

Single Payer Must Evolve to Be Adopted

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Single payer advocates predicted that as the U.S. health care system deteriorated, the public would demand a conversion to a single payer system. Now, the United States is finally ready for health care reform. Presidential candidates are developing reform platforms and states are proposing and implementing plans to increase insurance coverage. Surveys indicate the public is willing to support and pay for universal coverage. Yet, in spite of clear advantages, single payer health care is not gaining the support needed to be adopted. Instead of fundamental reform, most state proposals merely mandate the purchase of more insurance. These proposals merely enlarge the current dysfunctional and costly systems. Why is single payer being over-looked? What can be done about it?

Single payer advocates hope that the virtues of single payer will lead to victory. It eliminates the disliked insurance companies. It delivers higher quality and less expensive health care to everyone.

But single payer is not gaining traction outside of the liberal base. Many politicians and liberal organizations have given up on single payer. In January, at its annual conference, Families USA told its membership that it believed that health care reform through single payer was not possible. Its surveys, experience and research indicated that the public support for single payer is so shallow that it would crumble once the opposition campaigns begin.

The advocates of insurance are winning the public relations contest by seeming reasonable and willing to compromise. Single payer seems to have rigidly maintained that there must be a complete conversion to traditional single payer. The expand-insurance-coverage proposals appear to be flexible. They endorse raising taxes to subsidize health care, allow for expanding public programs to take care of the seriously ill or very low-income consumers, and allow for a gradual implementation. Usually, they call for legislative mandates, on individuals or employers, to purchase “affordable” insurance, and use taxpayer money when needed to subsidize insurance.

Of course, these proposals are not really a compromise; they are a big loss for the people and a big win for insurance. The people lose thrice. Once because “affordable” insurance policies are usually high deductible, heavily managed, and have gaps in coverage. As Michael Moore dramatically points out in *Sicko*, having health insurance does not assure affordable health care. Twice because the U.S. already spends 16% of the Gross Domestic Product (GDP) on health care, double what most industrialized countries spend. Mandating and subsidizing the purchase of more insurance causes the country to pay even more than 16% GDP through increased taxes, the cost of insurance, and escalating out-of-pocket costs. Thrice because, although often called “universal coverage,” mandates do not insure everyone. In spite of mandates, there would continue to be many circumstances in which people would end up uninsured or underinsured.

Insurance companies are the big winners. They benefit thrice: once from the government mandates to purchase insurance, twice by receiving government subsidies, and thrice from having the government relieve them of financial responsibility for people with low incomes or serious illnesses.

When there is so much wrong with the proposals to mandate more insurance, why do Families USA and mainstream politicians think that single payer is not viable? The problem is not merely distortions; traditional single payer proposals have some features that undermine support.

First, Americans fear government price controls and a government system. Through experience with Medicare and Medicaid, providers know that reimbursements can be so low that they would be unable to stay in practice if these were their only patients. Moreover, both patients and providers fear excessive government regulation and its rigidity. Second, people are reluctant to give up personal insurance for a government run system; they prefer they devil they know, their insurance company. Third, the idea that everyone would get free health care runs contrary to the American value that people should take personal responsibility and raises fears of over-utilization. Fourth, Americans endorse the advantages that result from a free-market. Although single payer does not eliminate free market, for-profit health care services, in rhetorical excess, many single payer advocates profess that it does. And fifth, Americans do not want a health care system like Canada or Europe; they want one that is distinctly American.

Should single payer advocates intensify their efforts to persuade people that these reasons are not cause for concern? So far, such persuasion has not been effective enough, and many believe that it will not be effective. People may hate their insurance company, but too many people fear the government. In politics, fear often predominates.

The Balanced Choice Proposal

Balanced Choice has another approach. It believes that these concerns about single payer are problems to be resolved by the design of the system.

Balanced Choice is a single risk pool with two payment options. In the Standard Option, out-of-pocket payments are small. Everyone can afford health care because it waives payments for low-income consumers and patients with catastrophic illnesses. As an alternative, providers can use an Independent Payment Option under which they can charge more than the Standard Option fee, and patients pay the gap.

Providers have freedom to choose which Option is used with each new patient. Consumers have full freedom of choice and have different providers under either Option.

Like the traditional single payer proposal, Balanced Choice establishes a nonprofit trust that includes everyone. By removing the 3rd-party health insurance companies that add 15–20% to the cost of health care, it lowers the overall cost of health care.

Unlike any other two-tiered proposals, Balanced Choice assures that the Standard Option has adequate funds for quality care. A Mandatory Funding Split requires that reimbursement rates are set high enough so that patients and providers voluntarily select the Standard Option for 60% of overall health care expenses.

Someone in a health care system needs to watch the costs. The onerous managed care company watches the costs with insurance-driven health care and the government controls costs in public programs. In Balanced Choice, patients watch the costs. When patients have the ability to pay a portion of treatment costs, Balanced Choice makes a base payment, and patients pay the gap between the base and the actual cost. Gap payments, overall, are no higher than out-of-pocket expenses in good insurance policies. Because patients and providers have cost information readily available, they are cost-conscious.

Balanced Choice is an evolutionary step forward that responds to the public's concerns about single payer.

- People's fears of rigid government price controls are resolved by the Independent Option and the base and gap payment system that allow the market to influence prices.
- Consumers need not fear losing the insurance (devil) they know. In the proposal for implementing Balanced Choice in a single state, until Balanced Choice is proven, consumers may opt out if they have an insurance policy that is as good or better than Balanced Choice.
- Consumer responsibility and education are central to Balanced Choice. The copayment and gap payment encourage consumer cost consciousness, and this is accomplished while assuring that cost does not prevent low income or seriously ill patients from accessing health care.
- Balanced Choice endorses all providers making a profit when they add value to health care. It, however, does eliminate the insurance industry because it adds 15–20% to the cost of health care and does not add value.
- Balanced Choice is distinctly American; it endorses the market, emphasizes personal responsibility, and limits government control.
- Because it is flexible in design and can be gradually implemented, Balanced Choice shows that single payer systems can be as reasonable and willing to compromise as the advocates of insurance appear to be.

Balanced Choice incorporates the principles of both single-payer and market advocates. The U.S. needs comprehensive health care reform that addresses the concerns of liberals, conservatives, and everyone in the middle. Balanced Choice is a paradigm shift in that direction.

For more information on a national Balanced Choice proposal and an example of how Balanced Choice could be introduced in one state, Colorado, visit www.BalancedChoiceHealthCare.org.