Newsletter for the week of Jul 15, 2026: Healthcare

Data Centers: Do We Need (or Want) Them in Vermont?

According to a recent article in Fortune magazine, data centers have already cost Americans $23 billion in increased energy rates. New York just enacted a 1-year moratorium on new data center construction. The Vermont Legislature also passed a bill that would have limited new data center constuction, and required renewable power for any that were built. Unfortunately, Governor Scott vetoed that bill, claiming it would contribute to an "unfriendly business climate" in Vermont. I consider that claim to be dubious at best, and I suspect that lobbying from Koch Industries funded groups may have had something to do with the veto. In my next newsletter I will explore the pros and cons of data centers, and what we as a State can and should do to protect Vermont's citizens and environment in the age of AI.

Can We Fix Health Care and Health Insurance?

Vermont has some of the most expensive health care and health insurance in the country, and the United States has some of the most expensive health care in the world. (We can't really compare health *insurance* costs in the US with the rest of the developed world, because they mostly have free health care -- ask a European what they typically pay for health care and you will be shocked.)

Why is Health Care So Expensive Here?

And by "here" I mean both in the US and Vermont. Let's start with the US, where health care costs continue to rise at well above the overall inflation rate. Part of the reason is the legacy of the free market, which gained ascendence here during the Reagan years, the idea that supply and demand will dictate the costs of goods and services to the benefit of all. The "free market" model works well as a tool for viewing the market as a whole for *some* goods and services. It is true, for example, that with a fixed supply and increasing demand, prices tend to increase. If demand decreases, the supplier has a surplus of product and *may* decide to lower prices in an attempt to increase demand. Increase supply or reduce demand and prices *should* go down; reduce supply or increase demand, prices *will* go up.

All of this is Economics 101, Adams Smith's "invisible hand" of the market regulating supply and demand via pricing and keeping everything more or less in balance. But does this apply to health care?

Why Health Care is Different from Widgets

When it comes to price of beef or cars, if the price goes up too much, you can choose to eat chicken or beans and rice, or buy a used car rather than new (or just keep the one you have). You might not be happy with the outcome, but the free market isn't about making people happy (or at least not about making *consumers* happy). It's about optimizing economic outcomes in a larger sense. If prices rise too much, free market proponents would say that opportunities are created. Clever entreprenuers can create alternative products or services that might be more cost-effective. Consumers can seek out new products and services to meet their needs. It might not happen *quickly* but free market adherants would claim that the market will "correct" itself and things will return to balance.

Generally, though, when people need health care, it's not an option forgo it (or at least that's not an option you want to take.) If you are sick or injured, you require treatment now, not the promise that *something else* will be available soon. When in need of urgent healthcare, I have never said, "Hang on while I do some research to find the most cost-effective option." Even if I have multiple options -- unlikely in a rural setting like Vermont -- I will go to the closest facility (often the local ER) and accept the treatment they provide at whatever the cost is.

For supply and demand to have a role in any market, a few things need to be true. First, demand has to be elastic: I have to be in a position to say "No" if I don't like the price or service offered (thereby reducing demand). On the supply side, providers have to be able to quickly increase the supply of goods and services as demand grows. A failure to do either of those (that is, a failure to keep both supply and demand "elastic") enables price increases, with people either forced to pay those higher prices or to do without and suffer the consequences. That's where we are now: the need for health care services is growing, especially as our population ages, and the availability of health care providers is, if not decreasing, at least not growing enough to meet demand.

What Can We Do About It?

It's tempting to look at health care as a market, but there is more going on than that. From a purely market perspective, health *insurance* might be viewed as a bad thing: people who have insurance can afford to get health care, since that care is paid for, at least in part, by their insurance. As a practical matter, though, people *need* health care insurance. The alternative is to ration health care only to those wealthy enough to pay for it. From a market perspective, that's just fine. If only the wealthy can afford health care, the demand for health care services is reduced, and the *market* says prices should decline.

The human costs of removing millions of people from health insurance, though, would be a catastrophe. We are seeing that happen now as the Federal government reduces or removes Affordable Care Act subsidies, causing millions nationally and thousands here in Vermont to lose their health insurance coverage because they can no longer afford it. The architects of this plan, and I do believe it is intentional, hope to see health care rates drop (and hope to "motivate" the formerly insured to "take more responsibility for themselves") as a result of large numbers of people no longer being able to afford health insurance. In other words, the growing numbers of uninsured, in their opinion, would reduce demand for health care since they could no longer afford it.

The reality, of course, is that health care isn't as simple as just a "market". (I would argue that the "free market" is an oversimplification in general as well.) Markets do get disrtorted and worse, can be manipulated. The remedy for the latter is regulation, something that many Republicans view with disdain. The remedy for the former is planning. I both cases there are very real dangers: overly restrictive regulatory rules and inadequate or inflexible plans. The fact is that, for some businesses, regulation will reduce their ability to acheive what investors consider a sufficient level of profit. But the purpose of regulation is to prevent the few from profiting on the misery of the many. That describes where we are now, certainly for the state of health care in this country, and probably for other business sectors as well.

Regulation and planning are key functions that a government must provide.

Exploring Answers

Let us consider today's newsletter to be the opening step in "fixing" health care, that is, beginning to understand how we got to our current state. In future newsletters we will take a look possible solutions to the problem by looking at what perpetuates our current situation, and what can be done to improve it. I can tell you now that, whatever the fix is, it will take a substantial investment as well as ongoing effort to make sure we are actually on track. The goals will be to maximize the quality, availability and affordability of health care in Vermont. I believe that we can acheive those goals.

I am certain that you have ideas about how to approach healthcare, and I really want your input. I will be drawing from multiple sources as I explore solutions, and the more input I have, especially from you, the better. Please reply to this email to share those ideas and insights with me.

About This Newsletter

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