

# GOVERNMENT OPTION IS THE WRONG APPROACH TO HEALTH CARE REFORM

## The Government Option ends private health insurance and forces everyone into a one-size-fits-all plan

**Partnership For America's Health Care Future: "When The Public Option Offers Lower Prices Subsidized By Higher Taxes Of Private Premiums, Families Are Going To Stop Purchasing The More Expensive Private Options. Eventually, Most Or All Of The Private Plans Could Be Forced Out Of Business, Leaving The One-Size-Fits-All, Government-Controlled Public Option As The Only Option."** ("The Public Option Means Fewer Health Insurance Choices For Everyone," [Partnership For America's Health Care Future](#), Accessed 3/23/21)

**Heritage Foundation, 2020: The "Moderate" Public Option Would Still Lead To A Single Government Controlled Health Care System.** "Rather than outlawing virtually all private coverage and replacing it with a single government plan, as Medicare for All does, public option proposals would create a government health plan to compete directly against private health plans. Yet, the economic and political dynamics of a public option would still lead to a single government-controlled health care system." (Nina Owcharenko Schaefer & Robert E. Moffit, "The 'Public Option': Government-Run Health Care On The Installment Plan," [The Heritage Foundation](#), 2/12/20)

**Margot Sanger-Katz In *The New York Times*, December 2019: "A Public Option Would Be Less Disruptive Than A Plan That Instantly Eliminated Private Insurance. But A Public Option That Is Inexpensive And Attractive Could Shake Up The Private Market And Also Wind Up Erasing Some Current Insurance Arrangements. Conversely, A Public Option That Is Expensive And Unattractive Might Not Do Much Good At All."** (Margot Sanger-Katz, "Why The Less Disruptive Health Care Option Could Be Plenty Disruptive," [The New York Times](#), 12/3/19)

**FTI Consulting, November 2019: "By 2028, 20 Percent Of State Marketplaces Would Not Offer A Single Private Insurance Option As A Result Of The Introduction Of The Public Option."** ("Assessing The Impact Of A Public Option On Market Stability And Consumer Choice," [FTI Consulting](#), 11/19/19)

**Dr. Scott Atlas In *The Wall Street Journal*, July 2019: "Yet The Public Option Is A Bad Idea. Government Insurance Options Mainly Erode, Or 'Crowd Out,' Private Insurance, Rather Than Provide Coverage To The Uninsured. Jonathan Gruber, The Massachusetts Institute Of Technology Economist Credited With Designing Obamacare, Showed In 2007 That When Government Insurance Expands, Six People Go Off Private Insurance For Every 10 People Who Go On Public Insurance."** (Dr. Scott Atlas, Op-Ed, "Public Option Kills Private Insurance," [The Wall Street Journal](#), 7/16/19)

## The Government Option is designed by politicians and funded by new federal taxes.

**February 2021, Hoover Institution: If Politicians Pay For The Higher Costs Of A Public Option With A Broad-Based Payroll Tax That Would Cost The Typical Family Upwards Of \$4,150 Per Year In Inflation-Adjusted Dollars.** "If Congress limited premium growth to inflation and health care costs grew at their historical average, the long-term federal debt would grow by an inflation-adjusted \$17.5 trillion dollars with more than half of all Americans enrolling in the heavily subsidized program. Or politicians could bite the bullet and pay for the higher costs with a broad-based payroll tax that would cost the typical American family an extra \$4,150 per year in inflation-adjusted dollars." (Lanhee Chen, Tom Church, & Daniel Heil, Op-Ed, "A Public Option For Health Insurance Could Be A Disaster, Especially In Times Of Crisis," [STAT News](#), 2/11/21)

**October 2020: Hoover Institution & The Partnership For America's Health Carte Future, October 2020: The Government Proposed Public Option Could Cost Up To \$2,500 A Year In New Taxes For The Average Family.** "During this critical time, financing a politically realistic public option would be more expensive than initially calculated. The average American family could eventually see their payroll taxes increase by more than \$2,500 a year – a \$200 increase from a January study." (Press Release, "New Study: The Public Option Could Lead To A \$2,500 Per Year Tax Increase For The Average American Family," [Partnership For America's Health Care Future](#), 10/20/20)

**Under the Government Option, families pay higher taxes for longer wait times, lower quality, and fewer options for care.**

**Partnership For America's Health Care Future: "When The Public Option Offers Lower Prices Subsidized By Higher Taxes Of Private Premiums, Families Are Going To Stop Purchasing The More Expensive Private Options."** ("The Public Option Means Fewer Health Insurance Choices For Everyone," [Partnership For America's Health Care Future](#), Accessed 3/23/21)

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**Sally Pipes, President And CEO Of The Pacific Research Institute On The Public Option, April 2020: As People Drop Out Of Private Coverage, Providers And Hospitals Would See Revenue Fall Due To Lower Reimbursement Rates And Could Lead To Providers Cutting Services Or Closing.** "Private insurers wouldn't be able to compete. As people drop their private coverage in favor of the cheaper public option, doctors and hospitals would see their revenues fall. Some providers would cut back on services to stay afloat, while others would close entirely. Already, one-quarter of rural hospitals are at high risk of closure. The public option could push them over the edge." (Sally Pipes, Op-Ed, "Joe Biden Is No Moderate, Especially On Healthcare," [The Washington Examiner](#), 4/20/20)

**(Road To Single Payer) Congressional Budget Office, December 2019: If Coverage Was Nearly Universal And Cost Sharing Limited, Demand For Medical Care Would Exceed Supply And Lead To Higher Wait Times For Appointments Or Elective Surgeries, As Well As Larger Wait Times At Doctors' Offices And Other Facilities.** "If coverage was nearly universal, cost sharing was very limited, and the payment rates were reduced compared with current law, the demand for medical care would probably exceed the supply of care—with increased wait times for appointments or elective surgeries, greater wait times at doctors' offices and other facilities, or the need to travel greater distances to receive medical care. Some demand for care might be unmet..." ("Answers To Questions For The Record Following A Hearing Conducted By The House Committee On The Budget: Key Design Components And Considerations For Establishing A Single-Payer Health Care System," [Congressional Budget Office](#), 12/20/19)

- **CBO, 2019: "Under A Single-Payer System That Eliminated Private Insurance Entirely, There Would Be Only One Insurer With A Standardized Set Of Benefits. Thus, Patients Would Not Have A Choice Of Insurer Or Benefits, And Those Standardized Benefits Might Not Meet The Needs Of Some People. For Example, Certain Specialty Drugs Or Expensive New Treatments, Such As Gene Therapy, Might Not Be Covered Under A Single-Payer System..."** ("Answers To Questions For The Record Following A Hearing Conducted By The House Committee On The Budget: Key Design Components And Considerations For Establishing A Single-Payer Health Care System," [Congressional Budget Office](#), 12/20/19)

**FTI Consulting, 2019: A Public Option Could Create A "Two-Tier" Health System Where Employer-Based Insurance Provides Access To Different Hospitals Or Services Than Are Available With A Public Option Which Hurts The Population The ACA Was Intended To Protect.** "Even in the minority of states with one or more insurers remaining in the marketplace in 2050, consumers outside of the states' population centers may find few, if any, options for private insurance in the marketplaces. This in turn could create a 'two-tier' health system where employer-based insurance provides access to a different set of hospitals or services than could be accessed through the public option, exacerbating health disparities and harming the very population the ACA was designed to help..." ("Assessing The Impact Of A Public Option On Market Stability And Consumer Choice," [FTI Consulting](#), 11/19/19)

**Navigant Consulting/Guidehouse, August 2019: Offering A Government Insurance Program Reimbursing At Medicare Rates As A Public Option On Health Insurance Exchanges Could Place As Many As 1,037 Hospitals Across 46 States, Or 55 Percent Of Rural Hospitals At High Risk Of Closure.** “A new analysis of U.S. rural hospitals has found that offering a government insurance program reimbursing at Medicare rates as a public option on the health insurance exchanges created by the Affordable Care Act (ACA) could place as many as 55% of rural hospitals, or 1,037 hospitals across 46 states, at high risk of closure. The rural hospitals at high risk represent more than 63,000 staffed beds and 420,000 employees, according to the analysis by Guidehouse Inc.” (Jeff Goldsmith & Jeff Leibach, “The Potential Impact Of A Medicare Public Option On U.S. Rural Hospitals And Communities,” [Navigant](#), 8/7/19)

**Under the Government Option, people will not be able to keep their health plan and doctors.**

**Margot Sanger-Katz In *The New York Times*, December 2019: “A Public Option, By Contrast, Would Cover A Smaller Population At First, And Might Have To Negotiate With Hospitals For Good Deals, Just As Other Insurance Companies Do. In Those Circumstances, Several Economists Said, The Public Option Might Look A Lot Like Existing Insurance: Pretty Expensive, And Covering A Limited Set Of Doctors And Hospitals.”** (Margot Sanger-Katz, “Why The Less Disruptive Health Care Option Could Be Plenty Disruptive,” [The New York Times](#), 12/3/19)

- **Sanger-Katz Summarizing Sherry Glied Dean Of New York University’s Wagner Graduate School Of Public Service And Former Health Official In The Obama Administration: “There’s Also The Possibility That Linking Public-Option Coverage To Medicare Could Cause Some Doctors To Stop Accepting Medicare Patients, Ms. Glied Said. That Would Be Another Form Of Politically Risky Disruption...”** (Margot Sanger-Katz, “Why The Less Disruptive Health Care Option Could Be Plenty Disruptive,” [The New York Times](#), 12/3/19)

**Under the Government Option, patients will not have access to the most appropriate treatments. Government control will lead to long wait times and even rationing.**

**(Road To Single Payer) Congressional Budget Office, December 2019: If Coverage Was Nearly Universal And Cost Sharing Limited, Demand For Medical Care Would Exceed Supply And Lead To Higher Wait Times For Appointments Or Elective Surgeries, As Well As Larger Wait Times At Doctors’ Offices And Other Facilities.** “If coverage was nearly universal, cost sharing was very limited, and the payment rates were reduced compared with current law, the demand for medical care would probably exceed the supply of care—with increased wait times for appointments or elective surgeries, greater wait times at doctors’ offices and other facilities, or the need to travel greater distances to receive medical care. Some demand for care might be unmet...” (“Answers To Questions For The Record Following A Hearing Conducted By The House Committee On The Budget: Key Design Components And Considerations For Establishing A Single-Payer Health Care System,” [Congressional Budget Office](#), 12/20/19)

- **CBO, 2019: “Under A Single-Payer System That Eliminated Private Insurance Entirely, There Would Be Only One Insurer With A Standardized Set Of Benefits. Thus, Patients Would Not Have A Choice Of Insurer Or Benefits, And Those Standardized Benefits Might Not Meet The Needs Of Some People. For Example, Certain Specialty Drugs Or Expensive New Treatments, Such As Gene Therapy, Might Not Be Covered Under A Single-Payer System...”** (“Answers To Questions For The Record Following A Hearing Conducted By The House Committee On The Budget: Key Design Components And Considerations For Establishing A Single-Payer Health Care System,” [Congressional Budget Office](#), 12/20/19)

**Under the Government Option, will drug prices go down without jeopardizing life-saving breakthroughs? No. The government will impose direct price controls, keeping new drugs off the market and leading to shortages.**

**(Single Payer) Robert Moffit, Senior Fellow At The Heritage Foundation, October 2020: A Government Takeover Of Healthcare Would “Stifle Innovation, And Inevitable Limit Access To High-Quality Care...For Patients In Need Of Complex And Technologically Advanced Medical Services...”** “A total government takeover would be a massive and disruptive enterprise, consolidating

the federal government's direct control over the entire health care sector of the economy, currently valued at approximately \$3.6 trillion. That would be an unprecedented expansion of government power, and it would inevitably increase costs and the burdens on providers, stifle innovation, and inevitably limit access to high-quality care, especially for patients in need of complex and technologically advanced medical services." (Robert Moffit, "The Truth About Government-Controlled Health Care," [The Heritage Foundation](#), 10/9/20)

**Liam Sigaud Of The American Consumer Institute On Drug Price Controls, July 2019: "The Goal Of These Proposals, To Mitigate The Very Real Problem Of Escalating Out-Of-Pocket Drug Costs For Consumers, Is Laudable. But Importing The Misguided Policies Of Other Countries Would Reduce Life-Saving Drug Innovation, Limit Access To Cutting-Edge Medicines, And Threaten America's Global Leadership In The Pharmaceutical Sector. In The End, Vulnerable Patients Would Pay The Price."** (Liam Sigaud, "Price Controls On Drugs Would Stifle Innovation, Reduce Access," [Real Clear Health](#), 7/11/19)

- **Sigaud: "In Countries With Strict Limits On Drug Prices, Few Manufacturers Are Willing To Invest In The R&D Needed To Develop New Treatments, And Patients Who Could Have Benefitted From Innovative Drugs Lose That Opportunity. It's No Coincidence That The U.S. Funds 44 Percent Of The World's Medical R&D, More Than All Of Europe Combined. Researchers Estimate That If Pharmaceutical R&D In Europe Had Grown At The Same Rate As In The U.S. From 1986 To 2004, Forty-Six More Medicines Would Be Available To Consumers Today."** (Liam Sigaud, "Price Controls On Drugs Would Stifle Innovation, Reduce Access," [Real Clear Health](#), 7/11/19)

**Under the Government Option, will everyone have access to insurance and the care they need? No. A government plan guarantees only an insurance card, not the right care.**

**CBO, December 2019: "Under A Single-Payer System That Eliminated Private Insurance Entirely, There Would Be Only One Insurer With A Standardized Set Of Benefits. Thus, Patients Would Not Have A Choice Of Insurer Or Benefits, And Those Standardized Benefits Might Not Meet The Needs Of Some People. For Example, Certain Specialty Drugs Or Expensive New Treatments, Such As Gene Therapy, Might Not Be Covered Under A Single-Payer System..."** ("Answers To Questions For The Record Following A Hearing Conducted By The House Committee On The Budget: Key Design Components And Considerations For Establishing A Single-Payer Health Care System," [Congressional Budget Office](#), 12/20/19)

**FTI Consulting, 2019: A Public Option Could Create A "Two-Tier" Health System Where Employer-Based Insurance Provides Access To Different Hospitals Or Services Than Are Available With A Public Option Which Hurts The Population The ACA Was Intended To Protect.** "Even in the minority of states with one or more insurers remaining in the marketplace in 2050, consumers outside of the states' population centers may find few, if any, options for private insurance in the marketplaces. This in turn could create a 'two-tier' health system where employer-based insurance provides access to a different set of hospitals or services than could be accessed through the public option,10 exacerbating health disparities and harming the very population the ACA was designed to help..." ("Assessing The Impact Of A Public Option On Market Stability And Consumer Choice," [FTI Consulting](#), 11/19/19)

**The Government Option cannot maintain the high standards of care Americans have come to expect. A government plan would reduce health care quality by rationing care, shortchanging providers, and creating red tape.**

**Former CMS Administrator Seema, October 2020: "Government-Run Plans Like Medicare And Medicaid Can Offer Lower-Priced Health Plans Appear To Be Cheaper Because They Pay Doctors, Nurses, And Other Health Care Workers Less Than Private Plans."** "A public option may seem new and innovative, but the truth is it's more of the same. Government-run plans like Medicare and Medicaid can offer lower-priced health plans appear to be cheaper because they pay doctors, nurses, and other health care workers less than private plans. In a review of 19 recent studies, the Kaiser Family Foundation found that Medicare on average pays about half what private insurers pay for hospital services and 30 percent less for physician services. Medicaid generally pays still less. Make no mistake:

like Medicare and Medicaid, a public option would rely on government rate-setting to lower provider reimbursement. In light of the pandemic, that's the last thing health care workers need." (Seema Verma, Op-Ed, "Public Option Would Be a Pay Cut for America's Frontline Health Care Workers," [Real Clear Health](#), 10/27/20)

**(Road To Single Payer) The Heritage Foundation, October 2020: "If Today's Medicare Program—Governed By Tens Of Thousands Of Pages Of Rules And Regulations And Guidelines And Related Paperwork—Is No Model Of Administrative Simplicity, The Proposed National Health Insurance Apparatus Will Create An Unprecedented Level Of Bureaucratic Micromanagement."** (Robert Moffit, Kevin Pham, & Marie Fishpaw, "Why the Left's 'Cure' for Health Care Woes Is Far Worse Than the Malady," [The Heritage Foundation](#), 10/18/20)

- **Heritage Foundation: "A Confluence Of Entrenched Billing Practices And Health Care Laws And Regulations—Many Of Them Aimed At "Reform"—Have Increasingly Demanded The Doctors' Time, Which Has The Twofold Effect Of Diminishing The Quality Of Patient Care And Driving Down The Morale Of Physicians—If Not Driving Them Out Of The Profession Entirely. There's No Reason To Think That The Government Will Behave Any Differently If Given Complete Control Over Medicine, But Likely Will Continue Doing What It Has Done—Preventing Doctors From Being Doctors."** (Robert Moffit, Kevin Pham, & Marie Fishpaw, "Why the Left's 'Cure' for Health Care Woes Is Far Worse Than the Malady," [The Heritage Foundation](#), 10/18/20)

**Former CMS Administrator Seema Verma On Public Option And Medicare For All, July 2019: "Simply Having The Government Pay For Everything Won't Do That: It Will Inevitably Lead To A Painful Choice Between Higher Taxes And Rationing Of Healthcare Services, Which Is What We See In Other Countries That Have Embraced Socialism."** ("Keynote Remarks By Administrator Seema Verma At The Better Medicare Alliance (BMA) 2019 Medicare Advantage Summit," [Centers For Medicare & Medicaid Services](#), 7/22/19)

**Navigant Consulting/Guidehouse, August 2019: Offering A Government Insurance Program Reimbursing At Medicare Rates As A Public Option On Health Insurance Exchanges Could Place As Many As 1,037 Hospitals Across 46 States, Or 55 Percent Of Rural Hospitals At High Risk Of Closure.** "A new analysis of U.S. rural hospitals has found that offering a government insurance program reimbursing at Medicare rates as a public option on the health insurance exchanges created by the Affordable Care Act (ACA) could place as many as 55% of rural hospitals, or 1,037 hospitals across 46 states, at high risk of closure. The rural hospitals at high risk represent more than 63,000 staffed beds and 420,000 employees, according to the analysis by Guidehouse Inc." (Jeff Goldsmith & Jeff Leibach, "The Potential Impact Of A Medicare Public Option On U.S. Rural Hospitals And Communities," [Navigant](#), 8/7/19)