

SUPER SUMMARY OF CRITICAL POINTS AGAINST PUBLIC OPTION

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Why Obama's Public Option Is Defective, and Why We Need Single-Payer

by Drs. Steffie Woolhandler and David Himmelstein

Once Congress finishes mandating that we all buy private health insurance, it can move on to requiring Americans to purchase other defective products.

A Ford Pinto in every garage?

Lead-painted toys for every child?

Melamine-laced chow for every puppy?

Private health insurance doesn't work.

Even middle-class families with supposedly good coverage are just one serious illness away from financial ruin. Illness and medical bills contribute to 62 percent of personal bankruptcies — a 50 percent increase since 2001. And three-quarters of the medically bankrupt had insurance, at least when they first got sick. Coverage that families bought in good faith failed to protect them. Some were bankrupted by co-payments, deductibles, and loopholes. Others got too sick to work, leaving them unemployed and uninsured. Now Congress plans to make it a federal offence not to purchase such faulty insurance. On top of that, it's threatening to tax workers' health benefits to meet the costs of simultaneously covering the poor and keeping private insurers in business.

President Obama's plan would finance reform by draining funds from hospitals that serve the neediest patients. His other funding plans aren't harmful, just illusory. He's gotten unenforceable pledges from hospitals, insurers and the American Medical Association to rein in costs, a replay of promises they made (and broken) to Presidents Nixon and Carter. And Obama trumpets savings from computerized medical records and better care management, savings the Congressional Budget Office has dismissed as wishful thinking.

The president's health plan can't make universal, comprehensive coverage affordable.

Only single-payer health reform — Medicare for All — can achieve that goal.

Single-payer national health care could realize about \$400 billion in savings annually — enough to cover the uninsured and to upgrade coverage for all Americans. But the vast majority of these savings aren't available unless we go all the way to single payer.

A public plan option might cut into private insurers' profits. That's why they hate it. But their profits — roughly \$10 billion annually — are dwarfed by the money they waste in search of profit. They spend vast sums for marketing (to attract the healthy); demarketing (to avoid the sick); billing their ever-shifting roster of enrollees; fighting with providers over bills; and lobbying politicians. And doctors and hospitals spend billions more meeting insurers' demands for documentation.

A single-payer plan would eliminate most insurance overhead, as well as these other paperwork expenses. Hospitals could be paid like a fire department, receiving a single monthly check for their entire budget. Physicians' billing could be similarly simplified.

With a public insurance option, by contrast, hospitals and doctors would still need elaborate billing and cost-tracking systems. And overhead for even the most efficient competitive public option would be far higher than for traditional Medicare, which is efficient precisely because it doesn't compete. It automatically enrolls seniors at 65 and deducts their premiums through the social security system, contracts with any willing provider, and does no marketing.

Health insurers compete by NOT paying for care: by seeking out the healthy and avoiding the sick; by denying payment and shifting costs onto patients; and by lobbying for unfair public subsidies (as under the Medicare HMO program). A kinder, gentler public plan that failed to emulate these behaviors would soon be saddled with the sickest, costliest patients and the highest payouts, driving premiums to uncompetitive levels. To compete successfully, a public plan would have to copy private plans.

Decades of experience teach that private insurers cannot control costs or provide families with the coverage they need. And a government-run clone of private insurers cannot fix these flaws.

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