

New report: private/public insurance mix is most practical way to achieve universal coverage

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Health insurance reform plans that build on a mix of private and public health insurance, where costs are shared among government, employers, and enrollees would have great potential to move the system to high performance and would be the most practical to implement according to a new report released today by The Commonwealth Fund Commission on a High Performance Health System. Commissioners are a diverse group of leading health policy experts from government, private industry, health care delivery organizations, academia, and professional associations.

Affordable, comprehensive health insurance coverage for all Americans is essential to achieving a high performance health system, say the report authors, because coverage helps to ensure access to essential preventive services; improve overall health; cut down on inefficiencies like duplicate medical tests; reduce administrative costs; and eliminate costly uncompensated care for uninsured and underinsured families.

However, the way coverage reform plans are designed will be critical to their success and ability to offer all participants access to high-quality, efficient, and equitable health care, according to the analysis, A Roadmap to Health Insurance for All: Principles for Reform, prepared for the Commission by Sara Collins, Assistant Vice President at The Commonwealth Fund and colleagues. The report is the first of three major policy reports the Commission will issue this Fall.

“If we do health reform right, we can get all Americans covered, improve quality and efficiency, and control skyrocketing health care costs,” said Collins.

The report describes how all of the health insurance reform plans now being proposed by presidential candidates and lawmakers fall into one of three general types—tax incentives and individual insurance markets; mixed private-public group insurance with shared responsibility for financing; and public insurance. The report also outlines key principles for health care reform that all Americans should keep in mind as they consider these plans. For example:

- Provides equitable and comprehensive health insurance to all Americans, regardless of income or health status, in a way that ensures full and equal participation.
- Provides a minimum, standard benefit floor.
- Premiums, deductibles, and out-of-pocket costs are affordable relative to family income.
- Enrollment is automatic and seamless.
- Provides a choice of health plans or care system; people can keep their current insurance if they so choose.
- Administrative costs should be reduced and the plans simple to administer. Health risks are pooled across broad groups.
- Financing should be adequate and the costs shared among federal and state governments, employers, individual households and other stakeholders.
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“While the Commission does not endorse a specific health insurance reform proposal, we see the principles of equitable access for all, quality and efficiency of care, and adequate and fair financing, as critical to any reform plan,” said James J. Mongan, M.D., President and CEO of Partners HealthCare System, Inc., and Chair of the Commission. “The Commission’s view is that the most pragmatic approach to coverage for all is mixed private-public group insurance, a strategy that builds on our current system of health insurance with a shared responsibility for financing from individuals, employers, and government that minimizes dislocation for the millions of Americans who have excellent coverage.”

In the Commission’s view, both the mixed private-public group insurance with a shared responsibility for financing, and the public insurance reform proposals have the greatest potential to provide everyone with comprehensive and affordable health insurance, achieve greater equity in access to care, realize efficiencies and cost savings in the provision of coverage and delivery of care, and redirect incentives to improve quality. However, the mixed private-public approach is the more pragmatic one because it allows those who now have employer-based health coverage to retain it, causing far less dislocation initially than asking people to enroll in a new program, and minimizing federal budget outlays.

The report categorizes current health care reform proposals according to three distinct models:

Tax Incentives and Individual Insurance Market

- Proposed by President Bush, and presidential candidates former Mayor Rudolph Giuliani, Senator John McCain, and former Governor Mitt Romney.
- Would allow for substantial choice of benefits but could increase costs for older people and those with preexisting conditions.
- Would not achieve health insurance for all or improve quality and could increase administrative costs.

Mixed Private-Public Group Insurance Plans

- Enacted in Massachusetts and proposed by California Governor Arnold Schwarzenegger and five Democratic presidential candidates (Senators Clinton, Dodd, Edwards, and Obama, and Governor Richardson).
- Builds on the current system; would not require the 160 million people who currently have employer-sponsored insurance to enroll in a new program.
- Creates the opportunity to pool risk and reduce administrative costs.
- A mandate for all individuals to purchase insurance would be critical in achieving health insurance for all, as would attention to affordable out-of-pocket costs.

Public Insurance

- Proposed by Senator Edward Kennedy, Representatives John Dingell, Pete Stark, John Conyers, and Dennis Kucinich (also a presidential candidate).
- Would enroll the largest number of people seamlessly and lower administrative costs.
- Plans initially would create dislocation as people would move from

their current coverage to coverage through Medicare or another public plan, and substantially increase federal budget outlays.

“The most important takeaway of this report is that universal coverage is essential to improve access, quality, equity, and efficiency in the U.S. health care system,” said Dallas Salisbury, President and CEO of the Employee Benefit Research Institute and Chair of the Commission’s Coverage Workgroup. “However, the design of any health care reform plan will determine whether we are able to achieve the goal of a truly high performing health system.”

Source: Commonwealth Fund

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