General Issues and Talking Points for All Reform Proposals, Including the Baucus (Senate Finance Committee) Plan.

1. **Government/Public Option Plan**. In almost all the proposals, there is a government (or public) option plan. The public option plan would be a plan the government would offer consumers. Even if there is a desire to even the playing field between the public plan and private sector, there is no way to guarantee that the government plan isn't subsidized with taxes or that the government won't revert back to paying the doctors and hospitals the same rate they pay for Medicare and Medicaid. When either or both of these situations occur (and they will occur at some point), everyone will choose the government plan, thus leaving no one insured in a private market plan. The end result is a single payer plan like the Canadian health care system.

2. **Health Insurance is not Health Care**. We want health care reform, not health insurance reform. Regardless of whether we finance our health care through a government plan (where we pay taxes) or a private market insurance plan (where we pay premiums), if we don't control health care costs, our taxes or premiums will continue to be unaffordable. We must focus on reforming health care costs, not health insurance. By even the most conservative estimates, the profit margin of insurance companies averages around 3%. It's hard to find many industries that have less than a 3% profit margin. So why do legislators continue to try and reform health insurance rather than health care? Is the health care lobby that strong that legislators are afraid to try and reform the way doctors and hospitals get paid? Let's figure out why health care costs so much and try to reform health care.

3. **Exchanges, Cooperatives and Connectors**. One of the other health care reform provisions being debated is the use of an exchange, connector, navigator or cooperative. The main premise is that the government will try to help consumers of health insurance plans try to find the best policy. Regardless of the name, this idea is nothing more than an incremental step towards a public option plan. There are literally hundreds of thousands of licensed, trained, educated and professional insurance agents and brokers who can provide consumers with impartial and independent advice. These agents do not work for insurance companies or the government – they work directly for consumers. Why would the government think they can do a better job in helping consumers find the best private market insurance plan, than the existing agents and brokers who do this day in and day out.

4. **Government-created Co-op – Untested:** A new untested government-created federally run co-op could disrupt the quality coverage on which millions of Americans rely today. Additionally, there are many issues subject to interpretation that could lead to an eventual wholly government-run health plan.

5. **Government-created Co-op – Unlevel Playing Field:** The government would provide startup funding for the co-ops in the form of "free" loans and grants. Because the grants available to meet solvency requirements would not have to be repaid, the cooperatives would have a competitive advantage compared to a start-up health plan which would have to raise funds in the capital markets.

6. **Government as a Referee and Player:** The Secretary of HHS would serve as the Chair of the "advisory board." Any proposal that would allow the government to act as both a player and referee precludes level competition and will lead to a political environment that could change the rules to favor the government-run plan.

7. **Exacerbate the Hidden Tax on Individuals and Families:** In the current system individuals and families pay a hidden tax of more than $1,500 on their premiums to offset underpayments to providers from Medicare and Medicaid. A new government-run program would exacerbate the underfunding of providers, increase individuals and families premiums by more than $526 per year and leave fewer people with private coverage to offset this growing cost-shift.

8. **Add additional liabilities on the federal budget:** Low provider reimbursements from Medicare and Medicaid are currently offset by employers, individuals and families who pay a hidden tax to cover the cost-shift. A new government-run plan would drive out private coverage, leaving hundreds of billions of dollars in new liabilities that would have to be added to the federal budget to avoid bankrupting hospitals across the country.

9. **Patients' Choices of and Access to Health Care Will Suffer:** Many Medicare beneficiaries today have trouble locating a primary care physician that will accept new Medicare patients. Enrollees in the government-run health plan would experience similar difficulties in locating a participating physician who is taking on new patients or long wait times before a patient could visit a doctor.

10. **Turning Back the Clock on Quality, Care Coordination, and Disease Management:** Health plans have pioneered programs to improve the quality and affordability of health care coverage, such as developing provider networks, implementing tiered drug formularies, pursuing administrative simplification projects, managing treatment for patients with chronic conditions, and implementing pay-for-performance initiatives. The Medicare program, meanwhile, has had virtually zero innovation since its inception nearly 45 years ago and programs to implement health plan initiatives into the Medicare fee-for-service program have been largely unsuccessful. A new government-run plan would turn-back-the-clock on more than forty years of health care innovation.