

Rebuttal: John Franco's Commentary "How much will single payer cost?"

John Franco's commentary in the May 20, 2012 Rutland Herald-Times Argus ("How much will single payer cost?") is another attempt by a Shumlin Administration surrogate to discredit Wendy Wilton's [financial analysis](#) of Green Mountain Care, the state's government monopoly single payer health care reform.

Franco's critique contains errors and he also challenges several of Treasurer Wilton's assumptions, all of which will be addressed below, but like all prior critiques his commentary validates the central criticism of the Shumlin health care reform effort: Where is the Administration's financial analysis? Why are the Administration and the Legislature furiously implementing Green Mountain Care without even a basic financial projection or financing plan? And why are the people with the greatest knowledge of these issues – Administration officials like Department of Financial Regulation Commissioner Steve Kimbell – unwilling to answer questions posed by Ms. Wilton's analysis or debate her work in a public forum?

It is Kimbell's department that requires any new insurance carrier to demonstrate that they have sufficient capital reserves, have a solid business plan and are actuarially sound before they are allowed to operate here. Yet the state is now embarked on a wholesale takeover of the \$5.3 billion health care system - and has even begun the process of outlawing private health insurance - without a business plan, a financing plan, a budget or any current financial projections. If the state held itself to the same standards it applies to private insurers Vermonters would know the answers to these questions or Green Mountain Care would be no more than a concept.

As to answering Mr. Franco's specific complaints, the first centers on his definition of single payer. He describes it as a single insurance fund and benefit package for non-Medicare and Medicaid beneficiaries. It is not certain that Medicaid will be fully excluded from the Green Mountain Care program since Vermont currently supplements federal Medicaid funding to provide greater benefits than required by the federal government. Franco also leaves out the large self-funded employers protected by federal law who will also be excluded from the single payer system as will military personnel. So in reality Green Mountain Care is not 'single payer' in a true sense, and the expected administrative savings will be diminished by this unavoidable complexity.

Franco then proposes a state-sanctioned 'co-op' insurer as an alternative to a state bureaucracy to 'eliminate the specter of government rationing.' But that is not how Green Mountain Care is designed under Vermont law. Act 48 has created the Green Mountain Care Board and handed this five-member appointed body near God-like power over our health care system. [Act 48](#) makes this board the sole arbiter of all benefits and budgets. Citizen control not only does not exist, our legislators have surrendered nearly all of their authority as well.

But the problem with single payer is it is a monopoly for the 425,000 Vermonters forced to participate. It matters little whether the monopoly is a government controlled cooperative or a state bureaucracy. And as such, the specter of rationing is very real whether the entity denying you access to care is the state, a state contractor, or a provider forced to comply with capitated global budgets.

Franco then uses a 'rule of thumb' to estimate the cost of the single payer in 2014. By contrast, Wilton's analysis considers a detailed list of these costs, including deductibles and co-pays for low income Vermonters, supplemental plans for government employees and funding a reserve for loss. Wilton's analysis including all assumptions are available on the 'resources' page at www.vthealthcarefreedom.org. His analysis of this complex system is startlingly simplistic, and fails to include about \$1 billion in costs.

Franco then includes \$400 million in Obamacare revenues – a revenue source Wilton does not include. Will Obamacare survive the Supreme Court challenge? Even if it does, is it reasonable to assume that the federal government will long continue this largesse in light of the federal deficit? Wilton chose not to bank on these funds but the Administration and the Legislature are placing an 'all in bet' that they will flow to Vermont forever.

Franco complains that Wilton includes the cost of supplemental insurance for government employees, but is it reasonable to assume that teachers, state and local employees will gladly accept a significant reduction in their health benefits given that the standard GMC benefit cannot possibly match these plans? To maintain comparable benefits under GMC, governments will have to provide and fund supplemental coverage for their employees. Wilton includes this; Franco does not.

Franco erroneously states that Wilton included deductibles and co-pays that are out of pocket expenses. Wilton did not include these costs in her analysis, except for low income Vermonters to limit their out-of-pocket costs to those required under current programs.

Franco also accuses Wilton of double counting administrative costs and undercounting single payer administrative savings. He is wrong about the double counting and Wilton includes the administrative savings but she also includes \$5 million in transition costs and oversight. Given the rate at which the state is staffing up for this millions have already been spent, mostly through federal grants. But once GMC is launched will these grants continue, and will they be sufficient? \$5 million is probably a very conservative number.

Finally, Franco objects to Wilton's assumed rate of health care spending growth. This objection he will have to lodge with Commissioner Kimbell, as Wilton simply used the midpoint of the Administration's growth projections.

Franco concludes that the cost of doing nothing is unacceptable. He may be right on this point, but before we dismantle the private insurance market and spend millions on staff, consultants and technology, shouldn't we at least have an idea of what GMC is going to cost? And who is going to pay for it?