



Information for Legislators

Overview:

Legislators are faced with both the urgent need to reform the financing of health care in the U.S. and the political hurdles that true change requires. The need for change is clearly seen when we see that the US spends almost twice the average of other industrialized countries, yet leaves one out of six uninsured, lets many underinsured face financial ruin due to medical expenses, and has worse outcomes than 35 other countries, measured in part by infant mortality rates, premature deaths due to illness, and life expectancy.

Most current proposals have major disadvantages. They are either extremely expensive, have major drawbacks, or are unacceptable from an ideological perspective. Balanced Choice is a hybrid proposal that overcomes the disadvantages in other proposals. It combines the efficiency and universal coverage of a single payer proposal with the choices offered in preferred provider insurance. It has the prevention and public health benefits of a unitary system and also responds to market forces.

Study shows an affordable solution is possible:

Studies (including the Colorado Legislature's own independent Lewin Group report to the 208 Commission) have shown that single-payer financing of health care is able to cover 100% of the population, to have robust coverage for all to avoid the pitfalls of the underinsured, and to contain costs. We can reduce the 30% or more of health care spending in our multi-payer "system" that goes to the overhead expenses of insurers and providers. This reduction makes for significant savings and allows for more money to go directly to providing health care. Having cradle-to-grave coverage for us all engages a long term perspective. This perspective incentivizes preventive care, wellness programs, mental health and substance abuse treatment, in home care, medical home programs for complex illnesses, and other approaches that have short term expenses and long term payoffs 10, 20, 40 years down the road.

Balanced Choice modifications show a Way Forward:

The need to raise taxes to fund single-payer presents a challenge to politicians, even though overall health care spending can be reduced and coverage, accessibility, and financial protection greatly increased. Consumers fear the loss of the choices they have with their insurance policy, and providers fear that a single entity might set unreasonably low reimbursements. Effectively addressing the fears we all have about fundamental change can free us to move forward. Balanced choice avails of the advantages of single-payer financing, avoids its downsides, and engages the market forces of choice and cost awareness. It is a hybrid that has responded to the best of single-payer and traditional financing of health care

Who benefits:

Providers can focus on health care, as bureaucracy is greatly streamlined and reimbursements assured. They appreciate the freedom to set their own rates, if they choose the
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Independent Option. If they choose the Copay Option, they are reassured that the balanced funding mechanism will maintain fair reimbursements. Providers can trust that reimbursements will respond to market forces, not just a centralized bureaucracy.

Patients are free to choose their provider, not hemmed in by PPOs, HMOs, 'Caid, 'Care, high deductibles, no insurance, etc. Everyone is covered; no one is out. The fact that all providers receive fair reimbursements assures patients that accessibility problems will not get in the way of treatment. Patients will have much more information about what treatment will cost as well as the comfort that the costs won't be catastrophic.

Employers are relieved of the administrative challenges and expenses of providing health care and the complications of workman's comp. They do not have low motivated workers holding on, simply for health care. Our global competitiveness is greatly enhanced. Entrepreneurial self-employment efforts are not impeded by health care coverage concerns.

Cost Consciousness:

Patients are cost conscious in Balanced Choice. Co-pays and gap payments are clearly stated at the time of treatment, so patients can make decisions with their doctor, with cost in mind. This is often not possible currently. Lack of accurate information and/or having supplemental and secondary policies can, unfortunately, eliminate the ability and/or need for patients to have awareness of what treatment will cost. In Balanced Choice, intelligent, cost-conscious decisions are made, one at a time, containing overall spending.

ERISA:

The ERISA requirement that state laws cannot trump federal laws regarding employer sponsored insurance is a complication that can be addressed. In state-wide or nation-wide single-payer financing, insurance is dependent on being a resident, not on employment. Employers could find ways to support their employees' health care payments to the single-payer system, without engaging the ERISA constraints, since they are not providing the coverage.

Conclusion:

Balanced Choice has the benefits of single-payer financing and market forces. Fear of change is supplanted by the gains to be had for providers, patients, and employers with Balanced Choice. While expanding SCHIP certainly benefits those children who would be covered, it adds to an exorbitantly expensive system that is not sustainable. We need citizens and leaders who have the understanding and courage to make the case for what will truly reform our financing of health care.