

Thank you all for coming today. It's been three months since Vermont launched its online insurance marketplace required under the federal Affordable Care Act. This law was a product of Washington compromise, imposed on the states after a contentious fight in Congress and a two-year legal battle that lead all the way to the Supreme Court. When the dust settled, Vermont had two choices: implementing the law ourselves with federal money, or hitching our cart to a federal government that is so bound up in gridlock it can hardly pass a budget. We chose to take hold of our own fate.

It's a good thing we did. Vermont has done better than most states in implementing the Affordable Care Act. Over 50,000 Vermonters have signed up for quality health plans that offer universal benefits so you don't have to worry whether you'll have coverage when you get sick and need it most. Another 30,000 Vermonters have had their premiums slashed to zero thanks to the Medicaid expansion.

Vermonters will no longer have to worry about losing coverage if they switch jobs or have a preexisting condition. Their kids will be covered as family members until age 26. And we will be drawing down hundreds of millions in federal dollars to help make coverage more affordable.

But like the rest of the country and the federal government, we've had our struggles. I said at the beginning of this process that for those who wanted to focus on the negative, there would be no shortage of material. The website limped out of the gate and is only now hitting its stride. The contractors we hired to build it have underperformed at every turn.

As I have expressed many times since October 1st, no one is more disappointed than I am that we fell short in the rollout of the exchange, and I take responsibility for those failures. We assessed our challenges in October and promptly took steps to ensure Vermonters' coverage was not interrupted because of problems with the website. Today, I am moving forward on Commissioner Larson's request to add hands to the task of the day-to-day project management of Vermont Health Connect to ensure we complete our efforts by March 31st. I am asking my Commerce Secretary Lawrence Miller, who has years of practical project management and business experience, to assist in further improvements to our exchange during the next three months.

Additionally, I am authorizing the engagement of an independent third-party to conduct a thorough review of the Vermont Health Connect rollout, which will be shared with you and Vermonters as soon as it is completed. This review will ask

how the State can change its approach, staffing and management structure going forward to improve implementation of future projects to assure success, and what specific lessons can be learned. I know we have work to do to restore Vermonters' confidence in our ability to get health care reform right.

The confusion, disappointment and struggle created by the website woes have caused some to suggest that perhaps I should be deterred from my promise to move Vermont beyond the exchange to the first sensible, universal, affordable publicly-financed health care system in the country.

Let me assure you that I am not so easily deterred. I did not seek the office of governor to get easy things done. And Vermonters did not elect me to nip around the edges of a broken system. So let me be very clear: I have never been more convinced of the need to keep moving forward. I have never been more certain that the path we're on is the right one. And I have never been more committed to ushering in America's first universal, affordable, publicly-financed health care system right here in Vermont.

Vermonters know that real health care reform is much more than a website. We also know that it is much more than the Affordable Care Act. Because despite

some of the improvements created by the federal law, we still have real, fundamental problems in America's health care system. It is still a teetering patchwork of payers, providers and consumers that costs too much for too many and fails to cover everyone. It is still full of skewed incentives that reward volume above good health. It is still a system no one in their right mind would develop from scratch. And it is still a system that spends money faster than we can earn it.

So when Vermonters ask me why we should continue to press for health care reform after three months of frustrations implementing a bill that none of us helped to create, my answer to them is a simple one: We cannot afford our current system and therefore we cannot afford to wait.

We cannot afford to wait because despite spending twice as much as other developed countries on health care, we're no healthier for it. In fact, we're worse off. When you compare health outcomes for the U.S., we lose – Americans die younger, have a higher rate of obesity and, shockingly, have an infant mortality rate that is not only higher than most but is trending in the wrong direction.

We cannot afford to wait because while we are paying more for worse outcomes, we're still not covering everyone. And many still do not have high quality coverage at a price they can afford.

We cannot afford to wait because there is currently nearly zero transparency in the cost of medical procedures. Our hardworking doctors, providers, and hospitals are also subjected to differing reimbursement rates that are often inadequate and unfair.

We cannot afford to wait because businesses large and small, and too many middle class Vermonters, cannot sustain the health insurance premiums that are growing faster than their paychecks.

We cannot afford to wait because we spend nearly 20 cents of every dollar we make on health care. If costs rise at same rate in next decade as they did in the past decade, our health care spending will double.

No one here can believe that this is a recipe for prosperity or job growth in Vermont.

We must seize the opportunity we now have to address the fundamental failures of our current health care system. And that's why it has never been more urgent that we move forward with a universal, publicly-financed health care system where everyone has health care because they are a resident of the Green Mountain State, not because of all the other factors that determine whether you have health care now.

That is the opportunity before us.

As I've made clear, we will not hit "send" on a new system unless we can assure ourselves that it will be sustainable, bend the cost curve and help create jobs. I am convinced that we must do this, and that we can do this, because we have all the ingredients here in Vermont to get it right and we have already made some important progress.

We have already developed truly remarkable partnerships that would be all but impossible in other states between our providers, our patients, and our businesses to change the way we deliver and pay for health care. The Green Mountain Care Board that you created, now under the able leadership of Al Gobeille, is leading this innovation, working with doctors, providers and hospitals to reform the

financial incentives so that they are paid for the quality of care they provide to us, not just the quantity they deliver. The Board is also focusing on driving down the curve by scrutinizing resources and budgets. They are working together to achieve efficiencies for patients, using technology to reduce duplication and waste.

Our Designated Agencies serving our most vulnerable populations are already helping to better integrate the care they provide, through the everyday, heroic work of people like Tina Hessler, director of the Gatling House Group Home in Bennington.

We are improving access to primary care for Vermonters through the work of people like Joe Woodin, CEO of Gifford Hospital, who demonstrated remarkable vision and tenacity in obtaining for Gifford status as a Federally Qualified Health Center for primary care, the 11th in our small state.

Hospitals, home health agencies, and other providers have now joined together collaboratively in partnerships to form Accountable Care Organizations to better integrate health care for Vermonters.

And leaders like John Brumsted at Fletcher Allen and Jim Weinstein at Dartmouth, and hospital boards and staff statewide, have risen to the challenge of tackling rising costs by meeting aggressive budget targets prescribed by the Green Mountain Care Board.

All this is great progress, but it is not enough. In passing Act 48, you wisely recognized that cost containment and regulatory changes alone would not cure the fundamental failures of our broken health care system or deliver on the promise of quality, affordable health care for all Vermonters. There is more work to be done.

And that work will require heavy lifting. Over the course of this session I ask your committees and the entire legislature to join with me in doing four things:

First, let's come together and examine the costs and consequences of our current system, and recommit ourselves to achieving the first universal, publicly-financed health care system in this country.

Second, let's educate ourselves and all Vermonters about our ongoing efforts to contain costs and reform the health care system so it values quality of care over quantity of care.

Third, let's discuss why universal coverage is not only the right thing to do, but also the financially smart thing to do, by examining who lacks adequate, affordable coverage now and how a universal benefit package that meets Vermonters' needs will change that.

And finally, let's start defining this year how we will replace health care premiums with a public financing system based upon one's ability to pay. To do this we should look at the current system and question: who is asked to pay where, when, why and how. We should look at how regressive and unfair the current system is. And we should embark on the path of designing a new system that is built upon equity, fairness, and common sense.

I ask your help to look at these crucial issues because I know that Vermonters and our employers will benefit from your hard work. Your scrutiny of the facts – your questions and creativity to help us develop the best health care system in America, right here in Vermont – will be vital to our success.

We know there will be plenty critics both here and elsewhere lining up to block our progress.

The road ahead won't be for the faint of heart. But I know that we will do right by Vermonters if we all embrace the opportunity we now have to create the best health care system in the country. And I know we can do it because Vermont has a long history of being the first to do the right thing.

This is the right thing to do. And this is the right time to do it.

It won't be easy. But things worth doing hardly ever are. Vermonters elected us to get tough things done. Let's get to it. Thank you.