

## **Trigger Happy: Don't Kill Public Plan Choice**

It is puzzling that for some in Congress the goal of health care reform has become preservation of private health insurance at any cost. Private health insurance has proved unable or unwilling to control health care costs. Tens of millions of Americans cannot afford private health insurance, indeed some with chronic illnesses cannot purchase it at any cost. Yet, conservatives in Congress oppose the one approach most likely to control cost and expand access: a national program giving all Americans the choice of a public health insurance plan like Medicare.

Private health insurance premiums have doubled over the past 9 years, 4 times the rate at which wages have increased. Competition, the engine that drives down costs in our economy, has largely disappeared in the insurance industry. The top two insurers control 65% or more of the small business market in 31 states. In local markets, where health insurance is actually bought, business is even more concentrated. In Harrisonburg, Virginia, my home, one insurer controls 85% of small business insurance.

The states regulate health insurance, but they have by and large lacked the will, skill, legal authority, and resources to guarantee their residents access to health care financing. Insurers exclude and even drop enrollees in ill health. Insurers ration care through coverage policies and utilization review practices that are incomprehensible. The states have at best responded only to the worst of these abuses. Most states do not even try to control health care costs. Even Massachusetts, the state most successful in expanding insurance coverage, has done little to control costs. A national public health insurance plan would drive competition in the insurance market, set a benchmark for provider rates and offer people predictable costs, transparent coverage rules, and health security.

But we may yet be denied public plan choice. The latest attempt to kill it is the "trigger" proposal: hold off public plan choice for now, only making it available on a state by state basis at some point in the future if some "trigger" is pulled in a particular state, like reaching an even greater level of industry concentration. This is a recipe for further enhancing insurer power, keeping health care costs high, and undermining people's ability to get needed care

We know from experience that a federal backstop for state insurance regulation is unlikely to succeed. The 1996 Health Insurance Portability and Accountability Act included several individual insurance market reforms that were to be implemented by the federal government only in states that failed to implement them. Throughout the late 1990s a series of GAO reports criticized the failure of the federal government to implement these reforms in resisting states. At Congressional hearings last year, the federal government effectively admitted that it has given up trying to enforce the individual market requirements. The federal government has not proved itself capable of regulating state insurance regulation.

Moreover, a trigger focuses the question of public plan availability on one particular metric rather than on the larger questions of whether private health insurers adequately serve

the public or whether the states are capable of making them do so. Marketing fraud, poor service, constantly changing drug formularies and provider networks—none of these failures of private insurance can trigger public plan choice under proposals now under consideration.

A trigger applied on a state by state basis denies Americans the efficiency and national uniformity a national public plan would offer. It leaves the responsibility for insurance regulation with the states, who have already failed to accomplish our national reform goals.

Finally, a state-based trigger also overlooks significant regional variation within states. An unsatisfied employer who has only one plan available in her town will be denied access to a public plan as long as competition nominally exists in her state as a whole. Why must we give one more chance to an industry that has had 75 years to deliver high quality, affordable, health care and has failed? Why do we keep trying to make state regulation do a job it cannot or will not do? Why are some so anxious about the threat of government rationing when they have lived with private managed care rationing—non transparent and non accountable—for two decades? President Obama promised us a public plan choice. It is time for the President and the Democratic majorities that we elected to Congress to deliver public plan choice for Americans. No more delay.