

FOR IMMEDIATE RELEASE

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Lt. Governor Phil Scott submits the following op-ed on the single-payer health care proposal. He hopes you will consider publishing it this week in an upcoming edition.

This e-mail is being released today to a limited distribution list of daily newspapers. We will release it to our full subscriber list, and to the general public, on Thursday afternoon.

Thank you for your consideration.

**A business owner's perspective on single-payer health care**

By Lt. Governor Phil Scott

Over the past couple of months, I've had the opportunity to speak to a number of business groups -- from trade associations to regional chambers of commerce -- and at each of these events, not surprisingly, the single-payer health care proposal has dominated the discussion.

I'm a business owner myself; I've been the co-owner of DuBois Construction in Middlesex for the last 25 years. So I can relate to much of what I've heard from the business community about the single-payer plan. I'm also a consumer.

Like most other business owners across the state, when I first heard about the single-payer idea, I was interested, and I awaited the release of Dr. Hsiao's report with an open mind. If someone has a way to control my rising health care costs, I am absolutely willing to listen. I've always been in favor of efficiencies, and I believe we need to reform our health care system.

But as the details of the Hsiao report were analyzed, and as Dr. Hsiao's recommendations evolved into the Administration's proposal -- and further evolved into the bill that passed the House Health Care Committee on March 17 -- I've come to have some serious concerns about the single-payer plan.

For starters, the bill makes no mention of how much this new system will cost, and I'm not comfortable agreeing to "buy" something without knowing the price. I've often used the analogy of buying a car. No matter how dissatisfied I might be with the vehicle I have, I wouldn't order a replacement without first knowing the price tag and how I'm going to pay for it. With the health care bill as proposed, I feel as though we're ordering a new car without knowing whether it's a Yugo or a Rolls Royce, whether we can actually afford it, or whether we'll even get what we need.

There's also been a lot of talk about the validity of the assumptions in the Hsiao Report, upon which the legislative proposal was based. Through his economic modeling, Dr. Hsiao estimated that Vermont could save \$590 million in the first year alone by moving to a single-payer model. Most of this \$590 million would come from administrative savings, chiefly because, with a single payment pipeline and a single process for submitting claims, we'd need far fewer people to process all that paperwork.

I have to question whether those estimates are realistic. For example, Hsiao projects that hospitals and physicians' offices could reduce their administrative costs by as much as one-half under a single-payer system. But the report also points out that some 70% of Vermont's health care providers are small practices, made up of 3 or fewer physicians. Offices of this size probably have just 1 or 2 support staff, who also answer phones, handle payroll, and make appointments in addition to handling insurance claims. If that's the case, these offices wouldn't be able to lay off half of those people, even under a single-payer system.

Finally, here's another comment that I've heard from many in the business community: "Although I wish it cost less money, I actually like my current health care plan." We've certainly heard that comment from the state's large, self-insured employers; IBM likes the simplicity of being able to guarantee the same health care coverage to an employee in Essex Junction, VT as they can to an employee in Fishkill, NY. But even some small businesses, including my own, are nervous about losing the freedom to choose a plan that works for them.

Many companies (such as ours) throughout Vermont have had some degree of success with Health Savings Account plans. After employers deposit money into employees' accounts to cover their annual deductibles, it's then up to each individual employee to manage his or her account responsibly. This often includes decisions such as, "Instead of going to the ER for this cough right now, I can wait until tomorrow and make a less-costly office appointment," and "Maybe if I exercised and ate healthier, I could control my cholesterol without these expensive prescriptions." There is a certain amount of self-responsibility built into the plan.

As a strong advocate of personal responsibility, that's another thing that makes me uneasy about the single-payer bill: it proposes to have a board of 5 people in Montpelier designing benefits, approving prices, and, in short, making all the decisions for us.

If Dr. Hsiao and the authors of H.202 could convince me, without a doubt, that giving up some of those individual freedoms would be sure to save the state \$590 million and result in economic growth, then I'd be willing to endorse the plan. There are, in fact, many recommendations in Dr. Hsiao's report that I do endorse - such as making a serious effort to reform our medical malpractice regulations and to reduce obvious waste, fraud and abuse within our existing system. (Unfortunately, none of these recommendations made it into the bill in any substantive way; instead, H.202 proposes further study of these issues.)

As it stands, the single-payer proposal leaves too many questions unanswered. Under such a cloud of uncertainty, I can't support this proposal at this point in time. Passing this bill, with all its unknowns, risks the solvency of a health care industry that represents 20% of our state's economy - and that's a gamble I can't stand behind.

We know something must be done to bend the health care cost curve. We know what ails us. But in crafting this single-payer remedy, are we prescribing the right treatment? Rushing into passing this bill just to say "we did something" could leave us worse off than we were before.

When presented with this dilemma in the medical world, a doctor's guiding principle is to "do no harm," proceeding cautiously and gathering more facts before ordering treatment. When it comes to reforming our health care system, I think the best solution for Vermont is to do the same.

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