

JAMES H. DOUGLAS
Governor



State of Vermont
OFFICE OF THE GOVERNOR

May 27, 2010

The Honorable David A. Gibson
Secretary of the Senate
State House
115 State Street, Drawer 33
Montpelier, VT 05633

Dear Mr. Gibson:

Pursuant to Chapter II, Section 11 of the Vermont Constitution, I will allow S. 88, *An Act Relating to Health Care Financing and Universal Access to Health Care in Vermont*, to become law without my signature for the reasons stated herein.

S. 88 includes a number of provisions that I strongly support and a number of provisions about which I have significant concerns.

On the one hand, it provides critically important codification of our Blueprint for Health – Vermont’s signature, forward-thinking effort to improve quality and reduce growth in health care costs. But at the same time, physicians, non-profits and other organizations across Vermont have expressed significant concern about the chilling effect certain provisions could have on the ability of low-income Vermonters to receive free samples of vital prescription drugs. And family-owned restaurants in Vermont have voiced concern about S. 88’s accelerated implementation of menu labeling requirements that were included in recently enacted federal health care reform.

Vermont has been at the forefront of state-led health care reform efforts and worked closely with our Congressional delegation on the recently enacted Patient Protection and Affordable Care Act. After five solid years of state-led reform and with President Obama’s sweeping health care law barely in hand, S. 88’s “design options” study mandates that Vermont now consider striking out on its own, in a totally different direction. Moreover, the study is a wasteful expense of time and scarce resources, as Vermont would be prevented by the federal health care reform law from implementing any of the new “designs” until 2017 at the earliest.

I thank the Legislature, however, for the careful, positive work they put into many provisions of S. 88. The revisions to the Blueprint are vitally important, outweighing the other objectionable portions of the bill. Indeed, the bill represents the culmination of years of work positioning Vermont to lead the nation in a comprehensive effort that has been recognized for its groundbreaking innovation in a multi-payer approach to payment and delivery system reform.

The need to enact the Blueprint revisions rests on two critical developments in the evolution of the program that require legislative authority. First, the Blueprint’s integrated medical home and community health team payment reform model grew out of language

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authorizing a pilot program in Act 71 of 2007. S. 88 articulates the components of that pilot as they have subsequently been designed and implemented, providing statutory recognition for what the Blueprint has become, how it functions, and authority to make further modifications and development.

S. 88 takes an added needed step in Blueprint development by requiring insurance carriers to participate in the statewide expansion of the Blueprint as a condition of doing business in Vermont. Hospitals will establish and maintain interoperable connectivity to the state Health Information Exchange network operated by Vermont Information Technology Leaders, Inc. (VITL) in order to support the Blueprint's clinical data repository and make lab, hospital discharge and other data broadly available to physicians.


Absent these provisions, Vermont participation in the Centers for Medicare and Medicaid Services Advanced Primary Care Practice Medicare demonstration program, which is based in large measure on the Blueprint, would be jeopardized. Statewide expansion (to at least two medical home sites in each Hospital Service Area by July 1, 2011 and to all primary care practices by October 1, 2013) is premised on Medicare participation. Medicare participation in the Blueprint is premised on comprehensive participation by commercial insurers. S. 88 is needed to ensure this happens.

In an initiative that complements the Blueprint, the bill also establishes an important, one year primary care work force development committee to determine the additional capacity needed in the primary care delivery system when Vermont achieves health reform goals that place such a key emphasis on enhancing the primary care infrastructure. The committee's charge is to create a strategic plan for ensuring that the necessary workforce capacity is achieved to meet the needs of our primary care delivery system.

S. 88 provides important direction to the Department of Banking, Insurance, Securities and Health Care Administration to limit the rate of growth in hospital spending and insurance premiums. At a time when schools, state employees, and employers across the state are tightening their belts and reducing spending, hospitals must also share in that sacrifice. Controls have been built in to assure that safety and quality won't be compromised, but the time for business as usual has ended. Creative and innovative approaches to operating our state's hospitals more efficiently must be pursued.

Again, it is unfortunate that the many exciting and useful provisions in this bill have been clouded by the objectionable provisions outlined, which is why I must let S. 88 become law without my signature.

Sincerely,



James H. Douglas
Governor

JHD/pht