

Herbert W. Olson
Hillsboro Mountain PLC

4577 Ireland Road, Starksboro, VT 05487 • 401-829-1678 • herb.olson123@gmail.com

April 16, 2018

Representative William J. Lippert, Chair
House Committee on Health Care
State House
Montpelier, VT 05602

Re: S. 53, an Act Relating to Universal Primary Care

Dear Representative Lippert:

I am writing in support of S. 53, an Act Relating to Universal Primary Care, as passed by the Senate Committee on Health and Welfare.

For those who do not know me:

- Resident of Starksboro, VT since 1970's after graduation from Middlebury College and attending law school.
- Past employment: Vermont Attorney General's Office, Vermont Legislative Council, and the Vermont Department of Financial Regulation, General Counsel, RI Office of the Health Insurance Commissioner, General Counsel. Major initiatives: least restrictive treatment in community-based settings, community rating, hospital budget regulation, behavioral health parity, health insurance compliance with consumer protections, ACA-type premium support for health insurance access, and health system affordability.
- Current employment: enforcement of health insurance behavioral health parity obligations.

The following summarizes my reasoning for supporting a truly universal system of primary care for all Vermonters.

- Access to care is under siege, what with the elimination of Cost Sharing Reductions, a short open enrollment period, repeal of the individual mandate, and federal promotion of association plans and short term plans. The important and immediate question is which states will step up and resist the ongoing efforts by the Trump Administration and Congress to reduce access to health care?
 - Universal Primary Care is an effective counter-attack on the Trumpian health care vision. With Universal Primary Care, Vermonters will have increased access to primary care during a time when most states will see reduced health care access.
- Vermont health care costs have been a real challenge for many years. Despite Vermont having a deep tool box of regulatory mechanisms to address health care costs, premiums for Vermont insurance plans are consistently higher than most other states in the Northeast.

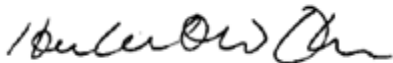
- Greater use of primary care has been associated with lower costs, higher patient satisfaction, fewer hospitalizations, and lower mortality. See "Primary Care Spending Rate - A Lever for Encouraging Investment in Primary Care Spending." *New England Journal of Medicine*, November 2, 2017.
- Unfortunately, Vermont's proportion of medical spend on primary care is a far lower (6%) than in states such as Rhode Island (over 10%). See "Rhode Island Primary Care Spend Report", January 2014. Increasing the proportion of primary care spend relative to hospital spend does not increase over-all medical spend.
- A big part of Vermont's cost problem is that the anti-competitive influences of large, concentrated hospital networks can over-whelm our cost containment efforts.
 - Hospital-based consolidation and concentration raise real anti-trust concerns. Vertically and horizontally integrated hospital networks exercise dominant economic power and represent significant political power, which makes regulatory cost containment difficult.
 - See "Addressing Pricing Power in Integrated Delivery: the limits of anti-trust." *Journal of Health Politics, Policy and Law*, (2015) 40 (4): 711-744. The thrust of the article recites traditional anti-trust analysis about the negative impact on consumers of health care consolidations, while arguing that anti-trust law is an ineffective tool to address those impacts once consolidation has occurred.
 - The usual public defense from the negative impacts resulting from anti-competitive markets is comprehensive and effective regulation. Vermont's cost containment history has demonstrated, however, that regulation is not enough. Regulation must be coupled with effective structural changes that counteract the economic and political power projected by large hospital-based networks.
 - Universal Primary Care can be an effective antidote to the negative impacts of concentrated, hospital-based systems, coupled with population-based reimbursement mechanisms.
- I hear the concerns of some that Universal Primary Care might cause Vermont to lose focus on its health care reform efforts. To the contrary, I believe that Universal Primary Care will support those efforts, and make it more likely that they will succeed.
 - Vermont's All Payer Model is compatible in concept with Universal Primary Care. It is important to distinguish between the All-Payer Model for health care reimbursement, and the

concept of an Accountable Care Organization for provider delivery of care. In many states, there are several Accountable Care Organizations. In Rhode Island, one is a successful primary care provider entity.

- Separating primary care reimbursement and delivery from hospital-based control is essential for the success of Vermont's health reform initiatives. A single, hospital-based ACO where primary care may be a lower organizational priority is more likely to impede than promote effective health care reform.
- S.53 as passed by the Senate Health and Welfare Committee is preferable to the bill as passed by the Senate. The bill as passed by the Senate simply calls for an additional, expensive study of a much-studied policy issue. A better approach is committing to Universal Primary Care in order to address Vermont's access and cost problems, and starting work as soon as possible to implement the program.

I am happy to answer any questions the Committee may have concerning these matters.

Sincerely,



Herbert W. Olson

cc: Members of the House Committee on Health Care
Loring Starr, Committee Assistant
Jennifer Carbee, Legislative Counsel