

Key Decisions in the National Health Reform Debate

1. Will health insurance be mandatory for everyone?

- Cost would be more affordable if everyone were covered because that would spread the risk.
- With everyone in, we could do away with insurance practices (such as medical underwriting) that keep sick people from accessing coverage at an affordable cost.
- With everyone in, we could emphasize prevention, chronic care, & other cost-saving measures.
- **BUT** mandatory coverage is very expensive because it must be linked with subsidies:
 - Free coverage up to 200 percent of the Federal Poverty Level (FPL).
 - Sliding scale subsidies for those between 200 percent and 400 percent of the FPL.

2. Will we be able to purchase health insurance backed by the government (“a public plan”)?

- A government-sponsored health insurance plan would be more affordable because:
 - It would have much lower administrative costs;
 - Volume purchasing would drive down the costs of drugs and medical equipment;
 - It would insist doctors & hospitals follow cost-effective practices in the treatment of patients.
- To compete, private insurers would need to become more cost-conscious too.
- **BUT** a public plan would put the government in competition with private business and that is something the insurance companies do not want.

3. Will employers be required to provide a health plan to their employees?

- Currently, 55 percent of Pennsylvanians are covered through a job-based health plan. It makes sense to build on this approach and move that percentage as high as possible.
- Job-based health insurance should be the norm for all employees, just as workers' comp is now.
- Employers that do not offer coverage are shifting costs to others; this is unfair, and those who employ more than a few employees should pay a monetary penalty for the cost shift.
- **BUT** employers already operating close to the edge financially could be pushed into liquidation by an employer mandate. This would hurt employees who lost their jobs.

4. How will we reduce the rapid rise in medical costs?

- In some parts of the U.S., the per capita cost of health care is much higher than in others, yet the outcomes for patients are not better. This tells us that there is waste in our current system.
- Prevention, early treatment, and consistent care of chronic illnesses are more cost-effective than acute care. Savings will result when people have reliable access to primary care.
- When payment is based on treatment protocols and outcomes rather than a fee for each bit of service rendered, doctors will be motivated to better integrate care and savings can be achieved.
- **BUT** this suggests doctors and hospitals will be encouraged to practice medicine in a prescribed way. This approach will be criticized as interfering in the doctor-patient relationship.

5. How will we pay for it all?

- Reform will bring substantial savings, but most of that will come down the road, after we expand prevention and wellness programs, and after we reform the way we pay for medical care.
- We will need to additional public revenue here at the beginning. Should this come from:
 - Limiting the tax deductions for the rich to the value of deductions for the middle class?
 - Taxing high-end health coverage just as we tax other forms of earned compensation?
 - Increasing taxes on alcoholic drinks and putting a tax on sugary drinks?
 - Increasing Medicare Part D premiums for higher-income people?
 - Tax capital gains at a rate that is closer to the rate at which earned income is taxed?

The Pennsylvania Health Access Network (PHAN) is a coalition of groups working to improve access to quality health care through the expansion of health insurance coverage. PHAN organizes health care consumers, works to raise public awareness of the need for health system reform, and supports public policy proposals that adhere to the following principles:

- Access to quality health care for all Pennsylvanians;
- Access to affordable, quality health insurance for all Pennsylvanians;
- Effective controls to keep health care and health insurance premiums reasonably priced;
- Shared responsibility for health system costs among individuals, employers and the public.