



## PUBLIC HEALTH INSURANCE OPTION

The goal of health care reform is to provide quality, affordable health care for every American while preserving what works in today's system, expanding choice, and containing costs. The Affordable Health Care for America Act creates a public health insurance option that would compete on a level playing field with private insurers within the Health Insurance Exchange.

### OVERVIEW

- The public health insurance option is available in the new Health Insurance Exchange (Exchange) along with all of the private health insurance plans (including health co-ops). The public option will add choice to the health insurance market; participation will be completely voluntary.

### INCREASING CHOICE, COMPETITION AND ACCOUNTABILITY

- Today, many areas of the country are dominated by only one or two insurance companies. Establishing a public health insurance option will create a new choice for individuals and families.
- Competition in consolidated markets, driven by the introduction of a more efficient and transparent plan, will help lower premiums for *all* plans as the private market is forced to compete on a level playing field for the first time.
- By creating an alternative in the market, both public and private plans will be accountable for their actions because people can leave one for the other during enrollment periods. For example, if the public option fails to maintain an adequate provider network, people will not enroll. Likewise, if the private plans inappropriately restrict access to care, people may choose the public option.

### LEVEL PLAYING FIELD

- The public health insurance option must meet the same benefit requirements and comply with the same insurance market reforms as private plans.
- Like private plans, premiums for the public health insurance option will be established for the local market areas that are designated by the Exchange and will vary by region.
- Individuals in the Exchange can choose freely among the private carriers and the public option. Employers who participate in the Exchange cannot dictate employees' participation in a particular plan.
- Affordability credits can be used for any plan in the Exchange — public or private.
- To ensure independence of the Exchange, the public health insurance option will be run by the Department of Health and Human Services, not the Exchange.

### SELF-SUFFICIENCY

- Like private plans, the public health insurance option must be financially self-sustaining and maintain its operations using premium revenue.
- The public health insurance option will be required to build start-up costs and contingency funds into its rates and adjust premiums over time to assure its financial viability. The start-up costs are a loan and must be repaid.

## INNOVATION AND COST CONTAINMENT

- The public health insurance option will have lower administrative costs than private plans, and it will be accountable to its enrollees and taxpayers, not shareholders or highly-paid executives.
- Institutes new payment structures and incentives to promote primary care, encourage coordinated care and shared accountability, and improve quality.

## PROVIDER PAYMENTS AND PARTICIPATION

- Provider participation is voluntary and providers are permitted to opt-out.
- The Secretary of Health and Human Services will negotiate provider payment rates, which can be no higher than the average private plan rates and no lower than Medicare.
- Allows immediate integration of delivery reforms also contained in the bill.