



Liberal dream of single-payer health care dies in Vermont

By [Michael D. Tanner](#)

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The problem with ObamaCare, liberals argue, is that it didn't go far enough — we should have an entirely government-run health-care system.

As former Iowa Sen. Tom Harkin put it shortly before his retirement, Democrats “should have pursued single-payer right from the get-go.”

These advocates perhaps haven't noticed that their latest efforts to give the government greater control over our health care just collapsed — in the People's Republic of Vermont of all places.

The Affordable Care Act gave states the ability to opt out of ObamaCare, if they wanted to set up a single-payer system instead. So far, Vermont has been the only state to try to take advantage of that option.

In 2011, Vermont passed legislation that would have set up a single-payer system in the state starting in 2017, the first year permitted under the ACA.

The state government, advised by none other than Jonathan “Stupidity of the American voter” Gruber, designed a program, known as Green Mountain Care, that would have provided nearly all state residents with taxpayer-funded comprehensive health care, including dental and vision care.

Benefits would have been substantially more generous than those provided through ObamaCare. Consider that the least expensive ObamaCare plan, the Bronze Plan, has an “actuarial value” of 60%. That is, insurance pays 60% of health costs, and the patient pays 40% through co-payments, deductibles and so forth. The most expensive Platinum ObamaCare plans have an actuarial value of 90%.

Green Mountain Care would have had an actuarial value of 94%!

With the exception of multi-state employers, governed by federal law, private health insurance would be essentially abolished. Rather than premiums, Green Mountain Care would be paid for through taxes.

And there was the rub.

As humorist P.J. O'Rourke once said, "If you think health care is expensive now, just wait until it's free."

Vermonters were stunned to discover just how much their new "free" health care was going to cost. Paying for Green Mountain Care would have required a 160% increase in state taxes by 2019, as much as \$2.9 billion annually. The state's top income tax rate would have been raised from 8.95% to an astounding 18%. For high earners that would mean a combined federal-state income tax burden of 56%. Even lower-income Vermonters would have seen a substantial tax hike.

As if that wasn't enough, businesses would have been hit with an 11.5% state payroll tax. That would be on top of a federal payroll tax of 15.3% to 16.2%, as well as federal and state corporate income taxes. That's not exactly going to lead to an employment boom.

True, Vermonters would save the money that they currently pay for premiums and most out-of-pocket health-care costs, but even after accounting for such savings, most state residents would be worse off.

Because even these enormous tax hikes wouldn't have provided enough money, Green Mountain Care would have cut payments to doctors and hospitals by an estimated 16%. That would have forced many doctors out of the state and threatened the viability of local hospitals.

With the supply of providers drying up, patients would have inevitably faced delays in treatment and waiting lists. And even then, according to numbers released by the governor's office, the plan would be running in the red within four years.

Vermont's single-payer system would have delivered worse health care at a higher taxpayer cost.

It should have been no surprise then when late last month Vermont Gov. Peter Shumlin, a Democrat, announced that the state was giving up and abandoning its plans for Green Mountain Care.

That hasn't dampened liberal enthusiasm. Legislation similar to Vermont's is pending in several states, including Illinois, Massachusetts, Ohio, Oregon, Pennsylvania and Washington.

In New York, Assemblyman Richard Gottfried (D-Manhattan), chairman of the Assembly Committee on Health, has been holding a series of high-profile town halls across the state to promote his single-payer bill.

Gottfried's idea is backed by major labor unions and several influential New York politicians, including State Sen. Bill Perkins (D-Harlem), Assemblyman Phil Steck (D-Albany), and, of course, Mayor de Blasio.

One of the advantages of our federalist form of government is that states can act as, in the words of Justice Louis Brandies, "the laboratories of democracy."

Vermont's laboratory experiment has failed. The question is whether we will heed the lesson.

Michael D. Tanner is a senior fellow at the Cato Institute.