



Information for Consumers

2/7/08

Overview

Consumers are asking for the kind of health care reform that the U.S., the most advanced nation on earth, ought to be able to achieve. They want a proposal that offers:

- Health care security—a program that guarantees, regardless of their employment, marital, or health status, they will still be able to afford health care.
- Assurance that they will not be asked to give up the quality and choice of provider that they would have with a good insurance plan.
- The freedom, together with their health care professional, to make their own health care decisions, without the intrusion of their insurance or managed care company.
- An effective method for lowering the cost of health care.
- A system that encourages prevention and wellness.
- Governmental protection from greed and abuse, while leaving control of health care decisions to consumers and providers.

Balanced Choice is a proposal for national health care reform that achieves these goals.

Consumer advantages in Balanced Choice

Real health care security

In Balanced Choice, everyone would be enrolled either by virtue of filing a tax return or by applying for a free health care card. Changes in employment, marital or health status would not affect eligibility for the full range of quality health care services or the guarantee that health care be affordable. Patients can always choose either the Copay or Independent Option. Out-of-pocket expenses are waived for low-income patients and patients with catastrophically expensive health care.

Balanced Choice stands in contrast to proposals that claim to provide universal coverage by mandating the purchase of health care insurance. In even the best mandated programs, changes in employment and marital status could cause individuals to end up having to purchase insurance that restricts choices, limits treatment, and lowers the quality of health care. With mandates, it would still be possible in times of economic hardship to lose one's health insurance due to inability to pay. Even with the purchase of mandated insurance, some would be unable to afford the required out-of-pocket expenses, face bankruptcy, or lose their home because of medical debt.

Real choice

Balanced Choice is a hybrid health care reform proposal. It has the choices that consumers like in preferred provider health care insurance plans. Just as with preferred provider insurance, consumers can choose from a large selection of providers who accept the more affordable Copay Option, or they can choose any provider through the Independent Option. The advantages of a single payer system are still maintained in this hybrid. Affordability is guaranteed with the Copay Option, security is guaranteed by true universal coverage, and the cost of health care is reduced with the efficiencies available in a single payer system. health care security and cost savings of a single payer system.

Balanced Choice again stands in contrast with proposals that mandate the purchase of health care insurance. Many mandated health care insurance plans restrict the choice of provider or treatment options.

Patients and providers make cost-conscious health care decisions

All health care systems need to have someone watch that costs do not escalate unnecessarily. In the health care insurance system, managed care restrictions are used to contain costs. In a traditional single payer system, the single payer administration contains the costs. In Balanced Choice, however, consumers and providers make

(page 1 of 2)

serves consumers, benefits providers, and relieves employers

wise, cost conscious decisions about health care. The gap and copay system is designed to encourage consumers to ask four questions when consulting with their providers:

1. How necessary is this treatment or test?
2. What options or alternatives can be considered?
3. What is the most economical way to obtain this treatment or test?
4. How can I maintain my health and reduce future expenses?

Because in Balanced Choice consumers are cost conscious, managed care or single payer controls are rarely necessary. Consequently patients and providers together make cost-conscious health care decisions.

Lowers cost

In the current system, consumers have no choice but to obtain health care security through insurance companies. These companies consume 20–30% of the health care dollar for administration and profit. Much of this wasteful administrative expense is spent finding ways to avoid insuring people with expensive conditions and avoid paying enrollees for their health care. By skimming money off the top, CEOs have been rewarded with payments as large as a billion dollars. Programs that mandate the purchase of health care insurance would not only continue this waste and abuse, but actually use taxpayer money to subsidize it.

Balanced Choice would lower cost in two ways. First, it would eliminate the wasteful administration of health care insurance companies and replace it with an efficient single system. The cost savings from administrative simplification alone are predicted to be 13% or more of the money spent in the U.S. on health care.

Second, Balanced Choice encourages consumers and providers to be cost conscious. Balanced Choice would make the costs for health care services readily available in a manner that allows both patients and health care professionals to compare costs easily. This transparency allows consumers to shop for health care the way they can for other goods and services, and allows competition to increase quality and reduce health care costs. Consumer and provider cost consciousness would lower health care expenses.

Encourages prevention

The current health care system does not encourage prevention. Most prevention programs take several years to result in a financial benefit for a health care insurance company and during this time period most consumers change insurance companies. Thus, in spite of showcasing a few prevention programs, health care insurance is not motivated to maximize prevention efforts that take years to benefit them financially.

Because consumers are covered by Balanced Choice from birth until death, Balanced Choice is financially motivated to research and implement prevention programs, even ones that take years to bear fruit. Such programs would both provide services and education to consumers about the advantages of prevention and healthy life styles—lower health care expenses, fewer illnesses, higher quality of life, and longer life.

Limited governmental role

The role of government would be limited to responsibility for the prevention of abuse and waste and for collection of funding. Balanced Choice would be administered by a nonprofit trust with an appointed board of directors. The Governing Board would have the authority to make health care policy decisions without an act of Congress. The Governing Board would have independence similar to that of the Federal Reserve Board.

A fundamental difference between Balanced Choice and traditional single payer proposals is that the government would not have total control over prices or be able to limit treatment services offered. Providers could always select the Independent Option in order to set their own fees and they could charge for services not reimbursed by Balanced Choice. If the reimbursement for Copay Option services were too low, Balanced Choice would be required to adjust reimbursements according to the Balanced Funding Mechanism so that 60% of the services in each specialty were provided through the Copay Option..

Summary

Balanced Choice is a hybrid that combines the best of the choices in health care insurance and single payer proposals. It also introduces innovations for cost consciousness that result in less central managed care than either type of alternative proposal. Overall, it achieves consumer goals for health care reform better than other proposals.