

TESTIMONY OF CHRISTOPHER J. CURTIS, VERMONT LEGAL AID
JOINT FISCAL COMMITTEE
AUGUST 18, 2009

Vermont Legal Aid opposes the proposed rescission eliminating expansion of Catamount Health eligibility for three reasons. First, the cost-savings of added enrollment and health care coverage for those who would be eligible benefit the state and go to the purpose of the program; second, there is a question whether this committee has the authority to eliminate the expanded eligibility without a vote of the legislature; and finally, the savings are not substantial enough to warrant elimination of the policy.

The purpose of Catamount Health is to offer a lower cost health care insurance option for uninsured Vermonters. Expanded eligibility that would allow, for example, farm families to count business depreciation, or allowing them (and other families) to avoid a waiting period if they go out of business is not only common sense for struggling families, but it saves essential health care dollars and helps families get the primary care they need thereby avoiding future, more costly procedures when health problems go unaddressed.

I have represented families whose health coverage is threatened precisely because the income eligibility guidelines do not recognize farm depreciation and therefore do not adequately address the very real needs of farm families at risk of bankruptcy. Failing to address this problem not only deprives them of quality health care, it pushes them into financial disaster when a health issue arises.

The decision whether or not to implement repeal of expanded eligibility in Catamount Health should be made by the full legislature. The Governor's proposal recommends rescission of the funds immediately and repeal of the governing statute when the legislature reconvenes. While well-intended, the authority to do this is questionable. The money expressly put into the budget to fund the policy - essentially *is* the policy. Any rescission effectively makes the decision to repeal by fiat without properly consulting the legislature. This is a dubious proposition and doesn't comport with legislative intent, or with the authority granted to this Committee.

The amount at issue, while modest (\$81,000) has the potential to positively affect hundreds of Vermonters through expanded eligibility - up to 452 and 122 individuals (for allowing countable depreciation and avoiding the waiting period, respectively), according to Administration estimates. If, come February of 2009 (at, or before implementation of expanded eligibility) the legislature decides to repeal the expanded eligibility provided in Act 61 last session, it may do so at that time, however that change should not take place at this time. For these and other reasons, the relatively small cost of expanded eligibility is well worth the expenditure and this proposed rescission should be eliminated.

Finally, a note about proposed layoffs. While substantial savings may be generated in the short-term from layoffs, it is worth noting there are other short- and long-term cost consequences to those layoffs as well. At Legal Aid, the number of unemployment cases we handle in our poverty law project has tripled in the last six months. We know that the unemployment insurance

trust fund is under considerable financial pressure already and reportedly will be depleted by the end of the year. Once the fund is depleted the state will be forced to either borrow to continue to administer the fund, or raise revenues from other sources to do so.

Additional layoffs of 200-300 state employees could mean a substantial and immediate depletion of the fund. If 200 employees collect the maximum benefit of \$425.00 for 26 weeks, for example, it would cost the fund about \$2.2 million dollars (in addition to lost income tax revenue). If there are 300 layoffs, the cost would rise to about \$3.3 million. It would also put additional strain on Department of Labor employees to handle that increased caseload. There are also other potential costs including adding to the strain of other human services programs as a result of lost income. As a result, the savings to the state of these layoffs is less clear-cut than stated in the proposed rescission.

Finding other means to safeguard the unemployment insurance trust fund by preserving jobs first will reduce pressure on the fund and make adjustments to the fund when needed less painful.

Thank you for your consideration.