full-time and part-time employees in Maryland who are eligible for coverage are enrolled in one of its health plans. The company will not say how many workers are eligible.

Other states are taking a more limited approach, requiring companies that have state contracts or that receive tax breaks to offer insurance, according to the HR Policy Association.

About 11 states, including Georgia, New Jersey and Vermont, have been considering such laws. "I think it's probably a much easier requirement to get enacted," Mr. Munn, the Hewitt consultant, said.

Few policy analysts expect the struggle between states and employers to end anytime soon.

"It's a giant dispute that's going to bounce back and forth between all these parties," said Mark Wietecha, chairman of Kurt Salmon Associates, a consulting firm in Atlanta that advises hospitals and others about health care issues. "The reality," he said, "is almost everyone is going to try this."

---

### **Governor says he's against payroll tax for health care**

April 29, 2005 | Rutland Herald | By ROSS SNEYD The Associated Press

MONTPELIER — Democratic senators and the Republican governor are trumpeting their cooperative efforts to craft a compromise health reform initiative even as they ignore a significant disagreement that forms a cornerstone of the plan: a 6 percent payroll tax that would raise \$40 million to pay for it.

Gov. James Douglas made clear at his weekly news conference Thursday that, although he's encouraged by his administration's talks with the senators, he's loathe to their funding plans.

"I haven't said I support new taxes," Douglas said. "I've said they've offered ideas that are far more constructive" than what House Democrats passed last week. "I'm not a fan of a payroll tax," he said.

Senate Democrats have proposed establishing a requirement that every resident of the state have health insurance. They want to create programs that will make sure that the estimated 62,000 uninsured Vermonters have coverage. About 27,000 of them are eligible for the existing Vermont Health Access Plan, a program funded and administered by the state with the help of the federal government. Those people would be guided to VHAP.

The remaining 35,000 would get access to a new, barebones insurance plan providing primary and preventive care. It would be paid for by imposing a 3 percent payroll tax on companies that don't offer insurance to their employees and a 3 percent payroll tax on the workers themselves.

Some Senate leaders appeared to be surprised that the governor had come out strongly against their funding source, although they refused to be pulled into a public dispute with him now.

"It's a major issue. We need his active indication for how we're going to pay for this," said Senate President Pro Tem Peter Welch, D-Windsor. "It's really about fairness. We're only talking about those individuals and employers who access health care and don't contribute."

Douglas rejects that argument and points out that even those who don't have insurance and those employers who don't provide it pay income and other taxes, which help to pay for a variety of health insurance schemes within state government.

Nonetheless, he sought to emphasize how different the Senate approach is from the House's. The House bill would set up the foundations for a system in which state government would be responsible for paying for all of health care with taxes. It would be similar to single payer plans that exist in Canada and across Europe.

"Philosophically, Senate Democrats along with Senate Republicans have a different view of what we can accomplish," he said, insisting that his top aides would continue trying to work out a compromise, but one that wouldn't rely on a payroll tax.

Welch said that would be the key challenge because senators believe they have the outlines of a compromise.

"We've got ours on the table," Welch said of a funding source. "It's his move."

---

### **Tax Issue hangs over health plan**

April 28, 2005 | The Burlington Free Press | By Terri Hallenbeck

As John Klesch looks over a summary of the senate's health-care proposal, he sees a number of things he agrees with, and one he very much does not.

A 3 percent tax on employers who don't provide health insurance and employees who don't have it won't sit well with store owners who are members of his Vermont Retail Association, he said.

"We're opposed to a payroll tax and anxious to try to make the case that we can reach the goal everybody wants to reach without inflicting a tax," Klesch said.

His group and the Vermont Grocers Association were among those who offered up a plan that would require Vermonters to have health insurance, then offer help to businesses to provide coverage.

As a one-page draft of the Senate health-care plan started circulating through the statehouse this week, others also found the payroll tax the toughest piece to swallow.

Senate Health and Welfare Committee Chairman James Leddy, D-Chittenden, pitches the tax as a way of putting the cost where it belongs. "We aren't asking those who have coverage to pay for those who don't" he said.

Senators estimate a payroll tax would bring in \$39 million to help provide primary health coverage for those uninsured. It would not attempt to provide hospitalization - something senators said would come later.

Leddy concedes many questions remain about how the plan would work including whether an employer who offers insurance would have to pay the tax if an employee declines coverage. "There's 10 going on a hundred of those kinds of questions," he said.

Late Wednesday afternoon, his committee pored through a potential health-care bill that started at Page 17. The first 16 pages contain the financial part of the bill and those need more work before they can be made public, he said.

Charlie Smith, secretary of administration, was briefed on the Senate plan Tuesday. He said the Douglas administration isn't ruling any parts of the plan out, though he believes the payroll tax might face federal legal issues, as states are restricted from setting policy regarding employee benefits.

Smith said he found the Senate plan more focused than the version passed by the House last week that calls for universal coverage paid for through a broad-based tax. The House plan, approved 86-58 in almost strict party-line

voting, sets out the path for a state-financed health insurance program beginning in mid-2007. Gov. Jim Douglas has said he strongly opposes the plan.

Leaders of the Democratic-controlled Senate said they want to create a bill that will be palatable to the Republican governor and the Democratic-controlled House.

The Senate plan includes a number of measures designed to contain the rising cost of health care, including changes to hospital budgeting, creating a preferred drug list designed to reduce prescription drug costs and instituting technology that would reduce administrative costs.

"Our major focus is going to be on the cost side," said Senate President Pro Tempore Peter Welch, D-Windsor.

That means focusing on preventative care, said Sen. Susan Bartlett, D-Lamoille. For example, preventing premature births or providing care that keeps kidney patients from needing dialysis can save enormous amounts of money, she said.

That's one area the governor, Senate, House and the Grocers Association agree on. All four plans include the Chronic Care Initiative that would teach people with chronic illnesses how to better manage their health.

---

### **Senate leadership pushes its version of health reform legislation**

April 28, 2005 | Rutland Herald | By ROSS SNEYD The Associated Press

MONTPELIER — Now that Senate Democratic leaders have found a health reform initiative that they believe can become law, they began rallying their forces Wednesday and trying to promote the bill even as they continue putting it on paper.

A one-page outline of their plan was released only a day earlier and the formal bill that would put those ideas into law still has not been completely drafted. Nonetheless, senators are treating it as the elusive compromise that would bridge vast differences between Gov. James Douglas and the much more ambitious House Democratic plan.

"This is not a revolution. This is building a plan step by step, brick by brick, the bridge to somewhere," said Senate Health and Welfare Committee Chairman James Leddy, D-Chittenden.

That's a message that senators are eager to continue sending: They view their bill as a bridge to a more comprehensive reform effort. That's important because their colleagues in the House last week adopted a bill that would eventually impose millions, perhaps billions, of dollars in taxes to fund a taxpayer-funded health care system.

Senate leaders say theirs would begin moving toward that goal by raising about \$40 million in payroll taxes, which would be paid only by employers who don't currently offer their workers insurance, and by the employees who don't have it.

Both approaches would also begin to implement some cost-cutting measures, such as improving preventive care and chronic care and beginning to move away from the practice of paying hospitals and doctors for every service they provide. Instead, they'd be rewarded for providing the kind of care that makes their patients healthier.

"The common goal, House and Senate, is to bend that (cost) curve," Senate President Pro Tem Peter Welch, D-Windsor, said.

As more people get insurance coverage because the Senate would require health insurance, the state would get a sense of what cost-cutting measures worked and would set the stage for a more comprehensive system, such as the House proposed, he said. "There's going to be evidence here about whether that cost is coming down," he said.

One of Welch's primary goals is finding a bill that actually can become law. It's clear Douglas would veto the approach crafted by the House, but he's showing willingness to work with the Senate.

"I believe it is generally a lot more responsible than what passed the House of Representatives and I think the basis for agreement," Douglas said of the Senate plan during an appearance on Vermont Public Radio's "Switchboard." "I think we may well be able to find some common ground."

Leaders of the House are keeping an open mind on the Senate's work, emphasizing that along with the Senate they are keen to slow the spiraling cost of health care.

But there also are many in the building who are strongly opposed, especially some of the small businesses that drafted an alternative to the House bill and that Senate leaders used as a model for their own.

A key difference between the bill drawn up by the National Federation of Independent Businesses and the Vermont Grocers' Association is that senators are calling for a payroll tax to pay for their plan. The businesses would have required all residents to buy insurance, but they would not have imposed a tax to pay for the coverage.

"It boggles my mind that they think they can just throw money at this," said Shawn Banfield, a lobbyist for NFIB.

"We would rather incent employers to offer programs rather than mandate it with a pay-or-play payroll tax," said Jim Harrison of the grocers.

---

## Too few docs?

### Some ask if Vt. has capacity for health care plan

April 20, 2005 | Rutland Herald | By John Zicconi Vermont Press Bureau

MONTPELIER — Rutland-area physician recruiter Larry Jensen is always busy.

The Rutland Regional Medical Center employee is trying to attract 22 new physicians to his medically under-served area, a number he considers unusually high. Most other Vermont counties are in the same boat, with too few primary-care doctors for their populations.

Meanwhile in Montpelier, a proposed historic overhaul of the state's health care system could mean the demand for doctors will become even greater, and health care officials wonder where these extra physicians will come from.

The Vermont House will begin debating today whether the state should adopt a publicly financed, universal health care plan that would provide medical insurance to all Vermonters.

The proposal grants coverage in phases, with access to primary and preventative care scheduled to come on line first. The bill calls for all Vermonters — including the state's 63,000 uninsured and 40,000 underinsured — to have financial access to family physicians by July 2007.

Jensen, who is trying to attract four new primary-care doctors to Rutland just to handle the insured population, questions how the area's primary-care network can handle a 20 percent increase if the uninsured and underinsured suddenly receive coverage.

"To take care of the patient load we have right now, we are looking for three to four (new) primary-care doctors," Jensen said. "To take care of the rest, we would probably need that many again."

Recruiting a primary-care doctor to the Rutland region takes about three years, he said.

The situation in Washington County is no better. Central Vermont Medical Center employs 26 primary-care physicians at nine different locations, only one of which is accepting new patients because of a physician shortage.

Three new doctors are scheduled to arrive this summer, which will ease the crunch. But if every physician's patient load suddenly grew 20 percent, the system would be overwhelmed, said CVMC president Daria Mason.

"We have a capacity issue right now — today," Mason said. If the state adopts universal coverage, she said, "We don't have the primary-care physicians to handle it."

Nine of Vermont's 14 counties fall below a federal guideline of 78 primary-care physicians for every 100,000 residents.

According to a 2000 survey, which is the most recent data available, Vermont's family physician count ranges from a low of 18.9 per 100,000 in Grand Isle County to a high of 89.3 per 100,000 in Chittenden County.

Rutland and Washington counties each have 72 family doctors per 100,000 residents. Only Grand Isle, Franklin and the North East Kingdom counties of Essex, Orleans and Caledonia have fewer primary-care doctors.

Ellen Thompson, public health planning chief at the Vermont Health Department, said the federal guideline is 15 years old and likely does not account for how modern medicine treats chronic diseases like diabetes.

"Whether that ratio is valid any more makes me really nervous," said Thompson, who does not believe primary-care practices are staffed to handle a large influx of patients.

"If there are a 100,000 people out there desperate for health care and just waiting for someone to ring the bell, that would be a problem," Thompson said. "But if those with unmet need are fairly healthy people who just need routine

care ... we will be OK."

Those who treat the uninsured do not believe universal access will open a floodgate. History shows demand will build slowly, said Sonja Olson, coordinator of the Vermont Coalition of Clinics for the Uninsured, which runs nine free clinics throughout the state.

"The free clinics ... have not been overwhelmed," Olson said. "A lot of people have grown up not understanding the benefits of timely health care. ... It will take time for them to understand they should go to the doctor."

Attracting doctors to Vermont is complicated by many factors, including a harsh winter climate, below-average payment for services and a shortage of professional opportunity for spouses, according to recruiters.

If Vermont establishes universal access, it likely will have to rely on mid-level providers like physician assistants and nurse practitioners, said Stephanie Pagliuca, program manager for the Vermont Recruitment Center of the Bi-State Primary Care Association.

Mid-level providers are plentiful and cheaper, as salaries range from \$55,000 to \$65,000 instead of \$100,000 for physicians, Pagliuca said. They generally take about six months to recruit, she said.

The key is patients being comfortable seeing such providers instead of a doctor, Pagliuca said.

"The patient has to have confidence that, when they need to step up and see a doctor, that will be there for them," Pagliuca said. "But once you see a nurse practitioner and your expectations have been met, you are less hesitant to see them the next time."

The Vermont Medical Society, which represents about 1,600 Vermont physicians, does not support the House proposal in part because it does not outline what physicians will be paid, according to Paul Harrington, the medical society's executive vice president.

"If the state reimburses similar to Medicaid — currently Medicaid pays about 53 percent of what Blue Cross pays — you will not attract physicians to Vermont," he said. "But if a new state-administered plan provides adequate reimbursement ... it could make Vermont an attractive place to practice."

Mason said physician recruitment and retention issues must be better discussed before the state moves forward with universal access.

"It's like we have the cart before the horse," the CVMC president said. "We have not looked at the physician component as well as we need to."

---

The following articles were printed in an Irish Newspaper. This type of article runs in every newspaper every week complaining about the quality of a government run health care system. This is only one example of how the government will control the cost and the quality of your health care in the future if you approve H.524  
**VOTE NO on H.524 unless you want Vermonters to have this kind of health care.**

---

### **The Guardian | Nenagh, Co. Tipperary, Ireland (April 16, 2005)**

#### **Coonan supports call to Minister on Cancer treatment service**

Fine Gael Health spokesperson, Dr. Liam Twomey, T.D., recently asked the Tanaiste if she thought it was medically safe that there is only one permanent oncologist at Cork University Hospital and no ward to treat oncology (cancer) patients.

Senator Noel Coonan, supporting, asks 'does this Government consider this is an acceptable cancer treatment service for the second largest city and the south of Ireland? This is a disgraceful situation for a hospital that is expected to treat cancer patients not only in Cork and Kerry but also from Limerick, Tipperary, Waterford and Wexford.

What hope have regional centres like Limerick and Waterford to develop their services if the biggest hospital outside Dublin cannot be developed in a timely fashion? The fact is this Government is failing to provide the most basic facilities for treating cancer patients. This is further reflected in the continued lack of progress in rolling the BreastCheck screening programme at the old international reading building, where the service will be based.

The Tanaiste cannot possibly consider this to be an acceptable state of affairs. There is only one way to see it: despite having been in power for much of the last twenty years the Government has failed to deliver satisfactory cancer treatment services".

---

## **O'Meara calls**

Senator Kathleen O'Meara has announced that she is calling a public meeting of all those concerned with the continuing failure by the government to sanction the extension of BreastCheck, the breast screening programme, to North Tipperary.

"I have been informed by BreastCheck that the Minister for Health has still not agreed to allow the organisation to fully extend the breast screening programme to many counties in the South and West of the country including North Tipperary," says Senator O'Meara.

This means that we still do not know when women in North Tipperary will have a breast-screening programme available to them, as women in Dublin and the Eastern counties do.

"This means that 45 women in the 50-65 year age group are threatened by early cancer which would be detected by a screening programme".

Senator O'Meara said that in the Autumn of 2002 when the mammography machine in Nenagh General Hospital was closed down a commitment was given that the National Screening Programme would soon be available in North Tipperary. That was two and a half years ago and very little progress has been made since.

Senator O'Meara said she finds it very difficult to understand why a Minister for Health would delay the rolling out of a screening programme that has proved very successful in reducing deaths from breast cancer in women.

I am inviting every woman who is as concerned about this issue as I am to attend this meeting in the Ormond Hotel Nenagh on next Monday, 18th April, 2005 at 7.30 p.m.

---

## **Friends of Nenagh Hospital voice concerns**

What follows is a summary of the AGM of the Friends of Nenagh Hospital, held at the hospital on Wednesday March 30.

Nenagh Hospital continued to provide an acute service for the public of North Tipperary and figures to prove this were provided by the hospital administrator. It was working to its full capacity. Concern however was expressed by members at the meeting about the fact that funding for the coming year was being cut from €18million to 16.6million for 2005. This it is feared will lead to cut backs in services, although it was pointed out that the services provided in 2004 represented excellent value for money.

Grave concern was also expressed at the fact that the new Health Services Executive had put a moratorium on the spending of €2.2million for the A&E department at the hospital, thus delaying further the provision of a cat scan unit for the hospital. This is a very worrying development and was looked upon as a delaying tactic by the HSE.

It was pointed out that monies had been promised by previous ministers for Health but that these have not been received. It appears that the promise of this money seems to be recycled every few years. Now it was time to spend the long promised monies for the necessary upgrading of the A&E department and other areas of the hospital. One member reminded the meeting that a psychiatric unit was promised 25 years ago.

The members and committee of the Friends were perturbed and felt offended by the tone and context of a report in the Nenagh Guardian of May 19 2005 by Deputy Hctor, TD about the hospital. They wish to point out that the downgrading plan for Nenagh hospital is NO "myth", as all the public have to do is study the Hanly Report.

The campaign of 2003/04 was no "bogus" campaign, as anybody who attended the public rally in Nenagh or were in the Abbey Court Hotel for the meeting with Mr Hanly will testify.

Three times since the 1960s the hospital has been under threat so why should we believe political promises when so often in the past these have failed to materialise?

The Friends have collected well in excess of €500,000 since 1987 for the hospital due to the generosity and commitment of the people of North Tipperary. The members of the Friends are NO "political opportunists." They have sought no political office or favour and they resent the label of "stubborn political cynics" being applied to them.