

## **Government-Run Health Insurance Plan/Public Plan Option**

### *Issue Overview*

Included in the discussion on national health care reform, are several proposals varying widely in detail for a new government-run health plan that would be offered to consumers alongside private health insurance. The stated goals for such a government plan, also called a public plan option, are to control costs and provide increased access to coverage.

### *HCSC Position*

We believe the fundamental goals of health care reform can be achieved without creating a new government-run health plan. We strongly believe in the development of a pathway that provides sustainable access to high-quality, affordable coverage for all Americans.

We vigorously support the fundamental goals of health care reform including:

- health and wellness initiatives that will minimize the waste of health care dollars on the treatment of preventable conditions;
- initiatives that promote effective care, treatment, research and information technologies that improve quality and provide value for each health care dollar; and
- requirements for all Americans to take responsibility for their role in achieving a better future for us and our country.

Additionally, HCSC supports insurance market reforms and consumer protections that guarantee access to affordable coverage coupled with a personal coverage requirement, tax credits for working families and small employers, and a stronger health care safety net. These reforms can draw bipartisan support in Congress and accomplish the goal of insuring all Americans.

We are concerned that a government-run health plan, as part of final reform legislation, could have serious unintended consequences for employers, employees, doctors, hospitals and the nation's economy at a time when jobs and job creation are critical.

### *Background*

It is estimated by the Lewin Group that a government-run health plan based on Medicare payment rates to physicians and hospitals would be offered with premiums 30-40 percent

lower than private insurance. This would drive more than 100 million people into the public plan in the first year. In a very short timeframe, this mass migration would result in a collapse of many aspects of private health insurance and our current health care system. If a government-run health plan were initially required to offer negotiated payment rates to health care providers, it is widely believed that over time those rates would be ratcheted down and set by government, resulting in the same scenario described above.

We believe that what works well in the American health care system must be preserved. This includes private-sector innovation such as:

- Condition management programs
- Quality incentives for doctors and hospitals
- Patient-centered care models
- Affordable benefit designs that provide meaningful insurance coverage
- Prevention and wellness programs
- Effective antifraud measures
- Cutting edge medical technologies

Historically, government-run health care programs, such as Medicare and Medicaid, have not demonstrated this kind of innovation.

Also, a new government-run health plan will require billions of dollars in new spending at a time when one existing government health care program – Medicare – is facing the complete depletion of its trust fund by 2017.

While HCSC is not supportive of a government-run health plan, HCSC remains committed to working with the Administration and Congress to achieve comprehensive health care reform this year to expand access and improve the quality of care for all Americans.

#### ***About Health Care Service Corporation***

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