

Vermont Adopts Single-Payer System

On May 26, 2011, Vermont Governor Peter Shumlin signed H.202 into law; this bill paves the way for Vermont to offer the first state-financed single-payer health insurance system in the U.S.¹ H.202 addresses many aspects of healthcare reform, including: creating system-wide budgets; pursuing further payment reform; establishing a state run health benefit exchange as required by the 2010 Patient Protection and Affordable Care Act (ACA); examining reforms to the state's medical malpractice system; modifying the insurance rate review process; and, creating a statewide drug formulary.² The bill lays out a framework to provide "a universal and unified health system" to all of the 600,000-plus Vermont residents by 2017 and aims to control rapidly growing healthcare costs.³

Pursuant to provisions in the ACA, the Vermont legislation establishes an initial insurance exchange, *Green Mountain Care*, and plans to transfer individuals covered through private, state, or federal health insurance, as well as the uninsured, into a single, statewide insurance payor funded by Vermonters' tax dollars rather than private insurance copayments or premiums.⁴ A successful transition to the statewide system will necessitate several conditions. For example, before implementing the single-payer system, Vermont must secure federal exemption from the ACA's mandated state-run insurance exchange; under federal law, waivers granting exemption will not become available until 2017.⁵ A five-member board, to be established by October 2011, will manage *Green Mountain Care* and will play an important role in the transition from the state-run exchange to a single-payer system through implementing widespread health reform initiatives throughout the state.⁶ This board is charged with ensuring the main objective of the bill, cost containment, as well as developing specific components of the exchange and the transition to the single-payer system (e.g., setting reimbursement rates for healthcare providers and maintaining a unified system to streamline administration).⁷ The most daunting task likely facing the board relates to financing the legislation, with the board scheduled to deliver a financing plan to the state legislature by January 15, 2013 to be phased in over several years.⁸

In a National Public Radio address, Governor Shumlin stated that the H.202 ultimately aims to create a system

in which "healthcare is a right and not a privilege," and highlighted H.202's economic goals: "Health care costs are climbing at a rate of more than 12 times the growth of the Vermont economy, and we're not getting the best value for our money ... The time for change has come."⁹ Healthcare spending in Vermont totals approximately \$5 billion a year, swelling from 6.5 to 8.5 percent in recent years.¹⁰ Under a single-payer system, some estimate Vermont's annual budget cost-savings could equal as much as \$580 million and could approach nearly \$1.9 billion by 2019, while also creating several thousand jobs.¹¹

Despite a similarly designed system failing to garner enough support to establish a national single-payer as a provision of the ACA, Governor Shumlin has expressed optimism about Vermont's legislation and anticipates other states will follow Vermont's lead.¹² In developing H.202, the Vermont legislature commissioned a report entitled "Health System Reform Design: Achieving Affordable Universal Health Care in Vermont," authored by several key economists, including Harvard professor William Hsiao, well known for his work in healthcare financing. According to Hsiao, since completing the report, six other states have approached him to develop similar single-payer systems.¹³ Former Vermont governor Howard Dean, M.D., stated: "If we're successful and our cost per capita is limited, then I think people will copy it."¹⁴

¹ "VT Governor Signs Single-Payer Bill" By Margaret Dick Tocknell, Health Leaders Media, May 27, 2011, <http://www.healthleadersmedia.com/print/TEC-266668/VT-Governor-Signs-SinglePayer-Bill> (Accessed 5/31/2011).

² "An Act Relating to a Universal and Unified Health System" VT LEG 264981.2 [H.202] (May 26, 2011), p.1.

³ "An Act Relating to a Universal and Unified Health System" VT LEG 264981.2 [H.202] (May 26, 2011), § 1829, pg. 1; "Vermont Moving Toward Single-Payer Health Care" By Zach Howard, Reuters, May 26, 2011, <http://www.reuters.com/article/2011/05/26/us-vermont-health-idUSTRE74P89420110526> (Accessed 5/31/2011).

⁴ "An Act Relating to a Universal and Unified Health System" VT LEG 264981.2 [H.202] (May 26, 2011); "Vermont Has a Plan for Single-Payer Health Care" By Steven Findlay, Consumer Reports, May 26, 2011, <http://news.consumerreports.org/health/2011/05/vermont-establishes-road-map-for-single-payer-health-care.html> (Accessed 5/26/11).

⁵ "Vermont's Shumlin Uses Obama Health Law to Build Bridge to State-Run Care" By Michael McDonald, Bloomberg, May 26, 2011, <http://www.bloomberg.com/news/2011-05-26/vermont-s->

(Continued from previous page)

- shumlin-uses-obama-health-law-to-build-bridge-to-state-run-care.html (Accessed 5/31/2011).
- ⁶ "Vermont Moving Toward Single-Payer Health Care" By Zach Howard, Reuters, May 26, 2011, <http://www.reuters.com/article/2011/05/26/us-vermont-health-idUSTRE74P89420110526> (Accessed 5/31/2011).
- ⁷ "An Act Relating to a Universal and Unified Health System" VT LEG 264981.2 [H.202] (May 26, 2011), § 1829, pg. 44.
- ⁸ "An Act Relating to a Universal and Unified Health System" VT LEG 264981.2 [H.202] (May 26, 2011), Section 2(c)(5), pg. 6.
- ⁹ "Vermont Gov. Proposes Single-Payer Health Plan" By Aimee Miles, National Public Radio, February 11, 2011, <http://www.npr.org/2011/02/11/133657928/vermont-gov-proposes-single-payer-health-plan> (Accessed 6/15/11).
- ¹⁰ "Vermont Moving Toward Single-Payer Health Care" By Zach Howard, Reuters, May 26, 2011, <http://www.reuters.com/article/2011/05/26/us-vermont-health-idUSTRE74P89420110526> (Accessed 5/31/2011).
- ¹¹ "Vermont Moving Toward Single-Payer Health Care" By Zach Howard, Reuters, May 26, 2011, <http://www.reuters.com/article/2011/05/26/us-vermont-health-idUSTRE74P89420110526> (Accessed 5/31/2011).
- ¹² "Vermont Gov. Proposes Single-Payer Health Plan" By Aimee Miles, National Public Radio, February 11, 2011, <http://www.npr.org/2011/02/11/133657928/vermont-gov-proposes-single-payer-health-plan> (Accessed 6/15/11).
- ¹³ "Vermont's Shumlin Uses Obama Health Law to Build Bridge to State-Run Care" By Michael McDonald, Bloomberg, May 26, 2011, <http://www.bloomberg.com/news/2011-05-26/vermont-s-shumlin-uses-obama-health-law-to-build-bridge-to-state-run-care.html> (Accessed 5/31/2011).
- ¹⁴ "Vermont's Shumlin Uses Obama Health Law to Build Bridge to State-Run Care" By Michael McDonald, Bloomberg, May 26, 2011, <http://www.bloomberg.com/news/2011-05-26/vermont-s-shumlin-uses-obama-health-law-to-build-bridge-to-state-run-care.html> (Accessed 5/31/2011).



(800) FYI - VALU

*Providing Solutions
in the Era of
Healthcare Reform*

Founded in 1993, HCC is a
nationally recognized healthcare
economic financial consulting firm

- [HCC Home](#)
- [Firm Profile](#)
- [HCC Services](#)
- [HCC Experts](#)
- [Clients Projects](#)
- [HCC News](#)
- [Upcoming Events](#)
- [Contact Us](#)
- [Email Us](#)

HEALTH CAPITAL CONSULTANTS (HCC) is an established, nationally recognized healthcare financial and economic consulting firm headquartered in St. Louis, Missouri, with regional personnel nationwide. Founded in 1993, HCC has served clients in over 45 states, in providing services including: valuation in all healthcare sectors; financial analysis, including the development of forecasts, budgets and income distribution plans; healthcare provider related intermediary services, including integration, affiliation, acquisition and divestiture; Certificate of Need (CON) and regulatory consulting; litigation support and expert witness services; and, industry research services for healthcare providers and their advisors. HCC's accredited professionals are supported by an experienced research and library support staff to maintain a thorough and extensive knowledge of the healthcare reimbursement, regulatory, technological and competitive environment.



Robert James Cimasi, MHA, ASA, FRICS, MCBA, AVA, CM&AA, serves as President of **HEALTH CAPITAL CONSULTANTS (HCC)**, a nationally recognized healthcare financial and economic consulting firm headquartered in St. Louis, MO, serving clients in 49 states since 1993. Mr. Cimasi has over thirty years of experience in serving clients, with a professional focus on the financial and economic aspects of healthcare service sector entities including: valuation consulting and capital formation services; healthcare industry transactions including joint ventures, mergers, acquisitions, and divestitures; litigation support & expert testimony; and, certificate-of-need and other regulatory and policy planning consulting.

Mr. Cimasi holds a Masters in Health Administration from the University of Maryland, as well as several professional designations: Accredited Senior Appraiser (ASA – American Society of Appraisers); Fellow Royal Intuition of Chartered Surveyors (FRICS – Royal Institute of Chartered Surveyors); Master Certified Business Appraiser (MCBA – Institute of Business Appraisers); Accredited Valuation Analyst (AVA – National Association of Certified Valuators and Analysts); and, Certified Merger & Acquisition Advisor (CM&AA – Alliance of Merger & Acquisition Advisors). He has served as an expert witness on cases in numerous courts, and has provided testimony before federal and state legislative committees. He is a nationally known speaker on healthcare industry topics, the author of several books, the latest of which include: *“The U.S. Healthcare Certificate of Need Sourcebook”* [2005 - Beard Books], *“An Exciting Insight into the Healthcare Industry and Medical Practice Valuation”* [2002 – AICPA], and *“A Guide to Consulting Services for Emerging Healthcare Organizations”* [1999 John Wiley and Sons].

Mr. Cimasi is the author of numerous additional chapters in anthologies; books, and legal treatises; published articles in peer reviewed and industry trade journals; research papers and case studies; and, is often quoted by healthcare industry press. In 2006, Mr. Cimasi was honored with the prestigious *“Shannon Pratt Award in Business Valuation”* conferred by the Institute of Business Appraisers. Mr. Cimasi serves on the Editorial Board of the Business Appraisals Practice of the Institute of Business Appraisers, of which he is a member of the College of Fellows.



Todd A. Zigrang, MBA, MHA, ASA, FACHE, is the Senior Vice President of **HEALTH CAPITAL CONSULTANTS (HCC)**, where he focuses on the areas valuation and financial analysis for hospitals and other healthcare enterprises. Mr. Zigrang has significant physician integration and financial analysis experience, and has participated in the development of a physician-owned multi-specialty MSO and networks involving a wide range of specialties; physician-owned hospitals, as well as several limited liability companies for the purpose of acquiring acute care and specialty hospitals, ASCs and other ancillary facilities; participated in the evaluation and negotiation of managed care contracts, performed and assisted in the valuation of various healthcare entities and related litigation support engagements; created pro-forma financials; written business plans; conducted a range of industry research; completed due diligence practice analysis; overseen the selection process for vendors, contractors, and architects; and, worked on the arrangement of financing.

Mr. Zigrang holds a Master of Science in Health Administration and a Masters in Business Administration from the University of Missouri at Columbia, and is a Fellow of the American College of Healthcare Executives. He has co-authored *“Research and Financial Benchmarking in the Healthcare Industry”* (STP Financial Management) and *“Healthcare Industry Research and its Application in Financial Consulting”* (Aspen Publishers). He has additionally taught before the Institute of Business Appraisers and CPA Leadership Institute, and has presented healthcare industry valuation related research papers before the Healthcare Financial Management Association; the National CPA Health Care Adviser's Association; Association for Corporate Growth; Infocast Executive Education Series; the St. Louis Business Valuation Roundtable; and, Physician Hospitals of America.



Anne P. Sharamitaro, Esq., is the Vice President of **HEALTH CAPITAL CONSULTANTS (HCC)**, where she focuses on the areas of Certificate of Need (CON); regulatory compliance, managed care, and antitrust consulting. Ms. Sharamitaro is a member of the Missouri Bar and holds a J.D. and Health Law Certificate from Saint Louis University School of Law, where she served as an editor for the *Journal of Health Law*, published by the American Health Lawyers Association. She has presented healthcare industry related research papers before Physician Hospitals of America and the National Association of Certified Valuation Analysts and co-authored chapters in *“Healthcare Organizations: Financial Management Strategies,”* published in 2008.