



PARTNERSHIP FOR AMERICA'S HEALTH CARE FUTURE

ICYMI: The Public Option ‘Could Be Plenty Disruptive’

WASHINGTON – As some candidates and lawmakers try to paint the **public option** as a “moderate” alternative to Medicare for All, *The New York Times* [explains](#) that in reality, the new government-controlled health insurance system “**could be plenty disruptive**” and “**tilt in the same direction**” as Medicare for All.

They report that the public option “could shake up the private market and also **wind up erasing some current insurance arrangements** … There’s also the possibility that **linking public-option coverage to Medicare could cause some doctors to stop accepting Medicare patients**, [Sherry Glied, the dean of the N.Y.U. Wagner Graduate School of Public Service, and a former health official in the Obama administration] said. That would be another form of **politically risky disruption**.” Further, they explain, the public option “**could have effects on employer insurance** … [T]he existence of a **public option might also induce some employers to abandon private coverage altogether** … If it took a lot of market share from private insurers, some might decide to stop selling certain lines of coverage. **Private insurance could disappear from some places**, or exist largely to fill certain niches, like high-deductible plans.”

In a previous story headlined “**How a Medicare Buy-In or Public Option Could Threaten Obamacare**,” *The New York Times* [reported](#) that “**a public option may well threaten the A.C.A. in unexpected ways**.”

A government plan, even a Medicare buy-in, could shrink the number of customers buying policies on the Obamacare markets, making them less appealing for leading insurers, according to many health insurers, policy analysts and even some Democrats … [A] buy-in shift in insurance coverage could profoundly unsettle the nation’s private health sector, which makes up almost a fifth of the United States economy. Depending on who is allowed to sign up for the plan, it could also rock the employer-based system that now covers some 160 million Americans … Siphoning off such a large group of customers could also lead to a 10 percent increase in premiums for the remaining pool of insured people, according to the Blue Cross analysis. More younger people with expensive medical conditions have enrolled than insurers expected, and insurers would have to increase premiums to cover their costs, Mr. Haltmeyer said. Tricia Neuman, a senior vice president at the Kaiser Family Foundation, which studies insurance markets, said a government buy-in

*that attracted older Americans **could indeed raise premiums for those who remained in the A.C.A. markets**, especially if those consumers had high medical costs ... Dr. David Blumenthal, the president of the Commonwealth Fund, a foundation that funds health care research, said a government plan that attracted people with expensive conditions **could prove costly**. “You might, as a taxpayer, become concerned that they would be more like high-risk pools,” he said.*

As Dr. Scott Atlas of Stanford University [explained](#) in *The Wall Street Journal*, **the public option would raise costs for families and “mainly erode, or ‘crowd out,’ private insurance, rather than provide coverage to the uninsured.”**

Meanwhile, a [new study](#) from FTI Consulting confirms that **the public option could eliminate consumer choice for millions of Americans and “eventually cause the elimination of all private plans in the individual market.”** The study finds:

- After the first 10 years of the public option, **more than seven million current enrollees would no longer have private coverage through the marketplaces – with two million of those enrollees being forced off their private plans as insurers exit the marketplaces altogether.**
- The study also warns that **the public option could eventually cause the elimination of all private plans in the individual marketplaces, eliminating choice for millions of health care consumers**, even those with the resources or subsidies available to cover their preferred plan.
- In fact, the report finds that by 2050, **70 percent of state marketplaces (34 U.S. states) would no longer offer a single private insurance option.**
- **Rural families** – millions of whom already find their access to quality care at risk – would be **especially hard hit by the public option**, the study warns, and could find few if any options available to them.

Another [study](#) by KNG Health Consulting, LLC reveals that “Medicare for America,” **a proposed new government-controlled health insurance system, could force one-third of American workers off of their current employer provided health care coverage**, also known as employer-sponsored insurance (ESI). And *The Wall Street Journal* [reports](#) that new government health insurance systems like **the public option, Medicare buy-in and ‘Medicare for all who want it,’ represent “stepping stones to single payer.”**

Yet another [study](#), conducted by Navigant for the Partnership for America’s Health Care Future, finds that **the public option could put more than 1,000 rural U.S. hospitals in 46 states “at high risk of closure.” These hospitals serve more than 60 million Americans**, and as *Kaiser Health News* and *NPR* [report](#), **hospital closures can have “profound social, emotional and medical consequences,”** while *RevCycleIntelligence* also [reports](#), “[p]atient access to care

suffers when a rural hospital closes its doors for good, and consequently, patient outcomes can deteriorate.”

And the *Denver Business Journal* [reports](#) that another report found that an effort to implement the public option in Colorado, “**could imperil thousands of jobs in the health-care industry or take hundreds of millions of dollars out of the state’s economy.**”