



Written by [Michael Tennant](#) on December 21, 2014

Vermont Governor Abandons Single-Payer Healthcare

Residents of the Green Mountain State have just been spared the catastrophe of single-payer, government-run healthcare. At a press conference Wednesday, Vermont Gov. Peter Shumlin surprised supporters and opponents alike by announcing that his state's planned universal healthcare program would not become a reality, at least for the foreseeable future.



"In my judgment, now is not the right time to ask our legislature to take the step of passing a financial plan for Green Mountain Health Care," Shumlin, a Democrat, said.

The move to a taxpayer-financed healthcare system in Vermont is required by Act 48, which Shumlin signed into law in 2011. But, just as the Obama administration has unilaterally postponed portions of the Affordable Care Act (ACA), Shumlin decided to postpone Green Mountain Care indefinitely. Likewise, just as many Americans have argued that the president does not have the authority to alter the ACA, so "advocates of a single-payer plan said Shumlin should not be able to cast aside Act 48 ... without repealing it," reported [Politico](#).

Shumlin's announcement was, in fact, a presentation of his proposal for financing the more-or-less single-payer plan. (As Politico noted, the plan exempted "large companies with self-insured plans" and would not have replaced Medicare for seniors.) The governor had missed two previous deadlines for submitting his proposal, all the while proclaiming his undying support for single-payer healthcare. Indeed, observed [Vermont Public Radio](#) (VPR), "The shocking policy reversal comes just six weeks after an election in which Shumlin had vowed, in unequivocal terms, to make Vermont the first state in the country with a publicly financed health care system."

Assuming Shumlin wasn't just keeping up appearances to win reelection — he claims he was unaware of the factors that led to his December 17 announcement "until just days ago," according to VPR — what caused him to give up on single-payer so quickly? Reality.

"It was clear to me that the taxes required to replace health-care premiums with a publicly financed plan that would best serve Vermont are, in a word, enormous," the governor said.

All businesses would have been forced to pay a new 11.5-percent payroll tax, and individuals would have been subjected to an additional graduated income tax of up to 9.5 percent. That maximum rate would have kicked in at an annual household income of about \$100,000 for a family of four, with the tax capped at \$27,500 for a single household. The necessary levies, Shumlin said, would create too great a "risk of economic shock," and gradually phasing in the payroll tax on small businesses to reduce the shock would have created a \$500 million deficit that then would have to be covered by hiking the payroll tax on large businesses and the individual income tax.

Win Smith, owner of the Sugarbush ski resort, "said business owners like him are breathing a collective sigh of relief," wrote VPR.



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“My healthcare costs would have gone up by 61 percent if that plan had gone through,” said Smith, who is also a member of a business council Shumlin had appointed to offer advice on the healthcare proposal. “If there were that 9 percent [income tax] on employees, many would have been paying more than they’re paying now. It would have been a lose-lose. So I’m not unhappy that that plan is not going forward.”

Taxes are, of course, always high and rising in “universal” healthcare systems, but there were other reasons for the exceptionally high rates in Shumlin’s proposal.

For one thing, “Green Mountain Care’s new-revenues requirement had ballooned to \$2.6 billion — up from prior high estimates of \$2.2 billion,” wrote [Watchdog.org](#). “The overall cost for Green Mountain Care’s operations and coverage is estimated at \$4.3 billion.”

In addition, the amount of revenue Vermont expected to receive from Washington had fallen dramatically. Because the state decided to go to a single-payer plan, the Obama administration had exempted it from the ACA but was still going to provide it with funding. That funding, however, dropped from \$267 million to just \$106 million. Medicaid funding, too, shrank by \$150 million, or about 24 percent.

The amount of revenue Vermont collects from its own residents is also on the decline. This year the state has twice reduced its revenue projections and is now expecting \$75 million less in fiscal year 2016 than originally projected.

Moreover, even if the state’s economy could withstand the shock of the necessary tax increases to fund the plan the first year, costs would outstrip revenues in just four years, leading to significant deficits.

Shumlin, who called the abandonment of single-payer “the greatest disappointment of my political life so far,” told reporters “he had asked his health care team for alternative designs, but no one could come up with a plan to offer quality coverage at an affordable cost,” according to the [Burlington Free Press](#).

“I have always made clear that I would ask the state to move forward with public financing only when we are ready and when we can be sure that it will promote prosperity for hard-working Vermonters and businesses, and create job growth,” Shumlin said in a statement.

In other words, single-payer will never happen in Vermont — unless the politicians in Montpelier adopt [Jonathan Gruber’s approach](#) of fudging the numbers and using deceptive language to trick the “stupid” voters into supporting it.

Gruber, by the way, was until recently raking in a cool \$400 million as a consultant on Green Mountain Care. Then more [embarrassing video](#) of the Massachusetts Institute of Technology economist turned up: Gruber was caught on tape in 2011 mocking criticism of single-payer healthcare as something “written by my adolescent children.” The criticism had, in fact, been authored by John McClaughry, a former Vermont state senator and policy adviser to President Ronald Reagan. “State officials said they would cut off [Gruber’s] contract,” penned Politico.

Despite Wednesday’s announcement, Shumlin hasn’t given up on centrally planning Vermonters’ healthcare. He wants the legislature to grant the Green Mountain Care Board more authority to crack down on healthcare costs, perhaps thinking that if costs are brought under control, single-payer will at least appear financially sound.

He may not get the chance to make this proposal, however. In November, Shumlin only narrowly edged



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out his Republican opponent, businessman Scott Milne, but not enough to guarantee him a victory. State law requires a candidate to receive at least 50 percent of the vote in order to be declared the victor; Shumlin got just 46 percent. The legislature, therefore, will decide the election in January.

Since Shumlin's press conference, Milne has been reminding Vermonters of his pre-election remarks to the [Brattleboro Reformer](#): "I'll tell you now that single-payer is dead, and it's not going to happen in 2017. Peter Shumlin's going to wait until after the election to tell you." He hopes his forthrightness and prescience will tip the scales in his favor when state lawmakers choose the next governor.

"They're going to do what the Constitution requires, which is to vote for who they think is going to be the best governor for the people of Vermont for the next two years," Milne told Watchdog.org. "I'm quite confident I'm a better choice than Peter Shumlin."

Photo of Gov. Peter Shumlin



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