

Mark Masselli: This is Conversations on Health Care. I am Mark Masselli.

Margaret Flinter: And I am Margaret Flinter.

Mark Masselli: Margaret, the months of negotiation about the federal debt is finally over. The President has signed a bill that averted default but at a very high cost. I see bipartisanship is something of the distant past. Well, there is a call for a congressional committee to work in a bipartisan fashion to recommend \$1.5 trillion. I just don't see how they do it after this really bitter and _____
00:33 debate. Margaret, did you see any silver linings in this entire conversation that we have held over the many months?

Margaret Flinter: Well, not leading up to yesterday, although I guess if you thought the country getting a civics lesson in another area that most Americans didn't understand before is the silver lining I guess we had a little bit of one there. Lots of worries, maybe we protected the entitlement programs like Medicare and Medicaid. But a trillion dollars in cuts to discretionary funds, that's going to be hurting somebody somewhere in the United States. So lots of worry about but yes, there was one really wonderful moment and that was by Congresswoman Giffords entered the House floor to cast her vote. And in that moment, I thought all of the bitterness of the partisan divide disappeared for a few minutes and everybody was just enormously relieved and happy to see her. And I thought she looked terrific.

Mark Masselli: Isn't it beautiful and serene moment! And with the debt deal mostly behind us now, I wonder if Washington will begin to look at the larger economic issues. The looming question continues to be how much do we spend on health care and how can we spend it most effectively.

Margaret Flinter: There have been some interesting research findings out recently about the effectiveness of health care and how to spend those dollars wisely and certainly. Whether it's Colorado or Vermont or Oregon, different states are working hard to find different ways to cut health care spending without sacrificing health or quality. There is a lot of concern from state leaders about this debt compromise because it may mean even more fiscal challenges for them ahead like deep reductions or changes in federal aid for the programs they do have now.

Mark Masselli: Well, one outlier of the states is certainly Florida Governor Rick Scott and the state legislative leaders strongly oppose the Healthcare Reform Law. And although they haven't rejected all possible funding, the state is sticking by its conservative principles. They have failed to authorize a federal grant to expand community health centers and the state-rejected grants aimed at moving long-term care of patients into their home and even turned down money to help up sign eligible recipients for Medicaid.

Margaret Flinter: Well, much further up the Eastern Seaboard, Vermont is approaching things from a completely different principle. This spring, the Vermont House of Representatives passed legislation that would put Vermont on track to have the first single-payer system in the United States, and we are so delighted to have Vermont Governor Peter Shumlin here with us today to talk about why he is hopeful for his state and for this reform and what it means for the rest of the country.

Mark Masselli: We are happy that Governor Shumlin is with us today. But no matter what the story, you can hear all of our shows on our website Chcradio.com. You can subscribe to iTunes to get our show regularly downloaded. Or if you would like to hang on to our every word and read a transcript of one of our shows, come visit us at Chcradio.com. If you are a social media aficionado, you can become a fan of Conversations on Health Care on Facebook and also follow us on Twitter.

Mark Masselli: And as always, if you have feedback, email us at Chcradio.com, we would love to hear from you. Now, before we speak with Governor Shumlin, let's check in with our producer Loren Bonner with the Headline News.

Loren Bonner: I am Loren Bonner with this week's Headline News. The Department of Health and Human Services announced a major new standard to make health insurance more equitable for women. Health insurance plans will now be required to cover all government-approved contraceptives for women without co-payments, co-insurance, or deductibles. The Obama Administration says this will allow tens of millions of women to receive important preventive care. Besides covering birth control free of charge, the new rule also covers preventive services such as well women visits, breast feeding support, and domestic violence screening. The move is a major wind for those who favor broad access to birth control, and it will help some lower income women receive these services.

The debt deal that was voted on in both the House and Senate is being examined closely by Medicare providers and recipients. Physicians' home health care practitioners and other providers are worried about the possibility of an additional 2% pay cut on top of double-digit Medicare reductions, already slated for 2012 under the debt ceiling deal. There is also more general concern about a new congressional panel to be created by the deal that would have broad authority to cut federal spending on Medicare/Medicaid and even some parts of President Obama's health care law according to health care lobbyists and budget officials.

Mark Masselli: Today, Margaret and I are joined by Governor Peter Shumlin who has sworn in as Governor of Vermont last year. Governor Shumlin, Welcome.

Governor Peter Shumlin: It's great to be with you.

Mark Masselli: You know you signed House Bill 202 on May 26 of this year making Vermont the first U.S. state to successfully enact the single-payer legislation, which is called Green Mountain Care. Now, I advocate some dozens of states have tried to do so and failed over the past 20 years. They say the singled-payer model is the way to manage the growing number uninsured and contain double digit increases in health care cost. Governor, how did it pass?

Governor Peter Shumlin: Well, a lot of hard work and dedication and bright people in Vermont. I think one of the reasons we got it passed is that the special interests have less influence in Vermont than they do in other parts of the country. We have a citizen legislature. Our legislators work about 16 weeks a year. They get paid about \$600 a week for those 16 weeks, no benefits, no health insurance. And frankly, they are just here because they care deeply about their state. So we have less special interests, less pharmaceutical companies have a special interest trying to cut off the **seed to** progress.

Margaret Flinter: So Governor, we have been following Vermont's very innovative work in health care delivery redesign for years now. You have been an early adopter of the patient-centered medical home and innovation like the community-based care management teams for folks with chronic disease, and your pilots have certainly shown great promise and those have been reported out in some of the national journals. And it strikes us those redesigns were done under the current system. So what is the compelling basis for the move to single payer in Vermont? Did you come to the conclusion that you couldn't ultimately really improve access in delivery and control cost unless you also transformed the payment in financing system?

Governor Peter Shumlin: That's correct. Let me just start to tell you what the goals are here and what the challenge is. The challenge is like much of the rest of America, Vermont's health care spending has doubled in the last decade. To put that in dollar amounts, we have watched our spending for 625,000 citizens go from \$2.5 billion to \$5 billion. Now, we are just a small state. Worse, or more compelling, by 2015, absent any change, we are going to be asking Vermonters to show out an additional \$2,500 a year for every single living Vermonter for just to increase in health insurance cost, add up pockets where on average Vermonter is making the same money they were making 10 years ago.

So if that's the obvious question, where is that money supposed to come from. So the short answer is health care cost in America, we are spending more per capita on health care than any other nation in the world. Our outcomes are less accessible, that means we are less healthy when you look at the dollars we spend, and we are going to bankrupt, job growth, small business and middle class Americans trying to keep up.

So we are trying to do three things. Pass a health care system where health care is a right and not a privilege. That's important. Second, where health care follows the individual and isn't a requirement of the employer. I think that's a huge job creator. And finally, where we use our health care dollars to make people healthy. In other words, spend less of them for better outcomes by gaining rid of insurance company profits, pharmaceutical profits, the extraordinary **ways** and efficiency in the system and moving to a system where we reimburse providers based upon keeping Vermonters healthy, not the crazy fee-for-service system we have now where the more procedure they do it for you, the more they get paid. And that's the system we are trying to do invent here in Vermont.

Mark Masselli: Governor, let's talk a little bit about the Affordable Care Act and how it relates to the single-payer model. I know there are key provisions that states won't be able to opt out until 2017, including the individual mandate, the employer penalty for not providing coverage in the structure of the health insurance exchanges but all those don't seem to really impact the single-payer system. The President has agreed to support granting states more flexibility with waivers. What type of waivers do you need to give you the flexibility to implement the single-payer model by 2014?

Governor Peter Shumlin: Well, first, let me tell you how grateful I am to President Obama for recognizing what Vermont and other states are doing, and this is what he told myself and the other governors at my urging last January. He said, "Listen, I don't think we have got health care perfectly at the federal level." He understands that the special interests spend \$1.5 million a day to make sure that real single-payer health care didn't happen down there. So what he said is each state should be in the laboratory for change as long as you are not reducing standards for **vulnerable** Americans, and he is right about that.

So we need two sets of waivers. The first is we need Congress to change the provision that says states are not allowed to have single-payer systems until 2017 because we want ours up and running when the federal bill goes into effect in 2014. So that's one thing that we desperately need. Second, we are working very, very closely with the Secretary Sebelius to get other waivers so that we can take our Medicaid and Medicare dollars, our public dollars and put them in a single pool and let us administer them in our system so that we treat all Vermonters the same.

So that notion is you were resident of the State of Vermont, you got a Green Mountain Health Care Card. That health care card gives you access to the full benefits that all Vermonters should have to stay healthy, managing those dollars better than we currently do. And a lot of folks say to me, "Oh Governor, this is so radical. How can you do this?" And I say two things. I say, "Wait a minute. First of all, it's only radical in America. Every other developed country in the world has figured this **out**."

I go up and see my friend Premier _____ 11:07 Quebec and after a couple of glasses of wine, he says, "Governor, I love eating your lunch and New Hampshire's lunch and New York's lunch and Maine's lunch, the people that border Quebec on jobs." I said, "Well, what do you mean?" I said, "That's not very nice." He said, "Well, you know, here is the thing. These companies come up. They are looking (inaudible 11:24). They look at Quebec; they look at Vermont, New York, New Hampshire and Maine. And I just say to them hey, go ahead, go down to America, but it will cost you between \$8,000 and \$12,000 an employee in health care that is covered by everybody in Canada." And he says, "I get them every time." So this is an economic development issue. It's an economic sustainability issue. And I think it's a human right health care. So those are the issues that we are working on so hard here.

Margaret Flinter: So Governor, those of us who follow health policy issues closely, all read Health Affairs. And the July 2011 issue presents an economic forecast of the impact of the Vermont single-payer system that I think would turn the head of any governor or state legislature who predicts new job creation, cost control, savings, really a very positive scenario. Now, you meet with governors all across the country and talk to them. Do you see serious interest out there in other states across America or are you seeing as sort of unique situation in Vermont, more rural, smaller, maybe a little more homogenous with only a few major insurers? What's the national response to what you are doing?

Governor Peter Shumlin: Well, I have got to be honest with you. I think that we are a little unusual up here, and I will be honest with you, we are a Green Mountain state. And all I can tell you is that I am convinced that if we can get this one right, which I am sure we can, that the other states are going to wish that they were we. And I say that because I am a small businessperson, I am an entrepreneur. And I can tell you that the cost that I can handle or the cost I can control on business and when you as a small businessperson remember that the 80% of Vermont's businesses have less than 50 employees, we are a small business state, and when you see your cost of 20%-30% where we are all sending more and more money to insurance companies and getting less and less coverage, costs are spirally two-three times the cost of growth of income and inflation.

This is not sustainable, and you can go to the greatest critics in my plan in the state, hospital administrators, doctors, others were very nervous about this and say, "Well, wait a minute, what if we do nothing, and they will say to you hey, that's not an option, the current system is not sustainable." And I say, "The change is going to come from small real estates with a simple reason that we are going to go down first." Our rural providers can't survive on 40 cents on a dollar for Medicaid and Medicare. They are closing their doors and moving out. And we have a great health care system here. But if we don't pay our providers enough, they can't survive in the state, and that's what's happening to rural

medicine in America. So there is a lot of reasons why you drive this, cost, delivery of care, and basic human right.

Mark Masselli: This is Conversations on Health Care. Today, we are speaking with Vermont Governor Peter Shumlin. We have read an interesting analysis of the wide variation in Medicaid spending throughout the United States and found that the Medicaid programs in New England spend more on prescription cost and outpatient visit but had lower average number of hospital days. And we have seen in your own state some impressive stats on your overall health. The rate from cardiovascular disease is down in the past five years; smoking rates have been down since 1990. Now, you also operate a very unique Medicaid program with the unique waiver, and you are able to sort of determine the benefits that you will offer and which populations will be covered. How do you connect the flexibility that you have to the outcomes that you have improved? And also, have you been able to control cost better than others have?

Governor Peter Shumlin: We have them but only slightly. And then what I keep saying about health care is if you nibble around the edges, you are not going to get there. You have got to be willing to go for the whole enchilada. Let me tell you why I say that. You have asked the question, where is this money, Governor, going to come from. And here is the answer. With the Green Mountain Health Care Card, we are going to have a single payer, just like by the way General Motors, IBM or Dell and Microsoft. They all have single _____ 15:35 self-insured plans.

So we have our own little self-insured plan. You go to a counter with your card when you are done visiting your provider. And when you get to the counter, we are going to have the technology so that the person by the counter will turn to you and say, "Hey, we just did \$1,000 worth of work on you. Under your Green Mountain Health Care plan, you have to pay 100 bucks, we are paying 900 or whatever the dollar amounts are, check, cash or credit card." And you will not leave that office before you adjudicate that bill any more than you would leave the grocery store without paying up there. According to Dr. Hsiao from Harvard, who modeled this program for us and he designed single-payer plans all over the world, that saves about \$500 million. So that's low-hanging fruit.

Second, with that same Green Mountain Card, we will have your medical records at pipeline, your medical records and everything that has happened to you in the past. So we don't duplicate tests; so we know what the last provider did to you, and so that we can more holistically manage your care. That's what we are doing now. And third, and finally and most importantly, we want to go to a system where with that provider, they get paid for keeping you healthy, not for a number of procedures that you live by. So the bottom-line is we are making progress with cost containment; we are slightly heavy in the states but we are not doing well enough. And until we reform the entire system, I don't believe we are going to

make the progress we have to make to compete for jobs and economic opportunities.

Margaret Flinter: Governor, your campaign for Governor certainly included the twin themes of job creation and health care reform, and that was again emphasized in the recent Health Affairs article. Help explain to our listeners and pull that thread, how does a single-payer system create jobs in a state like Vermont. Certainly, since some of this is pulling in new jobs maybe from out of state but some of it is losing them. Just walk people through that for us.

Governor Peter Shumlin: Well, you have to look at the big picture for a minute, and let's just look at the extraordinary federal dollars we just spent to bail out General Motors and Chrysler, as an example. Now, we did that because they were competing with companies all over the world where the automobile company wasn't responsible for their employees' health care. I say that for the first state that divorces the payment system from business, many businesses will wish that they were in Vermont and not in any of the 49 states. So that's a huge jobs creator.

Now, the second piece is as businesspeople and as middle-class Americans, to keep up with the rising cost of health care, we are sacrificing other expenditures that we would make on consumer goods, in the case of business on investment and obviously innovation, raises for employees, all kinds of things. So as long as we are spending double, triple, what the rest of the world is spending to produce the same goods, that's a jobs downer, it's costing us economic opportunities. So I think both getting off a business back and spending our dollars more wisely, so that we can use dollars as both consumers and businesses to invest in smarter and better products, is a huge jobs creator.

Let me just put it this way. Listen, I ask you this, this is very ambitious what we are doing in Vermont, but what if we fail, what if we can't do it, where are we then. And I say, we can't afford the system that we have, and if we are not willing to make bold change to move to a better system, we will in fact be so complacent that we will see our jobs opportunities continue to be eaten by people who are doing it better than we. No one else in the world is spending like we are. We can't sustain this. We are bigger, more wasteful on energy and on health care than any other country in the world. If we think we can just keep doing that, we have got a big surprise coming.

Margaret Flinter: Governor, tell us maybe a little bit about what you are doing to address the issue of the next generation of health care providers in Vermont. You have certainly got some great health professions, training institutes up there for nursing and medicine, dentistry and all the health professions. But are you doing anything that you think is the best practice around retaining this group of health care providers or making sure you attract the next generation to stay in Vermont?

Governor Peter Shumlin: Well, we are convinced that if we pass the system, we will have an attraction and retention tool that the other 49 states don't have. For this simple reason, when you go out and talk to health care providers, they don't want insurance companies second-guessing them; they don't need insurance companies second-guessing them; they don't need endless paperwork and bureaucracy in a payment system that gives them 40 cents on a dollar for a dollar's work. What they actually want to do is do it what they are trained to do, make people healthy, have enough time with their patients to ensure that they are getting healthy outcomes. And that's the system we are designing.

So we have all kinds of young physicians that come to our meetings and say "Gosh, please get this done," because we are kind of figuring out way to practice and the options don't look so good under the current system in America. Insurance companies down your backs, a payment system that makes no sense, very tactical _____ 20:46 practice anymore because of this crazy bureaucracy. All these folks want to do is make people healthy and get paid a decent wage for their hard work, and we think we have a design (inaudible 20:56) going to do that.

Mark Masselli: Governor Shumlin, we would like to ask all our guests this final question. When you look around the country and the world, what do you see in terms of innovations and who should our listeners at Conversations be keeping an eye on?

Governor Peter Shumlin: Well, I think in terms of innovation in all factors, not just health care, I am very optimistic about our future. I said this so many times, I sound like a broken record, but I am convinced that as we move from an oil-based economy worldwide to one of these, powered by other resources, we have an economic opportunity that's going to make the industrial revolution and the **tech boom** look small. We are not just talking about wind and solar and biomass and all the ways that we are going to power the world. But we are talking about the way we build our homes and our schools and our church, and rebuilding ones we have. We have extraordinarily (inaudible 21:44) future in the Northeast because of the "buy local," "grow local," "farm to plate" the fact that Americans certainly care about not only what they eat but who grew it, what's in it. We have a very bright future in manufacturing if we play our cards right.

So I am really optimistic about our future about where we are going but I do think that we need more boldness from government leaders who are willing to make the infrastructure investments in education and job retraining and renewable energy and to move an (inaudible 22:16) as fast as we can in technology, telecommunication, so that we can compete and also in health care, so that we are reducing the dollars we are spending on health care and give them to other more important areas when we know that we are wasting huge dollars there.

And if we do those things and encourage they do them in government, we will all win.

Margaret Flinter: Today, we have been speaking with Governor Peter Shumlin who has sworn in as Governor of Vermont just last year. Governor Shumlin, thank you so much for joining us today on Conversations on Health Care.

Governor Peter Shumlin: Great. Thanks for having me.

Margaret Flinter: Each week, Conversations highlights a bright idea about how to make wellness a part of our communities into everyday lives. This week's bright idea focuses on a model of care that breaks away from the traditional nursing home, the Green House Project. It began several years ago when Dr. William Thomas, well-known gerontologist, set out to radically change the way we care for our elders.

Dr. William Thomas: In the Green House, we acknowledge the meaning and the depth of elderhood, and we embrace it.

Margaret Flinter: In place of the often sterile environment of nursing homes, he designed a new kind of space, a living space for elders that more closely resembles home. Green Houses offer residents intimate living space, typically for seven to 10 elders, and have been showing to improve their health and their well being. The interior and exterior of the spaces are not only aesthetically pleasing but the whole design encourages social interaction. And owning up to its name, the Green Homes use cost-effective smart technology.

This small home-like environment also makes rooms for skilled nursing care, a strong self-managed work team structures in placed the careful residents on a daily basis. In addition to more pleasing environment and more engaged staff, the program has been identified as a more financially feasible alternative to traditional nursing homes, too, by providing significant improvement in clinical outcomes. Offering dignity, comfort and independence to our elders, now that's a bright idea.

This is Conversations on Health Care. I am Margaret Flinter.

Mark Masselli: And I am Mark Masselli. Peace and health.

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