March 26, 2019

Health Policy in Transit

A Purchaser Viewpoint

National Alliance of Healthcare Purchaser Coalitions
Driving Innovation, Health and Value

Bills introduced to address "Single Payer Options"

Recently, there have been a number of bills introduced in Congress for expanding access to public health insurance, either as a supplement to, or replacement of, existing federal programs. Often referred to as "Medicare for All" or "single payer," the draft legislation actually covers a fairly broad range of possible options. To help coalitions and employers understand the underlying policy principles of these various proposals, we have outlined four general approaches that have been proposed for incorporating or expanding public plan availability in the health insurance market.

Medicare for All would directly expand eligibility for Medicare, either by lowering the eligibility age, or by extending eligibility to the entire population. This option can accurately be described as "single payer." In this option, Medicare would fully replace any existing coverage. If Medicare eligibility is extended to the entire population, there would be no other forms of health insurance coverage. If people like the plans they have now, including employer-sponsored plans, they would not be able to keep them. The main benefit of this option is that it will eliminate the uninsured population; the issues of "free riders" and cost-shifting among payers would go away. Under this option, the government would run all health care coverage, including setting rates and making coverage determinations.

A **Medicare buy-in** would allow people not currently eligible for Medicare to enroll and pay an actuarially-determined premium. The main question to be considered in this proposal is how a Medicare buy-in plan would operate with the ACA rules. Current proposals indicate that a Medicare buy-in plan would operate outside of the Marketplaces and would therefore not be part of the ACA single risk pool. How Medicare buy-in rules would be structured and how they compare to ACA rules would affect enrollment, risk profiles, and premiums in both Medicare and the Marketplaces. A key question for employers is whether they would be able to purchase buy-in plans for their employees.

A **Medicaid buy-in** would allow people not currently eligible for Medicaid to enroll and pay an actuarially determined premium. The main difference between a Medicare buy-in and a Medicaid buy-in is that Medicaid is jointly run with states. States currently have different eligibility requirements and benefit packages, so States will need to have an active role with the federal government in making determinations about how this program would be administered. Just like a Medicare buy-in, there is an open question whether employers would be able to purchase buy-in plans for their employees.

Including **a Public option in the ACA Marketplaces** would mean that a government-run health plan will exist side-by-side and compete with other plans in the Marketplaces. The ACA offers a similar approach already with the Basic Health Plan, but only two states have implemented it (Minnesota and New York). Anecdotal evidence indicates that it has not had much overall effect on the insurance markets in either state. Presumably, anyone eligible for current ACA Marketplace coverage would be eligible for a public plan option, but questions remain regarding eligibility and how it will be determined.

Four general categories of proposals:

- *Medicare for All*
- *Medicare buy-in*
- *Medicaid buy-in*
- *Public option in ACA Marketplaces*

Implications for Purchasers

Under any of these options, there would be major questions about the future of employer-sponsored coverage. For example, under Medicare for All, employer coverage would be completely eliminated while including a public option in the Marketplaces may have a less direct effect on employer coverage. It could still affect the overall functioning of the health insurance Marketplaces.

Most importantly, none of the existing proposals have taken into consideration how value-based purchasing/contracting, or value-based insurance design would function within these programs. All of these options assume that the underlying payment systems are fee-for-service. None of these options will address the underlying cost of health care, which is truly the issue we need to solve to ensure we have a stable health care system in this country.