

TPID Response to Senator Grassley’s Remarks Opposing a Public Health Care Option, Iowa Town Hall Meeting, April 9, 2009

Senator Grassley	Three Parks Independent Democrats
<p>People do not want to be forced into a one-size-fits-all plan.</p>	<p>The public option is just that—optional. No one will be forced into it. There is also no reason there can’t be several different plans within the public option. The goal is a payment system that provides affordable, quality health care for all Americans.</p>
<p>If we have a public option, 119 million people will opt out of private plans and the shock would undermine the economy. Health care is 16% of the economy and we can’t risk a dramatic downturn and another bailout.</p>	<p>The Senator should not use fear tactics to have it both ways. First, he says that people don’t want to be forced into a public plan, but then he states that fully 59% of the people with private plans would opt out of them given a choice!¹</p> <p>Private, public and single payer insurance are simply different ways of paying the doctor. Health care would continue to be a major part of the economy, except that public plans are less wasteful and costly to administer. Moreover, covering an additional 46 million people who are currently uninsured will boost the economy because of additional spending.</p>
<p>Under Medicare, doctors get paid too little and are leaving the system. Doctors are leaving poor and rural areas.</p>	<p>“While Medicare fees have declined in real terms since the mid-1990s, the trend for private insurer payments to physicians has lagged even more: in 1995, commercial fees were 1.43 times Medicare fees on average; by 2003 this fee ratio had fallen to 1.23.”² Doctors’ fees, while among the highest of the professions, have been declining across the board.</p> <p>Elected officials, particularly Republicans, should stop attacking Medicare and fund it fully so doctors can be adequately reimbursed.</p> <p>Of course, there will always be some doctors who want to treat only the wealthy. A single payer system would remedy this problem because while doctors would continue to practice independently, they would be within the overall fee structure of the plan.</p>
<p>If the new system is completely based on private insurance, with no public option, there will be more insurance companies coming into the health field, which will increase competition and reduce costs.</p>	<p>Between 1997 and 2002, the most recent years for which we have comparable data, the number of direct health and medical insurance carriers rose by 37.6% and their annual payroll rose by 80%. There is no indication that this brought down health insurance costs. In fact, just the opposite has happened. “Gains in health insurance costs began to outstrip those of all benefits during 1998 and 1999. Since 1999, the gap between health insurance costs and total benefit costs has widened, as health insurance costs began to rise sharply.”³</p> <p>Insurance premiums are primarily a function of the underlying costs of health care, the risk factor, administrative costs, income from financial speculation, if any, and profits. Most of these factors are not subject to reduction through</p>

¹ U.S. Census, “Health Insurance Coverage in 2007,” Highlights, pg. 7: 201,991,000 people have private insurance; therefore, 119 million is 59%.

² Medicare Payment Advisory Commission, *Report to Congress: Medicare Payment Policy* (March 2005)

³ Health Insurance Series Now Available from the Employment Cost Index, Steven P. Paben and Robert W. VanGiezen, Bureau of Labor Statistics (originally posted: August 27, 2003)

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	competition. Increasing the number of insurance companies simply complicates the task of collecting from them and drives up administrative costs of providers.
President Obama promised that people who liked their health plans could keep them. If there is a public option, employers will abandon private plans and the President's promises will not be kept. Therefore, we can't have a public option.	<p>The President promised that his plan would not require that people give up insurance they wanted to keep; he did not pledge to keep every existing plan in business. In fact, U.S. employers point to their health insurance plans as obstacles to competing with companies located in countries with national (single payer) health care.</p> <p>The reality is that employment-based health care is diminishing and becoming unaffordable: between 2000 and 2005, the percentage of employers offering health plans dropped from 70% to 60%.⁴ Among large employers (200 or more employees), the percentage covering Medicare eligible retirees dropped from 66% in 1988 to 31% in 2008.⁵ The average premium paid by covered workers rose from \$1,543 in 1999 to \$3,354 in 2008. Finally, from 2000 to 2007, the number of people in employment-based plans decreased by about two million, while the number in government plans (Medicare, Medicaid and the VA) increased by 14 million.⁶</p>
Doctors and patients must make medical decisions, not the government.	<p>Of course, no one would disagree with this statement, but Senator Grassley uses it to promote the myth that public insurance will intrude into treatment, while private insurance will allow doctors to act in the best interest of the patient. Under the current private-based system, however, just such an intrusion is thoroughly documented. For example, the Medical Society of the State of New York (MSSNY) recently reported the following:</p> <ul style="list-style-type: none"> ▪ 93% of New York members complain they have had to change their choice of prescription medications because of insurance carrier restrictions; ▪ 92% of New York physicians agree with the statement: "Insurance company financial incentives or disincentives to physicians regarding treatment protocols may not be in the best interest of their patients"; and ▪ 87% of New York physicians say that insurance companies pressure them "to prescribe a course of treatment based on cost rather than on what may be best for the patient."⁷

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⁴ www.upte.org/lp/cwa-fed/healthcare.pdf

⁵ Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2008

⁶ U.S. Business Census, 2009

⁷ www.mssny.org/mssnycfm/mssnyeditor/File/2008/In_the_News/Press_Releases/inscarrierrules.pdf (complete results of the survey in chart form), N.Y. State Medical Society, 2008