



LEGISLATIVE REPORT For the Week Ending January 20, 2008

Declining revenues from a worsening economy have state legislators and the Douglas administration worried about the difficult decisions facing them as they consider the FY2009 general fund budget. Favored programs and proposals may fall by the wayside or need to be curtailed or delayed.

The bad economic news came last week after the administration and legislature finalized revenue forecasts jointly prepared by their economists. House Speaker Gaye Symington (D-Jericho) convened the House in a rare “committee of the whole” session to hear a presentation by the legislature’s economist, Tom Kavet. Kavet explained the reasons for the poor outlook and said the economy is looking worse each time they examine it.

The gloomy economic picture would appear to threaten the legislature’s plans for additional health care reform, however a leading legislative Democrat said Sunday that health care remains one of his top priorities despite the state’s money woes.

In a Sunday appearance on WCAX-TV’s “You Can Quote Me,” Senate President Pro Temp Peter Shumlin (D-Windham) said health care, the property tax and high oil prices were his top policy priorities. Shumlin said that it was necessary to help the insured in Vermont to lower their health care premiums as a way to compensate for the many years the insured have subsidized the uninsured. Shumlin said the state had created Catamount Health for the uninsured and it is now time for the state to help struggling small businesses lower their health insurance premiums.

Shumlin was referring to the centerpiece of the Legislative Commission on Health Care’s report that recommends the legislature create a new health benefit plan for small businesses and individuals that would offer premiums 20-25 percent less than commercial plans. Those savings would derive from a new public reinsurance program and required participation in wellness/disease management programs. The Commission report projects the cost to the state to fund a reinsurance plan for insured firms with less than 10 workers to be \$7.4 million. It would cost \$14.1 million to provide the subsidy to firms with fewer than 25 workers, according to the report.

Shumlin proposed a \$10 million dollar reinsurance plan using half of the funds from the Governor's recently announced proposal to close a capital gains tax "loophole." Douglas, in his State-of-the-State Address earlier this month proposed raising \$20 million by eliminating an exemption from the 40 percent taxation of capital gains for those who don't work and live off investment income.

Shumlin also said health care information technology is a critical health care initiative that must continue this year and requires appropriate funding.

At the State House last week, the state's three largest health insurers appeared before the House Health Care Committee to describe the environment in Vermont for health insurance premium trends and rates. The committee learned that average premium increases for this year were in the 10-12 percent range.

This week the committee has invited BCBSVT and MVP to return for a discussion about pre-existing condition exclusions in Catamount. The committee has also laid out a plan for hearings on H.304, a bill supported by single-payer advocates that would create a public benefits program for hospital care funded through a payroll tax and individual assessments.

The Senate Health and Welfare Committee heard overviews on several recently introduced bills, including S.280, a bill to require "parity" for prosthetic benefits. Testimony before the committee revealed that it was an ERISA self-insured benefit plan that capped prosthetic benefits and created a problem in Chittenden County for one woman. ERISA plans are not subject to state regulations and this bill would not have prevented this situation.

This week, the Senate Health and Welfare Committee will hold a hearing on S.283, a bill to require Vermont health insurance plans to be consistent with the Blueprint for Health, for managed care organizations to establish chronic care programs consistent with the Blueprint, and allow BISHCA to review plans to ensure that consistency.

The Senate Finance Committee has scheduled a Tuesday hearing this week on S.205, a bill to reform the state's individual health insurance market.

New Bills of Interest:

H.612 Introduced by Representative O'Donnell of Vernon

This bill proposes to require a committee to study and report annually to the general assembly on the Medicaid cost shift and its impact on health care financing.

H.647 Introduced by Representative Chen of Mendon

This bill proposes to ban the use of artificial trans fat by food service establishments in Vermont.

H.648 Introduced by Representative Chen of Mendon

This bill requires children to receive age-appropriate immunizations prior to enrolling in licensed or registered child care facilities and to expand the existing immunization registry to include data regarding adult immunizations.

H.657 Introduced by Representative Maier of Middlebury and others

This bill would make explicit the intent of the legislature that medically necessary services provided by naturopathic physicians are covered by Medicaid, VHAP, and other public health care assistance programs.

H.662 Introduced by Representative Donahue and others

This bill proposes to create a medical surrogacy system to allow substitute decision-makers for persons found to lack capacity to make their own medical decisions.

For more information on legislative proposals, visit the Blue Cross and Blue Shield of Vermont website at www.bcbsvt.com or call Leigh Tofferi at (802) 223-6131 or Kathy Parry at (802) 371-3205. If you wish to discontinue receiving these updates or know of anyone else who would like to receive it, please call Kathy Parry or send an e-mail to parryk@bcbsvt.com