Healthcare Is a Human Right Campaign

Detailed standards for the equitable financing of Green Mountain Care

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Vermont's universal healthcare law, Act 48, provides a clear framework for designing and implementing our new public healthcare system, Green Mountain Care (GMC). It requires that GMC must be publicly financed, with sufficient funds to ensure universal access to comprehensive and appropriate care for all, and that this financing must be shared equitably.

Any financing plan for Green Mountain Care must meet the principles of universality and equity:

- Financing must ensure **universal access** to comprehensive, appropriate care. Vermonters have a right to receive all the medically necessary care they need. Healthcare resources must match our health needs, not the other way around. The financing plan must be focused on care, not on saving money.
- The principle of **equity (of finance)** requires that the costs of financing the system be shared equitably, which means that richer people — and more profitable companies — should pay proportionately more into the healthcare system than should poorer people.
- The principle of **equity (in access)** requires that everyone get the care they need when they need it, with no barriers to access created by co-pays, deductibles, premiums or a limited package of "benefits".

The Healthcare Is a Human Right Campaign applied its Detailed Standards for Universal Healthcare to develop 10 implementation principles for designing a financing plan for Green Mountain Care.

1. **Financing based on needs**: Financing of health services or "benefits" must be based on health needs, with resources allocated to match those needs. Resources must be sufficient to meet all healthcare needs that are medically necessary, and allocated in a way that does the most good for the health of the people of Vermont. To do that, the use of a specific benefits package should be avoided, as this tends to impose artificial restrictions on medically necessary care. Most countries with a universal system provide comprehensive "benefits" without specific definition (usually including preventive and public health services, primary care, ambulatory and inpatient specialist care, prescription pharmaceuticals, mental health care, dental care, rehabilitation, home care and nursing home care) and instead have a regulatory system that assesses the benefits and cost-effectiveness of specific interventions, equipment and drugs for the population as a whole.

2. **Using existing resources effectively:** Vermont residents already pay significantly more for healthcare than countries with a universal healthcare system, so there is no need for new money. Instead, funds must be allocated differently and raised much more equitably. Additionally, where possible, federal funding sources should be pooled.

3. **Public financing**: Vermont must treat healthcare as a public good for all, not as a market commodity. Public financing provides healthcare based on need rather than payment; in other

words, it detaches payment from the use of care or the risk of illness. Public financing also takes waste and “profit” (or surplus revenue) out of the system. It is more cost-effective because a single public payer will be able to exercise greater purchasing power in negotiations with providers and pharmaceutical companies (like the VA currently does). Countries that rely heavily on private financing – either through private health insurance or through user fees – have poorer health outcomes yet incur higher costs than those primarily financed publicly.

4. **Free at the point of service:** Funds for healthcare must be collected independently of a person’s use of healthcare. Payments into the system must be made according to ability to pay, not according to the use of healthcare. This collective “pre-payment” means that when a person falls sick, no further payments are required. Evidence shows that even minimal cost-sharing leads to inequality in access to care and produces poorer health outcomes, while failing to increase cost-effectiveness or achieve cost control. Instead, healthcare services must be paid for through a universal system, which shares costs and risks of needing care across the population.

5. **Single pool of funds:** Funds for healthcare need to be pooled to maximize the stability of the payment fund and reduce costs. The larger the pool and the smaller the number of pools (ideally a single pool), the greater the equity of access, administrative efficiency, and mitigation of risks.

6. **Progressive, tax-based financing**: Public healthcare financing through progressive taxation ensures that financial contributions are made according to ability to pay. The most equitable way to finance a healthcare system is through income taxes, which must include taxes on earned and unearned income and on wealth. This can be complemented with a progressive payroll tax on employers in order to capture the current healthcare contributions made by businesses. Financing mechanisms that do not account for ability to pay (user fees and premiums) and are regressive (indirect taxes such as sales, consumption and sin taxes) fail to meet the principle of equity.

7. **Sufficient financing**: The level of healthcare financing must be determined by health needs; funds must be adequate to enable all people to access medically necessary care.

8. **Stable financing:** The level of healthcare funds must not be subject to political or market vagaries. Funding must be consistent, according to long-term needs, not precarious and short-term.

9. **Transparency & Accountability**: The people must know where the money for the healthcare system comes from, where it goes, and whether it is sufficient. They must be able to hold those managing the healthcare system accountable.

10. **Participation:** As part of moving toward a People’s Budget, spending and revenue decisions, including on healthcare, must entail a process of public participation, especially in determining whether the healthcare system is adequately funded to meet needs.

Based on these principles, the Healthcare Is a Human Right Campaign is developing a detailed financing proposal that will be released later this year.