

## Healthcare Is a Human Right Campaign

### Proposed amendments to S.252

March 31, 2014

#### 1. Principles for Healthcare Financing

##### Sec. 2. PRINCIPLES FOR HEALTH CARE FINANCING

(2) Vermont residents shall finance Green Mountain Care through taxes that are levied equitably, taking into account an individual's and a business' ability to pay ~~and the value of the health benefits provided.~~

*Or better: replace the above with the language in H.776:*

Green Mountain Care shall be financed through taxes that are levied equitably, ensuring that individuals and businesses are taxed directly proportional to their earned and unearned income, wealth, and business size in order to account fully for their ability to pay.

***Why?** To ensure that businesses also contribute according to their ability; to better define "ability to pay;" and to avoid introducing language around "value of benefits" that could lead to bare-bones health services or to tiers in access (where some people pay more for better benefits).*

(3) ~~As provided in 33 V.S.A. §1827,~~ Green Mountain Care shall be the secondary payer for Vermont residents who continue to receive health care through plans provided by ~~an employer,~~ by another state, by a foreign government, or as a retirement benefit.

***Why?** To ensure that GMC is a universal and unified system, not just supplemental insurance that runs in parallel to employer-sponsored insurance.*

(4) Vermont's system for financing health care shall raise revenue sufficient to provide all medically necessary health care services to all enrolled Vermont residents, including ~~maternity and newborn care, pediatric care, vision and dental care for children, surgery and hospital care, emergency care, outpatient care, treatment for mental health conditions, and prescription drugs.~~ diagnostic testing, preventive services, treatment of a condition, after-care, equipment, and pharmaceuticals that a treating health care professional determines to be appropriate for a patient's diagnosis or condition in terms of type, amount, frequency, level, setting, and duration.

**Why?** *This definition of medically necessary care taken from H.776, which was informed by federal definitions, is better suited to ensure that GMC includes all medically necessary health services and does not exclude vision and dental for adults. All residents should have a right to these services; hence the deletion of “enrolled” residents, which implies exclusions.*

*In order to be able to implement Sec. 2 subsection (4), we also propose adding the following provisions, taken from H. 776:*

(5) Green Mountain Care shall conduct regular assessments of the range and depth of health needs among the State’s population and develop a plan for allocating resources over a reasonable period to meet those needs.

(6) The state shall develop an indexing mechanism for Green Mountain Care’s financing system that adjusts the level of individuals’ and businesses’ financial contributions to meet population health needs and ensures the sufficiency of funding according to 18 V.S.A. § 9371(11).

**Why?** *The financing of our health services must be based on our health needs. Resources must follow needs, not the other way around. The purpose of GMC is to meet health needs and improve population health. We must identify and address unmet health needs in the population, and allocate resources to meet those needs. Even if GMC is not able to meet all needs immediately, we need a mechanism that allows us to progress over time, and that guards against going backwards and eroding access to care. Nothing would be worse than an underfunded system that undermines trust in the state’s ability to improve people’s health.*

## **2. Healthcare “Benefits”**

Sec. 5. 33 V.S.A. § 1825 is amended to read:

### § 1825. HEALTH BENEFITS

(a)(1) ~~The benefits for Green Mountain Care shall provide health services that include primary care, preventive care, chronic care, acute episodic care, and hospital services and shall be include at least the same covered services as those included in the benefit package in effect for the lowest cost Catamount Health plan offered on January 12-1, 2011 shall consist of as comprehensive as the benefits available in the benchmark plan for the Vermont Health Benefit Exchange.~~

**Why?** *The benchmark plan should be the floor (“at least”) not the ceiling of our efforts to improve healthcare in Vermont. We can do better than the status quo. This is possibly the most damaging amendment S.252 makes to Act 48, as it also takes away the responsibility from the GMC Board and from the public process to make recommendations on benefits. It directly contradicts 33 V.S.A. § 1825 (a) (4); our amendment resolves this contradiction.*

*Or better, replace with the language in H.776:*

(a)(1) ~~The benefits for Green Mountain Care shall provide health services that include primary care, preventive care, chronic care, acute episodic care, and hospital services and shall be include at least the same covered services as those included in the benefit package in effect for the lowest cost Catamount Health plan offered on January 12 1, 2011 shall consist of as comprehensive as the benefits available in the State employees’ SelectCare POS, offered on January 1, 2014.~~

**Why?** *The H.776 language sets not only a floor for benefits, as Act 48 does, but it also raises that floor to ensure that no group is worse off in the new healthcare system. The actuarial value of the VSEA plan is 93%.*

(2) It is the intent of the General Assembly that Green Mountain Care provide a level of coverage that includes benefits that are actuarially equivalent to at least 93 percent of the full actuarial value of the covered health services.

### **3. Universality: No Carve-Outs**

Sec. 7 33 V.S.A. § 1824(f) and Sec. 7a  
*We propose: strike all additions made by S.252*

**Why:** *These added sections carve out federal employees and members of the military from GMC, thus violating the principle of universality. While there is an option for TRICARE recipients to opt back in - although only if the Agency deems this necessary - such opt-in is fundamentally different from starting with an assumption that everyone is included, and then exempting those with federal insurance from double payment in case their coverage is sufficient, or automatically calculating their contribution for receiving GMC as a wrap-around.*

### **Sec. 22. MEDICARE INTEGRATION; REPORT**

On or before December 1, 2014, the Secretary of Administration or designee shall report to the House Committees on Health Care and on Ways and Means and the Senate

Committees on Health and Welfare and on Finance regarding the options available to the State of Vermont with respect to the potential integration and coordination of Medicare with Green Mountain Care. ~~The report shall include assessments of possible financing and coverage options for Vermont's Medicare population within Green Mountain Care and the potential continuation of Medicare supplemental insurance and Medicare Advantage plans~~

**Why:** *The terms of the study as stated appear to open a backdoor to excluding Medicare recipients from GMC and perpetuating private insurance coverage alongside GMC. This violates the principles of universality, as well as Act 48's requirement to provide healthcare as a public good for all, not as a commodity for some who can afford it - and many seniors cannot.*

#### **4. Outsourcing and privatizing:**

Sec. 9

#### **CONTRACT FOR ADMINISTRATION OF CERTAIN ELEMENTS OF GREEN MOUNTAIN CARE**

(a) On or before February 1, 2015, the Agency of Human Services shall identify the elements of Green Mountain Care, such as claims administration and provider relations, for which the Agency plans to solicit bids for administration pursuant to 33 V.S.A.

§1827(a). By the same date, the Agency shall also prepare a description of the job or jobs to be performed, design the bid qualifications, and develop the criteria by which bids will be evaluated, consistent with 33 V.S.A. §1827(a)(2). To improve transparency the Agency shall require each bidder to disclose their financial and other interests in Vermont and multi-state health systems reform.

(c) On or before December 15, 2015, the Agency of Human Services shall award one or more contracts to public or private entities for administration of elements of Green Mountain Care pursuant to 33 V.S.A. §1827(a), consistent with 33 V.S.A. §1827(a)(2).

**Why?** *Act 48 requires the Administration to ensure that entities bidding for a contract “do not have a financial incentive to restrict individuals' access to health services.” This is an important provision that should not be overlooked as new directions are given to the Agency. Additionally, more can be done to ensure transparency in the procurement process, especially with regard to bidders that have links to entities in other states.*

33 V.S.A. § 1827 is amended to read:

(a) (4) When considering contract bids pursuant to this subsection, the Agency shall evaluate not only financial costs, but also the social value that may be created by each

contract bid, by taking into account improvements to the social and economic well-being of state residents that may occur in addition to the specific benefits produced by the services rendered under the contract.

***Why?*** *As the state considers outsourcing certain functions of GMC, financial costs (the lowest bidder!) must not be the only criterion in evaluating contract bids. Good practice exists elsewhere of using the contracting power of the state to ensure that contracts lead to better social and economic outcomes overall, beyond the specific value of the contracted services provided. For example, bidders can be evaluated based on whether they will protect of workers' rights, create of local jobs, improve community health, facilitate access to education and healthcare, or add any other social value to the community and state they are located in. We think that making the public interest and public well-being key priorities is especially important with regard to contracts that are, in effect, outsourcing the administration of a public good.*