



## **The public is right about the public option**

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The insurance industry hates it because it would ding its profits. Democratic leaders fear it could kill passage of health care reform. But reports of the death of the public option have been greatly exaggerated.

Poll after poll shows that Americans want to be able to choose a public insurance plan, and for good reason. It would be tragic to lose this pillar of health care reform to cynical inside-the-Beltway political horse trading. Here's why we need the public option:

**It can really deliver on the benefits.** The proposed bills would outlaw common and perverse industry loopholes such as pre-existing condition exclusions, which exclude sick people from buying insurance as individuals, and rescissions, which let companies deny treatment retroactively for people they already insure. While outlawing these rules will help, private insurance plans have demonstrated that they are willing to challenge patients' rights to the grave and beyond in the interest of clinging to the premium dollar.

We've witnessed a heartbreaking parade of insured patients trooping to corporate headquarters to plead for lifesaving treatments that were denied, even though the benefits are covered in writing. In contrast, no one at the government-run Medicare program gets a bonus for turning away sick people. We need to be able to choose a plan in which the financial incentives to provide needed care line up with the proposed new laws, and that can only happen in the public sector.

**It will drive down costs.** Health care reform will cover millions more Americans - a great achievement. But we need to use the increased buying power of this newly covered population to control costs, a job at which private insurance companies consistently fail. Some companies can't reduce premiums because they're too small to hold leverage in negotiations with private hospital chains and big drug companies. Or if they do save a buck, they put it back in their own pockets in the form of profits and executive bonuses.

In Massachusetts, large nonprofit insurers recently testified that they had negotiated sweetheart deals that benefited certain employers and hospitals - and confidentiality agreements that kept the details secret. When the Veterans Administration negotiates lower drug prices, the savings buy more drugs for veterans, and the transactions are all transparent. We'd like to be sure that the change we voted for turns into change we save on reduced premiums, which is possible only in a public plan.

**It will allow us to re-engineer how we deliver and pay for care.** How? By coordinating with Medicare initiatives that will bolster quality while lowering costs, like financial incentives that promote primary care and better coordination of medications. The public plan will be most effective if it starts right away and is available to everyone - policies we can continue to fight for. But the projection that the public option would offer savings too small for too few, or would be too expensive, is off the mark.

**It's democratic.** Most Americans know this in our bones. The majority of the House voted for it, including many in our powerhouse delegation from California. The majority of senators expressed support for it - including committee chairs Max Baucus and Tom Harkin. We're tired of arcane rules that let minorities of one hijack the public's interest.

There will be efforts to leverage the public option for other benefits. One benefit of that debate would be if the antitrust exemption for health insurance companies were revoked so they can be regulated by the Federal Trade Commission. But we need a real institutional alternative to the present system. Americans want - and need - a public option. Don't let your representatives trade it away.