

Exhibit 9

PUBLIC COMMENT SIGN UP

The public will be permitted to comment after the initial presentation by the petitioners. All who would like to comment will be given a brief opportunity. If you wish to make a comment, please sign up below. Comments will be heard in order based on this sign-up sheet.

Please print legibly.

	Name	Organization
1	<u>Michael Seaver</u>	<u>PUB</u>
2	<u>THOMAS HARK</u>	<u>VT YOUTH CONSERVATION CORPS</u>
3	<u>Scott Gorismon</u>	<u>Private Practice therapist (LCSW)</u>
4	<u>MICHAEL WOODRUFF</u>	<u>FIRST IN FITNESS</u>
5	<u>TIMOTHY FORD</u>	<u>HACKETT, VALINE & MACD</u>
6	<u>MARK A. LANGAN</u>	<u>DINSE KNAPP & MANDROW</u>
7	<u>Joe Bergeron</u>	<u>Assoc. of VT CR's</u>
8	<u>Bill Shouldice</u>	<u>consultant represents Coop. Lobby Farm</u>
9	<u> </u>	<u> </u>
10	<u> </u>	<u> </u>
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12	<u> </u>	<u> </u>
13	<u> </u>	<u> </u>
14	<u> </u>	<u> </u>

Additional Comments can be sent to: dfr.insuranceinfo@state.vt.us. The comment period closes Friday, March 8 at 5:00.

STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION

DOCKET NUMBER 12-041-I

IN THE MATTER OF THE APPLICATION OF
THE VERMONT HEALTH CO-OP.

312 Hurricane Lane
Williston, Vermont

March 1, 2013
10 a.m.

Public Hearing held before the Vermont
Department of Financial Regulation, at 312 Hurricane Lane,
Williston, Vermont, on March 1, 2013, beginning at 10 a.m.

P R E S E N T

For the Department of Financial Regulation
Commissioner Susan L. Donegan
Assistant General Counsel Ryan Chieffo

For the Applicant, Vermont Health Co-op
Mitchell Fleischer, Chairman
Christine Oliver, CEO

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1 COMMISSIONER DONEGAN: Good morning
2 everyone. I'm Susan Donegan. I'm the
3 Commissioner of the Department of Financial
4 Regulation. Welcome. We're going to hold a
5 public hearing today, an informational
6 hearing, and an informational hearing is an
7 opportunity for us to gather information here
8 on behalf of the Department, and in this
9 particular situation we're gathering
10 information and comments in conjunction with
11 an application for the creation of a new
12 insurance company here in Vermont.

13 This is Docket 12-01 -- sorry, 041-I,
14 for insurance, and we've entitled this docket
15 In the Matter of the Application of the
16 Vermont Health Co-op, and the hearing today is
17 being held pursuant to statutory requirements
18 under 8 Vermont Statutes Annotated Section
19 3305, that is the proponents, the applicants,
20 for a new license have petitioned the
21 Commissioner to hold this public hearing so
22 that I can listen to comments to assist me in
23 the determination as to whether the
24 establishment and maintenance of the proposed
25 corporation, in this case a new health

1 insurance company, will promote the general
2 good of the State.

3 The proposed Co-op has filed an
4 application under 8 V.S.A. Section 3309 also
5 to become a licensed mutual not-for-profit
6 insurance company, and that mutual insurance
7 company will be conducting the business of
8 health insurance if an application is granted.

9 So for some ground rules about how we're
10 going to proceed this morning, I'm going to
11 ask Ryan Chieffo, who is one of our Assistant
12 General Counsels, and -- to go through some of
13 the process that we're going to talk about so
14 that we make sure that we get all comments and
15 everybody gets a chance to tell me what you
16 want to tell me. So, Ryan, would you fill in
17 the details?

18 MR. CHIEFFO: Absolutely. Thank you.
19 It's actually very simple. We're going to
20 start with the Applicants. The Petitioners
21 will make a presentation. This is mostly for
22 the benefit of the Commissioner. She is the
23 audience and then she is the one that will be
24 making the decision. However, in the context
25 of this public hearing we want everyone to be

1 able to hear what they have to say, and then
2 after their presentation anyone who would like
3 can make a brief comment. We would like to go
4 by the sign-up sheet. So if there's anybody
5 that hasn't signed up to make a comment,
6 please do so. We'll give everyone in order of
7 sign-up a few minutes to make a comment, and
8 please keep in mind that the forum here is
9 comments to the Commissioner regarding whether
10 the Co-op would be in the public good of this
11 State. So this is really not the occasion to
12 ask general questions about the Co-op or, you
13 know, what they might do or what they might
14 cover if they become an insurance company.
15 We're really wanting to limit ourselves to
16 information gathering for the Commissioner
17 about the public's opinion on whether this
18 would be in the good of the State. So please
19 keep that in mind.

20 I'll keep time. I don't think we have
21 too many comments to get through. So we'll
22 give everyone a few minutes to say their
23 piece, but we don't want it to drag too long.
24 So I'll give you a little sign if we're
25 getting above maybe two or three minutes, and

1 then we'll probably cut it off at five or so.
2 So keep that in mind as you're thinking of
3 what you would like to say. So I think that
4 we can get started.

5 COMMISSIONER DONEGAN: Two things before
6 we start.

7 MR. CHIEFFO: We cannot get started.

8 COMMISSIONER DONEGAN: One is we will
9 keep also the docket open for written comments
10 for another week so that if thoughts come to
11 people's mind you are free to submit those
12 over the next week, and we have an email
13 address for those to be submitted
14 electronically if you would like to do that,
15 and just ask Ryan at the end of the hearing
16 for that address and we would be happy to
17 accept comments.

18 The other thing is that we have a court
19 reporter here today. You're not -- nobody is
20 being sworn in. It's nothing like that. It's
21 really to create a record for us at the
22 Department to memorialize the comments and the
23 presentation today. So I just want you to
24 know that this is also being put into a final
25 court format, and what's interesting is we

1 have not had a formation of a new company in
2 Vermont since 1961, and when we went back
3 through our records we pulled the files and
4 actually pulled up the transcript from 1961
5 which was typewritten. You could see it was
6 probably, you know, an old black typewriter
7 and it went on for several pages, but with
8 some very interesting and some very accurate
9 wording from the hearing. So it also prompted
10 us to want to obviously in a more modern
11 format but also memorialize the actual public
12 hearing so that we are following the format
13 from 1961. I think some of you may not have
14 been around then. I'll tell you I was in
15 first grade.

16 So with that we would like to invite the
17 proposed Vermont Health Co-op to come to the
18 witness table and to start your presentation.

19 MR. FLEISCHER: Thank you.

20 COMMISSIONER DONEGAN: By the way,
21 everybody, phones off. I'll even note for
22 myself. Let's just make sure. I know we live
23 by these things. Okay. I'm done.

24 MR. FLEISCHER: Are we ready to go?

25 COMMISSIONER DONEGAN: We are.

1 MR. FLEISCHER: Okay. Great. Good
2 morning, Commissioner. Thank you for your
3 time. We appreciate the opportunity to
4 present you the Vermont Health Co-op. A
5 little bit of history, a little bit of where
6 we are.

7 COMMISSIONER DONEGAN: Would you
8 identify yourself for the record please?

9 MR. FLEISCHER: Yes. My name is Mitch
10 Fleischer, President -- Chairman of the Board
11 of Vermont Health Co-op.

12 MS. OLIVER: I'm Christine Oliver, CEO
13 of the Co-op.

14 COMMISSIONER DONEGAN: Thank you.

15 MR. FLEISCHER: Okay. And I'll give you
16 a little sense of where we are today and a
17 sense of where we're going in the future and
18 how we plan to get there.

19 It's been an interesting journey for us.
20 A look back at some short history. We started
21 about a year and a half ago with the concept
22 of the Health Co-op based on a very short
23 small section of the ACA and their mention of
24 the Co-op and three pages out of approximately
25 1800 pages of dialogue, and it became clear to

1 us through our research in July, August,
2 September last -- of 2011 that this indeed
3 might be something that would be very
4 attractive for the people of Vermont, and
5 we'll talk about the reasons and why. But
6 Vermont is a -- you know, when this idea came
7 to us we researched it, and looking at the
8 State of Vermont really as a community, based
9 on its size it is a community in many cities
10 in the country, but we looked at this as a
11 community, and what we could do with something
12 like this that would be very different than
13 what we were currently seeing in Vermont
14 became a very exciting concept.

15 So as we worked through the process, as
16 we worked through the application process with
17 the folks in Washington leading up to our
18 award in July -- June of 2012 we began to
19 build our team out post 2012 -- July 2012
20 build our executive team out and all the folks
21 that would be helping to put this together,
22 and again going back to 2011 at the beginning
23 of this process and making application on
24 January 3rd of 2012, in December 2011 we had
25 our first meeting with Commissioner Kimbell at

1 that time to sort of engage him in what it was
2 we were taking on, what we were thinking
3 about, the application we were making, what it
4 would mean to his Department, what it would
5 mean to Vermonters, and the Commissioner at
6 the time was enthusiastic. He gave us -- he
7 wanted to be kept engaged. He wanted to know
8 where we were as the steps were moving
9 forward, and obviously there was large gaps in
10 what we were doing, because we were in process
11 with CMS, and CMS would go six weeks or eight
12 weeks and you wouldn't hear a whole lot of
13 what was going on until they responded to
14 something.

15 So I met with the Commissioner three to
16 four times between December and May when we
17 got the award and we were told we had the
18 award. We closed on the note in late June and
19 then had a public meeting, and again worked
20 with the Commissioner at that time to begin to
21 line things up as we saw them being needed.
22 Again, he was -- always felt enthusiastic
23 about the possibility of having another
24 insurance company in the State of Vermont, and
25 that helped us because we were working very

1 hard to get this off the ground and we needed
2 to know where -- what his thinking was at the
3 time about having a company like this enter
4 the marketplace in Vermont.

5 So I would like to jump to our agenda
6 please and this is what we plan to cover.
7 What is the Co-op? What is the purpose of the
8 Co-op program? How is it seen by the federal
9 government? How did we become a Co-op? How
10 does the Co-op program shape the Vermont
11 Health Co-op -- how does the Co-op program,
12 the federal program, shape the Vermont Health
13 Co-op? How we'll get started and why this
14 will be good for the State of Vermont for
15 Vermonters.

16 So what is a Co-op? Good question. It
17 is a consumer-operated and oriented plan. The
18 program was established as a bipartisan
19 alternative -- and I know you all can read.
20 I'll cover this really quickly -- under the
21 Affordable Care Act. It really was the
22 replacement of the public option that was
23 being negotiated during the ACA negotiations
24 that took place a couple, maybe close to three
25 years ago. There was talk about a public

1 option. That got pushed out and the Co-op
2 program got put in, and we're sort of -- in
3 learning from the folks that we deal with at
4 CMS sort of how this -- what the genesis of
5 this program was. That's really how it began.

6 Eligible entities, and by eligible
7 entities you had to be -- certain things that
8 you could not be if you were applying for
9 Co-op loans. One of those things was you
10 couldn't be a current insurance company. You
11 could not be a state entity. There are a lot
12 of things you could be, but it was for them to
13 determine what they thought it was that you
14 should be in making application, and how they
15 wanted you to present to them what your
16 projections and your concept was for what you
17 would do with the awards.

18 So to get the awards it was a very, very
19 rigorous process. We can talk a little bit
20 more about that. The Co-ops must become state
21 licensed. They are member-owned insurance
22 companies. They have been told by CMS that
23 they will participate on the state exchanges
24 in whatever state they are operated in if in
25 fact they get licensed, and they will operate

1 just like any other cooperative from a
2 governance standpoint.

3 The Co-ops are jointly overseen by the
4 Centers of Medicare and Medicaid Services,
5 we'll continue to allude to a CMS, and they
6 are overseen most directly by the state
7 insurance departments in the states that they
8 operate.

9 The purpose -- and this is taken out of
10 the Federal Advisory Board, the Co-op program,
11 quote, to foster the creation of new consumer
12 governed non-profit health plans and to
13 operate with a strong consumer focus. In
14 addition to providing consumers more choices,
15 greater control, and greater plan
16 accountability, the Co-op program also seeks
17 to promote better models of care.

18 So how did we become a Co-op? As I said
19 before, we made application after months and
20 months of pining over a 250-page application.
21 It was sent into CMS. We were asked to go to
22 Washington, and on February 22nd a year ago to
23 interview with Deloitte. Deloitte was used as
24 a contractor to the federal government to vet
25 the applications and to deliver to CMS what

1 they thought were viable applications and
2 applications that weren't viable.

3 The Deloitte also reviewed the actuarial
4 assumptions that we submitted. Then based on
5 what CMS has told us since then, CMS took
6 everything Deloitte did and they went through
7 their process with all the applications
8 reviewing both qualifications of the
9 individual applicants, the people that signed
10 on, that the board, the executives that were
11 involved, and all the individuals associated
12 all were part of the process in the vetting
13 process by the federal government. As we
14 found out later only 25 percent of the
15 applications were approved for funding. We
16 were fortunate enough to be one of them.

17 So our loan program is split into two
18 pieces. We received approximately 6 million
19 dollars in start-up fees which are used to get
20 the Co-op from last June 22nd through 2013 in
21 which case we were hoping to be licensed and
22 up and going and on the exchange and
23 operational, and in doing so we would receive
24 as needed 27 million dollars solvency loans.
25 That would basically be the money we would

1 need to guarantee the -- our reserves and
2 guarantee the claims going forward.

3 That solvency loan -- this is very
4 important and this is unusual -- those loans
5 are subordinate to claims payments, and in
6 working with the Steve Kimbell and actually
7 Susan Donegan at the time who was the
8 Insurance Commissioner, Deputy Insurance
9 Commissioner I believe, we received letters
10 explaining to CMS how they would allow the
11 subordination of the loans to claim payments,
12 and so in effect the risk for the insureds are
13 basically in our minds nonexistent because the
14 federal government carries the risk.

15 We draw down the money from CMS on a
16 quarter-to-quarter basis. CMS we work with
17 them on a weekly basis going through all of
18 our milestones. I'm guessing at this point we
19 have between 250 and 300 milestones in our
20 project plan that we're working on, and some
21 of those are completed, some of those are in
22 process, but in working with the CMS they are
23 very, very on top of our program, and the
24 money that they give us and how we implement
25 it, at a point in time the loans have to be

1 repaid and those loans are paid back in two
2 different segments. One is after a five-year
3 period our start-up loan is paid back, and
4 after a 15-year period our solvency loans are
5 paid back, and so we've worked with Milliman,
6 who are actuaries, since we started this
7 process a year and a half ago, and they have
8 analyzed the various enrollment scenarios
9 against repayment calculations, and we've
10 satisfied everybody regarding the loan
11 repayments, especially the folks that are
12 giving us the money which is the federal
13 government.

14 At this point I am going to hand it over
15 to Christine Oliver who is the CEO of the
16 Vermont Health Co-op, and she will take us
17 through the next set of slides, and then we'll
18 have some closing comments and hand it over to
19 anybody who wants to make any comment.

20 MS. OLIVER: Thank you, Mitch. So I
21 just wanted to start with how the federal
22 program shapes the Vermont Health Co-op, and
23 so the requirements of the federal loans and
24 documents are that we must be member owned and
25 operated, meaning that any person that holds a

1 policy through the Vermont Health Co-op would
2 be a member owner. We must be non-profit. We
3 must sell substantially all the Co-op policies
4 to individuals and small groups over Vermont
5 Health Connect, the state's exchange that's
6 under development.

7 We must explore and develop innovative
8 models and delivery of care, and what I think
9 the game changer is we must redistribute
10 profits to member owners, and there are four
11 specific ways we could redistribute those
12 profits and that's in increased benefits,
13 reduced premiums, quality improvement
14 initiatives, and the financial stability of
15 the organization, activities that would
16 stabilize the organization.

17 With respect to regulatory compliance
18 the Co-op is structured to meet all federal
19 requirements with respect to the board must be
20 -- we have a formation board and it becomes a
21 member elected board within two years of
22 selling policies, and the bylaws and the
23 articles of incorporation all support that
24 structure.

25 We will, of course, be compliant with

1 state insurance law. I, in particular, coming
2 from my background with the Health Care
3 Administration, fully support and see the
4 value of state regulation and its role in
5 consumer protection. So we take that very
6 seriously and welcome the opportunity to work
7 with the Department and ensure we are doing
8 the things necessary to protect our consumers.

9 So our license is pending as you know.
10 We are preparing for the 903 baseline review,
11 which is the quality review components for the
12 State. We have already submitted, in
13 compliance with the RFP deadline for qualified
14 health plans, we've submitted our forms by the
15 deadline that was in January, and we are
16 preparing to file our rates by the March 15th
17 deadline, and so the Co-op in this design
18 phase is being designed to operate all our
19 operating procedures to NCQA standards, which
20 is the National Committee on Quality
21 Assurance, and applying for that
22 accreditation, and that mirrors 903 to a large
23 degree, but both have some separate
24 components, and of course all of them we will
25 be complying with all of that going forward.

1 With respect to our operations we have
2 been able to develop our business units based
3 on best practices and really a best-in-breed
4 approach. We've been able to look at the
5 landscape and really figure out what makes
6 sense for us to build internally and what
7 makes sense for us is more efficient and
8 effective if we purchase that, and in
9 instances where we decide to purchase a
10 service we've done competitive -- we've been
11 through competitive processes, we've engaged
12 consultants with expertise to help us really
13 weed out the best in breed.

14 We've looked for companies with
15 experience with Vermont because we think that
16 knowing the landscape of Vermont is really a
17 leg up on any company that's working across
18 this national landscape, the national health
19 insurance reform. Vermont experience is
20 pretty critical we believe.

21 We've also been able to get the benefit
22 of the National Association of State Health
23 Co-ops, and that's the association of the 24
24 approved co-ops, us being one of them, that
25 have federal -- have been approved for federal

1 funding. The association was created so that
2 we could leverage group purchasing,
3 innovation, best practices. All of the states
4 in that association come with their own people
5 with their own expertise and are subject to
6 their own state requirements, but really
7 collectively that's a great group to draw on
8 the experience and the innovation that comes
9 into play.

10 We are developing a robust network of
11 providers. We are working with Fletcher Allen
12 Partners which includes Fletcher Allen and
13 Central Vermont Medical Center. We are also
14 wrapping that network to make sure that all of
15 Vermont is covered.

16 We are exploring new methods of delivery
17 of care, and one of the things, though, I'm
18 most excited about is this last one, the
19 integration of mental health and substance
20 abuse with physical health. We certainly as a
21 state have talked about that since 1997 when
22 the mental health parity law was passed, and
23 while Vermont is light years ahead of other
24 states, I certainly saw this from the Health
25 Care Administration and then in my work with

1 the Department of Mental Health, we have a
2 ways to go, and we've talked about integrating
3 -- like I say we've talked about this for a
4 number of years, and I think we are really in
5 a spot to get us closer to that, and I'm
6 convinced that us getting closer to
7 integrating the mental health with physical
8 health really would be better for Vermonters
9 and their overall health.

10 We are able -- so we've decided with
11 this issue in particular to build it in-house.
12 I believe all of the other carriers do carve
13 out mental health utilization review for
14 outside management. We feel it's pretty
15 important to keep that in-house with the
16 management of our other health services.

17 Our commitment to that is further shown
18 by we were able to snag Dr. J. Batra from the
19 Department of Mental Health. He was their --
20 the Medical Director for the Vermont State
21 Hospital and then the Medical Director for the
22 entire department. So we really believe his
23 expertise is really going to move us forward
24 in integrating mental health with physical
25 health services.

1 So it's really exciting to be custom
2 building a health insurance company designed
3 for this new world. We really have a fresh
4 start. It's not the status quo, but it's not
5 -- it's an informed start. We're able to take
6 the institutional knowledge of what's worked
7 in the past, what's failed in the past, and
8 really design what we think will take
9 Vermonters' health care to a better place into
10 the future. So we're really excited about
11 that.

12 The statute does require that we have 15
13 incorporators and this is just our list of
14 incorporators, we do have 19, and some of them
15 are with us today and we're just excited to
16 move forward with this program.

17 So how will our Co-op get started with
18 respect to the team. We have a core
19 leadership team that includes individuals with
20 experience as regulators, physicians,
21 attorneys, health care industry consultants,
22 employee benefit managers. We really run the
23 gamut, but we have had the ability to really
24 pick and choose the people that we think
25 really bring the right skills to the table and

1 have the right mentality for the job.

2 So right there is our list of the core
3 leadership team and we've grown since then.
4 So the four of us started -- when I arrived in
5 September the four of us started in September.
6 So it was me, our COO Tom McKeen, Chad
7 Somerset our CIO working the operations for me
8 today, and Tara Banks our CFO. So there were
9 four of us in September and now there are 12
10 of us, and we've been able to build out our
11 systems.

12 Again, it's really exciting to be able
13 to hand pick who you're going to work with and
14 find the skills that you need. We've all
15 worked in places where, you know, you inherit
16 what you inherit and with that comes the good,
17 the bad, and the ugly, and so the opportunity
18 to start fresh and avoid the bad and ugly we
19 take that real seriously, and we're really
20 trying to focus methodically on the skills
21 we're looking for and then ensure that we have
22 the right personality mix. Everybody that's
23 at the Co-op today, and I believe we're up to
24 12, is really committed to the mission and
25 really excited about the opportunity before

1 us.

2 So the meat of why we're here today, why
3 would the Co-op be good for Vermonters. The
4 member-owned and operated piece is really,
5 again, I think the game changers. We talked
6 about profits must be returned to members in
7 the four specific ways; increased benefits,
8 reduced premiums, quality improvement
9 initiatives, and financial stabilization of the
10 company.

11 The Co-op will be controlled by the
12 members so they will own their health. They
13 will pick the board. They will elect the
14 board. They will be part of the board. It's
15 really an opportunity to put people before
16 profits, and while we're focusing on the
17 individuals and small group businesses for the
18 exchange, we will also be looking to offer
19 large group insurance off the exchange.

20 The Commissioner really spoke to this
21 opportunity for a new option for Vermont. We
22 knew it was the first new health insurance in
23 over 20 years. I didn't know it was over 40
24 years. So that's an exciting place to be.
25 It's good for Vermonters in that we know who

1 we've been dealing with and it is what it is,
2 and there's again the good, the bad, and the
3 ugly, but an opportunity to have a little more
4 competition. Competition generally brings
5 with it better pricing, competition with
6 respect to services, and the services that --
7 kind of customer service that people are
8 required to uphold.

9 So I think in any way you look at it the
10 addition of the Vermont Health Co-op can only
11 help Vermonters. Again, we bring a fresh
12 perspective to health insurance. We want to
13 incorporate new technology and medical
14 innovations that have proven efficient and
15 effective, focus on wellness initiatives, and
16 convenient access to the medical community.

17 Again, we know other carriers look to --
18 this has been a push for a number of years
19 focusing on wellness and access, but it really
20 does give an opportunity we've talked for a
21 number of years about different incentives for
22 providers for patients. We really want to
23 align those incentives so that both the
24 provider and the patient win in a particular
25 circumstance because we certainly believe that

1 all health care is personal, and if you design
2 it -- the company in a way that puts people
3 before profits, you can really build something
4 based on the principles of cooperation and
5 progress and health improvement and
6 innovation.

7 There's been some question, I guess,
8 maybe, question as to whether the federal
9 government was really committed to this
10 program after the fiscal cliff deal that took
11 away funding for additional co-ops, but there
12 are 24 co-ops, and a few weeks ago I was in
13 Dallas at the NASHCO conference, and Gary
14 Cohen of CMS spoke to the group, and what he
15 said co-ops are a great hope at beginning to
16 bend the cost curves. We are intensely
17 focused on funded co-ops being successful.
18 While there will not be at this point more
19 co-ops, the 24 that have been funded CMS
20 remains committed to our success.

21 We've also had support of local leaders
22 from the very beginning when the CMS
23 application was filed. We did have letters
24 from Senator Leahy, Congressman Welch, and
25 former Governor Jim Douglas, and there's a

1 quote from Senator Leahy's letter where he
2 says that the goals of the Co-op are not
3 inconsistent with health care reform efforts
4 underway in the State of Vermont, and that's
5 always -- that's a question I think wherever
6 we go to make sure we are aligned, and he says
7 this funding is therefore imperative to ensure
8 health coverage to all who deserve care in the
9 state, and we've also had -- at our grand
10 opening in October we had the luxury of having
11 Governor Douglas and Congressman Welch there.

12 MR. FLEISCHER: Shumlin.

13 MS. OLIVER: I do know who the Governor
14 is. Governor Shumlin, and what I wanted to
15 set up this clip for, and you'll see the --
16 Governor Shumlin when he came to the opening
17 was very gracious. He was very clear and
18 you'll see his disclaimer in here. He's not
19 making a decision as to licensure. He
20 certainly has a Commissioner that makes that
21 determination for him, but on this piece of
22 the question as it pertains to a public good I
23 do think his comments are relevant and so
24 that's why we would like to play this clip
25 now.

1 (Recording.) GOVERNOR SHUMLIN: I'm
2 really honored to be here today, and it's
3 innovators like Mitch and Christine in this
4 Co-op that are going to give Vermont the
5 ability to contain costs in our health care
6 system, and I just want to say a few words
7 about that, but before I do I want to give you
8 the disclaimer.

9 As Mitch and Christine can tell you,
10 they are currently going through the
11 regulatory review process in the State of
12 Vermont, and I want to make very clear that
13 Governors don't get involved in actively
14 advocating for one entity or another. So I'm
15 speaking today about the concept of this Co-op
16 and what it could mean for our health care
17 delivery system.

18 It's about cost and here's our
19 challenge. We have 625,000 Vermonters who
20 have a health care system that they believe
21 in. We love our providers. We love our
22 hospitals. They provide extraordinary care,
23 but we cannot continue to spend money the way
24 we're spending money on health care and expect
25 to grow jobs, economic opportunities, and be

1 able to live the quality of life that can be
2 sustained in this state, and the difference
3 between Vermont and the other 49 states is
4 that we are actually focusing on a system of
5 health care delivery that's going to maintain
6 or improve quality and cost us less money than
7 we otherwise would have spent.

8 What a cooperative like this would do is
9 to use our health care dollars to spend on
10 health care not out-of-state insurance company
11 profits, but recycling those dollars within
12 the system so that when Vermont businesses and
13 individuals go to the exchange and buy health
14 insurance every dollar stays in Vermont and
15 helps us design a delivery system that costs
16 less for better outcomes. I know there's
17 disagreement across the state about how best
18 to reform a health care system, but I bet this
19 is where we all agree.

20 This concept that was put in the
21 Affordable Care Act locally owned cooperatives
22 that deliver quality care for less money and
23 keep those dollars within the state system
24 will be a tool in helping us to contain costs
25 and maintain the extraordinary quality that we

1 have in the State of Vermont.

2 So we wish you a bon voyage and look
3 forward to working together with you to
4 deliver affordable health care for all
5 Vermonters. Thank you.

6 MS. OLIVER: And last, but certainly not
7 least, we have Congressman Welch who has been
8 very instrumental in helping us get our
9 application through to CMS in the first place
10 and really appreciate your time here today.

11 CONGRESSMAN WELCH: Thank you. I want
12 to thank everybody for the terrific work,
13 Christine and Mitch and the rest of your team;
14 Governor, for your leadership. You know it's
15 amazing what kind of credibility Vermont has
16 in this whole health care debate.

17 I was on the Energy and Commerce
18 Committee when we were having a big debate
19 about health care, and the things that we put
20 in that bill have a lot to do with the
21 recognition that we have in Vermont that if
22 you want to have universal access you've got
23 to have affordable costs. They really go
24 together, and having a Co-op where all of us
25 are in it together and where those profits can

1 be recycled either in the form of lower
2 premiums or better services, that makes sense,
3 and when we're a small economy, 625,000
4 people, the biggest asset that we have is
5 keeping our dollars here in Vermont to be
6 recycled, exactly what Governor Shumlin said,
7 and it's true in health care. It's true in
8 energy. We have met our ally and it is us.

9 So what this Co-op creates is the
10 potential for people in fact to cooperate. It
11 is not just the members of it, but it's the
12 payers, it's the patients, it's the taxpayers,
13 all of us have a common interest in having a
14 health care system that is as affordable as
15 possible, and there's a link between
16 affordability and higher quality. Spending
17 more money doesn't get better results, and
18 when you align those incentives, then you're
19 going to have a shot at doing lower cost
20 higher quality.

21 This is not a top-down Washington
22 solution. This is a bottom up Vermonter led
23 approach to taking ahold of our future. So
24 good luck, and thank you for all that you're
25 doing. (End of recording.)

1 MR. FLEISCHER: Okay. Thank you,
2 Christine. I'll spend two or three minutes
3 closing and then we can open it up,
4 Commissioner.

5 I thought it was appropriate to go back
6 to our original application to CMS and pull a
7 couple of items out that we had talked about
8 with them.

9 Basically our goals at the time and as
10 we've been working for the last 13 or 14
11 months since the application went in, our
12 goals haven't changed. We're basically still
13 on course with things that we had set out to
14 do, and sometimes as you work forward you
15 begin to realize well can we do this? Is this
16 possible?

17 You know we set out thinking we could do
18 that and is that obtainable. So in looking at
19 what our major emphasis was when we made the
20 application we are working towards those goals
21 and those goals are still very obtainable for
22 us as an organization.

23 Our goals are to engage our members in
24 the maintenance and improvement of their
25 health, work with the trusted providers and

1 our members together utilizing new approaches
2 in technology that would impact behavior in a
3 reliable manner, to provide support for the
4 patient-physician relationship, and to build
5 that support, which we've been working hard at
6 over the last 15 months, to build that support
7 and to emphasize to both the patient and the
8 physician how important that support between
9 the two will be, and the support to
10 participate in the innovative restructuring of
11 health care delivery and financing in Vermont
12 which is changing sort of as we speak. It's
13 moving everyday, but that does include the
14 strengthening of the primary and team based
15 care approach which both the ACA and State of
16 Vermont have both said they are -- very much
17 want to see happen, and we are as a team
18 moving in that direction.

19 The leadership and management of the --
20 and the strategic partners of the Vermont
21 Health Co-op enthusiastically embrace this
22 opportunity to build a new health based plan
23 on the principles of cooperation, progress,
24 health improvement, and innovation. So that
25 was looking back a year ago.

1 Today we're sitting here and we're
2 discussing the public good and all the things
3 that could come from what we're doing, and as
4 I sort of sit back and look at the last 15
5 months and then go forward looking where we're
6 going, you know, I imagine an organization and
7 imagining this organization built to answer to
8 its members and owners something very
9 different, to focus on the health of its
10 members is one of its primary sole functions,
11 and to imagine having the luxury to start a
12 company like this, an insurance company, from
13 scratch, to be able to do it with the best of
14 breed, the best people, to partner with the
15 best organizations that we can find outside of
16 organizations where we have to go, and to
17 engage those organizations in not just their
18 business as usual approach, but to engage them
19 in things that we want to do for the Vermont
20 Health Co-op. Things that might be different
21 than they are doing today for their other
22 hundred or two hundred or five hundred clients
23 if you will.

24 So having this possibility today is
25 something that is very exciting. It's

1 frightening in some ways, but the opportunity
2 for both the Vermont Health Co-op and for the
3 citizens of Vermont is one that is not lost on
4 us. It's a very, very exciting opportunity.

5 I personally spent 34 years in the
6 business of helping business owners and
7 individuals purchase health insurance in
8 Vermont. In that time, you know, I've seen
9 the good, the bad, and the ugly, as Christine
10 has said. I've been very engaged with the
11 State of Vermont on -- in areas that we
12 thought were important. In 1992 the State was
13 embarking on community rating, something that,
14 again 1992, something that we weren't all
15 sitting around working in the State of
16 Vermont, but I was, and when community rating
17 came around there was not one other state in
18 the country that had it.

19 It was frowned upon by a huge number of
20 people in Vermont, and actually the folks in
21 our industry all spoke against community
22 rating and against medical underwriting. They
23 wanted to keep those things in place, and I
24 went down, worked with folks in the Department
25 at the time and testified and helped to the

1 degree that I could help to get those laws
2 passed because they were really what was best
3 for Vermonters.

4 You know to have somebody apply for
5 health insurance get turned down because they
6 took an antidepressant when they were a
7 college student, now they are 20 years old and
8 can't buy health insurance, to me it was
9 ludicrous. Folks that needed health
10 insurance, they could buy it, they should be
11 able to buy it and not be questioned as to why
12 they needed it, and so as we work through
13 preexisting conditions and all the things that
14 came over the last 15 or 20 years changing the
15 landscape as to how we buy health insurance,
16 what it covers, mental health parity we've
17 very much been out in front of that, and I
18 think that speaks a long way to where we've
19 gotten in Vermont today with 92 or 93 percent
20 of the Vermonters insured, the lowest number
21 of uninsured in the country, and to probably
22 the highest quality, number one or number two,
23 the highest quality states in various
24 measurement areas as to highest quality of
25 health in the country, and it's probably

1 because most people have access to health
2 insurance in Vermont, most people are covered,
3 and so the care is -- the quality is there
4 because people can get care here.

5 So that said, I think we will close and
6 if there's any other questions that you have
7 for us or comments from the public. Thank
8 you.

9 COMMISSIONER DONEGAN: Thank you very
10 much. I would just like to make one point of
11 clarification on your slide for the record,
12 and I think that was slide eight where you
13 were talking about submitting rates and forms.

14 I just want to be very clear that for
15 the record that you submitted rates and forms
16 to the Vermont Health Care Access folks
17 pursuant to the RFP and you did not to the
18 Department of Financial Regulation, and I just
19 want that to be on the record.

20 MR. CHIEFFO: Okay. I think what we'll
21 do now is we'll move to the public comment
22 portion. I know a few people walked in late.
23 If there's anybody that would like to make a
24 comment and hasn't signed up, you can have a
25 minute to do that now. Otherwise, I think

1 what we'll do is go through the list and feel
2 free to stand or sit. I guess, whatever you're
3 most comfortable with. If you can introduce
4 yourself for the record, that will be helpful.

5 One reminder is that this will be a
6 public record. We're having a court reporter
7 transcribe so keep that in mind when you're
8 making your comment. In addition, for anyone
9 who would like to recap, whether you're here
10 today or otherwise, this will all be part of
11 our docket including the presentation that you
12 just saw. So these will all be public records
13 that anyone can have access to.

14 If you would like to make a comment but
15 not here today, on the bottom of the sign-up
16 sheet we have an e-mail address at our
17 Department that you can submit comments to.
18 That will be open for one more week through
19 the close of business on Friday, March 8th.
20 So feel free to make any comments or
21 additional comments through email.

22 COMMISSIONER DONEGAN: And I would ask
23 that in addition to your name for the record
24 and your affiliation, if you would also
25 indicate what type of relationship you have

1 with the Co-op, if any, or if you're here on
2 your own behalf or on behalf of an unrelated
3 organization. That would be useful to us.

4 MR. CHIEFFO: And just one more thing
5 before we get started. So the people who are
6 commenting know, do we have any media in the
7 room that's covering this? Okay. So it will
8 be on the public record that will be available
9 to anyone who goes through our records, laws
10 in the state, and that will be available, but
11 it looks like that's where your comments are
12 headed.

13 COMMISSIONER DONEGAN: Mr. Seaver is
14 first. So if you would give the witness chair
15 up so --

16 MR. FLEISCHER: Both chairs?

17 COMMISSIONER DONEGAN: Yes.

18 MR. SEAVER: Is that where I'm going?

19 COMMISSIONER DONEGAN: That's where
20 you're going. Come on down.

21 MR. SEAVER: Exactly.

22 MR. CHIEFFO: We'll try and keep this
23 brief. We've got, it looks like, six or seven
24 comments so feel free.

25 MR. SEAVER: I will keep it brief.

1 MR. CHIEFFO: I'll give you a signal
2 after a few minutes and then you can wrap up.
3 Thanks..

4 MR. SEAVER: Good morning, Commissioner.
5 My name is Michael Seaver. I'm the Vermont
6 President for People's United Bank, and I'm
7 here really to speak more on behalf of our
8 customers rather than us as a multi-state
9 company. We will not necessarily avail
10 ourself of this entity, but I have occasion to
11 talk with many customers every week, and one
12 of the things that is very important for our
13 customers, particularly in the last, you know,
14 five to ten years, is the rising cost of
15 health care, and the need for them to find
16 some way to bend that curve and slow the rise
17 down, and choice is very important to our
18 customers as we talk with them. We don't have
19 a lot of choice within the State. Our
20 customers generally feel that more choice is
21 better for them. They do feel that it enables
22 them to work different companies against each
23 other to help keep costs down, and so the cost
24 perspective and finding innovations within
25 these different companies that will help them

1 on wellness programs has become much more
2 important to our clients over the last really
3 four or five years, a little shorter time.

4 So I think that this entity and its
5 formation certainly I'm not against for
6 profits. We are a for profit. So I'm not --
7 but I think that when it comes to health care
8 and the need to bend that cost one of the
9 things that will help our customers be more
10 profitable is to control health care costs.
11 So the fact that you have this member-owned
12 entity that will pour their profits back into
13 innovations, to wellness programs, or to
14 distribute back to members will -- is seen as
15 a real opportunity for our customers.

16 So choice is good. Controlling cost is
17 good. Wellness programs is good. Dealing
18 with -- when you look at the professionals
19 that are affiliated with this new entity, I
20 think they are pulling together a lot of very,
21 very experienced folks that have the knowledge
22 to lead a new organization like this and to
23 make it effective for Vermonters.

24 COMMISSIONER DONEGAN: Thank you. Next
25 on the list is Mr. Hark.

1 MR. HARK: Good morning.

2 COMMISSIONER DONEGAN: Good morning.

3 MR. HARK: I'm excited to be here. My
4 name, I guess for the record, is Tom Hark.
5 I'm the President of the Vermont Youth
6 Conservation Corps. I've been with that
7 organization for about 28 years and I have 25
8 year-round staff, professional staff, about
9 300 seasonal people that work for our
10 organization, and good health care, providing
11 that to our employees is a really important
12 value. It always has been, and over the last
13 several years it's become an enormous struggle
14 for us to do what we want to do for our
15 employees.

16 When the Co-op came along and the more I
17 looked at it the more excited I got about the
18 possibility, and so I just wanted to share
19 four reasons why I'm excited about the
20 possibility of what's about to happen here.

21 First of all, I really believe, after
22 I've looked at all this, that there's a real
23 chance, a real ability that a much better
24 product can be delivered for a lot less cost.
25 So that would be number one.

1 Number two. I really love the idea that
2 the healthier my employees are the cheaper my
3 rates might be for that same product that we
4 purchase. There's that direct correlation
5 there. I love the idea that we're all in this
6 together, and a cooperative, of course, is
7 just that. It's a community of people who
8 believe in the importance of topnotch health
9 care at an affordable price, and -- and that
10 are working together, really truly working
11 together to make that happen.

12 As members we would own it, we would
13 govern it, we would profit or not based on the
14 choices we make about our own health care
15 practices, and then finally I think I speak
16 for probably every for profit or non-profit
17 business that cares about health care,
18 providing that to their employees, that it's
19 an enormous struggle every year as we look at
20 what's available to us and the cost that we
21 have to pay, and what we get for the dollars
22 that we pay today pale in comparison to what
23 we had just five years ago or six or seven
24 years ago, and we have had to cut back and cut
25 back and what our employees get are well we're

1 -- it's sort of they are not getting much for
2 what we pay now -- for what we pay, and it's
3 just an enormous struggle and it's enormously
4 frustrating. It's a great mystery, you know,
5 how the prices go up, but what we get seems to
6 be less and less.

7 So I would -- for the Co-op what is
8 really intriguing to me is this idea that I
9 can be a part owner in the process, that I
10 could have access to information that are
11 driving those decisions, and I can be part of
12 the decision making process to the degree I
13 want to be. All that is enormously exciting.
14 I don't know if it will work or not, but it
15 seems like it's an opportunity that we just
16 have to -- we have to be a part of and see if
17 it can work, and I personally believe it
18 probably has a great chance of being quite
19 successful, and I'm hopeful for that for my
20 family and for all my employees. Thank you.

21 COMMISSIONER DONEGAN: Mr. Hark, are you
22 in anyway affiliated --

23 MR. HARK: I'm an incorporator for
24 Vermont Health Co-op.

25 COMMISSIONER DONEGAN: Thank you. If

1 you can state, for future speakers, if you are
2 an incorporator or some other way affiliated
3 with the Co-op, that would be useful for us.
4 Mr. Earisman.

5 MR. EARISMAN: It's Scott Earisman.

6 COMMISSIONER DONEGAN: Your handwriting.
7 I was going to say are you a doctor.

8 MR. EARISMAN: I am a licensed clinical
9 mental health counselor, licensed alcohol and
10 drug counselor with a private practice here in
11 Williston, and my relationship to the Co-op is
12 I have agreed to be a network provider if that
13 comes to pass.

14 It's really exciting for me to hear
15 about integrating substance abuse and mental
16 health. We have been carved out for decades,
17 put in a separate silo, and I don't think it's
18 been helpful for Vermont. It's really
19 exciting for me to hear about prevention, that
20 there's a continuum, and you know 75 percent
21 of visits to primary care doctors have a
22 mental health component, and probably 80
23 percent of us, I just heard this the other
24 day, will die of health -- of lifestyle
25 related conditions, and yet if you come to me

1 and I have unique special skills in mental
2 health to treat things like stress, smoking,
3 lifestyle, health and wellness things, the
4 insurance won't pay for it. You come to me
5 and say I want to quit smoking your insurance
6 won't cover it.

7 So the idea of integrating mental
8 health, substance abuse, and prevention I
9 think it's going to save Vermonters a
10 tremendous amount of money and that's what
11 people want when they come to see me. They
12 want to work on getting healthy. They want to
13 work on their growth and development and they
14 want to work on moving in a positive
15 direction. Current health care only says you
16 have to be sick and then we can treat your
17 pathology, we can't help you get well, and it
18 sounds like the Co-op offers a possibility to
19 help people get well and build that into their
20 model, and I think that will be wonderful for
21 Vermont and wonderful for costs. Thank you.

22 COMMISSIONER DONEGAN: Thanks. Another
23 bad handwriting. Michael -- I don't know what
24 this says.

25 MR. WOODFIELD: Woodfield.

1 COMMISSIONER DONEGAN: Would you please
2 come up? Bad handwriting.

3 MR. WOODFIELD: I went to Catholic
4 school.

5 COMMISSIONER DONEGAN: Maybe you should
6 see the gentleman that just came --

7 MR. WOODFIELD: My name is Mike
8 Woodfield. I'm the owner of First In Fitness
9 in Montpelier and Berlin. I have no
10 affiliation with the Co-op whatsoever except
11 interest in it as both an employer -- well as
12 an employer, as someone who is involved in
13 prevention through health and fitness, and
14 someone who is a consumer myself of health
15 care.

16 My thoughts on this are, first of all, I
17 think the Affordable Care Act is an interesting
18 piece of legislation. I certainly don't claim
19 to be an expert on it, but I think we have
20 some opportunities with this, namely, the
21 Health Care Exchange which I think has the
22 potential to be a very good thing.

23 The unfortunate fact in Vermont is that
24 we have a limited number of insurers, and so I
25 think that one of the main things is getting

1 another insurer into place so that we do have
2 more competitive offerings, and a health care
3 exchange would be a really excellent thing
4 here.

5 The other, personally I also believe
6 that mutual insurance companies are a well
7 established model, have worked well. I've
8 certainly been a member of mutual insurance
9 companies and other financial institutions and
10 so forth, and I think they are a very good
11 thing. So I think the governance aspect to me
12 is critical. Right now even though we have
13 for profit and not-for-profit companies they
14 basically are an arms length from the
15 consumer, and the direct connection of the
16 consumer I think can be a really, really
17 excellent thing for the State of Vermont. So
18 I think those are the reasons.

19 I also really am committed to -- myself
20 personally to good health, to physical health
21 through different types of prevention, whether
22 that's diet or exercise, et cetera, and I
23 believe that we need to think about really
24 integrating these types of things into the
25 continuum of health care along with mental

1 health and other things that we need to look
2 at in a very holistic way.

3 Hopefully the Co-op will provide an
4 opportunity for a more holistic type of
5 approach I think. Basically that's it.

6 COMMISSIONER DONEGAN: Thank you for
7 your comments. Somebody with good
8 handwriting. Timothy Ford.

9 MR. FORD: Thank you. You have low
10 standards if my handwriting is considered
11 good.

12 Good morning, Commissioner. Thank you
13 very much for your time. I've very honored to
14 be here in support of Vermont Health Co-op.
15 My name is Timothy Ford. I'm the Executive
16 Vice President of Hackett Valine & MacDonald.
17 I'm also a member of the Governor's Medicare
18 Exchange and Advisory Board. I am a -- I
19 believe an incorporator and I'm honored to
20 consider Mitch Fleischer a colleague and a
21 friend.

22 I'm here today on behalf of not only the
23 60 Hackett Valine & MacDonald employees, but
24 also the hundreds of employee benefit clients
25 that we represent most particularly for health

1 insurance. It's my opinion that the Co-op
2 offers more choices, greater control, and
3 greater accountability to its members.
4 Sitting here hearing 1961 is the last time an
5 insurer filed for incorporation in Vermont. I
6 was born in 1961. So that's a long time ago.
7 52 years. It's my opinion that more
8 competition is outstanding for the
9 marketplace. Vermonters benefit from price
10 and service competition between carriers and
11 honestly the status quo is not acceptable.

12 I think we have to change the system
13 from the system of treating to a system of
14 prevention, a system that includes incentives,
15 and I can speak on behalf of the hundreds of
16 Vermont employers that I represent and the
17 thousands of employees and families that they
18 have that this is an opportunity for the State
19 to introduce a new model, and I can tell you
20 that my clients welcome this with open arms.
21 So I appreciate your time and thank you.

22 COMMISSIONER DONEGAN: Thank you. Mr.
23 Langan.

24 MR. LANGAN: Thank you, Commissioner.
25 Thank you for the opportunity. My name is

1 Mark Langan. I'm with Dinse, Knapp &
2 McAndrew. We're a firm that's about 97 years
3 old and we have about 60 employees and I'm one
4 of the three managing partners.

5 To disclaim, our law firm has rendered
6 legal services to the Co-op in the past, and I
7 will further disclose that they hired away our
8 very talented attorney from which we're still
9 smarting. Nevertheless --

10 COMMISSIONER DONEGAN: Duly noted.

11 MR. LANGAN: Nevertheless I think that
12 given the opportunity to purchase our health
13 insurance in the Co-op we would do so in a
14 heartbeat. I think that as lawyers we
15 understand the various structures of entities
16 be they corporations, partnerships, that sort
17 of thing, and we have represented co-ops in
18 the past and they are wonderful entities, and
19 I think that the two features that was brought
20 out here that would be very important to us is
21 the recycling of dollars, that we are a member
22 of this organization and therefore any extra
23 money comes back to us. I'm a member of City
24 Market Co-op and I get a nice check each year
25 from the Co-op, and we're also intrigued by

1 the -- just the governance that -- the fact
2 that we would feel that we have more of a say
3 and more of an impact on the organization
4 being a member.

5 So I think that's the real difference
6 that the Co-op would bring to us, and that is
7 something that as counselors to many, many
8 businesses in the State of Vermont we would
9 point out to them that we think this is a
10 great opportunity for them as well because I
11 think that this Co-op given the chance will
12 just take off. I think it will be very, very
13 attractive to many businesses because of the
14 economics of the situation, plus the ability
15 to heard, and we're also very intrigued by the
16 whole concept of a wellness program because I
17 think that's where it starts, you know, that
18 to prevent people from becoming sick and
19 causing a lot of medical dollars to be used.

20 So we're just really excited about the
21 prospect of it. So thank you very much.

22 COMMISSIONER DONEGAN: Thank you. And
23 last we have Mr. Bergeron.

24 MR. BERGERON: Good morning.

25 Commissioner, everybody else.

1 COMMISSIONER DONEGAN: Good morning.

2 MR. BERGERON: For the record Joe
3 Bergeron, President of the Association of
4 Vermont Credit Unions. They are cooperatives.
5 There are 25 credit unions in the State of
6 Vermont. About one half of the population of
7 Vermont is a member of one or more of the
8 credit unions.

9 So I am not here to speak on the merits
10 of insurance because there are people in the
11 room far more knowledgeable about insurance
12 obviously than me, but I do know a bit about
13 cooperatives, and also happen to serve on the
14 Board of the National Cooperative Business
15 Association, which is a United Nations of
16 sorts of all of the different sectors of
17 cooperatives in this country and does a lot of
18 international business as well, and that's
19 kind of far afield from what we're here for
20 today, but my point mentioning both of those
21 things is that everywhere that we look across
22 this country where there are cooperatives in a
23 competitive market environment they provide
24 financial benefit not only to the people that
25 do business with those cooperatives, by

1 returning whether it be a check, as we heard
2 from someone, every year or better rates and
3 fees and so on so forth, whether it be a
4 credit union, food co-op, electric utility,
5 whatever else, but they also provide financial
6 benefit to the consumers and the community who
7 don't necessarily do business with that
8 cooperative and do business with competitors
9 and for profits for the most part by virtue of
10 the fact that those cooperatives provide a
11 competitive benchmark so to speak in the
12 marketplace -- in a competitive marketplace,
13 and have an impact on the pricing that
14 everybody experiences for whatever that given
15 product is, and that happens in credit unions
16 and it happens with food co-ops and across the
17 board.

18 You know Vermont credit unions are small
19 employers themselves, and so they have, I
20 would venture to guess, the same concerns and
21 sentiment about the health care costs that
22 they incur and the plans they provide for
23 their employees just like you have heard from
24 others here today, but from a credit union
25 perspective, and I would venture to guess

1 probably most other cooperatives in the state.
2 I think that the vast majority of them
3 wholeheartedly support the creation of the
4 Vermont Health Co-op because it's just a
5 different approach, in our minds a better
6 approach, to providing services to consumers,
7 and provides benefit again across the board to
8 all consumers whether you do business with the
9 co-op or not. So with that said that
10 concludes my remarks. Thank you.

11 COMMISSIONER DONEGAN: Anybody else who
12 hasn't signed up having second thoughts and
13 want to come and talk?

14 MR. SHOULDICE: I'll say something.
15 I'll Bill Shouldice. My relationship with
16 Mitch is I've worked as a consultant for some
17 of the entities he's been involved in over the
18 last 10 years and I continue today. I wasn't
19 going to testify because of that, but now that
20 I see everybody else has had some relationship
21 I might as well, and I think that Mitch and
22 Christine have an opportunity here to change
23 the paradigm of how health care is given.

24 As you have heard some of the previous
25 testimony, it's not going to be the same old

1 same old. It's going to be how to look at
2 health care, mental health care, First In
3 Fitness, pharmacy care, and change how
4 delivery systems are done, which frankly I
5 don't think has been done by the existing
6 carriers, and I think this is a great
7 opportunity for the State of Vermont to be
8 able to reduce costs and have a different kind
9 of health care, a better care.

10 You know there used to be -- I think
11 Blue Cross's old motto was the highest quality
12 care for the lowest possible price, and I
13 think they have lost their way on that, and I
14 think this is an opportunity to turn that
15 around.

16 COMMISSIONER DONEGAN: Anyone else?
17 Okay. Well as we mentioned earlier we will
18 keep the docket open for a week in case there
19 are written comments people would like to
20 submit. You can let that word out in your
21 networks if you would like to do that. We're
22 happy to accept those, and I appreciate your
23 time today. We will consider this public
24 hearing adjourned.

25 (Whereupon, the proceeding was

1 adjourned at 11:05 a.m.)
2
3

4 C E R T I F I C A T E

5 I, JoAnn Q. Carson, do hereby certify that
6 I recorded by stenographic means the public hearing re:
7 Docket 12-041-I, held at 312 Hurricane Lane, Williston,
8 Vermont, on March 1, 2013, beginning at 10 a.m.

9 I further certify that the foregoing
10 testimony was taken by me stenographically and thereafter
11 reduced to typewriting, and the foregoing 56 pages are a
12 transcript of the stenograph notes taken by me of the
13 evidence and the proceedings, to the best of my ability.

14 I further certify that I am not related to
15 any of the parties thereto or their Counsel, and I am in
16 no way interested in the outcome of said cause.

17 Dated at Burlington, Vermont, this 4th day
18 of March, 2013.

19 
20 _____

21
22 JoAnn Q. Carson

23 Registered Merit Reporter

24 Certified Real Time Reporter
25



Vermont Health CO-OP

Consumer Operated and Oriented Plans
A New Model of Health Insurance

Presented By: Mitch Fleischer, Chair of the Board
Christine Oliver, Chief Executive Officer

Public Hearing, March 1, 2013, 10:00 a.m.; 312 Hurricane Lane, Suite 201, Williston, Vermont
Commissioner Susan L. Donegan Presiding

Agenda



1. What is a CO-OP?
2. What is the purpose of the CO-OP Program?
3. How did we become a CO-OP?
4. How does the CO-OP Program shape the Vermont Health CO-OP?
5. How will our CO-OP get started?
6. How will our CO-OP be good for Vermonters?

What is a CO-OP?



- "CO-OP" = "Consumer Operated and Oriented Plan"
- Program was established as a bipartisan alternative to the "public option" under the **Affordable Care Act ("ACA")**
- Eligible entities were awarded federal loans to help meet start-up and reserve costs in their state
- CO-OPs must become state-licensed member-owned health insurance companies that participate on the state exchange and operate like cooperatives
- CO-OPs are jointly overseen by the Centers for Medicare and Medicaid Services ("CMS") and state insurance departments

5/10/2013

3

What is the CO-OP Program Purpose?



"To foster the creation of new consumer-governed, non-profit health plans to operate with a strong consumer focus. In addition to providing consumers more choices, greater control and greater plan accountability, the CO-OP program also seeks to promote better models of care."

Report of the Federal Advisory Board on the CO-OP Program

5/10/2013

4

How did we become a CO-OP?



- Application to CMS
- Rigorous review and selection process which included:
 - Actuarial analysis and calculations performed by Milliman and verification by CMS and Deloitte, their actuarial consultants
 - Review of qualifications of individual applicants and business plans
- Only 25% of all CO-OP applicants nationally were approved for funding

5/10/2013

5

How did we become a CO-OP?



FUNDING

- CO-OP received loans from CMS:
 - \$6 million start-up loan
 - \$27 million solvency loan
- Loans are subordinate to claim payment
- Funds are drawn down as CMS milestones are met
- Loans must be repaid – Milliman has analyzed enrollment scenarios against repayment calculations and projected timely loan repayment

5/10/2013

6

How does the program shape our CO-OP?



- We must be member-owned and operated
- We must be non-profit
- We must sell "substantially all" CO-OP policies to individuals and small groups over the Vermont Health Connect
- We must explore and develop innovative models of care delivery
- We must redistribute profits to member-owners as:
 - benefit increases
 - premium reductions
 - quality improvement, or
 - financial stability of the organization

5/10/2013

7

How will our CO-OP get started?



REGULATORY COMPLIANCE

- CO-OP will be structured to meet federal requirements (Board, Bylaws, Articles of Incorporation, Policies and Procedures)
- CO-OP will be compliant with state insurance law
 - Health insurance license pending
 - Preparing for Rule H-2009-03 Baseline Review
 - Submitting rates and forms compliant with Vermont Health Connect, state insurance requirements and federal requirements
- CO-OP responded within the RFP deadline to be a Qualified Health Plan on Vermont Health Connect
- CO-OP is designing operating procedures to NCQA standards and applying for accreditation

5/10/2013

8

How will our CO-OP get started?



OPERATIONS

- Developing business units based on best practices and healthcare innovations
- Partnering with Vermont-experienced health care companies
- Participating with National Association of State Health CO-OPs (NASHCO) to leverage group purchasing, innovation and best practices
- Developing a robust network of providers
- Exploring new methods of care delivery
- Integrating mental health and substance abuse with physical health

We are custom building a health insurance company designed for the new world of health care reform.

5/10/2013

9

How will our CO-OP get started?



LOCAL INCORPORATORS

Donald Appe	Charlotte
Scott Andrews, Stoner Andrews, Inc.	Shelburne
J. Owen Banks, Fleischer Jacobs Group	Colchester
Edward Castle, Rhino Foods	Burlington
Justine Dee, Dee Physical Therapy	South Burlington
Mitchell Fleischer, Fleischer Jacobs Group	Richmond
James Foster, Edlund Company	Burlington
Thomas Hark, Vermont Youth Conservation	Richmond
R. Sanford Jacobs, Fleischer Jacobs	Shelburne
David Jillson	Essex Junction
Jeanne Keller	Burlington
John Killacky, Flynn Center	Burlington
James Lampman, Lake Champlain Chocolates	Charlotte
Douglas Nedde, Redstone	Burlington
Christine Oliver	Montpelier
Mark Pitcher, MD, Good Health	Shelburne
Jan Rozendaal	South Burlington
Rick Stoner, Stoner Andrews, Inc.	Shelburne
Michael Walsh, Hackett, Valine & McDonald, Inc.	South Burlington

5/10/2013

10

How will our CO-OP get started?



CO-OP TEAM

- Assembled a team with experience in health care
- Core leadership team includes individuals with experience as regulators, physicians, attorneys, healthcare industry consultants and employee benefit managers
- Collectively, the CO-OP team has extensive experience and knowledge of the Vermont health care and insurance industries, including individuals and small businesses

5/10/2013

11

How will our CO-OP get started?



CO-OP LEADERSHIP TEAM

- CEO, Christine Oliver – an attorney and former Commissioner of the Department of Mental Health within the Vermont Agency of Human Services and former Deputy Commissioner of Health Care Administration at the Department of Banking, Insurance, Securities, and Health Care Administration (now the Department of Financial Regulation)
- COO, Tom McKeown – former Executive Director of Business Resource Services and former Director of ASTEC Consulting Group
- CFO, Tara Banks, CPA – former Vice President at Marsh providing accounting and regulatory compliance services to the captive insurance market
- CMO, Dr. Jaskanwar Batra – former Medical Director to the Vermont State Hospital and Department of Mental Health
- CIO, Chad Somerset – formerly with GE Healthcare involved in designing, implementing and managing hospital RIS systems throughout the United States and Canada
- General Counsel, Maggie Platzer – formerly with Dinse, Knapp & McAndrew and the former Assistant General Counsel and Privacy Officer of Delta Dental of Massachusetts

The CO-OP will continue to recruit individuals with extensive experience in the health care and insurance industries

5/10/2013

12

How will our CO-OP get started?



- External Affairs and Compliance Manager, Jeanne Keller, MS ARM – former President of Vermont Employers Health Alliance, founding Board member of Vermont Program for Quality Health Care, advocate for health care purchasers, patient safety and health industry transparency
- Director of Product Development, Cliff Frank – former Chief Executive Officer of Vermont Managed Care and Firstcare Healthplans of Texas
- Director of Quality, Sarah Merrill – an attorney and psychiatric nurse practitioner, former Director of Care Management at the Department of Mental Health, former Director of Patient Safety/Quality Consultant at the Vermont State Hospital
- Wellness Coordinator, Barbara Rouleau, APRN – a primary care nurse practitioner and former Chief Wellness Officer at PureWellness
- Supervisor of Case Management, Kellie Halsted, RN – Certified Nurse Case Manager with extensive experience in insurance and hospital case and utilization management
- Manager Provider Relation, Elizabeth Roach – former Provider Relations Supervisor with Vermont Managed Care

5/10/2013

13

How will our CO-OP be good for Vermonters?



- MEMBER OWNED AND OPERATED
 - Profits must be returned to member-owners in increased benefits, reduced premiums, quality improvement initiatives or financial stabilization
 - The CO-OP will be controlled by member-owners
 - The Board of Directors will be comprised of member-owners elected by the members
 - The Bylaws are carefully drafted to ensure that member-owners retain control of the CO-OP
 - Member Advisory Council will be developed to listen to and communicate with all member-owners
 - People before profits
- SMALL BUSINESS AND INDIVIDUAL FOCUS
 - The CO-OP will be focused on individuals and small businesses on the Exchange and large groups off the Exchange

5/10/2013

14

How will our CO-OP be good for Vermonters?



- NEW OPTION FOR VERMONTERS
 - The CO-OP will be a NEW option to Vermonters – 1st new domestic health insurance company in over two decades
 - The CO-OP will present more local competition
- BRING A FRESH PERSPECTIVE TO HEALTH INSURANCE
 - The CO-OP will focus on incorporating new technological and medical innovations proven to provide more efficient and effective care
 - The CO-OP will focus on wellness initiatives and convenient access to the medical community to provide value to member-owners and improve health outcomes
 - CO-OP believes health care is personal
 - Designed to **people before profits** by building a CO-OP based on the principles of cooperation, progress, health improvement and innovation

5/10/2013

15

How will the CO-OP be good for Vermonters?



Federal Support

“CO-OPs are our great hope at beginning to bend the cost curve...we are intensely focused on funded CO-OPs being successful.”

Gary Cohen, Deputy Administrator and Director
Center for Consumer Information & Insurance Oversight
Centers for Medicare and Medicaid Services

Speech delivered at NASHCO Conference
February 6, 2013, Dallas, Texas

5/10/2013

16



Support of Local Leaders

Letters of support from Senator Patrick Leahy, Representative Peter Welch,
Former Governor Jim Douglas

"The goals of [Vermont Health CO-OP] are not inconsistent with the health reform efforts underway in the State of Vermont. This funding is therefore imperative to insuring health care coverage to all who deserve care in the state."

Senator Patrick Leahy
Letter to Secretary Kathleen Sebelius
U.S. Dept. of Health & Human Services
May 2, 2012

5/10/2013

17



How will the CO-OP be good for Vermonters?

Support of Local Leaders



5/10/2013

18

Questions?



5/10/2013

19