



HEALTH CARE REFORM 2009

How the public health insurance option measures up to "A Faith-Inspired Vision of Health Care"

A look at the public option in the "America's Health Choices Act" (H.R. 3200)

Three spheres of imperatives – economic, medical, and moral – contribute to framing our conversation about health care reform, all of which may be considered through the perspective of faith values and the measure of justice.

The economic imperative is probably what has forced us into our current national discussion about health care reform in the United States. As health care costs rise faster than general inflation, as medical expenses force families into bankruptcy, as businesses burdened with workers' health insurance struggle to compete in the global marketplace, and as government resources are stretched thin to provide health care for vulnerable populations, we have finally acknowledged that we must travel into our health care future along a different path.

Likewise, **the medical imperative** for system reform is elevated as 20,000 people die prematurely each year for lack of needed health care, as more and more people turn to emergency rooms for their health care needs, and as the impact of un-insurance and under-insurance becomes evident in the reduced quality of life for millions. We know that planning for a health care future that includes everyone and works well for all of us cannot wait.

But moving forward on reform with just these two imperatives isn't working. Clearly, most of us agree that something substantial has to be done soon; even those who are well-insured and comfortable with how U.S. health care works for them see the need for change. Yet, we are stymied. In part because of political partisanship, and in part because of ideological differences in how we approach this issue, we find ourselves embroiled in ugly and, at times, violent discord, most of which focuses on the public health insurance option.

The moral imperative and the values found therein have the potential of being a catalyst for changing the complexion of this raucous debate. Reflection around moral values and justice can help move us from a debate that focuses solely on government-run vs. market-driven health care toward one that evaluates the public option as a potential tool to serve the common good.

If we affirm that truth is witness to the whole, then we know that moving forward without considering the moral imperative will lead us to an insufficient solution for our nation's health care future.

This document is the second in the series "How Legislative Proposals Measure Up to "A Faith-Inspired Vision of Health Care," written to help people of faith reflect upon health care reform legislation through the perspectives of moral values and the measure of justice. These reflections will be expanded, edited, and revised as new information becomes available and as amendments change the proposals. All documents in the series may be found at <http://www.faithfulreform.org>.

The public option: The HEART of a moral vision

“The public option is the test of our moral commitment to make health insurance, and therefore access to health care, available for everyone.”

Jim Winkler
General Secretary
United Methodist Church
General Board of Church & Society

President Obama commented that the public health insurance option is but a “sliver” of the proposals for health care reform. In terms of sheer numbers he is exactly right. With the millions of additional persons who will have insurance through the proposed Medicaid expansions and employer mandate, the number of persons who will actually need (or choose) the public health insurance option will be a “sliver” of the number of persons with health insurance in the U.S.

From a moral values perspective, however, a public health insurance option (or something that achieves the same end of truly affordable insurance with comprehensive coverage) represents the heart of these legislative proposals – and the heart of who we are as a nation. *Do we want to guarantee that everyone has truly affordable insurance that provides access to needed health care – or not?*

Over the years, we have taken numerous steps toward accepting moral responsibility for our most vulnerable populations. We have recognized that those with the lowest incomes, our elderly, our veterans, and our Native American populations need the support of our collective resources for health care. And we have responded appropriately. The crisis facing us now is the millions of persons who do not have employer-sponsored health care, do not qualify for any of these programs, and cannot afford to buy insurance or pay out-of-pocket for their medical expenses.

The public health insurance option is proposed to address that reality. Reflection on this provision, or a comparable alternative, begins not with the public option itself, but with the proposed individual mandate for insurance. There is broad understanding that such a mandate is a given. It is necessary to achieve universal coverage, to maximize the risk pool, and to spread the costs accordingly. It is supported by the private insurance industry because millions more persons will be buying health insurance. But they have used the individual mandate as a condition for their willingness to eliminate consideration of pre-existing conditions (guaranteed issue) and to accept limits on premium costs compared to payout for claims (medical-loss ratio).

From a faith and justice perspective, health care reform advocates generally have opposed the individual mandates at the state level because they have proven to be unworkable and inequitable. The plans ultimately were too expensive, and government entities simply couldn't adequately provide sufficient subsidies to make the plans affordable. The advocacy community has not resisted the proposed federal individual mandates because of the companion provisions – the Medicaid expansion, the employer mandate, the public option, and the public subsidies.

It is troubling that even with the public option and other provisions, it is projected that several million persons still will remain outside the system because the expansions and subsidies will not likely go far enough in providing affordable and comprehensive coverage.

Even more troubling, however, is that without a public option, or a comparable alternative, it is almost certain that even more persons will not have access to affordable insurance. Instead, millions could be forced into for-profit private insurance plans in which there are no guarantees that the combined costs of premiums, co-pays and out-of-pocket health care expenses would actually forestall financial hardships for families in need of medical care.

Is it possible to guarantee affordable and comprehensive coverage without a public option?

The public option: Government & markets working together for the common good

The moral question about whether we want to guarantee health care for everyone – or not – informs the differing perspectives on the relative roles of regulation and competition. Are human needs better served by markets, individual ownership, competition and profits? Or by governments and laws that ensure access and the fair distribution of assets and costs?

Support for the public option rests in the belief that a government plan would provide the most cost-savings and provide insurance for the greatest number of persons who would otherwise be left out. Because profits would not be a part of the calculation for premiums, such a program would include more people, with subsidies paying for benefits rather than industry profits. Further, it would provide an affordable option for those not generally attractive as insurance risks for private insurers – individuals who are uninsured, small business owners, and those who are self-employed. Its focus would be the common good, putting people and their needs before profits.

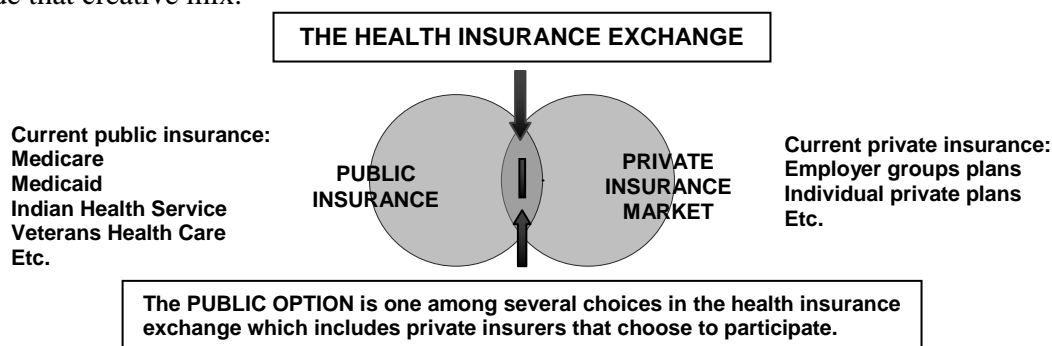
Support for an exclusively market-based approach rests in the belief that marketplace incentives create the best path to control costs, and in the theory that the private sector provides a better setting for meeting increased demand for services. Supporters believe that the proposed federal insurance regulations would offset the industry's practices that have excluded persons from coverage in the past.

Informed by the ideologies that support the government vs. the marketplace perspectives, the political fight over the public option is based on predictions of its strength.

- Strong supporters believe that it is just the right strength to provide affordable comprehensive insurance and promote meaningful competition.
- Supporters who would prefer a stronger public option express concern that the plan as currently designed is too weak and will die a premature death from adverse selection.
- Opponents think it is strong enough to quickly undermine private insurers, in spite of the legislative provisions to prevent that, and in spite of limited categories of persons who would actually be eligible to choose this option.

It is clear that despite attempts by both sides to polarize the debate, we must find a solution with a creative mix of *effective* government regulation that protects the common good and *fair* market incentives that draw out the best of innovation and efficiency, with both reflecting faithful stewardship of our abundant health care resources.

A health insurance exchange which includes a public option (or a comparable alternative) attempts to provide that creative mix.



Overview of the public health insurance option

(as proposed in House Bill H.B. 3200, pgs 116-128)

H.R. 3200 calls for the provision of a “public health insurance option” to ensure “choice, competition, and stability of affordable, high quality coverage through the United States...”

The public health insurance option, as proposed in H.B. 3200, shall:

- Be available only through the Health Insurance Exchange (also defined in H.B. 3200).
- Be one among several *choices* for persons who are uninsured, for small business owners who are exempt from the employer mandate but want to provide insurance, and for self-employed persons.
- Be subject to requirements that are applicable to any health benefits plan in the exchange, including benefits, benefit levels, provider networks, notices, consumer protections and cost sharing.
- Provide at least the *minimum* benefit package required for private plans in the insurance exchange:
 - Hospitalization and outpatient hospital and clinic services
 - including emergency care
 - services of physicians and other health professionals
 - prescription drugs
 - rehabilitative and habilitative services
 - mental health care
 - substance use disorder services
 - preventive services
 - maternity care
 - well baby and well child care, including oral health, vision and hearing services, equipment, and supplies at least for children under 21 years of age
- Be required to offer basic, enhanced, and premium plans (and *may* offer *premium plus* plans).
- Collect data to establish premiums and payment rates.
- Collect data to “improve quality and to reduce racial, ethnic, and other disparities in health and health care.”
- Offer geographically-adjusted premium rates that comply with rules established for the plans participating in the exchange and are at a level sufficient to fully finance the costs of health benefits provided by the public health insurance option, and the administrative costs to operate the plan.
- Receive \$2 trillion dollars in start-up funding from the Treasury which shall be repaid in an amortized manner over a ten-year period.
- Design and implement payment mechanisms and policies in a manner that seeks to improve health outcomes, reduce health disparities, provide efficient and affordable care, address geographic variation in the provision of health services, prevent/manage chronic illness, and promotes care that is integrated, patient-centered, quality, and efficient.
- Establish conditions of participation for health care providers in the public option.
- Establish payment rates for services and providers comparable to those in Medicare Parts A & B, with provisions for services not covered by Medicare, such as pediatric care, etc. (*The Energy and Commerce Committee version of the bill actually stipulates high reimbursement rates.*)

“A Faith-Inspired Vision of Health Care”

As people of faith, we envision a society where each person is afforded health, wholeness, and human dignity. That vision embraces a system of health care that is inclusive... accessible... affordable... and accountable.¹

“A Faith-Inspired Vision of Health Care” is a statement of the shared values upon which people of faith are focusing their health care reform efforts. It is also a measure by which legislative proposals for reform can be considered. By identifying where the legislative proposals do/do not reflect values of community, human dignity, shared responsibility, compassion, faithful stewardship, and special concern for those who are vulnerable, people of faith will be at the heart of the transformation that will be needed to help shape our health care future. What follows is a consideration of how the public health insurance option measures up to this Vision.

■ Vision ~ Inclusive

Health care is a shared responsibility that is grounded in our common humanity. In the bonds of our human family, we are created to be equal. We are guided by a divine will to treat each person with dignity and to live together as an inclusive community. Affirming our commitment to the common good, we acknowledge our enduring responsibility to care for one another. As we recognize that society is whole only when we care for the most vulnerable among us, we are led to discern the human right to health care and wholeness. Therefore, we are called to act with compassion by sharing our abundant health care resources with everyone.

Provisions in the H.R. 3200 public health insurance option that contribute to this vision:

- The public health insurance option will be offered as part of an insurance exchange that is intended to provide affordable choices to persons who have no nowhere else to turn for health insurance.
- Uninsured persons, small businesses, and self-employed persons will have the choice of buying into the public option provided in the health insurance exchange.

Seeking justice in health care: Who is still out?

- It is not yet clear how much the subsidies will be, or what the upper level of income eligibility for subsidies will be. The answer to “who is still out” will depend upon how these issues are resolved.
- Documented immigrants who are workers, paying taxes, and contributing to society but have been in the U.S. less than five years may purchase the public insurance, but will not be eligible for subsidies.
- Undocumented immigrants do not have access to financial resources for premium subsidies for participation in the public health insurance option.



¹ “A Faith-Inspired Vision of Health Care” is printed in its entirety at the end of this document.

■ Vision ~ Accessible

All persons should have access to health services that provide necessary care and contribute to wellness. We believe humanity is sacred and that all persons should benefit from those actions which contribute to our health and wholeness. Therefore, we are called to act with justice and love, to ensure that all of us have access to the health care we need in order to live out the fullness of our potential both as individuals and as contributing members of our society. We must work together to identify and overcome all barriers to and disparities in such care.

Provisions in H.R. 3200 public health insurance option that contribute to this vision:

- Data will be collected to “improve quality and to reduce racial, ethnic, and other disparities in health and health care.”
- Payment mechanisms and policies will be designed and implemented in a manner that seeks to improve health outcomes, reduce health disparities, provide efficient and affordable care, address geographic variation in the provision of health services, prevent/manage chronic illness, and promotes care that is integrated, patient-centered, quality, and efficient.

Seeking justice in health care: What barriers remain?

- Documented immigrants who are workers, paying taxes, and contributing to society who have been in the United States less than five years are not included.
- Undocumented immigrants will not have access to government subsidies for health care insurance through the Exchange and will continue to be prohibited from enrolling in government health plans like Medicaid.



■ Vision ~ Affordable

Health care must contribute to the common good by being affordable for individuals, families and society as a whole. We believe that in the sacred act of creation we are endowed with the talents, wisdom and abundant resources necessary to meet the needs of one another, including the health care needs of all. Therefore, in our calling to be faithful stewards, we understand our responsibility to use our health care resources effectively, to administer them efficiently, and to distribute them with equity.

Provisions in the H.R. 3200 public health insurance option that contribute to this vision:

- The proposed lower-cost public health insurance option would provide an alternative to private for-profit insurance (with lower premiums attributed to lower overhead and elimination of profit, not fewer benefits).
- Federal subsidies will be available to workers who earn too much for Medicaid eligibility, but are too young for Medicare, and cannot afford to purchase insurance.
- The lower premium costs would make health insurance more affordable to persons who are between jobs and not covered by employer-sponsored insurance.

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[Vision ~ Affordable (con'd)]

Seeking justice in health care: Who pays?

- In contrast to current public health insurance, participants in the new public health insurance option will pay premiums for their coverage.
- Incentives for long-term cost containment and more responsible use of resources among providers are absent from the provisions in both the public option and the health insurance exchange.



Who profits, especially at the expense of those who cannot pay?

- If the public option does not survive legislative deliberation...
 - The purchase of insurance will be available only through private plans for millions of uninsured persons. There are no assurances that premiums, co-pays, and out-of-pocket costs will be truly affordable.
 - Low-to-moderate income workers, many of whom are persons of color, would likely be the persons least likely to be able to purchase insurance.

■ Vision ~ Accountable

Our health care system must be accountable, offering a quality, equitable and sustainable means of keeping us healthy as individuals and as a community. We believe that as spiritual and sacred vessels, we are responsible for the care of our bodies to the best of our ability and for the care of one another regardless of individual circumstances. Therefore, individuals, families, governments, businesses, and the faith community are called to work in partnership for a system that ensures fully-informed, timely, quality and safe care that treats body, mind and spirit.

Provisions in H.R. 3200 public health insurance option that contribute to this vision:

- The public option will be subject to the same standards and guidelines as the private plans offered in the insurance exchange.
- Data will be collected to “improve quality and to reduce racial, ethnic, and other disparities in health and health care.”
- Geographically -adjusted premium rates will be offered that comply with rules established for the plans participating in the exchange and are at a level sufficient to fully finance the costs of health benefits provided by the public health insurance option, and the administrative costs to operate the plan.

Seeking justice in health care: Where are the gaps in accountability?

- Incentives for making providers accountable for their role in long-term cost controls is missing in the public option (and the health insurance exchange as a whole).
- Provisions for acting upon the findings in the data collected for the sake of improving quality and reducing disparities are not defined.



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“This Vision Statement has proven to be the best faith statement on four key issues in health reform that we have found. It offers real insight into the fundamental values that shape our ability to speak differently on key issues. Does it work? Unquestionably. These moral values helped House members in three key California districts reverse their positions and move to support real reform. The moral voice of the faith community cannot be overestimated. We have shown that this singular voice for health care as part of the Common Good is most powerful.”

Elizabeth Sholes, Director of Public Policy
California Council of Churches/California Church IMPACT

“A Faith-Inspired Vision of Health Care” was developed by Faithful Reform in Health Care, the largest interfaith coalition of national, state and local organizations and individuals committed to working together on health care reform.