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REP. CAROLYN BRANAGAN  
REP. MARTHA HEATH  
REP. MARK LARSON  
SEN. RICHARD SEARS, JR.  
SEN. PETER SHUMLIN

**STATE OF VERMONT**  
LEGISLATIVE JOINT FISCAL COMMITTEE

Tuesday, June 29, 2010

Minutes

Members present: Representatives Obuchowski, Ancel, and Heath, and Senators Cummings, Bartlett, Sears, Snelling and Shumlin.

Other Attendees: Representative Steve Maier and Senator Jane Kitchel, Administration, Joint Fiscal Office, and Legislative Council staff, various media, lobbyists, and advocacy groups, and members of the public.

The Chair, Representative Obuchowski, called the meeting to order at 10:07 a.m., and a motion was made by Representative Heath to approve the November 12, 2009, minutes, which motion was adopted.

**I. Health Care Design Contract Approval** – Robin Lunge gave a synopsis of Act 128, Sec. 6(b)(1) and the decision by the Health Care Reform Commission (HCRC) of the preferred proposal. HCRC met and interviewed 2 of the 3 proposers in executive session on June 28 after receiving public comments. HCRC voted to suggest to the Joint Fiscal Committee that Hsiao, Gruber, and Kappel be hired as the consultants.

Representative Steve Maier, Co-chair of HCRC, explained why the HCRC chose the Hsiao proposal out of the 3 submitted, and Senator Jane Kitchel, Co-chair of HCRC, informed the committee on why the legislation [consultant work] was important to Vermont's health care system.

Senator Cummings, a member of HCRC, stated that it was important to have a system that works and is viable for Vermont. Representative Ancel agreed strongly with HCRC's decision, and then proceeded to make a motion (below).

*In accordance with Sec. 6(b)(1) of Act 128 of 2010, the Legislative Joint Fiscal Committee accepts the Health Care Reform Commission's recommendation of William C. Hsiao, Steve Kappel, and Jonathan Gruber's proposal.*

Senator Peter Shumlin thanked HCRC for their hard work, and explained that when he met with the Hsiao team earlier in the year, leadership convinced them that Vermont was different from the rest of the U.S. because it realized the importance of health care, and politics was not an issue here.

Senator Susan Bartlett stated that all 3 proposals included expansive and in-depth information on Vermont's health care situation and the possible foreseeable political ramifications from outside sources.

Representative Obuchowski asked for a vote on the pending motion from Representative Ancel, and the committee voted in favor of the motion.

Senator Kitchel concluded the discussion by noting the two additional members appointed by the President Pro Tempore and the Speaker of the House, Con Hogan and Former Senator James Leddy, requested by Act 128. She indicated that they had been very helpful in reaching a decision.

The Chair declared that the committee was ahead of schedule and then rearranged the agenda until the next witness could arrive. A discussion ensued on possible next JFC meeting dates, and September 10, 2010, was decided upon. The November JFC meeting date would be confirmed at a later date.

#### **IV. Fiscal Officer's update – Stephen Klein - Joint Fiscal Office contracts update**

Mr. Klein gave an update on a new Public Strategies Group (PSG) contract, and explained that the second of the Challenges for Change quarterly reports was due in early July of 2010. PSG's contract proposal included assistance with reports, workshops, and training. The new proposed contract totaled \$90,000 with \$60,000 guaranteed and \$30,000 based on performance.

Mr. Klein explained that the Hsiao contract would be prepared now. Arnie Gundersen's would be retained for 3 days a month to monitor the Vermont Yankee facility through January 2011, at which point the new legislature would reconsider that contract. Steve Gold would be retained to consult on the Vermont Training Program report for \$15,000. After the consensus revenue forecast in July 2010, the revenue forecaster contract (Tom Kavet) would go out to bid. A contract with Hans Kastensmith would be renegotiated through the Joint Fiscal Committee rather than the HCRC, with clearer goals and outcomes. Deb Brighton's contract was estimated at \$15,000 - 20,000, and contains an increase from the \$75 an hour she received the last five years, to \$85 an hour. Ms. Brighton is currently the only known analyst that could address data based on Act 60 (1997) and Act 68 (2003) questions by the legislature and the administration.

#### **c) Revenues, Economic Initiatives, and Other Matters**

Mr. Klein explained that the Legislature and Joint Fiscal Office's budget would have a carryforward for FY 2010 as would the Legislative Council. Revenues to the state had two more days before final numbers would be released. The state had made its target in corporate and paid income returns. Income withholding was over by \$2 million, and rooms and meals and sales tax numbers were not yet available.

Mr. Klein explained the preliminary results of the Joint Fiscal Office evaluations sent to the Legislature. The Office received 77 electronic responses to date through Survey Monkey, which was up significantly from prior years. A full report would be given at the JFC July 15, 2010 meeting.

Chair Obuchowski queried about the reductions in force at the Department of Fish and Wildlife, and Mr. Klein responded the administration had chosen a different course from that suggested by legislative intent.

Representative Heath asked for clarification on the changing of the administration and the budget process. Mr. Klein and Representative Ancel explained there would be a transition team from the outgoing and incoming Governors that would prepare the budget for the Legislature for the 2011 session. Mr. Klein further offered that JFO would proceed with the revenue forecast and work to put together budget options.

**a) Update on Challenge for Change process [Act 68 and Act 146 of 2010]**

Senator Snelling gave an update on the Challenges for Change process, and reiterated that the second quarterly report was due in early July. She invited JFC to attend the Joint Legislative Accountability Committee meeting July 12. A further progress report would be given at the July JFC meeting.

**III. Update on Federal Application regarding the high-risk health insurance pool program - [VT: Sec. E.230 (b) of Act 156 of 2010] - [Fed.: PL 111-148 of 2010 as amended by PL 111-152 of 2010]**

Christine Oliver, Deputy Commissioner, Banking, Insurance, Securities, and Health Care Administration, referenced a handout of the statutory language, and proceeded to give an update on the state's application regarding the federal high-risk health insurance pool program. The federal government was unwilling to pickup the costs, under Catamount, for a preexisting condition; therefore, the department was applying for a separate pool in order to use the money. The questions were: how do you define a preexisting condition? should it be defined broadly or narrowly? and how many would be covered? Ms. Oliver handed out a letter that was sent to the federal government asking for an extension of time because of the current date of application of July 1, 2010 (see letter for explanation). The estimated grant was \$8 million to Vermont but was dependent on the federal criteria that were yet to be determined.

Representative Ancel inquired whether the funds would be ongoing, and Ms. Oliver responded it was one-time money. Senator Shumlin asked if the \$8 million was the maximum amount the state could achieve through the grant, and Ms. Oliver responded affirmatively. Michael Bertrand, Commissioner of BISHCA, added that the \$8 million had been set aside for Vermont, but receiving the funds depended on whether the state could conform to the federal criteria. Senator Shumlin queried whether Vermont's congressional delegation had been kept up-to-date on the state's application, and Ms. Oliver stated yes. Although not as to the most recent information. Representative Obuchowski asked whether a notice of application had gone out to the public, and Rebecca Heintz, Assistant General Counsel for BISHCA, explained that the department had not started the application form yet. Ms. Oliver added that the department would make the application available to the committee for approval once it was created.

Commissioner Bertrand explained a concern that Vermont would have to continue in the federal program for a year, and that the state could not switch until after six months on the program to a Vermont health care entity, such as Blue Cross Blue Shield.

The Committee adjourned at 11:10 a.m.

Respectfully Submitted,

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Theresa Utton-Jerman, Legislative Joint Fiscal Office