



# Health Care Reform: Obama and Vermont Are Moving in the Same Direction

by Steven Kappel

**P**resident-elect Barack Obama’s health plan includes features to make health coverage accessible to more Americans, to make health insurance markets work better, and to broaden the base of people who pay for the system. At the same time, the federal plan allows states to continue their own reforms. Several aspects of the Obama plan are already in place or under development in Vermont, and the proposed flexibility should enable the state to continue to make progress with its reforms.

Like Vermont’s recent efforts, the Obama plan leaves much of the existing system in place, while attempting to control costs, reduce the number of uninsured people, and improve prevention and public health activities. Along with its commitment to provide coverage for all Americans, the plan’s emphases on health information technology, coordination of care, disease management, and wellness, mesh well with Vermont’s efforts, including the state’s Blueprint for Health, Cata-

mount Health, and Vermont Information Technology Leaders (VITL).<sup>1</sup> Guaranteed eligibility, a cornerstone of Obama’s health insurance market reform, has been a requirement in Vermont’s individual and small group markets since the early 1990s.

For nearly 20 years, Vermont has been a national leader in health care reform. Further progress in Vermont—especially when it involves integrating Medicare beneficiaries and funds into a new system—will require cooperation from the federal government. The compatibility of Obama’s and Vermont’s visions greatly improves the odds that cooperation will be forthcoming.

The tables below compare major features of the Obama plan<sup>2</sup> with Vermont’s current health care system and reform efforts. The initiatives are categorized into four major policy areas: pharmacy, clinical care, insurance reforms, and federal changes.

**Pharmacy** reform focuses on making prescription drugs more affordable. The Obama plan focuses on two ways to achieve this goal: importing drugs from other countries and making it easier to produce generic<sup>3</sup> drugs in the U.S. Vermont already has some of these reforms in place, whereas, the Obama plan would go further in other areas.

Obama Plan	Vermont
Consumer permission to import safe drugs from other countries	Participation in I-SaveRx, a program that assists residents who want to purchase prescription drugs from other countries <sup>4</sup>
Regulation preventing drug companies from blocking generic drugs from consumers	Strong mechanisms encouraging the use of generic drugs (regulation of drug manufacturers usually requires federal action)

**Clinical care** initiatives are intended to improve quality of care or efficiency (the amount it costs to deliver a unit of care). All of President-elect Obama’s initiatives in this area match up with one or more projects under way in Vermont.

Obama Plan	Vermont
Investment in electronic health information technology systems	Blueprint for Health <sup>5</sup> and the Vermont Information Technology (VITL) program <sup>6</sup>
Improved access to prevention and disease management systems  Better coordination of care	Blueprint, private insurers’ programs, and Vermont Medicaid program all include efforts in these areas.
Promotion of patient safety	Patient Safety Surveillance and Improvement System <sup>7</sup> , created by the legislature in 2006
Aligned incentives	Efforts to change the way health care is paid for—moving away from volume-based payment (“do more, get paid more”) toward outcome-based payment (“do better, get paid more”) or other forms of reimbursement that reward higher-quality, more effective care

**Insurance reforms** address the accessibility and cost of health insurance. Some areas of Vermont’s efforts and the Obama plan overlap, such as guaranteed eligibility, but the Obama plan also includes some changes that are different from what has been attempted in Vermont.

Obama Plan	Vermont
Increased competition in the insurance industry  Regulation to control insurance administrative costs	It is unlikely that the state will be able to increase the number of insurers doing business in Vermont.  Regulations to limit administrative costs in the individual market
Federal payment of portion of catastrophic illness claims (details unclear)	Although less of an issue with community rating, <sup>8</sup> proposed reform would reduce Vermont employers’ insurance costs
Guaranteed eligibility	Guaranteed issue and renewal in individual and small group markets since early 1990s
New affordable, accessible health insurance options, including a public plan that will compete with private plans	Catamount Health, a new product in 2007, combines premiums and government funding, a more limited change than the Obama plan contemplates.

**Federal changes.** The Obama plan includes several other changes to federal programs and laws, some of which may affect Vermont.

Obama Plan	Vermont
Prevention of private insurance waste and abuse in Medicare	Since Medicare is a federal program, not an issue Vermont can address
Allowing Medicare to negotiate for cheaper drug prices	Since Medicare is a federal program, not an issue Vermont can address
Tax credits for families and small businesses	Discussed in Vermont, but not implemented
Employer contributions	Included in Catamount Health financing
Required coverage for children	No current mandate in Vermont. May be considered in 2010
Expansion of Medicaid and SCHIP <sup>9</sup>	Vermont is among the states with the broadest eligibility for Medicaid and SCHIP.
Flexibility for state plans	Increased flexibility would assist Vermont in its reform efforts.

## Other

Obama Plan	Vermont
Required full transparency regarding quality and costs	Act 53—“An Act Relating to Hospital and Health Care System Accountability, Capital Spending, and Annual Budgets” (2003)—requires hospitals to publish a wide range of information on their costs and quality. <sup>10</sup>
Tackling socio-economic disparities in health care	The Office of Minority Health and Health Disparities <sup>11</sup> (part of Vermont Department of Health) has been working on improving health outcomes for people with cultural, language, or socio-economic barriers for many years, but this is not a central theme of recent reform.
Reform of medical malpractice, with patient rights preserved	This initiative would use federal anti-trust laws, so no equivalent activity in Vermont. However, the proposal also includes “new models for addressing physician errors”—something the Vermont legislature has explored.

## Suggested Reading

The Obama plan is available at <http://www.barackobama.com/pdf/issues/HealthCareFullPlan.pdf>

President-elect Obama has written about his plan in several places, including:

- Journal of the American Medical Association 300 (2008): 1927-8.
- New England Journal of Medicine 359 (2008): 1537-41.

A critique of the plan was published in Health Affairs 27 (2008): w462-71.

Additional information on the Obama plan can be found at:

- The Commonwealth Fund - [http://www.commonwealthfund.org/newsroom/newsroom\\_show.htm?doc\\_id=707967](http://www.commonwealthfund.org/newsroom/newsroom_show.htm?doc_id=707967)
- The Economic Policy Institute - <http://www.epi.org/content.cfm/pm126>

## ENDNOTES

- 1 Vermont Information Technology Leaders is a nonprofit whose mission is to expand the use of information technology in health care. <http://www.vitl.net>
- 2 All information on the Obama plan from <http://www.barackobama.com/pdf/issues/HealthCareFullPlan.pdf> downloaded 11/9/2008
- 3 Generic drugs have active ingredients that are identical to brand-name drugs, but are sold at a lower price after the original patent on the drug expires.
- 4 See <http://www.i-saverx.net/>
- 5 For information on the Blueprint, see <http://healthvermont.gov/blueprint.aspx>
- 6 See <http://www.vitl.net>
- 7 See <http://healthvermont.gov/hc/patientsafety.aspx>
- 8 Community rating guarantees that the same insurance coverage costs any individual or group the same premium, regardless of health status.
- 9 Federally funded State Children's Health Insurance Program.
- 10 See [http://www.bishca.state.vt.us/HcaDiv/HRAP\\_Act53/doorway\\_hospital-report-cards\\_BISHCA-comparisons.htm](http://www.bishca.state.vt.us/HcaDiv/HRAP_Act53/doorway_hospital-report-cards_BISHCA-comparisons.htm)
- 11 See <http://healthvermont.gov/local/mhealth/minority.aspx>

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