

# Jim & Tim Report

## 2016 Town Meeting Edition

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The legislature's website (<http://legislature.vermont.gov>) is a great source of information.

### The Economy

Vermont's economy and employment growth have continued their very modest ascent since the 2015 town meeting. At 3.6% (down from 4.2% a year ago), we have the 4th lowest unemployment rate in the country. Finding well-trained, qualified workers is one of the biggest challenges for growing employers.

We must do a better job supporting our state colleges and universities and connecting their students to growing VT businesses. To attract and retain young families to VT, last year the legislature created a first-time homebuyer down payment assistance program that provides a \$5,000 interest-free loan, repaid to the VT Housing Finance Agency when the mortgage is refinanced or the home is sold. In the first six months of the program, the average age of the new homeowners was 31 years with an average income of \$63,600.

VT ranks 5th nationally in per capita business start-up activity, up from 12th in 2014. VT benefits from being a strong exporting state (13.6% of VT's economy vs. 9.5% for the average state). Unfortunately, our biggest export markets are Canada and China, two currently weak economies. Lower oil prices could reduce VT's 2016 energy bill by \$700 million, or \$2,600/household.

### Medicaid

Medicaid, a 45% state/55% federal partnership to provide health insurance to low income VTers, has been crucial in reducing VT's uninsured rate to the 2nd lowest level in the nation. It also presents the biggest challenge to balancing the state's budget. Previously uninsured Medicaid patients drove up hospital costs through deferred medical attention and uncompensated care. Making sure low income families can access timely care will improve health and ultimately lower costs.

164,000 VTers get their primary health insurance through Medicaid. To qualify for Medicaid a family of four must have household income of less than \$33,465. A Medicaid eligible couple would have income of less than \$21,983.

To maintain VT's fiscal health, it will be critical to lower costs per patient in our Medicaid system. Lower Medicaid costs will

come from improving healthy behaviors and continuing access to care. (See "All-Payer Model")

### Marijuana legalization

The VT state senate passed a marijuana legalization bill this week by a 17-12 vote (Sens. MacDonald and McCormack in favor; Sens. Nitka and Campbell opposed). The bill included provisions to do the following:

- Adults 21 and older could purchase up to 1 ounce of marijuana. Edibles would continue to be illegal.
- Marijuana would be available at 20-40 licensed retail outlets around VT and grown by 10-20 licensed growers.
- Individuals would not be able to grow their own marijuana without a license.
- Growing and possessing more than an ounce would remain a criminal offense. Selling marijuana without a license would also remain a criminal offense.
- Consuming marijuana in a public place would be prohibited and violators subject to a civil ticket.
- Employers and landlords would not be required to accommodate marijuana possession or use. The bill makes no changes to employment law or landlord-tenant law.
- Unlicensed chemical extraction to produce marijuana concentrate will be prohibited and violators subject to criminal penalties.
- The state would tax sales at 25%, collecting \$20m of annual revenue to be used for increased law enforcement and substance abuse programs.

### Driver's license suspension – H.571

In a rural state like VT, access to transportation is critical for economic prosperity, public safety, and healthy communities. License suspension is a contributing factor to poverty in the state. 59,000 VTers currently have a

suspended driver's license. Sixty percent of suspended VT driver's licenses are suspended for failure to pay judgments on traffic violations.

H.571 would cut traffic fines for low-income Vermonters in half; reduce the duration of suspensions; eliminate suspensions for conduct that does not relate to unsafe driving; and limit the use of license suspensions for offenses unrelated to driving.

### **VT Forests**

Forests are one of Vermont's greatest assets. Covering 75% of Vermont's land, they feed a growing forest products industry and provide a backdrop for recreation and tourist activities. Our forests also provide ecosystem services such as clean water, carbon storage, and wildlife habitat for up to 43,000 different species of flora and fauna.

The legislature is currently working on a variety of forest issues: How do we address the growing problem of forest fragmentation that strains connectivity corridors needed for wildlife? How do we encourage succession planning for forestland owners and keep forests intact well into the future? Who pays for fire suppression for forest fires on state lands? When can someone claim logging is a nuisance? What are the implications happens if someone comes on your land and steals valuable trees for lumber? How should fees be applied for maple sugaring on state lands? These and other forestry questions are under review in three House committees.

### **Dental Therapists – S.20**

Access to dental care is vital to good health. Many illnesses, as well as social burdens, can be traced back to poor dental health. The legislature has prioritized the issue of expanding access to affordable dental care and is working on a bill that would create a new licensed position – dental therapist – in VT's dental profession. The bill passed the Senate in 2015 and is now being considered in the House.

Dental therapists would be analogous to the physician's assistant designation in the medical community. They would work within a narrowly defined scope of practice to provide routine and preventative care under the general supervision of a dentist. VT Tech is preparing a program to train dental therapists that will meet the Commission on Dental Accreditation Standards.

### **All-Payer Model**

Successfully reforming health care means three things: expanding access, controlling costs, and improving outcomes. While the Affordable Care Act has helped VT achieve the 2<sup>nd</sup> highest insurance coverage rate (97%) in the country, we still urgently need to address the issues of cost and outcomes.

Currently we pay for health care on a fee-for-service basis. A fee-for-service system has led to a greater quantity of more expensive services (lots of tests, lots of

pharma), fragmentation in care (shuttling between specialists who don't coordinate care), and cost inflation. It would be easy to defend this kind of system if the data showed that these extra costs led to better health outcomes. Data clearly shows the opposite.

An All-Payer Model aligns every insurer (Medicaid, Medicare, private insurers) under the same payment system to incentivize the coordination of care, reward illness prevention, and promote healthy behavior. Health care providers would be rewarded for achieving better patient outcomes, increasing patient satisfaction, and lowering health care cost inflation.

The Green Mountain Care Board is currently negotiating a waiver with the federal government to allow Medicare (a 100% federal program), Medicaid, and private insurers to align and coordinate incentives to providers. Medicare beneficiaries would maintain the same protections, benefits, and doctors as required in federal law. The legislature will play a role in shaping an All-Payer system if VT moves in that direction.

### **Solar**

VT's solar industry has created innovative, cost-effective opportunities to save on utility bills and reduce our carbon footprint. Thousands of new VT solar industry jobs have been created enabling us to keep energy dollars in our state as we seek to reach our goal of 90% renewable energy by 2050. VT has 100MW of installed solar capacity, enough to power 17,000 homes.

Of course, development of renewable energy has not been without controversy. Both siting and the disposition of renewable energy credits (RECs) have become contentious issues. Bills being considered in the House and Senate would (1) provide incentives for siting solar arrays in areas that do not impact scenic beauty, such as parking lots, gravel pits, and landfills, (2) create an information officer at the Public Service Board to support informed public participation, and (3) allow municipalities to receive greater deference in the PSB process in designating preferred siting areas. Further, we have introduced H.633 and H.634 that were drafted specifically to increase the percentage of renewable energy that counts towards our long range energy goals.