



Health care bill with 'public option' nears vote in House

by Elizabeth Stawicki, Minnesota Public Radio

November 6, 2009

St. Paul, Minn. — A vote on the House version of the health care overhaul bill, which includes a so-called "public option," a government-run insurance program for the uninsured, could come this weekend, and supporters believe the alternative would inject more competition into the health insurance market.

Opponents, however, contend it amounts to a government takeover of the health insurance industry.

Allison Fingerett is a psychology student at the University of Minnesota who aspires to become a full-time columnist. She's written about health care for the school paper, and it's a topic she knows a lot about personally.

Fingerett's mother is battling cancer and she herself can't afford to pay for health insurance offered by the U of M, which costs about \$900 per semester or about \$150 per month.

"My tactic this semester has been: I've had a garage sale, I've tried to find a \$100 here and there to last me several couple of weeks to a month," Fingerett said. "To be able to commit to a lump sum of over \$900 or even more than \$100 a month is not within my feasible means."

The U requires full-time students to have health insurance but not necessarily buy it from the University. When Fingerett realized she couldn't afford the U's premiums she contacted a group called Portico Healthnet to help her find other options. She was able to get less expensive insurance from the state.

Under the major health care reform bills, Fingerett could have another choice -- a government-run health insurance program known as the public option. While the proposals require everyone to have insurance, there's no mandate that anyone must choose the public option.

University of Minnesota health care management and policy professor Lynn Blewett said the government-run program would provide an alternative to private health care plans on what would be known as the "exchange." That would be a kind of Expedia-like site where instead of comparing prices for airline flights, you'd compare health insurance plans.

"So if you were uninsured you could go to the exchange [that] would likely be a Web site where you'd provide your information and you'd pull up the different options based on your needs and interests and co-pays and deductibles and types of benefits," Blewett said.

Just what those premiums and deductibles would look like are still unclear. The non-partisan Congressional Budget Office found that in the House version only about 6 million people, or about 2 percent of those under age 65, would sign up for it when it's fully phased in after 10 years.

The Senate proposal also calls for a public option, but last week Sen. Majority Leader Harry Reid said it would allow states to opt out.

Some supporters of the public alternative want all states to participate because they think it would give the government more muscle in controlling costs through stronger competition. Julie Brunner, executive director of the Minnesota Council of Health Plans, said health insurers in the state don't oppose a public option; they welcome the competition as long as it's fair.

"What we do have concerns about is that any public option operates on a level playing field with the non-profit health plans in Minnesota," Brunner said. "That means that the public option negotiates with physicians and hospitals just like the health plans do develop the premium prices."

That's what the House bill calls for, but another idea calls for modeling the public option program on Medicare. Brunner said the health insurance plans in Minnesota are dead set against that because the federal government reimburses doctors and hospitals in different parts of the country at different rates.

The insurance companies argue that expanding the Medicare model would further penalize states like Minnesota.

There's also concern coming from some moderate Democrats that Medicare costs too much, and to use that model would further balloon the deficit.

Lois Quam, a former executive with UnitedHealth Group and now CEO of a health care reform incubator, said she supports the public option. But when asked at a recent public gathering whether Medicare was a bad model for it, she said it depends.

"I would use the creation of the public option to take what we've learned from Medicare about what works and doesn't work and do something better," Quam said. "I wouldn't take Medicare as is and put it in the public option."

Quam agrees that the government needs to do a better job of controlling costs in Medicare. But she said all health care costs are rising, not just Medicare's.