



PHYSICIANS
FOR A NATIONAL
HEALTH PROGRAM

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ObamaCare vs Single Payer: The Path Not Taken

Goals of Health Care Reform

- **Reduce or eliminate uninsurance**, (currently, at least 47 million people uninsured)
- **Reduce or eliminate underinsurance** (currently, 60+ million people spend 10% or more of their income on health care)
- **Reduce the cost** of health care (currently, family premiums are at \$13,375)
- **Slow the increase in cost** of health care (currently rising 6-8% per year)

Current Spending on Health Care

- 60% of all Americans get their health insurance from **private** insurers, but...
- More 60% of all medical spending is by **public** sector, mostly Medicare/Medicaid.
- Only 20% is funded by private employers.

The President's Fateful Choice: Obama chose to base his health care program on expanding private for-profit insurance, the most expensive and defective part of health finance. However, **no plan that rests on private insurance companies can possibly achieve these goals.**

The Mandate Model

- Everyone required to have insurance
- Employers must offer insurance or contribute to a public fund
- Continued reliance on private insurance, with the option of a public plan
- “You can keep what you have”
- No regulation of insurance company premiums, deductibles, co-pays, or payment and denial practices
- Increases system cost by billions of dollars
- No reliable way to contain costs

The Congressional Plans

- New requirements for “qualified plans”
- Employment-based insurance unchanged
- Employees must accept employer plan
- Starting in 2013, the uninsured and small employers can use insurance “exchange”
- Subsidies in the exchange up to 400% of the Federal poverty level
- Public plan available only in the exchange
- “Hardship waiver” for those who can't afford premiums; they'll remain uninsured
- Expand Medicaid eligibility to <133% pov

What Happened to the Public Option

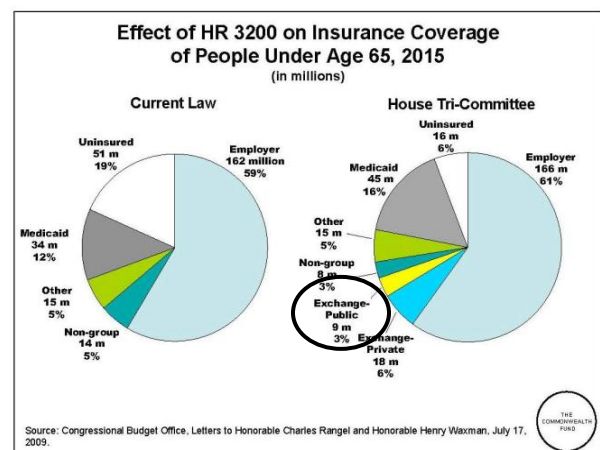
The original “robust” public option:

- Open enrollment
- Medicare-like, backed by the Government
- 119 million members (Lewin)

The Congressional Plan:

- Restricted enrollment (only in the “exchange”)
- Self-sustaining, same rules as private insurers
- 5-10 million members (2-3% of population)

--A mere shadow of its former self!



(over)

Where will the funds come from?

- Taxes on employment-based insurance
- Reductions in Medicare reimbursements
- Lower subsidies to Medicare Advantage plans
- Reduced waste & fraud in Medicare/Medicaid

Few Cost Savings: “We do not see the sort of fundamental changes that would be necessary to reduce federal health spending by a significant amount.”

- Director, Congressional Budget Office

Results of the Congressional Plan:

- It will not make affordable insurance widely available.
- It will leave millions of Americans uninsured and underinsured.
- The world’s most expensive health care system will become even more costly.
- It will not contain the continuing growth in the cost of health care.

Why? Because it doesn’t really change the way we pay for health care.

The Alternative

Real health care reform via the public sector:

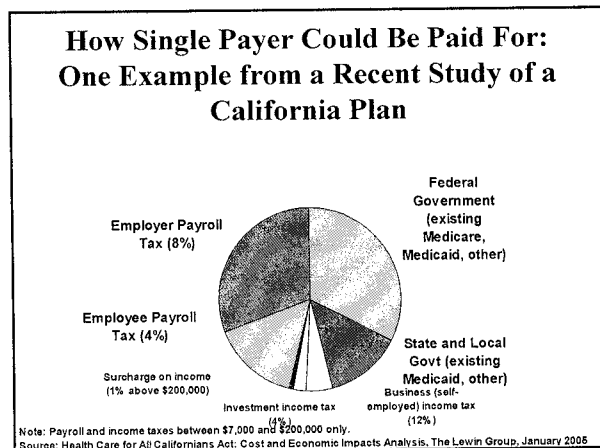
Conyers’ Expanded and Improved Medicare for All Act - HR 676

- Everyone covered through automatic enrollment
- Comprehensive benefits
- Free choice of doctor and hospital
- Doctors and hospitals remain independent
- Financing through progressive taxes
- Medical for All will cost no more than we are now spending
- Costs can be contained through budgeting (especially for hospitals), capital investment planning, emphasis on primary care, coordination of care, bulk purchasing.

Covering Everyone with No Additional Spending

| Additional costs | | \$ B |
|---|----------------------|--------------------|
| Covering the uninsured and poorly-insured | +6.4% | 134 |
| Elimination of cost-sharing and co-pays | +5.1% | 107 |
| Savings | Total Costs | +11.5% 241 |
| Reduced hospital administrative costs | -1.9% | -21 |
| Reduced physician office costs | -3.6% | -76 |
| Reduced insurance administrative costs | -5.3% | -111 |
| Bulk purchasing of drugs & equipment | -2.8% | -59 |
| Primary care emphasis & reduce fraud | -2.2% | -46 |
| | Total Savings | -15.8% -313 |
| | Net Savings | -4.3% -73 |

Source: Health Care for All Californians Plan, Lewin Group, January 2005



Conclusions

- A system based on private insurance will not lead to universal coverage or contain costs.
- An expanded and improved Medicare for All program can provide comprehensive services while costing no more than we are now spending and offering tools to contain costs in the future.

If a mandate plan is passed, the problems of the health care system will remain.

Real health care reform will continue to be essential.