



Strengthening Health Care through the Public Option and Other Reforms

BY JEANNE LAMBREW

The passage of the Affordable Care Act (ACA), and the thus-far mostly successful defense of it during the current administration, have guaranteed tens of millions of Americans with pre-existing conditions and financial hardship accessible, affordable health care. While Congress's first priority in this political moment remains preventing any further roll-back of the ACA, the goal of providing every American with affordable, quality health coverage requires additional legislation, and we must be ready to complete that promise when the opportunity arises.

That preparation has begun in earnest. TCF hosted a conference and special issue in partnership with *The American Prospect* at the beginning of the year to explore robust and wide-reaching ideas to build on public parts of the health coverage system.¹ In the 115th Congress, proposals to improve private insurance² as well as extend Medicare-like plans³ to additional populations were introduced—which TCF has summarized in two easy-to-navigate tables. Short of replacing the current system with Medicare for All, proposals to expand public plans generally take one of four major approaches⁴:

1. Start where private insurance is hard to get.

Congress could triage the deployment of a public plan to help those who lack options today, requiring, for instance, that urban insurers serve nearby rural areas. It could, alternatively, extend Medicare's provider payment rates to private insurance plans in places with no or low competition.⁵ A public plan, once it enters an area, runs

the risk of making private insurers less likely to return, potentially replacing private with public plans one county at a time.

2. Reduce the Medicare age threshold.

A number of proposed reform plans support this tack, opening up Medicare to people younger than age sixty-five, because expanding a popular program may be the easiest way to expand government insurance.⁶ Starting at age fifty aligns with AARP's new definition of "older Americans." Policy makers considering this approach have to decide whether coverage is more like what younger or older populations receive, how to finance such coverage, and whether adding new enrollees affects the benefits or costs for seniors on Medicare.

3. Go where the money is.

Now that the ACA has fully integrated people with pre-existing conditions into private plans, private insurance pays for more of the costs of the most expensive Americans than Medicare. Public reinsurance has become a popular, bipartisan idea to lower premiums and improve the functioning of the individual market. By reimbursing health insurers for high costs (for example, for organ transplants or treatment for hemophilia), reinsurance lowers cost uncertainty for insurers and thus the premiums they charge. As TCF has suggested, this approach could be extended to all private insurance, including that offered

through employers, and pay for those high claims at Medicare payment rates.⁷ Congress could also eliminate Medicare's twenty-four-month waiting period for people with disabilities.⁸

4. *Make public insurance an option for individuals and employers alongside private insurance.*

This "choice"-based approach would appeal to many Americans since they would not be forced into a particular type of plan.⁹ It could dispel myths about public plans and, if well designed, encourage competition with private plans. Policy makers would need tools such as risk adjustment and periodic recalibration of design features to prevent imbalance and an unstable insurance system, which is difficult in a politically polarized environment like we have now.

The odds that such ideas become law in the 116th Congress are low, but public-plan proposals will likely animate the campaign plans of progressive candidates running for the presidency in 2020. As a TCF review shows, presidents typically use their first 100 days to launch major legislative efforts and keep roughly two-thirds of campaign promises.¹⁰ As such, new members of Congress could lay the groundwork for the next major round of health reform.

Notes

1 "Health Reform 2020: Towards Affordable, Quality Care for All Americans," The Century Foundation, January 11, 2018, <https://tcf.org/content/event/health-reform-2020/>.

2 Jeanne Lambrew, "A Quick Look at Congress's Ideas to Improve Private Health Insurance," The Century Foundation, September 19, 2018, <https://tcf.org/content/commentary/quick-look-congresss-ideas-improve-private-health-insurance/>.

3 Jeanne Lambrew, "Comparison of Health Reform Legislation Creating Public Plans," September 19, 2018, <https://tcf.org/content/commentary/comparison-health-reform-legislation-creating-public-plans/>.

4 Jeanne Lambrew and Ellen Montz, "The Next Big Thing in Health Reform: Where to Start?" The Century Foundation, January 3, 2018, <https://tcf.org/content/report/next-big-thing-health-reform/>.

5 John Holahan and Linda Blumberg, "Capping Provider Payment: An Alternative to a Public Option," The Century Foundation, January 5, 2018, <https://tcf.org/content/report/capping-provider-payment/>.

6 Paul Starr, "A New Strategy for Health Care," The Century Foundation, January 4, 2018, <https://tcf.org/content/report/new-strategy-health-care/>.

7 Jeanne Lambrew and Ellen Montz, "A Different Type Of Public Program: National Reinsurance," *Health Affairs*, December 11, 2017, <https://www.healthaffairs.org/doi/10.1377/hblog20171207.280708/full/>.

8 Harold Pollack, "Health-Care Reform's Disability Blind Spot," The Century Foundation, January 9, 2018, <https://tcf.org/content/report/health-care-reforms-disability-blind-spot/>.

9 Jacob Hacker, "The Road to Medicare for Everyone," The Century Foundation, January 4, 2018, <https://tcf.org/content/report/road-medicare-everyone/>.

10 Jeanne Lambrew, "Getting Ready for Health Reform 2020: What Past Presidential Campaigns Can Teach Us," Commonwealth Fund, June 26, 2018, <https://www.commonwealthfund.org/publications/fund-reports/2018/jun/getting-ready-health-reform-2020-presidential>.