

MEDIA ADVISORY:
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HEALTH POLICY EXPERTS SPEAK OUT ABOUT WHY A PUBLIC INSURANCE OPTION IS ESSENTIAL FOR REFORM

WASHINGTON -- As sweeping health care reform legislation moves on Capitol Hill, the Institute for America's Future compiled the following statements from health care experts and leaders in support of a public insurance option to compete with private insurers. Media representatives interested in scheduling an interview with any of these experts may find their contact information at <http://institute.ourfuture.org/healthexperts>.

HEALTH CARE EXPERTS STATEMENTS

ROBERT REICH, FORMER U.S. LABOR SECRETARY: "The public option works because it would have the scale and authority to negotiate lower prices from health care providers. This would push the private insurers to get the same deals. The public option has to be big and national to do that, so don't be fooled by the idea of so-called cooperatives. They'd be too small and scattered to have the scale and bargaining leverage of a public option, and would therefore be designed to fail." [\[ourfuture.org, 9/11/09\]](http://ourfuture.org/9/11/09)

SEN. JAY ROCKEFELLER, D-W.VA.: "Without the steady, positive influence of a public plan option in the marketplace, we will never truly solve the health care crisis in this country. Private health insurance has a long history of cutting people off or charging too much for too little... Shared responsibility – that includes insurers – is the only answer and a public plan is the only real solution." [\[Sen. Rockefeller's website, 6/10/09\]](#)

WENDELL POTTER, FORMER VICE PRESIDENT OF COMMUNICATIONS, CIGNA: "The idea of nonprofit cooperatives being able to compete effectively with the cartel of large for-profit insurers that dominate the market today is so naive one has to wonder if the legislative language proposing their creation was written by insurance company lobbyists." [\[Reuters, 7/30/09\]](#)

LEN NICHOLS, HEALTH POLICY PROGRAM DIRECTOR, NEW AMERICA FOUNDATION: "In many of our small group markets there is precious little effective competition. A public option in these markets could be catalytic to the kinds of market competition that we need and that the President has always supported." [E-mail, 9/17/09]

JACOB HACKER, PROFESSOR, YALE UNIVERSITY: "There is absolutely no reason to think that cooperatives of any sort could achieve the three crucial goals that a competing public plan must accomplish—provide a *backup* option offering health and financial security to individuals without employer coverage, a cost and quality *benchmark*, and a cost-control *backstop* that drives payment and delivery system reform." [\[ourfuture.org, 8/20/09\]](http://ourfuture.org/8/20/09)

DEAN BAKER, CO-DIRECTOR, CENTER FOR ECONOMIC AND POLICY RESEARCH: "A public option is about giving people a choice. There is a great deal of evidence, most importantly from the publicly run Medicare system, that a public plan can

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provide high quality care at lower cost than private alternatives. The opponents of a public plan argue that this is exactly the problem, that a low cost public plan would drive private insurers out of business. But why would we want to keep private insurers in business that cannot compete with a more efficient public plan. The argument that a public plan would win out because of subsidies is absurd on its face. For a less efficient public plan to drive out more efficient private plans it would require trillions of dollars in subsidies over coming decades. It is inconceivable that the opponents of a public plan – which is proven to be a failure – would not be able to prevent trillions of dollars being spent to support it. In short, opposition to a public plan is about protecting insurance industry profits. There is no other plausible explanation.” [E-mail, 9/20/09]

JAMES MORONE, PROFESSOR, BROWN UNIVERSITY: “What a strange, strange argument. The public option might be too effective and too popular. Therefore, let's not have it. America's favorite programs are all public option—social security and Medicare. Come to think of it, the Republicans opposed those too!” [E-mail, 9/17/09]

GERARD ANDERSON, DIRECTOR, JOHNS HOPKINS CENTER FOR HOSPITAL FINANCE AND MANAGEMENT: “The public option will succeed if it meets the needs of the American public. The market place is the best way to see if the American public is happy with only the private insurance option.” [E-mail, 9/17/09]

ROGER HICKEY, CO-DIRECTOR, CAMPAIGN FOR AMERICA’S FUTURE: “President Obama and most Democrats are now willing to give the insurance companies what they wanted all along – a mandate that will force 47 million people who don’t have insurance (and everyone who loses their job or their employer-sponsored insurance) to quickly buy an insurance policy. In exchange, the companies will allow Obama and the Congress to pass laws that try to stop their discriminatory sales practice. But the individual mandate means a massive windfall for the insurance companies – all those millions of people who will have to buy insurance. What do Obama and the Democrats get? They had better make sure the insurance industry sells decent insurance policies that are affordable for those millions of people who are going to be forced to buy them. That’s where the national public option comes in – giving the private insurance companies price competition from a government insurance plan that puts the interests of the public first and sells good insurance at affordable prices. The public option also gives us all some transparent benchmark information about how economically a company can sell insurance with good, reliable health benefits.” [E-mail, 9/21/09]

DIANE ARCHER, HEALTH CARE PROJECT DIRECTOR, INSTITUTE FOR AMERICA’S FUTURE: “Insurance regulations will not rein in high health insurance premiums without a public health insurance plan in the mix to set a benchmark on costs. Insurance regulations also cannot protect Americans with costly health conditions from high provider costs when they are forced to go out-of-network for needed care. If Congress is going to require Americans to buy insurance, it must offer them a public insurance option with a broad national network and capped provider rates to ensure their access to care and to protect them from medical bankruptcies. The only other alternative is all-payer rate-setting, a cap on all provider rates, which Congress has been unwilling to consider.” [E-mail, 9/21/09]

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KAREN DAVIS, PRESIDENT, COMMONWEALTH FUND: “If you want do something about the cost problem and you really want to change the competitive nature of the insurance market, you need a public plan.” [\[Reuters, 9/21/09\]](#)

GLEN HACKBARTH, CHAIR, MEDPAC: “Rather than rely on one model or the other, we should strive to offer Americans a fair choice between the two different approaches, a public plan modeled on Medicare and more flexible, innovative private plans. That ‘fair choice’ should include a strong incentive to select a low-cost, high value plan. Some private plans will not survive this competition—namely, plans that do little more than offer free choice of provider, fee-for-service coverage. We don't need those plans; a public plan can do that better. By combining a public plan with universal coverage, we would instead be providing a strong market signal, and opportunity, for innovative private plans, those that do things that a public plan finds very difficult.” [\[IAF, 12/11/08\]](#)

UWE REINHARDT, PROFESSOR, PRINCETON UNIVERSITY: “[T]he public plan may have a price advantage in the market for health care, which would give them an advantage in the market for health insurance products, which they consider unfair. [But], large insurance companies, such as Aetna or Wellpoint, also have a price advantage vis a vis smaller insurance carriers in the market for health services. Is that unfair? Does that make for a level playing field? John Goodman worries that the public plan would set fees so low that doctors and hospitals would not accept patients covered by the plan. If that obtained, then presumably Americans having a choice of private plans alongside the public plan would not opt for the latter, which would then either whither away or have to raise fees until it is competitive in the market for enrollees. This is how competitive markets work, John.” [\[IAF, 12/10/08\]](#)

DR. VALERIE ARKOOSH, PRESIDENT, NATIONAL PHYSICIANS ALLIANCE: “The thousands of devastating stories of Americans unable to get care can make it feel impossible to practice medicine some days. But these stories also serve to remind us every day of our ethical duties to put our patients' care ahead of insurance companies. Competition provides us with choice and makes our market better—and a strong, national health insurance option would do the same.” [\[SEIU, 6/15/09\]](#)

DR. SALOMEH KEYHANI, PROFESSOR, MOUNT SINAI SCHOOL OF MEDICINE: “We analyzed the [physician survey] data in multiple ways to understand physician opinion on health reform. We found that no matter how you sliced the data, physicians demonstrated majority support for a public health insurance option, regardless of their type of practice or where they live.” [\[Robert Wood Johnson Foundation, 9/14/09\]](#)

RICK BROWN, PROFESSOR, UCLA: “Public health insurance, like Medicare, is coverage that people can count on. Its eligibility and benefits are the same throughout the nation. If you meet the eligibility requirements in Montana, you will also be eligible in New York, Florida or California. If a service is covered in one state, you will know that it's covered in all states. The same transparent decision-making process, required of all public agencies, will apply nationwide, in contrast to private health plans.” [E-mail, 9/17/09]

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BRIAN BILES, FORMER DEPUTY ASSISTANT SECRETARY, U.S. HEALTH AND HUMAN SERVICES AND GEORGE WASHINGTON UNIVERSITY PROFESSOR:

“Medicare is our only truly national health insurance program with beneficiaries and participating hospitals and doctors throughout the country. A Medicare based plan, as an option for health insurance coverage, is the only real way to provide a safety net plan that guarantees basic coverage is available everywhere in the nation. A Medicare based plan would inject new competitive pressure on the private insurers to negotiate tougher with providers and reduce the rate of increase in health care costs.” [E-mail, 9/22/09]

KAREN L. POLLITZ, GEORGETOWN UNIVERSITY- PROJECT DIRECTOR FOR THE HEALTH POLICY INSTITUTE:

A public health insurance option gives you an on the ground perspective of what's happening in the marketplace, helping regulators have a deeper understanding of insurer practices. It's a health insurance plan that offers transparency and accountability and another lens through which to see how the market is working. If you don't have a public health insurance option, you'll always be only regulating from the outside without a good picture of how the market is working. [E-mail, 9/22/09]

GERALD KOMINSKI, PROFESSOR, UCLA: “The Medicare program itself provides the best evidence of the importance of a public option. Medicare Advantage private plans do not compete effectively on price, costing taxpayers on average about 14% more for the same care provided for less within traditional Medicare, which is the public option.”¹ [E-mail, 9/17/09]

MARK HALL, LAW AND PUBLIC HEALTH PROFESSOR, WAKE FOREST UNIVERSITY:

“A public health insurance option can exercise the bargaining leverage that health insurers need to negotiate effectively for all medical services. Currently, private insurers do not negotiate over rates for out-of-network care. Even within the network, they often are unable to negotiate favorable rates with key specialists or for critical hospital services when there is little or no competition locally among these providers. A public insurer can help remedy these market defects.” [E-mail, 9/17/09]

HAROLD POLLACK, PROFESSOR, UNIVERSITY OF CHICAGO:

“The public option rightly commands broad support among health policy experts, citizens, and health care providers. The choice of a strong public option alongside private plans would provide a valuable backstop for millions of consumers and would improve the quality and efficiency of our health system.” [E-mail, 9/17/09]

TIMOTHY JOST, PROFESSOR, WASHINGTON AND LEE PROFESSOR:

“Most hospital and insurer markets are now highly concentrated and non-competitive. Competition law has proved completely ineffective in stemming the growing concentration of market power in both provider and insurer markets over the past two decades. An outside force is necessary to introduce competition and choice, bending the price increase curve. This is what a public plan using the Medicare network offers.” [E-mail, 9/17/09]

TOM DASCHLE, FORMER U.S. SENATE MAJORITY LEADER:

“One of the options under the expanded FEHBP should be a government-run insurance program modeled after Medicare, a proven and popular program. Together with traditional Medicare, this new program

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would have tremendous clout to bargain for the lowest prices from providers and push them to improve the quality of care. It also could take advantage of the administrative efficiencies, further lowering costs. (Medicare's administrative costs are significantly lower than those in those in the private sector.)” [\[IAF, 2008\]](#)

ANDY STERN, PRESIDENT, SEIU: “Government already sponsors the Medicare program for seniors and people with disabilities, and workers and employers pay to support Medicare on a fairly progressive basis. Medicare is popular because its benefits are guaranteed and don't vary depending on where you live, its red tape and administrative costs are minimal, and beneficiaries have a wide choice of providers. In addition, private insurers have not been able to compete to deliver Medicare's guaranteed benefits on a consistent, cost-effective basis.” [\[IAF, 12/10/08\]](#)

DAVID BALTO, FORMER POLICY DIRECTOR, FEDERAL TRADE COMMISSION: “Trying to cure the epidemic of anticompetitive and fraudulent activity by health insurers with a little dose of regulatory reform is like trying to cure cancer with a band aid. Only a public plan, which will be dedicated to the public interest and not profits offers the promise of reversing the rampant harm that consumers have suffered from health insurers who wrote the book on how to exploit consumers.” [E-mail, 9/17/09]

ARINDRAJIT DUBE, RESEARCH ECONOMIST, UC BERKLEY: “A strong public option that can pool risk and set rates nationally will insert much needed competition in the health insurance market. Naturally, health insurance companies prefer protection from competition; but Congress should not.” [E-mail, 9/17/09]

TED MARMOR, PROFESSOR, YALE UNIVERISTY: “In a world where new insurance regulations are needed to constrain the behavior of commercial health insurance firms, an exit option for Americans is crucial as well. After all, the case for reform is in good part the conduct of the present insurers.” [E-mail, 9/17/09]

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