

A “Public Plan” Myth vs. Fact

MYTH: *A public plan would improve the private health insurance marketplace.*

FACT: A public plan would not improve the private market; it would do just the opposite. According to a 2009 Lewin Group study, if the public plan’s reimbursement rates are similar to Medicare, an estimated 119 million people will shift from private insurance to the public plan.

MYTH: *A public plan would create a level playing field for health insurance.*

FACT: The federal government sets its own rules and there is nothing fair or level about them. As it currently stands, the federal government sets artificially low reimbursement rates for doctors and hospitals. According to a 2009 Lewin Group study, Medicare's current reimbursement policies pay hospitals only 71% of private rates and doctors 81%. To quantify, a 2006 Milliman study found that Medicare ultimately shifts an average of \$88.8 billion to the private market each year.

MYTH: *A public plan would give consumers more choices.*

FACT: Federally-sponsored health insurance plans have a proven track record of providing fewer choices to consumers. According to a 2007 survey by the American Medical Association, 60% of doctors say they limit the number of new Medicare patients they see. Further, a June 2008 report by the Medicare Payment Advisory Commission found that 29% of Medicare beneficiaries have problems trying to find a primary care physician to treat them. Medicare beneficiaries have even more trouble trying to find specialists. For example, the *New York Times* reported on April 6 of this year that of the 93 internists affiliated with New York Presbyterian Hospital, only 37 accept Medicare patients.

MYTH: *A public plan would result in a more efficient health insurance marketplace.*

FACT: The federal government has not proven itself to be a model for health care efficiency. Each year, Medicare loses \$60 billion due to fraud. One can only imagine what that number would increase to if the federal government takes charge of the entire health care system.

MYTH: *A public plan would be self sustaining. It would not receive tax revenue or appropriations from the federal government.*

FACT: The federal government has a history to the contrary. The federal government’s current entitlement programs are on the fast track to financial insolvency. According to the Medicare trustees, the Medicare Trust Fund will be exhausted by 2017. Medicare and Medicaid alone account for 4% of GDP today and will rise to 9% by 2035, according to the Congressional Budget Office. The Congressional Budget Office estimates that individual and corporate income tax rates would have to rise by about 90% to finance the projected increase in spending through 2050.