All,

Below is an article consisting of 11 sections. Each section covers a different topic, but all are related, as they show how Vermont's economy is being led into the wrong direction by a political leadership whose main solutions to problems are more and more government programs, often called "initiatives", that typically are started with a federal subsidies "to get them up and running".

Basically, this violates the historic driving forces of the US economy, which are mostly private sector initiatives ultimately leading to higher standards of living. As a result of unwise policies, Vermont has become one of the poorest states in the US, with an expensive, ponderous government whose actions have become a wet blanket on the low/near-zero-profit private sector that has experienced low/near-zero-growth for about a decade.

VERMONT IS GOING IN THE WRONG DIRECTION

1) Shumlin's Proposed 0.7% Payroll Tax

A few weeks ago, Shumlin's healthcare gurus held an "informational" meeting in Montpelier to explain to the Vermont media the purpose of Shumlin's proposed 0.7% payroll tax. The gurus provided the following numbers, which I took from a Valley News article.

The Proposed 0.7% Payroll Tax for Medicaid and Other Purposes: The 0.7% payroll tax is to raise $82.8 million to bring Medicaid payments from 60% of a provider bill to 80%, the same as Medicare, so providers (doctors, hospitals, etc.) have less reason to ration care, turn away patients, complain about being underpaid, and shift costs to the bills of other patients. In 2012, about $150 million was cost shifted to commercial insurers; about $100 million for Medicaid and $50 million for Medicare. To recover their higher costs, commercial insurers increase the premiums for those not on Medicare and Medicaid.

The federal government would provide $89 million of matching Medicaid funds. In the first year, the $82.8 million in new payroll taxes + $89 million in federal match = $171.8 million would go into the Healthcare Resources Fund. In subsequent years, it likely would need to be much more.

About $50 million would be used to pay more to providers of Medicaid services and about $60 million would be used to pay for expanded Medicaid rolls, a total of $110 million of increased Medicaid payments for the first year. Plus, about $55 million would be used to:

- Increase payments to providers who participate in Vermont's Blue Print for Health.
- Increase subsidies for out of pocket costs on the exchange.
- Increase the budget of the Green Mountain Care Board.
- Support Vermont's pursuit of an All-Payer federal waiver.

It is not clear by how much the above 0.7% payroll tax, etc., would reduce the cost shifting of $150 million of 2012 (much greater cost shifting has occurred in 2013 and 2014, and will occur is in subsequent years). As cost shifting is a small percentage of total premiums paid by Vermonters not on Medicare and Medicaid, there could be only a minor reduction of their insurance premiums, say 5% or less, or only a minor reduction of their rate of increase.

NOTE: If a family with 2 children has 2 earners, say a teacher and a carpenter, its PAYROLL income may total $100,000, 0.7% of that would be $700/year. Vermont has tens of thousands of such families. The 0.7% payroll tax, taken out of your pay similar to FICA taxes, is just for starters, as more and more people are being enrolled in Medicaid.

The Informational Meeting was a Grand Deception: Gruber, a self-discredited consultant hired by Shumlin, made the following statement: "Lack of transparency is a huge political advantage, and basically, call it the stupidity of the American voter or whatever. But basically that was really critical to getting the thing (ACA, a.k.a., Obamacare) to pass."

It appears likely, the "informational" meeting was a Gruberesque attempt at obfuscation and manipulation, because the gurus who conducted the meeting likely knew cost shifting in 2013 and 2014 was much greater than above "$150 million in 2012", and used the Vermont media to deceive Vermonters. Besides the gurus, Shumlin, Campbell, Smith, et al, likely also were in on the deceptive "informational" meeting BEFORE it occurred. Such an important meeting would not take place in a vacuum.

Expansion of Medicaid and CHIP Increased Cost Shifting in 2013 and 2014: The ACA expanded Medicaid eligibility to higher income levels and to children (CHIP). Medicaid (including CHIP) enrolled 184,867 Vermonters by end October 2014, about 57,705 more than the average enrollment of the July – September 2013 period. See URL. http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-State/vermont.html

Because those on Medicaid and CHIP are rapidly increasing (due to ACA) and on Medicare are steadily increasing (due to aging), cost shifting will go through the roof, which will have an even a greater impact on the insurance premiums of those not on Medicare and Medicaid!!!! The cost shifting was at least 50% greater in 2013 and 2014 than the "$150 in 2012" paraded before the Vermont media. These greater numbers were known to all insiders, but apparently not to Vermont's media, which dutifully swallowed the "informational deception", hook, line, and sinker. See page 17 of "Fiscal Year 2014, Summary of Vermont Hospital Budgets, Final Budgets", as APPROVED by the Green Mountain Care Board.
http://gmcboard.vermont.gov/sites/gmcboard/files/B14ReviewFindings_final.pdf

It is now completely clear the 0.7% payroll tax is just a starter rate. It is nowhere near enough to cover cost shifting of 2013, 2014 and beyond, and to cover other costs mentioned in the Gruberesque "informational" meeting. The 0.7% payroll tax in 2015, likely would increase to 1.5% in 2016, and 2.0% in 2017!!

NOTE: Instead of a payroll tax, it would be more rational to have increased taxes on tobacco, alcohol and soft drinks, as these harm health and increase medical expenses. However, Campbell, senate majority leader, is against such taxes, as it would harm some businesses in counties bordering New Hampshire!!

2) Closing a "Tax Loophole" to Reduce Recurring Budget Deficits

IN ADDITION to the above 0.7% payroll tax, Shumlin also proposed to eliminate a "tax loophole" by ending the deductibility of state and local taxes from VERMONT taxable income to balance the budget. The closing of the "loophole" would be aimed directly at increasing the income taxes of higher income households.

Currently, your FEDERAL taxable income is the base for calculating state income taxes. If Shumlin's deceptively called "loophole closing" becomes law, this base would be INCREASED due to not deducting your state income taxes, and your local real estate/school taxes, if you itemize, as do about 1/3 of Vermont income tax return filers.

This means the base on which your state income tax is calculated would be be much higher and you would have to pay much more state income taxes. For many households that pay $6000 as state income taxes, plus $6000 as local real estate/school taxes, the state income TAX INCREASE would be at least $1,000, or more!!

"The closed loophole is expected to raise $15.5 million per year/89,000 itemizers = $175 per year per itemizer", says Jim Reardon, Commissioner of the Department of Finance and Management". The $15.5 million would not go very far to close RECURRING budget deficits of about $100 million.

Jim Reardon's deceptive “$175 per year per itemizer" is true, but does not represent the real picture for tens of thousands of filers, including almost all legislators. It appears, the ability to effectively engage in deception is a job qualification, if working for Shumlin.

Has anyone EVER thought about REDUCING spending to UNBURDEN already-struggling households, with DECLINING real incomes, trying to make do in a near-zero-growth Vermont economy?

Has anyone EVER thought about UNBURDENING the low/near-zero profit private sector so it can grow and be profitable again and create well-paying jobs?

Has anyone EVER thought Vermont, with its large, ponderous, expensive government, is on the wrong track?

3) The Netherlands is Number One in Healthcare

The Netherlands used to have a single-payer, universal healthcare system, but it was junked because it became too unworkable and expensive. I lived there for 18 years.

For the life of me, I do not understand Vermont's misguided fixation of moving to single-payer, as the Netherlands moved AWAY from single-payer, and AS A RESULT became ranked No. 1 in Europe, per various studies.

The Netherlands got single-payer after the Germans invaded in 1940. Germany had had it since 1880. The practical Dutch moved away from it about 10 years ago, because it had become an expensive, unmanageable, bureaucratic nightmare.

The Dutch have established a European model to copy. See Page 3. In the Netherlands, financing agencies and healthcare amateurs, such as politicians and bureaucrats, seem farther removed from operative healthcare decisions than in almost any other European country. See Page 5.

People have monthly amounts taken out of their paycheck, which are forwarded to insurance companies, or they can choose to send monthly checks, the way you make a car, mortgage, or rent payment.
http://www.healthpowerhouse.com/files/Report-EHCI-2012.pdf

In the Netherlands, everyone HAS to buy one of several government-approved health insurance plans. PRIVATE insurance companies COMPETE to offer government-approved health plans. Employers have no involvement in and do not contribute to these plans.

The government designs the plans with provider input, monitors compliance to standard outcomes, with bonuses for exceeding standards, and penalties, including loss of contract, for underperforming standards.

For a basic plan the cost is about 720 euro per person, with a 365-euro deductible, and small co-payments.

Costs are controlled: MRI 250 euro; Basic lab test 10 euro. Lab tests are performed by computers tied to chemical analyzers, as they are in the US, except the US providers charge through the nose.

A study was performed of seven healthcare systems. The ranking was as follows:

1 Netherlands
2 UK
3 Australia
4 Germany,

5 New Zealand
6 Canada
7 US

The reports of two studies, performed by experts, rank the Netherlands as No. 1, a REAL leader. Vermont would do well to learn from the Netherlands. It likely would not be a good approach to emulate Canada's "universal" healthcare system, as some uninformed people have proposed, because they saw the word "universal".

http://www.bbc.co.uk/news/10375877
http://en.wikipedia.org/wiki/Healthcare_in_the_Netherlands

4) Shumlin's Fantasy Goal of 90% of ALL Vermont Energy from RE by 2050

Vermont's Comprehensive energy Plan, CEP, has fantasy goal of 90% of ALL energy from RE by 2050. It would require:

- About 90% of all cars, SUVs, minivans and 1/4-ton pick-ups to be all electric or hybrids using electricity and 100% bio-fuels. No more 90% gasoline/10% ethanol mix, or diesel, etc., at the pump. That implies the US will be producing about 10 million/yr of such vehicles by 2050.

- Major EE upgrades of almost all residential and other buildings to enable heating and cooling with electric heat pumps and bio-fuels, such as wood, wood pellets, etc. No more fuel oil, propane, gas, coal, etc., for building heating and cooling.

- Vermont's annual ELECTRICAL consumption to increase by about a factor of 3, from about 5,600 GWh to 16,800 GWh, about 90% of it from RE. Additional EE efforts may reduce the 16,800 GWh by a percentage.

By the end of 2013, Vermont had achieved 4.86% x 5,600 GWh = 272 GWh of NEW, IN-STATE, RE projects by investing about $538 million over 3.5 years, or 538/3.5 = $154 million/yr.

Vermont would have only 16,800 x 90% – 272 = 14,848 GWh to go, at a capital cost of about 14848/272 x 538 = $29.4 billion, or $816 million per year for 36 years, to achieve the CEP fantasy goal of 90% of ALL energy from RE by 2050, if the RE were from NEW, Vermont-generated wind on ridgelines and solar on meadows. Vermont's environment would be grossly spoiled forever.

If a large quantity of the RE would be bought from out-of-state, such as hydro energy from Hydro-Quebec, the $816 million/yr would be significantly less, PLUS the cost of buying that hydro energy would be significantly less, per Dostes of GMP.

NOTE: There are other Vermont-generated RE sources, such as biomass, but they are expected to be minor.

5) Expensive, Underperforming SPEED Program is a Burden on the Vermont Economy

Here is how the SPEED program, 2.2 MW or less, has performed these past 4.5 years.

Vermont has been replacing the near-CO2-free, low-cost (4 - 5c/kWh) energy of Vermont Yankee with expensive, variable, grid-disturbing SPEED energy. By any definition the SPEED program has been, and still is, an economic headwind.

SPEED energy is getting more and more expensive. See below table. But Vermont wants to be an RE leader, just like Germany. However, Germany is a very rich, industrial powerhouse and Vermont is mostly very poor.

Increased energy efficiency would be a much wiser choice for Vermont, as it would actually REDUCE the energy bills of already-struggling households and low/near-zero-profit businesses. Unfortunately, Vermont's political leadership, lubricated by campaign contributions to perform "constituent service", is in RE subsidy-chasing mode.

Here are the production results for the heavily subsidized SPEED Program, 2.2 MW or less. Note the RISING cost trend. It is mindless idiocy to be for SPEED, as it ultimately render uncompetitive Vermont's private sector. Vermont's government sector will protect itself by means of higher taxes.

Year.......Production.........Paid to Owners.......$/kWh......% VT Use
Units.........kWh.........................$
2010........5,980,779............829,832.88.........0.1387.........0.11
2011.......20,172,973.........3,329,269.05.........0.1650.........0.36
2012.......29,666,592.........5,093,237.71.........0.1717.........0.53
2013.......44,820,516.........8,692,440.70.........0.1939.........0.81
2014.......62,865,075.......13,190,927.86.........0.2098.........1.13; after 4.5 years of RE build-outs!

http://vermontspeed.com/speed-monthly-production/
http://vermontspeed.squarespace.com/project-status/

Excess payments during the past 5 years, based on New England average wholesale prices of about $0.054/kWh

...........Excess Payments.......Cent/kWh increase of electric bills
2010..........$506,871............0.01
2011.......$2,239,929............0.04
2012.......$3,491,242............0.06
2013.......$6,272,133............0.11
2014.......$9,796,214............0.18; rapidly increasing, as is the budget of Efficiency Vermont!
http://theenergycollective.com/willem-post/332911/high-renewable-energy-costs-damage-vermonts-economy

The above "Paid to Owners" column shows the amount paid mostly to the risk-free tax shelters of in-state and out-of-state multi-millionaires, who own the larger PV solar systems. In the future, these "Paid-to-Owner" amounts be INCREASING by at least $5 million per year, as the table shows, courtesy of the PSB, et al. Those owners get compensated at an average of about 27 c/kWh for existing solar projects. This is coddling the seriously rich, at everyone else's expense, using the lame excuse of "fighting global warning"!

The "Excess Payments" were rolled into the electric rates of already-struggling households and no/near-zero profit businesses. These payments would have increased to about $62.5 million by 2017 had VT's unrealistic SPEED goals been achieved. The main reason for the rapid increase is due to the PV solar feed-in tariff of an excessively high 25.7 c/kWh. The tariff is set by the PSB, based on a dubious rationale called "avoided cost-based prices", but the On-Peak wholesale price, at which utilities buy some of their energy, hardly ever exceeds 8 c/kWh!

The politically well-connected, multi-millionaires, with lucrative, no-risk, tax shelters, are benefitting the most from tax credits, fast write-offs, production tax credits and overly generous feed-in tariffs, to build solar plants (destroying meadows) and under-performing wind plants (destroying ridge lines) that produce variable, intermittent, grid-disturbing energy at 3-5 times New England wholesale prices; a sure way to further DECREASE the competitiveness of an already near-stagnant Vermont economy. Vermont's government is coddling those wealthy multi-millionaires with RE programs that excessively waste scarce taxpayer money and would do practically nothing to reduce global warming.

6) Out With the SPEED Program, in with an RPS, per House Bill H-40

Because the dysfunctional, expensive, underperforming SPEED program has grossly fallen short of RE production targets, the 5-yr program will be scrapped, and replaced with House bill H-40 that establishes a Renewable Energy Standard and Energy Transformation program, RESET. All states with a Renewable Portfolio Standard call it RPS, but Vermont calls it Renewable Energy Standard, RES!

NOTE: 29 states + Washington DC + 2 territories have an RPS. Several of the states that have an RPS have watered it down, some are thinking of cancelling it. Just Google. The TREND appears to be away from having RPS laws.

With an RES, utilities would be forced to buy increasing percentages of their energy as in-state, or out-of-state, renewable energy, which typically costs 2 - 5 times New England wholesale prices. See Section 7. The cost of increasing quantities of such expensive energy rolled into household and business electric rates would render Vermont's low/near-zero-growth economy even less competitive. See Sections 8 and 9.

A NEW carbon tax would need to be imposed, with much of that revenue going into the political Clean Energy Development Fund, CEDF, that would pay subsidies mostly to politically, well-connected RE businesses, that are mostly owned by multi-millionaires. As federal subsidies for RE projects will go from 30% at present to 10% at end 2016, Vermont's households and businesses would have to fork over increasingly larger amounts of money in future years to make up that "shortfall" to make heavily subsidized RE projects viable.

According to some legislators on Klein's House Natural Resources and Energy Committee, House Bill H-40 was largely written by DPS; "it is their bill", one member told me. Klein is holding pro-forma hearings, but practicing selective listening, as usual. He knows what is best, does not need to (but has to) listen to all these people. His marching orders come from the higher-ups.

Smith added to the 11-member Committee 7 new members with almost no experience in energy systems; "I have very little experience in energy systems" the above member told me. Is Smith "packing" the committee? You bet! Klein, plus the 3 holdovers plus 2 more votes can send any H-40 bill to the Legislature for a mostly rubberstamp vote. Klein, former lobbyist, will deliver a bill for a House vote, just as was done with the bill that set up the SPEED program!!

7) Wind, Solar and Hydro Energy

Wind and Solar energy: People should know by now, in New England, wind energy is zero, or near zero, about 30% of the hours of the year, and solar energy is zero, or near zero, about 65% of the hours of the year. Often both are near zero. That means ALL other generators need to be kept in good running order, staffed and fueled to provide almost ALL energy during these hours, and lesser quantities of energy during other hours!! Two energy systems to do one job!

NOTE: Economically viable energy storage systems, other than hydro, have not yet been invented, and would take many billions of dollars and decades to deploy AFTER they are invented.

It is well known by DPS, PSB, GMP, VEC and Klein's Committee, et al., the NEK would need at least $300 million of grid upgrades before significant variable, intermittent, grid disturbing, wind energy could be added. Just adding the cancelled, Seneca system would have cost $86 million in grid upgrades. GMP had to spend a total of about $20 million to connect the underperforming Lowell system to the grid.

Hydro Energy From Hydro-Quebec: If GMP, et al., were really interested in reducing the electric bills of already-struggling Vermont households and of low/near-zero profit Vermont businesses, they should get 75% of their total energy as steady, not variable, not intermittent, hydro energy at 5 - 7 c/kWh (per Dostes of GMP) from Hydro-Quebec, instead of getting unsteady, variable, intermittent, grid-disturbing, wind energy at 10 – 15 c/kWh from ridgelines, and unsteady, variable, intermittent solar energy at 15 – 27 c/kWh from roofs and meadows.

The additional HQ hydro energy would require building additional HVDC lines, capacity about 600 MW, within Vermont. HQ would build connecting HVDC lines within Canada. The line could be operated near capacity, if Vermont took the energy it needed, with the rest fed into the New York State power system.

NOTE: New England wholesale prices, at which utilities buy some of their energy, have averaged about 5 c/kWh for the past 5 years.

It would be much less destructive to the Vermont environment to buy as much hydro energy as possible from H-Q. The H-Q environmental damage took place over 20 years ago, whereas any wind and solar energy, in-state or out-of-state, would entail ADDITIONAL damage.

8) Energy- Efficient Buildings

During hearings on H-40, not a word was said about having zero-energy buildings or energy-surplus buildings. About 95% of Vermont buildings are energy-hog buildings. Adding air source or ground source heat pumps to energy-hog buildings is like putting the horse behind the cart. First one should build the energy-efficient buildings, then it makes sense to add the heat pumps. Energy-efficient buildings, such as Passivhaus buildings, hardly need any heating system, even in Vermont.

As all technologies are fully developed and proven, more energy could be locally generated and locally consumed in energy-efficient buildings, all "under one roof". See below URLs. There would be massive resistance from special interests to go into that direction, as they have grown big by exploiting the fossil fuel-addicted society for at least the past 100 years.

The energy efficiency of buildings did not become an issue until after the 4-fold increase of crude oil prices in 1973. The owners of mostly energy-hog buildings, seeing major increases in their heating and cooling costs, consulted with engineers to make energy surveys of buildings, which, after implementation of the recommendations, usually resulted in at least 50% decreases of energy consumption.

Such efficiency improvements regarding houses did not take place until much later, and then only on a case by case basis, because politicians were, and still are, very slow to upgrade building codes. For them, it is so much easier to cater to special interests, to be for heavily subsidized, highly visible, renewable energy, than for lightly subsidized, invisible, energy efficiency.

Embedded CO_2 emissions would be spread out over many years, as is the case at present. Building structure EE measures would be spread out over at least 100 years. Because CO_2 emissions are one of the factors affecting global warming and climate change, it would be desirable to have buildings be near the goal of "net-zero-energy and near-zero CO_2 emissions".

Here are some examples of annual energy use for heating, cooling and electricity of energy-hog, government buildings. Not much can be done with such buildings other than taking them down to the steel structure and start over.

NY State Office Building Campus/SUNY-Albany Campus; average 186,000 Btu/sq ft/yr. Source: a study I did in the 80s.
Vermont State Government buildings; average 107,000 Btu/sq ft/yr.
http://www.publicassets.org/PAI-IB0806.pdf

http://theenergycollective.com/willem-post/46652/reducing-energy-use-houses

http://theenergycollective.com/willem-post/71771/energy-efficiency-first-renewables-later
http://theenergycollective.com/willem-post/2146376/renewable-energy-less-effective-energy-efficiency
http://theenergycollective.com/willem-post/2162036/comparison-grid-connected-and-grid-houses

9) Vermont, a Poor State with an Economy in Near-Zero Growth Mode

Vermont's economy has been stuck in low/near-zero growth mode since about 2000, largely because of the wet blanket of unwise, excessive government spending suffocating the shrinking, low/near-zero-profit private sector. In Vermont, the sum of local and state tax burdens, plus government fees, plus quasi-government surcharges (such as for Efficiency Vermont, which was given an 8% budget increase for 2014) has been increasing as a percent of total household incomes, while the real household incomes of 60% of lower income households have been decreasing in a near-zero growth economy for the past 14 years. That is called hollowing-out the middle class.

Vermont 8th Poorest State: Vermont is the 8th poorest state, based on dividing REAL (inflation-adjusted, 2013$) median household incomes by the COL index.
http://www.census.gov/content/dam/Census/library/publications/2014/demo/p60-249.pdf

NOTE: Chittenden County has many people, and its economic statistics rank well above all other Vermont counties. If Chittenden County were removed from the Vermont averages, the rest of Vermont would have averages just slightly above Mississippi, i.e., near the BOTTOM of US averages. Vermont is a very poor state with a very expensive government? You bet.

Vermont 6th Most-Socialized State: Vermont’s economic growth is stagnating, partially because it is the 6th “most-socialized” state in the US, based on government footprint. Governments do things ponderously and expensively. Some states, more socialized than Vermont, have large FEDERAL government installations, which Vermont does not have. Vermont would rank even higher on the “most-socialized” scale, if that aspect were removed.
http://www.thestreet.com/story/12964955/1/the-10-most-socialist-states-in-america.html?puc=outbrain&utm_source=Outbrain&utm_medium=cpc&utm_campaign=tstoutbrain&cm_ven=outbrain

10) Cost of Living Index, Household and Family Incomes

Vermont has a tax, mandated fees, etc., burden that is much higher than the US average, and Vermont has a LOWER real household and family income than the NE average. A household has one or more people; a family has two or more people.

- The COL index covers the total income of the households in the top 20% of households, by income.
- The top 20% of households, by income, take in about 55% of ALL US household income.
- Thus the COL index covers a lot of US household spending and is highly representative, certainly for these households.
- The effect of any taxes (federal, state and local) is NOT taken into account in the COL index.
- If a state is in the upper quarter of per capita tax burden, such as Vermont, then the exclusion of taxes from the COL is significant.
- Vermont's COL index is about 120, the US = 100. Vermont's nominal median household and family incomes would need to be significantly higher to equal US incomes.

Real (inflation-adjusted, 2013$) median HOUSEHOLD incomes:
.....................US.................VT.............VT, COL adjusted
2013..........$52,250.........$52,578............$43,815
2012..........$52,117.........$53,746............$44,788
2005..........$55,178.........$54,514............$45,428

Real (inflation-adjusted, 2013$) median FAMILY incomes:
.....................US.................VT.............VT, COL adjusted
2013.........$64,030..........$68,382...........$56,985
2012.........$63,435..........$67,006...........$55,838
2005.........$66,621..........$68,217...........$56,848
http://www.deptofnumbers.com/income/us/#household

Real (inflation-adjusted, 2013$) US household income DECLINES. Vermont household income declines are similar.
Quintile.......Peak Year.........Peak Income.........2013 Income........Decline
1st ....2006....................$194,296...............$185,206...........- 4.7%
2nd...............2007.....................$88,880.................$83,519........... - 6.0%
3rd................2000.....................$57,129.................$52,322........... - 8.4%
4th................2000.....................$34,306.................$30,509......... - 11.1%
5th................1999.....................$13,861.................$11,651......... - 15.9%
http://www.advisorperspectives.com/dshort/updates/Household-Income-Distribution.php

11) All-Payer Waiver to Put Medicare and Medicaid Under State Control

Now that Single-Payer has been put on the back burner, because it would adversely affect the already-fragile, near-zero-growth Vermont economy, setting up an ALL-PAYER healthcare system has become the fallback alternative.

Maryland's All-Payer: Maryland, population 5.929 million in 2013, has had such a system since 1977. Its hospitals received about $1 billion in 2013 in EXTRA Medicare/Medicaid funds, which were used to reduce cost shifting, the alleged under-compensation of providers by Medicare and Medicaid, which providers recoup by charging more to OTHER insured people, which causes their healthcare premiums to be higher than they would be without the cost shifting.

Maryland obtained a federal waiver and got the EXTRA funds written into federal law, which allows Maryland to administer its own Medicare and Medicaid programs using federal funds, instead of the federal government doing the administering.

It took Maryland many years to get providers to adjust their operations, and for the state to monitor their operations to make Maryland's multi-billion dollar, All-Payer program functional. Maryland was lucky to get about $1 billion in EXTRA Medicare/Medicaid funds to make its All-Payer scheme a "success", i.e., reduce cost shifting. Vermont would not be so lucky with Republicans controlling the Congress.

Vermont's Proposed All-Payer: Under All-Payer, Vermont's in-state network, Green Mountain Care, GMC, would pay in-state and out-of-state providers. GMC would contract with out-of-state providers, as necessary, to meet the needs of Vermonters.

About a third of all Vermont residents on Medicaid and Medicare have care at Dartmouth-Hitchcock Medical Center, DHMC, in New Hampshire. Under All-Payer, would any services obtainable from Vermont providers no longer be allowed from DHMC, except by permission slip from GMC? The services of the Vermont providers would need to show significant savings compared to DHMC.

It would be presumptuous for state bureaucrats and GMC bureaucrats to claim they could produce significant savings by managing $2.75 billion of Medicare and Medicare funds more efficiently than the federal government, which has been doing it for at least 40 years!! They could not even manage to set up a website!! It appears the only reason for the existence of All-Payer would be to create the state infrastructure to more easily implement Single-Payer in the future.

Vermont's Extra Medicare/Medicaid Funds under All-Payer: If Vermont obtained the federal waivers and got the EXTRA funds written into federal law, similar to Maryland, then Vermont, population 0.625 million, would get about $1 billion x 0.625/5.929 = $118 million/yr of EXTRA Medicare/Medicaid funds. That is not a lot of money!! A significant part of that $118 million would be spent for the hundred (hundreds?) or so ADDITIONAL state employees and quasi-state, GMC employees, all with state-level, platinum plus benefits, to get all providers to adjust their operations, and to monitor their operations to make Vermont's multi-billion dollar, All-Payer program functional.

It would be very difficult for Vermont (already having recurring budget deficits) to follow Maryland, without the EXTRA Medicare/Medicaid funds. A handful of other states, including New York and New Jersey, tried to implement similar systems in the late 1970s and early 1980s. But unlike Maryland, they did not get the EXTRA funds written into federal law and gave up on the program. "Maryland made a very strategic, savvy move," said McDonough, the Harvard professor. "Had they not locked in those higher reimbursements, there wouldn't be value in the program."

All-Payer, a Backdoor to Single-Payer: Under Single-Payer, there would be no change regarding Medicare; it would continued to be administered by the federal government. At least one third of all Medicare patients have care from DHMC. Under All-Payer, Medicare PLUS Medicaid would be administered by GMC.

Assuming Vermont gets the federal waiver and the EXTRA Medicaid/Medicare funds written into federal law, the All-Payer scheme would be politically easier to implement, because elderly people on Medicare and those on Medicaid are not well organized and more easily manipulated by politicians and bureaucrats, unlike various business organizations (not stupid), which strongly opposed Shumlin's Single-Payer.

The All-Payer waiver would not be trivial, as it would give Vermont almost complete control over Medicare funds for about 140,000 people and Medicaid funds for about 141,000 people in 2017, totaling $ 2,659.2 in 2013, about $3.0 billion in 2017, about 50% of Vermont's healthcare spending. See page 12. It would amount to a major back-door move to ultimately implement Single-Payer. Various business organizations would be wise to oppose it now, before the Legislature enacts All-Payer into law.
http://hcr.vermont.gov/sites/hcr/files/2014/GMCReport2014/GMC%20FINAL%20REPORT%20123014.pdf

Impact on Elderly, Sick People on Medicare: Currently, people on Medicare have the right to select their primary care physician. Also, they have the right to bypass that physician and go directly to a specialist of their choice. Under All-Payer, it is not clear, if people could still go to a doctor of their choice, or a specialist of their choice (which Medicare allows), without a permission slip of a primary care physician, who might be constrained by state rules and regulations under the All-Payer scheme.

Under All-Payer, people on Medicare and Medicaid living in the Upper Valley would likely not be able to go to the nearby DHMC (about a 0.6 hr round-trip), without a GMC permission slip. Those ELDERLY, SICK people would have to go to the Rutland Regional Medical Center (about a 2.5 hr round-trip, longer with bad weather), or another, equivalent Vermont medical center, which would have a GMC contract to provide services at certain prices.

NOTE: With All-Payer, I might have been dead a long time ago. About 8 years ago, I was "treated" for a heart condition by a local primary care physician without much success, and, finally, on my own, as allowed by Medicare WITHOUT permission slip, I went to a cardiologist at the DHMC, who saw me the same day, immediately had tests performed, which revealed two 90% blockages, immediately requiring 2 stents. After the stents were in place, he said: "You were on the edge of having a massive heart attack". With proper drugs, I have been well ever since, and plan to live many more years.

http://kaiserhealthnews.org/news/stateline-medicaid-enrollment-increases-by-state/
http://vtdigger.org/2014/04/03/lawmakers-briefed-marylands-payer-health-care-system/

http://www.washingtonpost.com/blogs/wonkblog/wp/2013/05/25/maryland-already-sets-hospitals-prices-now-it-wants-to-cap-their-spending/
http://vtdigger.org/2014/10/01/shumlin-team-d-c-seek-federal-waivers-single-payer-health-care/
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