July 10, 2013

How States Can Get Close to a Single-Payer System

Public Citizen Releases Road Map for States to Achieve Unified, Universal Health Care; Distributes to State Lawmakers Throughout U.S.

WASHINGTON, D.C. – The steps a state would need to take to move toward creating a single-payer health care system are somewhat complicated but are doable, according to a new Public Citizen report that provides states with a road map of how to achieve unified, universal health coverage.

A state could not hope to achieve a pure single-payer system, such as exists in Canada, because of federal programs, such as Medicare and Medicaid. But many of the ambitions of a single-payer system can be realized at the state level, the report explains. A state can accomplish much that the Affordable Care Act (ACA), or Obamacare, does not: provide universal care, greatly increase administrative efficiency and control costs.

Public Citizen distributed the report to state lawmakers throughout the country through the state affiliates of Health Care NOW.

"The facts are simple: We pay far more for health care than any developed country, yet we cover fewer people and get worse results," said Dave Sterrett, health care counsel for Public Citizen's Congress Watch division. "It's time for real change."

Calling for a universal care system in the United States is often painted as a quixotic pursuit because of incessant fear-mongering by conservatives about the supposed evils of a "government takeover" of health care.

But the report, A Road Map to "Single-Payer": How States Can Escape the Clutches of the Private Health Insurance System, points out that Americans polled in 2012 were nearly evenly divided when asked if they favored a single-payer system, and this was amid the relentless drumbeat of opposition to the ACA. Evidence suggesting support for the single-payer concept also can be found in Americans' widespread approval of Medicare, the

government-run program that provides nearly universal care to those over 65 at far less cost than care that is reimbursed by private insurance companies.

The first step on a state’ s road to a quasi-single payer system is to obtain a waiver from the ACA. This is well within reach because the act includes language that permits a state to receive a waiver from the ACA’ s strictures, beginning in 2017. A state can be granted this waiver if it demonstrates that its alternative would provide coverage at least as good, for at least as many people, as the ACA would, and not add costs to the federal budget. For states that receive waivers, the federal government must provide funds to the state that equal what it would spend pursuant to the ACA. A state promising to provide comprehensive, universal care would easily clear this hurdle.

Achieving integration between a state system and Medicare and Medicaid would be more difficult because the law does not permit a broad waiver from these programs. But the law does provide ample room for the administration of these programs within a state to be altered to align billing systems and prices. This would allow Medicare and Medicaid to appear to providers and patients to be almost seamlessly integrated with a state system, although this strategy would require a state to dedicate resources to reconcile claims with the federal government.

The other major legal hurdle for a state to overcome is posed by the 1974 Employee Retirement Income Security Act (ERISA), which forbids states from regulating employer benefits plans. But a small body of case law provides grounds for cautious optimism that the hurdles of ERISA can be overcome. A state could insulate its system from being struck down on ERISA grounds by legislating alternative funding options, such as payroll, income or sales taxes.

The final major hurdle is determining how to pay for a universal care system. Transitioning from a system largely financed by employer and employee-paid insurance premiums to one likely financed by some combination of taxes would be challenging.

But the transition should not hurt employers or residents in the long run, the report

concludes. A proposed system in Vermont, for instance, would significantly expand both the quality of benefits and the number of people covered. Yet Vermont' s plan would cost slightly less than the state' s current system, according to analysis commissioned by the state.

" Single-payer in the United States has been scorned but never tested," said Lisa Gilbert, director of Public Citizen' s Congress Watch division. " We' re looking for a few pioneering states with the courage and fortitude to let common sense prevail over the insanity of our current patchwork system. Once they succeed, we expect most opposition to single-payer and our reliance on privately insured health care to become historical relics."
###