

BRIEF SUMMARY OF ACT 48 VERMONT HEALTH REFORM LAW OF 2011

Act 48 passed the Vermont legislature in May, 2011. The law recognizes the fiscal and economic imperative for Vermont to undertake fundamental reform of its health care system. Health care costs have been growing between 6.5 and 8.5 percent per year in recent years, at a time when growth in our economy was negligible. Meanwhile our health care coverage is not improving – we are paying more and more for less and less coverage, and almost 200,000 Vermonters are either uninsured or underinsured.

Act 48 puts Vermont on a path to a single payer system, but the state must take several additional steps to reach that goal. These include development of a financing plan that assures a single payer will cost less than the current system.

More specifically, Act 48:

1. **Establishes a Board charged with changing the way we pay for health care and controlling growth in health care costs.** Our current system, to a large extent, pays for care using a fee-for-service model. This creates a financial incentive to deliver more care and does not reward quality, value or better health outcomes. Health care economists view changing how care is paid for as a key to controlling costs. Vermont's Blueprint for Health Initiative (a medical home model) will be included in the Board's payment policies. The Board will oversee additional pilot projects that test new models of payment and will work to design a health care budgeting system for the state that assures adequate health care resources and fair pay for providers. In addition, the Board will recommend the benefits package to be provided under a single payer.
2. **Requires a detailed plan for a single payer.** Based on the benefits package developed by the Board, the Secretary of Administration will develop a financing plan for universal coverage. The plan will address the likely costs of coverage, potential savings from reforms and recommended sources of revenue. The Legislature will then vote to approve or disapprove the financing plan. The financing plan is due in 2013, but full implementation of the plan requires a federal waiver, which is not available until 2017 under current law. If the single payer financing plan was adopted, the legislature would annually approve a budget for the program.
3. **Establishes a Health Benefit Exchange as required by federal law.** The creation of the Exchange will bring significant financial benefits, including tax credits to make premiums affordable for uninsured Vermonters. The Exchange will be operational in 2014 for families, individuals and small employers and will open to large employers in 2017. The Exchange will offer plans from at least two private insurers, plus two multi-state plans required by federal law. The Exchange will simplify health insurance administration and help people comparison shop for health insurance.

Taken together the reforms included in Act 48 are intended to assure that all Vermonters have health insurance coverage, that health care delivery is efficient and high quality, that costs are sustainable and that we move in a deliberate manner toward de-linking health insurance coverage from employment and publicly financing coverage.