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COST CONTAINMENT IN ACT 48: IS MORE NEEDED?

By Margaret Newton

National health policy remains an extravagant and unsustainable disaster. Medicare and Medicaid cover many unnecessary and costly procedures, duplicate tests, overpriced and unnecessary drugs that drive up costs. Our wasteful health care patchwork erodes our economic strength and social networks. Can Vermont's **Act 48** succeed in today's toxic political climate and unprecedented national indebtedness, and develop a fair and efficient system?

VT's budget planners must build in sacrifice; they must prioritize and make tough choices even in health-care. Some people receive too much care and many get none. Can we reduce this injustice? Can VT resist the vested interests that have perpetuated America's inequality?

VT's distinguished consulting economist, Dr. William Hsiao, has outlined principles which provide systemic reform, equitable health services for all, and funding via a "single pipe." This "pipe" is the conduit for all funding sources into one reservoir, to be used for reimbursement. Significant cost saving is possible using this model. **It is crucial that ALL Vermonters enroll.** It provides a database that reveals cost outliers, duplication, waste, etc; and it collects population data that identifies health outcomes and costs.

Act 48 charges the new 5-member **GREEN MOUNTAIN CARE BOARD (GMCB)** with the daunting task of adding bricks and mortar to Dr. Hsiao's framework. As defined by **Act 48, COST CONTAINMENT** is a major assignment for the board.

Act 48 asks the GMCB to address cost containment in the insurance arena, like rate setting, methods of billing, and budgeting, etc. To paraphrase,

The board will set payment rates for professionals, develop and implement payment and delivery system reforms and evaluate new payment reform pilot projects; it will approve recommendations from the Commissioner of banking, insurance, securities, and health care administration (BISHCA) on rate increases, hospital budgets, and certificates of need, etc. It will approve benefit packages in the Vermont Health Benefit Exchange. It will define the Green Mountain Care benefit package and recommend future budgets.

Additional potential for cost containment lies beyond insurance and seems to be missing. Examples are:

- **The primary care crisis.** The primary care shortage vs. surplus of specialists is costly and detrimental. Who is tackling that? How do academic medical centers and teaching hospitals address this imbalance? Must VT accept uneven reimbursement rates for primary care vs. specialists set by CMS and Specialty Society Relative Scale Update Committee? Would equal rates increase the primary care pool and help contain costs?
- **The culture of Vermont's academic medical centers, teaching hospitals, medical and nursing schools.** Will the GMCB study their costs, cost containment methods and cost-shifting? **Re the educational mission:** how do students learn the business of health, social and economic determinants of health, comparative systems and outcomes? Do they learn how physicians' decisions influence costs? They must learn this to be part of the solution. **Note: UVM College of Medicine's on-line catalogue lists its scientific departments, but has none for the business, economics or sociology of health.**
- **The impact of Act 48 on Federal waivers for Medicare and Medicaid.** Will VT be authorized to unravel the massive and wasteful cost-shifting between programs (Medicaid, Medicare, Veterans Health Affairs, Indian Health, etc.), with their separate rules and fees? Can VT merge everything about Medicaid and Medicare and other Federal insurers to provide efficient cost-containment and a one-class system?
- **Certain life-prolonging treatments. Extreme examples:** 1) **Over 60,000 very demented Americans** survive with feeding tubes 2) **Kidney dialysis** supports many with heart failure and dementia. 3) **ICU treatment** may be used for the terminally ill. **Dare I mention that more**

Inside...

- President's Message from Mimi Morton
- The Quintessentials, by Richard Davis
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BOOK RECOMMENDATION

Paul Starr's new book, **Remedy and Reaction: THE PECULIAR AMERICAN STRUGGLE OVER HEALTH CARE REFORM**, chronicles important details of America's never ending and controversial efforts to achieve health care reform. Dr. Starr is Professor of Sociology and Public Affairs at Princeton. His 1984 book, **The Social Transformation of American Medicine**, won the Pulitzer Prize. The new book brings the reader up to the present, when we face legal threats to repeal the new health care law. Dr Starr writes, "Repealing that law would not just mean denying insurance to more than 30 million people. It would be a confession of political helplessness in the face of a problem that has nagged at the national conscience for a century."

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MISSION STATEMENT

To promote universal access to health care services for the residents of the State of Vermont through education, research and discussion

PRESIDENT'S MESSAGE

It's as simple and as complicated as this: the centerpiece of Vermont's new health care system must be primary care. Primary care physicians, internists, family practitioners, general practitioners, pediatricians--call them what you will-- are the linchpin of comprehensive health care. The primary care doctor knows his or her patients over the span of their lifetimes, refers them to specialists, and is able to take a global view of their health.

The shortage of primary care physicians is not a problem specific to the U.S. According to the Quebec Federation of Family Doctors, 25 % of the province's population has no family doctor. My daughter and her family, residents of Montreal, are part of that statistic. Since their arrival in Quebec two years ago, they've been unable to find a g.p. who is taking new patients. After weeks of searching for an obstetrician, my daughter obtained a one-time-only ob/gyn appointment at a local clinic, after which she was referred to a specialist. Happily, the pre and post-natal care she received was excellent. Now, like most Quebecers, when she and her family need to see a doctor, they go to the local CLSC, the local health and social services center. The CLSC works well, provided that patients don't require a referral to a specialist.

"How do people get referred to specialists?" I asked my daughter. She wasn't sure. Many people try to use word of mouth to find a compassionate specialist willing to see them. Others resort to discreet bribery ("giving them an envelope"). Other people hope the CLSC can arrange a referral, even if it means a lengthy wait.

I lived in Quebec from the 1970s to the late 1990s. The system was different then. Most people I knew had g.p's and could easily obtain referrals. But all that has changed, driven by rising costs and an aging population.

The shortages of family physicians in Quebec and in Vermont have similar causes. G.Ps in both places are overworked and underpaid. Young doctors in Vermont and Quebec who are burdened with medical school debt have little incentive to go into family medicine when they can make more money and better control their work load by specializing.

The writing is on the wall. Young doctors need incentives that make family medicine not simply a noble option but a viable one. The new Green Mountain Care Board must address the primary care shortage if we are to have a system that serves everyone.

-Mimi Morton, President of VCCH

THE QUINTESSENTIALS

By Richard Davis

The Governor has recently appointed the five member Green Mountain Care Board, and we now know the players in this high stakes endeavor. They will shape and guide Vermont's health care reform process and, although they do have a lot of power, the public and legislators will still have the ability to influence their work. We all need to take that responsibility seriously.

On the whole, I am satisfied with the composition of the board. Criticism of the individual choices for the health care quintet may seem like too little too late, but the public did not have a chance to weigh in on these people before they were chosen. Anya Rader Wallack, the board chair, is

the perfect person to run the board. She knows the landscape and has the ability to play politics with the big boys. Don't let her extremely youthful looks fool you. She has been around the block many times in the world of health care policy and politics and she understands the uniqueness of Vermont. Even if the Governor had not picked her to be his health care special assistant, he would have most likely sought her out for this new position. Anya is the best person for the job.

Agency of Human Services Commissioner Con Hogan is a predictable choice. He knows state government and he is well-versed on the issues. I have a few problems

with him serving on the board. He has been around the block too many times. He represents the old guard when it comes to health care reform and I was hoping the Governor would find someone with a similar depth of policy expertise who did not have so much political baggage.

If Hogan's ego doesn't get in the way, I suspect he will do a good job. When a board such as this was created my hope was that there would be at least one person who possessed a bolder vision than the rest, someone who willing to push the others beyond their comfort zone. I don't see Hogan doing that.

Shelburne businessman Al Gobeille is the token representative of the business community. The fact that he was willing to go through the tedious board application process should indicate something about his commitment to the issues. He is a Republican who supported Brian Dubie when he ran against Shumlin and he is no fan of the single payer approach. According to reports I have heard, people believe Gobeille to be an open-minded person who is fair. He will provide balance to the board and he gives Shumlin some political cover. We had to expect this kind of choice in such a politically charged situation.

Dr. Karen Hein has a resume that might qualify her to be the Secretary General of the United Nations, or at least the World Health Organization. She served as executive officer of the prestigious National Academy of Sciences' Institute of Medicine. Hein has operated in the elevated circles of health policy and she established the world's first adolescent HIV/AIDS education program in 1987. She is the person the board needs to offer the 30,000 foot perspective on issues and she should be a valuable resource

CLOSER LOOK *continued from page 1*

healthy people can be insured if more Vermonters choose hospice for end-of-life care? (Not many Vermonters have Advance-Directives.)

- **Organ transplantation** criteria need scrutiny for "cost-effectiveness" and outcomes.
- **"Slashing the price of health care with common sense" is popular today.** Much can be "de-medicalized" by communities, drawing on community sharing and know-how, as in groups like "Transition Town-X." Towns are organizing such self-help groups for home care, sharing, "wellness," and weight control, etc.
- **Link with Vermont's Board of Education K-12.** GMCB might address school curricula in nutrition, health. Schools' non-medical communities are prime

to other board members because of the many notable contacts she must have in the health policy world and because of her bigger world view.

Dr. Allan Ramsay, a family physician and palliative care specialist at Fletcher Allen in Burlington is perhaps the worst choice of the lot. It is not because of his expertise or his background. I do not know him, but I find it troubling that there would be two MDs on such a board when there are so many other types of health care practitioners, not to mention the fact that there is such a shortage of primary care practitioners. He would have been a better choice for the advisory committee.

If this board is to truly represent Vermonters in the health care reform process it should have had a nurse or a social worker or a mental health therapist or perhaps a naturopath or chiropractor. That is a major shortcoming that I hope can be compensated for when the board's advisory committee is created.

The board will hardly operate in a vacuum and, although the nature of the individual members may seem important, the most critical factor in the reform process will be how the board interacts with the public, legislators and policymakers.

No one can predict what kind of chemistry the process will produce. The law that the board is working from is vague and lacking in essential elements. The road to real reform, let alone single payer, will be long and difficult.

locations for education of children's wellness and healthy behaviors. Schools might also enhance compliance with VT's immunization rules and discourage the parental refusal that is allowed in VT and other states. Schools may need more funds, teachers, and nurses.

Probably the reader can enlarge this list. In an interview in the September 21 issue of **THE COMMONS**, new GMCB member Dr. Karen Hein said, "We're talking about life-and death issues for Vermonters." That's why we want as much public involvement as possible in the process." These are encouraging words. The steps outlined in **ACT 48** to achieve universal health care for Vermonters will take several years. The public must be involved at every step.