



The Ethan Allen Letter

IDEAS FOR VERMONT'S FUTURE

A Monthly Publication of The Ethan Allen Institute

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Single Payer Health Care: Promise and Reality

COMMENTARY

The Vermont Legislature is about to take its first decisive step toward imposing a grand single payer health care mega-system on most of the people of the state. The House will vote this week to advance H.202, the “road map” bill to launch “Green Mountain Care”.

The single payer idea springs from at least three arguments. One is ideological – the belief that health care is a “human right”. As such, the advocates believe, government must use its power to force other people to pay for what the government believes to be “appropriate health care at the appropriate time in the appropriate setting.”

Our state and national constitutions affirm that every person has individual rights that governments may not prohibit or infringe. But nowhere can be found a right to enjoy government-mandated health care.

The second argument for single payer flows from dissatisfaction with the operation and financing of what the advocates would call the present chaotic health care “non-system”: a collection of patients, providers, insurers, employers, programs and regulators that, because of continually competing interests and inefficiencies, produces inadequate care and unnecessary costs. To the advocates, one grand government-run, centrally coordinated single payer system will assure superior care, maximize efficiency, and save hundreds of millions of dollars.

When skeptics point to the very apparent failure of the single payer systems of Canada to achieve those standards, the Vermont advocates reply, “But we are Vermonters – we can make it work” (an actual quote). Given the malign contributions to the present health care “non-system” inflicted by unwise government policies over the past 50 years, this assertion does not satisfy many of the skeptics.

The third argument for single payer is political and rarely stated. Even if the single payer system fails to fulfill

its lofty promises, it will put the government in control of all employers, medical providers, insurers (if any), and patients. The government’s power and reach will expand dramatically.

That will mean many more jobs for (unionized) government bureaucrats. It will require unionization of doctors and other professionals who will have to bargain with the public body over their compensation and working conditions. It will mean more campaign contributions and votes for politicians who will work to rig the system in favor of their particular group of “stakeholders”.

If the state becomes the final authority over \$6 billion worth of health care spending, it will matter a lot who controls the state.

The House bill gives page after page of instructions, and \$1.1 million, to administration officials and the Green Mountain Care Board – referred to under the Dome as the “Jedi Council”. According to Dr. William Hsaio, the consultant hired by the legislature, this supposedly “inde-

See **Single Payer**, Page 6

The Ethan Allen Letter

The Ethan Allen Institute is an independent, non-profit, nonpartisan public policy research and educational organization, incorporated in 1993 under Vermont law.

The Institute sponsors and conducts research on important public policy questions facing the people of Vermont, and makes its findings and recommendations known through various channels to the general public, the news media, and civic leaders at all levels.

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EDITOR'S MESSAGE

Rampage to the Left



The rampage to the left continues in the State House. At last rid of that old stick in the mud Jim Douglas, liberal majorities are pressing forward rapidly to push through their whole pent up liberal agenda.

Single Payer health care (see front page) is only the most noticeable example. Gov. Shumlin is proposing tax increases on hospitals and nursing homes, and new provider taxes on dentists and insurance policies.

The legislature is in the process of quintupling the tax on premiums enacted in 2008 to pay for health information upgrading, raising the cap on preschool spending, and levying more electrical energy taxes to further subsidize the liberals' favorite form of corporate welfare, high priced renewable energy.

The one thing those liberal majorities won't vote on is Vermont Yankee. I have no doubt a majority would vote against allowing Entergy to seek approval from the Public Service Board. They won't have a vote because the Democratic leadership doesn't want members to have to answer for the inevitable higher electrical bills in nuclear-free Vermont.

Rob Roper of our Common Sense Radio project put it well when he said "Victory in politics goes to those who show up. So far this year in Vermont we have seen hundreds fill the Cedar Creek room in the State House calling for single payer health care. We have seen hundreds fill the State House steps in solidarity with their union brethren in Wisconsin. Hundreds filled the Montpelier high school auditorium to hear Senator Bernie Sanders and his allies openly discuss the destruction of the conservative movement in America. What will it take for conservatives in this state to be as passionate about protecting what they've earned and what they value as Bernie Sanders and his allies are about taking it away?"

Now please go to page 7 and decide which activist movement(s) you'll support. (It's not a coincidence that EAI is at the top of the list!)



EDITOR

The Ethan Allen Institute presents –

SHERATON ECONOMIC SERIES 2011

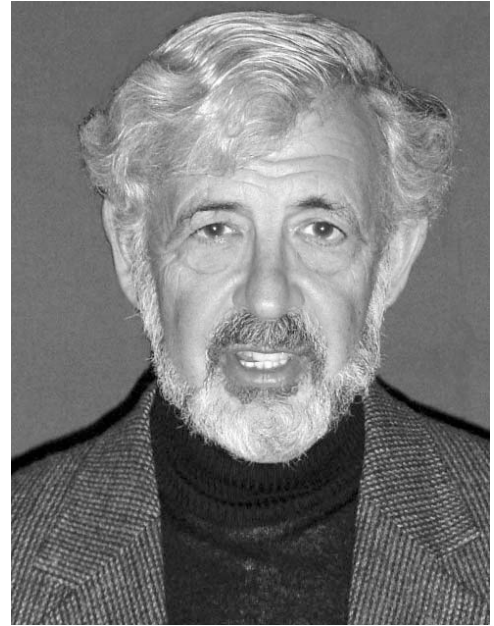
The Economics of Abundance: Why Doesn't It Apply to Everything?

featuring **Tom Evslin**

Inventor, entrepreneur and former
Vermont Chief Technology Officer

**Sheraton Burlington Conference Center
University Amphitheatre**

Wednesday, March 30, 2011 • 7:00 p.m.



Why do computer component prices decline by half every eighteen months, while prices continue to rise in many other areas not yet reached by the technology revolution? As the computer and internet dynamic spreads out to more and more sectors of the economy, Tom Evslin prophesies that cheap and abundant computing and communications resources will work profound changes through universal broadband, electrical smart grid, e-health and e-education.

Tom Evslin founded and sold two major computer software companies – Solutions and ITCX – and held top technology posts with Microsoft and AT&T. In 2009 he became the volunteer state Chief Recovery Officer, managing the flood of Federal stimulus monies coming into the state, and then continuing as Chief Technology Officer in 2010.

Tom serves on the boards of the Vermont Telecommunications Authority and the Vermont Clean Energy Fund, and is the author of a computer era murder mystery novel entitled *Hackoff*. (Complimentary copies of the book will be available after the program.) Tom lives in Stowe with his wife Mary.

“No one in Vermont is more qualified than Tom Evslin to assess what startling advances in high technology will make possible for human wellbeing – assuming government doesn't get in the way.”

– John McClaughry



The Sheraton Economic Series is sponsored by the Ethan Allen Institute, hosted by the Sheraton Burlington Conference Center, and cosponsored by the *Vermont Economy Newsletter*, *Vermont Business Magazine*, *Vermont Tiger*, True North Radio, and the Lake Champlain Regional Chamber of Commerce.



Reservations not necessary – no admission charge – the public is invited.



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End Game for Vermont Yankee

COMMENTARY

Three months from now Entergy Nuclear Vermont Yankee (VY) will be forced to make a fateful decision: whether to give in to the furious anti-nuclear campaign led for years by Vermont's anti-nuclear new Governor, and abandon a safe, reliable, low-cost, nuclear plant that generates about a third of Vermont's electrical consumption.

VY's federal operating license expires in March 2012. In 2006 the company applied to the Nuclear Regulatory Commission for a twenty year license extension. Slowed to a crawl by the torrent of regulatory interventions by anti-nuclear groups, the NRC finally approved VY's license extension in late March.

Anticipating that, the 2006 legislature passed a law unique among the fifty states. It declared that the Public Service Board cannot take any final action to authorize continued operation of nuclear plant without an affirmative vote of both houses of the legislature.

It is now clear that the legislative leadership – Speaker Shap Smith and Senate president pro tem John Campbell – have absolutely no intention of allowing a resolution of approval to come to a vote. That resolution would likely be voted down, but not allowing anyone to vote on it will shield the anti-nuclear legislators from having to answer to their voters for the likely consequences of a shutdown.

Those consequences are potentially grave. VY produces 620 Mw of baseload power. It's currently the lowest cost 24/7 power purchased by Vermont utilities. IBM, with its \$35 million annual electricity bill, is deeply concerned that without VY, its power costs will rise by as much as 30 percent. That concern is shared by other manufacturers, hospitals, colleges, local governments, and ski areas.

Opponents argue that VY's capacity is only 2 percent of the total New England power grid, and will scarcely be missed. What they don't want to discuss is that the loss of regional generation requires finding replacement power from distant sources. That creates grid stability problems and possibly construction of expensive new transmission lines to move the power into the region.

The anti-nuclear activists' pipe dream of wind turbines and solar PV notwithstanding, the replacement power will largely come from coal and gas fired plants – just the kind of plants that enviros staunchly oppose because they release the carbon dioxide that they believe leads to the dreaded “climate change”.

Suppose the legislature sneaks out of Montpelier in May without voting to allow VY to seek PSB approval for its continued operation. Then what?

VY operates with an 18-month fuel cycle. After 18 months online, the plant is shut down, the reactor head pulled, the spent fuel moved to a cooling pool, a new fuel load put in, the head put back on, and the plant starts a new power run.

The next scheduled refueling falls in or around November.

When a refueling shutdown takes place, a new fuel load must be on site. The lead time for purchasing fuel assemblies is about five months. So VY will have to place its order in June.

But by the time the refueling is completed, the plant would have only three months to live. What company is going to spend millions of dollars on 18 months' worth of new fuel, when thanks to anti-nuclear politicians the plant would have only three months of operation left?

Unless the legislature turns around on this issue by May, and the PSB (as widely expected) issues a Certificate of Public Good by June, Entergy is almost certainly going to have to abandon VY.

The only uncertainty has to do with a possible Entergy appeal to Federal courts to invalidate the 2006 statute. It's not clear just what legal argument Entergy might advance to get Federal courts to overturn the 2006 statute, but the litigation might well continue long enough for VY, with a stay of execution, to run through another fuel cycle to mid-2013.

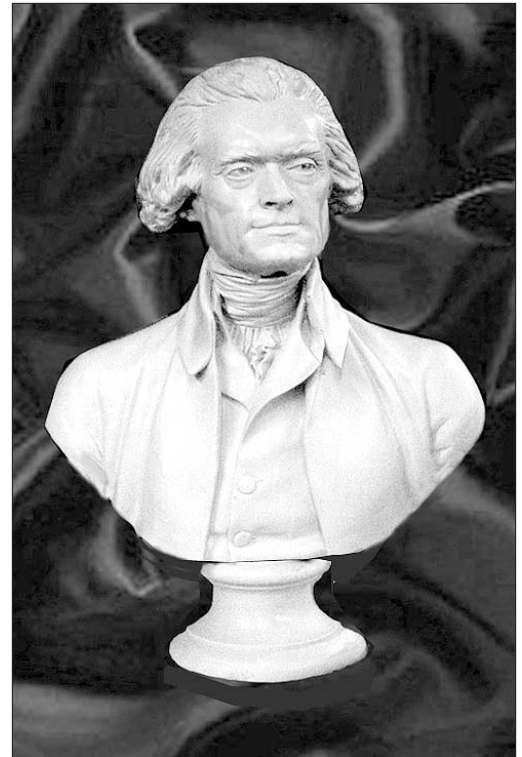
If VY is forced to shut down next March, the New England grid operators may find some way to replace VY power, though at a significantly higher price. Perhaps more seriously, what business would be willing to locate or expand in a state where a legislature, answering to the demands of anti-nuclear activists, insisted on shutting down a safe, reliable, low cost source of electricity, vital to the state's economic future?

*The Ethan Allen Institute's
18th Annual Jefferson Day Dinner -*

Mr. Jefferson's Timeless Message to America and the World

A DINNER TALK BY JOHN McCLAUGHRY

**Thursday, April 28, 2011
Rutland, VT - South Station Restaurant
170 S. Main (US Rt 7)
Social hour at 6 - Dinner at 7**



Since his college days half a century ago, John McClaughry has been a student and acolyte of the career and philosophy of the author of the Declaration of Independence. For the past 17 years, under John's leadership, the Ethan Allen Institute, founded on Jeffersonian principles, has sponsored a Jefferson observance during the month of Mr. Jefferson's birthday - April 13, 1743.

For this year's celebration, John will speak on "Mr. Jefferson's Timeless Message to America and the World." Among John's writings on the subject are a featured op ed piece in the *New York Times*, an expose in *Insight* magazine of President Bill Clinton's attempt to portray himself as the heir to the 3rd President, and a tribute offered to Mr. Jefferson by Ronald Reagan, who John served as a speechwriter and White House Senior Policy Advisor.

This dinner will be an excellent opportunity for friends of the Institute to learn more about Mr. Jefferson's political philosophy and its meaning for dwellers in the 21st Century, from a well-informed and entertaining speaker.

Members, friends, guests and the general public are invited. Reservations are required and may be made by April 26 by email to anne@ethanallen.org or by phone at 802-695-1448. The ticket price is \$30.

The 2011 Jefferson Celebration Dinner is cosponsored by the Jefferson Legacy Foundation.



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Coming Event: Citizens for Property Rights annual meeting – Saturday, March 26, 1:00 p.m., Stone Grill Restaurant, Rt. 15, Morrisville. Tom Licata will speak on “Vermont’s Fiscal Collision with Reality”. Public invited.

Vermonters for Health Care Freedom sponsored a well-attended panel at the State House on March 16. You can watch seven minutes of it at <http://www.youtube.com/watch?v=QPfe3fATl-o>. Among the senators attending were Randy Brock and Joe Benning, both of whom spoke, and Claire Ayer, Hinda Miller, and Anthony Pollina.

Gov. Mitch Daniels (IN) was favorably mentioned in the March *EA Letter* as exemplifying the opposite governing philosophy from Vermont’s. *National Review OnLine* (www.nationalreview.com/uncommonknowledge) has posted a five-part series of video interviews with Gov. Daniels by Peter Robinson of the Hoover Institution. Worth watching for inspiration.

NEWS & VIEWS

ERISA Says No: ERISA is a 1974 act of Congress that protects self-insured employer plans from state regulation. In Vermont hundreds of larger employers self-insure under ERISA. The Hsiao report argues that single payer can overcome ERISA, or at worst, that the state can tax payrolls even if the employers refuse to replace their company health plans with the state’s single payer plan.

On March 12 BISHCA Commissioner Steve Kimbell, a vastly experienced lawyer and lobbyist, informed the Health Care Reform Committee that “We can’t get an ERISA waiver.” Ouch!

JFO Says Unsustainable: In an appearance before the House Health Care Reform Committee on Feb. 25, Joint Fiscal Office chief Steve Klein informed the solons that the Hsiao Option 3 single payer plan would produce cost savings for the first two

years, but over the longer term “health care costs would rise faster than revenues”. “It’s not going to be a pretty picture”, Klein concluded.

The Next Tax Increase: “The House Ways and Means Committee is considering a proposal to increase a health care insurance claims assessment in order to raise state revenue. The current .2 percent assessment is used to fund health care technology improvements. This proposal would increase the current assessment to between 1.0 and 1.3 percent. The increased assessment is projected to raise more than \$10 million, which would be used to fund the state’s Medicaid program. The cost of the assessment charged on all health insurance claims in Vermont would likely be passed on to employers by health insurance companies through increased health insurance rates.” (LCRCC leg. report 03/18/11.)

Here they go again: enact a tiny “fee” (2008), then start raising the rate to feed government spending unre-

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Single Payer Health Care

Continued from Page 1

pendent” five-person body, appointed by the governor, is designed to “remove the budgeting decisions from the political process.”

The board will determine what “high quality, medically necessary” benefits the taxpayers will pay for, and for which patients; how much hospitals can expend; how much the doctors, dentists, hospitals and nurses will be paid for performing which board-authorized services; how much of the system’s costs will be shifted onto the providers by underpaying them; and what payroll and other tax rates the state will need to levy to raise enough revenues to keep the whole system afloat.

Can such a single payer system be fiscally sustained? In a word, no.

Joint Fiscal Office director Steve Klein has already informed the solons that the single payer plan would produce cost savings for the first two years, but over the longer term “health care costs would rise faster than revenues”. “It’s not going to be a pretty picture”, Klein concluded.

What happens when infinite demands run up against finite taxpayer resources? The government must ration the resources. A common technique in Canada is to limit the number of providers. Fewer providers equal fewer billings for fewer services. Costs contained!

That may solve the system’s annual budget problem, but from the patient’s point of view it’s called de-

nial of care.

Is this government monopoly system likely to achieve its ambitious principles? Or will it, as critics have claimed, quickly degenerate into rationing, waiting lines, maddening bureaucracies, demoralized doctors and nurses, shabby facilities, obsolete technology, declining quality of care, and much higher taxation?

The single payer advocates have scoffed at this characterization. If they would look honestly at the unacceptable (to Americans) outcomes produced by the single payer System just north of the border, they might revise their opinions. Of course, they won’t. They’d rather push the bill through to Gov. Shumlin’s desk and let Vermonters find out the hard way.

Continued From Page 6

lated for the purpose of the “fee” (aka “tax”).

And Another: On March 17 250 doctors, nurses and volunteers descended on the State House to protest Gov. Peter “no more tax capacity” Shumlin’s proposed \$30 million tax increase on hospitals, nursing homes, and for the first time, insurance companies, doctors and dentists. (RH 3/18/11)

And Another: Two dozen Democratic legislators are behind a proposal to raise \$49 million by levying a 1.5 percent income tax rate surcharge on Vermont filers with more than \$75,000 taxable income. (RH 3/18/11)

A Reminder: “We are spending too much, and have used up our tax capacity.” Sen. Peter Shumlin (WCAX 1/14/07).

“We must not and cannot succumb to the idea that Vermonters have the

NEWS & VIEWS

capacity to pay higher taxes ... right now.” (Ellipsis and de-emphasis added.) (Gov. Shumlin’s Inaugural address 1/6/11.)

Too Bad, Workers: “I’m sorry about people losing their jobs, but they [employees at Vermont Yankee] knew four years ago that the plant was going to close.” – Arnie Gundersen, Janus Forum debate, 2/24/11. Gundersen was then-Sen. Peter Shumlin’s personal appointee to serve on the nuclear oversight panel in 2008.

The NRC has extended licenses for dozens of plants operating beyond their original 40-year permit period, and VY workers had every reason to believe that the plant’s 92 percent reliability record would persuade the

NRC to extend its license as well – as it did in mid-March. They did, however, underestimate the persistent campaign of their own Windham County Sen.

Shumlin to get the legislature to put Yankee out of business.

Vermont’s No. 8 (Again) in state and local tax burden 2009. The Vermont burden, calculated by the Tax Foundation, was 10.2 percent of all income, compared to the U.S. average of 9.8 percent. If Vermont dropped to the U.S. average, taxpayers would have \$96 million more in their pockets.

Vermont To Infect America: “Given our small size and willingness to try new methods, it’s also possible we’ll become a Petri dish for national reforms, and will be able to draw down federal aid in return”. Rutland *Herald* editorial (12/18/10).

Vermont Activist Directory

Ethan Allen Institute: coming events, commentaries, reports. www.ethanallen.org

Common Sense Radio: sponsored by EAI, hosted by Rob Roper. WDEV AM 550/FM 96.1 weekdays 11:05-noon.

True North Reports: daily news and investigative reports by Rob Roper and Angela Chagnon. www.truenorthreports.com

Energy EAI: sponsored by EAI Energy Education Project, hosted by project director Meredith Angwin. www.energyeai.org

YesVY: Informative and authoritative blog hosted by Meredith Angwin, on Vermont Yankee and larger nuclear energy issues, www.yesvy.blogspot.com.

Vermont Tiger: premier Vermont blog hosted by Geoff Norman. www.vermonttiger.com

Vermonters for Economic Health: Tom Licata’s campaign to wake Vermonters up to recognize budget realities. www.vermontersforeconomichealth.org

Vermont Campaign for Liberty: www.vermontcampaignforliberty.org

Vermonters for Health Freedom: darciej@aol.com

Tea Party groups:

www.vermontteaparty.com

www.greenmountainpatriots.com (NW Vermont)(Pat Crocker)

rutlandteaparty@gmail.com (Rutland area) (Jon Wallace)

capitolteaparty@gmail.com (Washington Co.) (Jessica Bernier)

barrecityteaparty@gmail.com (Barre City) (Kristin Sohlstrom)

vtgirl2@charter.net (Upper Valley) (Peg Coutermarsh)

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True North Reports

March 14, 2011

Astroturf Pressure Behind Vermont's Rush to Single Payer?

MEDIA

There is a large and well-funded national movement called the Universal Health Care Action Network behind Vermont's push for a single payer system, that gives new meaning to the term "Astroturf". The concern is more about using Vermont as "a springboard" to push for the movement's idea of what reform should look like:

"Vermont is leading the way to universal health care using national reform as a springboard and based on a single payer system. If one state can make real progress on comprehensive health reform, that will help all of us no matter where we are in the struggle in our own states!"

The list of coalition partners that UHCAN has put together represents a LOT of resources that can be utilized to push this proposed reform through hastily without stopping to answer the questions that Vermonters have. The group has even sent out a fundraising letter to state groups from all

over the country to raise money to buy advertisements aimed at pushing the proposed single payer reform through.

Another group, called "Health Care For America Now", may be even bigger than the UHCAN. Here is how their website describes them:

"Health Care for America Now (HCAN) is a national grassroots campaign of more than 1,000 organizations in 46 states representing 30 million people dedicated to winning quality, affordable health care we all can count on in 2010 and beyond."

In 2009 this group received \$5 Million in support from George Soros.

Given all the resources that are being marshaled to hastily push this effort through, is it any wonder that the effort for reform of Vermont's healthcare system is not taking time to stop and seek answers to the questions raised by a growing number of Vermonters?
– Robert Maynard