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Keep the 'public option'

A government plan similar to Medicare belongs in the insurance mix

By Matthew Weinstein

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As the debate over health reform moves into high gear, one issue has come to the fore as the most controversial: President Barack Obama's proposal to give all Americans the option to choose a public insurance plan, operated by the federal government in direct competition with the private sector, similar to Medicare.

With polls showing this idea with public support as high as 83 percent, an organization called Conservatives for Patients' Rights is spending millions on ads to frighten Americans that this will amount to a "federal takeover" of health care.

To this, I have two responses. First: "No, it's not." And second: "Even if it were, so what?"

How is cutting private insurers down to size, reducing their power and influence, and forcing them to compete with an efficient, cost-effective public plan like Medicare a "government takeover"? It's not as though the status quo is a thriving free market that is working for health care consumers. Ninety-four percent of local insurance markets meet the Justice Department definition of a "highly concentrated market." Here in Maryland, just one insurer controls half of the market, and the top two add up to more than 70 percent. Maybe that's why insurance premiums have been rising three to four times faster than wages in recent years.

UnitedHealth Group, Maryland No. 1 for-profit insurer, got bad publicity a few years ago for trying to pay its CEO a \$1 billion bonus. And then there's the insurance industry's most unpleasant means of maximizing their profits: denying, delaying, rescinding and overpricing insurance for people when they need it most. According to the study cited in the Conservatives for Patients' Rights ad, between 4 percent and 40 percent of Americans will choose to depart the overpriced, underperforming private insurance market for public insurance, which would still leave up to half of the market in private hands and give Americans more choices than we have now. Hardly a government takeover.

But let's say these for-profit insurance executives are right and they will not be able to compete with government insurance. Let me see if I understand how they see this horrible scenario playing out:

We create a public insurance option open to all Americans, competing directly with private insurance. Over time, people see that it offers more for less because, like Medicare, it has only 3 percent to 4 percent overhead (vs. more than 20 percent for United or Wellpoint, the nation's top two for-profit insurers) because it does not have to waste billions on shareholder profits and executive bonuses, not to mention lawyers and accountants to figure out how to game the regulations and cheat on taxes, plus thousands of operators standing by in Iowa or

India with headsets and computers to overrule your doctor about which cancer treatment you need, nor of course millions for lobbying and campaign contributions to keep the politicians in line. Americans like getting more for less, so they choose public insurance, which leads to longer, happier lives (though it does put some of the less efficient for-profit insurers out of business).

What would be so horrible about that?

The truth is not, as the Republicans would have you believe, that we have the best health care system in the world. The truth is that we have one of the worst, ranked No. 37 in one recent international study. Today, compared with other wealthy nations, we have the shortest life spans, the highest infant and maternal mortality and the fewest doctors per capita. And at an incredible cost: According to a Harvard University study, every 30 seconds, another hardworking American declares bankruptcy because he or she can't pay medical bills - and three-quarters of them have health insurance.

The most likely outcome of creating a robust public insurance option available to all Americans and operated, like Medicare, by the federal government, is that we end up with a situation similar in many ways to the one experienced by senior citizens: a mixed public-private system in which the private market competes directly with Medicare and offers supplemental insurance for services that Medicare doesn't cover.

That sounds to me like a recipe for a healthier and wealthier America.

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