

A Public Health Insurance Plan Option – What Is It?

Health Care for America Now (HCAN) supports creation of a public health insurance option as part of health care reform.¹ Individuals could keep their private insurance or participate in an insurance exchange and have a choice of multiple private plans as well as the public health insurance plan.

The new public health insurance plan would be designed to slow the growth in medical costs, inject competition into the private health insurance market, foster payment and delivery system reforms, remedy disparities in access to care, and guarantee that high-quality, affordable coverage will be there for individuals and families no matter what happens to their jobs or their health.

The public health insurance option would have the following core characteristics:

- Established by the federal government.
- Available to individuals and employers across the nation.
- Not merely a panel of private plans (such as FEHBP, the health insurance available to federal employees), and not limited to low-income individuals.
- A government body, or independent entity established by government, sets policies and bears the risk for paying medical claims.
- May hire insurance companies, where efficient and appropriate, to handle administrative functions such as paying claims.
- Provides broad access to providers that meet defined participation standards.
- Consults with providers and nonpartisan experts to establish adequate provider rates and develop and implement payment system reforms that promote quality care, prevention and good management for chronic care.
- Operates separately from existing public programs such as Medicare, but may tap into their infrastructure (e.g. payment systems, claims processing, and appeal processes).

Under reform, the new public health insurance plan and competing private ones each would:

- Offer a package or packages of defined, comprehensive health care benefits.
- Be funded by enrollee premiums, employer contributions and income-related government payments.
- Have sufficient design features to minimize and adjust payment to plans that enroll people that cost more to care for.
- Comply with similar insurance market rules, including community rating and guaranteed renewability for plan enrollees.
- Make comparison information on health plans easily available.
- Provide information and transparency in coverage decisions and provider payment incentives.
- Provide enrollees the power to vote with their feet and switch out of a health plan that doesn't meet their needs.

¹ A public health insurance plan option is a key element of health care reform proposals from President Obama and leading Members of Congress.