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## **Health Policy Q & A with PNHP Co-founders Drs. David Himmelstein and Steffie Woolhandler**

### **Should PNHP support a public Medicare-like option in a market of private plans?**

PNHP should tell the truth: The "public plan option" won't work to fix the health care system for two reasons:

1. It foregoes at least 84% of the administrative savings available through single payer. The public plan option would do nothing to streamline the administrative tasks (and costs) of hospitals, physicians offices, and nursing homes. They would still contend with multiple payers, and hence still need the complex cost tracking and billing apparatus that drives administrative costs. These unnecessary provider administrative costs account for the vast majority of bureaucratic waste. Hence, even if 95% of Americans who are currently privately insured were to join a public plan (and it had overhead costs at current Medicare levels), the savings on insurance overhead would amount to only 16% of the roughly \$400 billion annually achievable through single payer.
2. A quarter century of experience with public/private competition in the Medicare program demonstrates that the private plans will not allow a level playing field. Despite strict regulation, private insurers have successfully cherry picked healthier seniors, and have exploited regional health spending differences to their advantage. They have progressively undermined the public plan – which started as the single payer for seniors and has now become a funding mechanism for HMOs, and a place for them to dump the unprofitably ill. A public plan option does not lead toward single payer, but toward the segregation of patients; with profitable ones in private plans and unprofitable ones in the public plan.

### **Would a public plan option stabilize the health care system, or even be a major step forward?**

The evidence is strong that such reform would have at best a modest and temporary positive impact – a view that is widely shared within PNHP. Indeed, we remain concerned that a public plan option as an element of reform might well be shaped in a manner to effectively subsidize private insurers by requiring patients to purchase coverage while relieving private insurance of the highest risk individuals, stabilizing private insurers for some time and reinforcing their control of the health care system.

### **Given the above, is it advisable to spend significant effort advocating for inclusion of such reform?**

No, for two reasons:

1. We are doctors, not politicians. We are obligated to tell the truth, and must answer for the veracity of our stance to our patients and colleagues over many years. Ours is a very different time horizon and set of responsibilities than politicians'. Falling in line with a consensus that attempts to mislead the public may gain us a seat at the debate table, but abdicates our ethical obligations.
2. The best way to gain a half a pie is to demand the whole thing.

### **Is fundamental reform possible?**

We remain optimistic that real reform is quite possible, but only if we and our many allies continue to insist on it.