

Any public health care plan not the right Rx for reform

BY STEVEN S. MARTIN

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At Blue Cross and Blue Shield of Nebraska, we strongly support comprehensive health care reform that would extend coverage to all Americans.

With the Obama administration focusing on this issue, tremendous strides are being made to reach consensus on reform. We believe we are close to a solution. A plan that is realistic, reliable, and responsive would come only when the most knowledgeable parties come to agreement.

However, we are deeply concerned about any proposal that would create a government-administered insurance plan, or public plan. While we have long advocated solutions based in partnerships between the public and private sector, a Medicare/Medicaid-like insurance option would create many more problems than it would solve — with devastating consequences.

Not only would a new government plan be unnecessary, but it also would:

— Cause most people to lose their current employer-based coverage.

— Significantly underpay health care providers and drastically reduce access to good-quality care, especially in Nebraska's rural areas already facing financial and staffing challenges.

— Undermine reforms in the delivery system that are critical to improving quality and controlling costs.

— Eventually, even if inadvertently, eliminate all other coverage choices.

Researchers with the Lewin Group (a health care policy research firm) estimate that more than 118 million people would move to a new government program in just the first year. This would exacerbate the cost-shifting that is already crippling the health care system.

Simply put, cost-shifting occurs in the current system because Medicare does not cover the full cost of medical procedures for its patients and someone has to pay. Consequently, the average family pays an extra \$1,800 in premiums each year — the cost shift — to make up the difference.

A government-run system would greatly increase the cost-shifting burden, forcing employers to drop coverage because premium rates would skyrocket. Eventually, the government plan would be the only affordable option: a government-run, "single payer" system.

Medicare currently pays hospitals 30 percent less and physicians 20 percent less than do private insurance companies. If a new plan were set with similar rates while also trying to expand coverage to millions of people, it would have a devastating impact on access to good-quality care. Patients would likely face long waits for services, as some providers may be forced to close their offices and fewer people would choose medical careers.

Medicare is already on its way to insolvency, and Medicaid costs are decimating state budgets. The existing delivery system would collapse if forced to become even more reliant on Medicare-like rates.

Nebraska already struggles with a shortage of rural health care professionals. And our state's hospitals and health professionals are compensated at rates under the national average by Medicare, even though Nebraskans pay the federal government at the same tax rate as all other states.

Would Nebraskans receive a fair distribution of their tax dollars under a new government health program? Congressional leaders who are currently promoting public plan options give states little or no voice in how health care would be delivered within the states. If a public

health plan were passed by Congress, shouldn't states have a significant voice and flexibility in how the programs are designed and administered?

Additionally, the notion that a public plan would be more "consumer-oriented" should be dismissed. Any proposed public plan would be heavily government-regulated, thus effectively leaving the customer out of the decision-making process. We believe strongly that health care decisions should be made by two people: the doctor and patient.

The major concern for everyone is the rising cost of medical care itself, from the delivery system to the billing process. Innovation, experience and action are needed to achieve the kind of sweeping change necessary to contain escalating costs. A robust private insurance system is free to innovate, whereas a government plan would be stifled by enormous political pressures.

We agree with the basic framework of the developing health care reform package — ensuring everyone is covered, requiring insurers to accept everyone regardless of health status and establishing an exchange to simplify the purchase of insurance. We believe a government plan is an unnecessary distraction from the work that needs to be done.

Our government leaders should focus on:

— Expanding Medicaid to cover those in poverty.

— Reforming Medicare to pay for good-quality care and ensure solvency.

— Creating new rules and providing subsidies to ensure access for all Americans.

This year, Blue Cross and Blue Shield of Nebraska marks 70 years of service to Nebraskans. As proposals and solutions continue to unfold this year, we will remain steadfastly focused on advocating what is best for our members. Working together, we can fix our health care system.