

PHILIP B. SCOTT  
Governor



State of Vermont  
OFFICE OF THE GOVERNOR

January 27, 2017

The Honorable Kevin McCarthy  
Majority Leader  
United States House of Representatives  
H-107, U.S. Capitol Building  
Washington, DC 20515

Dear Majority Leader McCarthy:

After Vermonters elected me to office, I established three priorities: to make Vermont affordable, to strengthen the Vermont economy, and to protect our most vulnerable. I intend to apply these priorities to health care. In that light, I thank you for the opportunity to comment on the Patient Protection and Affordable Care Act of 2010 (P.L. 111-148, Affordable Care Act) and the potential to improve upon its goals.

The Affordable Care Act, while not perfect, measurably improved the health and well-being of Vermonters by reducing the State's uninsured rates, enabling Vermont to form health care provider networks that participate in shared savings programs, and fostering initiatives to reduce utilization and cost through its health care delivery reform provisions. While this is great news, we recognize that the Affordable Care Act implementation, high deductible plans, and often confusing rules for business need work. We also believe the intersection of Medicaid and Qualified Health Plans (QHPs) is an area ripe for reform. Under the Affordable Care Act, Vermont saw 33,000 individuals enrolled in State programs migrate to full Medicaid coverage at a higher cost to the State. Federal legislation should do more to support, not supplant states' innovative programs. In this area, Vermont supports efforts to increase flexibility and review rules limiting a state's ability to address its own priorities while maintaining the expanded coverage necessary for access to care.

For over 30 years, the State of Vermont under both Republican and Democratic leadership, has been a leader in health reform. Vermont expanded health coverage for children to 97.2% through Dr. Dynasaur, a program implemented through the Child Health Insurance Program (CHIP). We expanded Medicaid through the Vermont Health Access Plan (VHAP), and working with CMS and private insurers, we further expanded coverage to uninsured through Catamount Health Insurance. Under these pre-Affordable Care Act initiatives, Vermont reduced its uninsured rate

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to 7.6%. The Affordable Care Act further reduced our uninsured rates, cutting them in half and allowing Vermont to maintain the second lowest uninsured rate in the nation at 3.7% uninsured and the lowest uninsured child rate of 1.0%. The Commonwealth Fund just named Vermont the number one state for access and affordability, an achievement made possible by the Affordable Care Act.

While coverage protects our most vulnerable, it will not on its own address the concern of affordability. For this, health care delivery reforms are required. In this too, Vermont has led. For example, the Blueprint for Health program, launched in 2008, supports patient-centered medical homes and multi-disciplinary community health teams that bridge medical and social services. This approach has been associated with reduced growth in medical expenditures. The Support and Services at Home (SASH) program allows seniors to live longer and healthier in their own homes. It has improved quality of life, safer living situations, and reduced medical expenditures. The Hub & Spoke initiative has expanded access to medication-assisted treatment (MAT) for opioid addiction and supported providers administering MAT in an office setting through additional nurses and addictions/mental health counselors.

Under the Affordable Care Act, Vermont formed three health care provider networks known as affordable care organizations (ACOs), which have participated in shared savings programs with positive results. Over the last three years Vermont's ACOs, in collaboration with payers, regulators, and hospitals, have moved toward a more comprehensive approach to reforming health care delivery. As a result, CMS has agreed to implement an All-Payer ACO Model. This model has the potential to tackle health care cost growth by addressing the fundamental economic incentives that drive costs up. The implementation of the ACO model must ensure we support primary care and better coordination with mental health and social services while maintaining vibrant hospitals that have the resources and skills to treat Vermonters when catastrophe strikes.

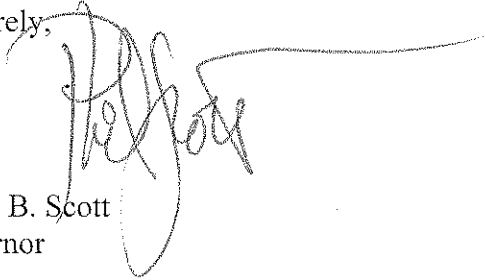
Finally, any conversation about health care reform must recognize the role the health sector has in supporting our economy. According to the Vermont Department of Labor, health care and social assistance jobs make up 17.6% of non-farm or self-employed jobs in the State. Yet even at this level, Vermont is facing a workforce shortage, especially in the face of an aging population. Vermont needs the ability to attract talented providers, boost low wages, and reduce high turnover rates, which drain limited resources and diminish care for our citizens.

In closing, I must emphasize that federal action regarding the Affordable Care Act should boost, not undermine, the progress many states and Vermont in particular have made toward the nonpartisan goals of improved health and reduced costs for our constituents and reduced economic burden for our employers. Innovative health care delivery reforms led by states is key. Federal reform efforts must maintain stability in the insurance market and attract new payers so as to keep expanded coverage many states have achieved. While more flexibility is needed,

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reforms should maintain federal and state partnerships rather than shifting significant costs to states thereby undermining their capacity to address health costs and local priorities. Reforms must be well laid out and implemented in a way that builds trust across providers, insurers, hospitals, communities, and constituents. We can accomplish this through a strong federal and state partnership that provides both the support and flexibility needed to address the unique challenges each state faces. Vermont looks forward to working with the 115<sup>th</sup> Congress on improving our country's health care system.

Sincerely,

A handwritten signature in black ink, appearing to read "Philip B. Scott", with a long horizontal line extending to the right.

Philip B. Scott  
Governor

PBS/kp