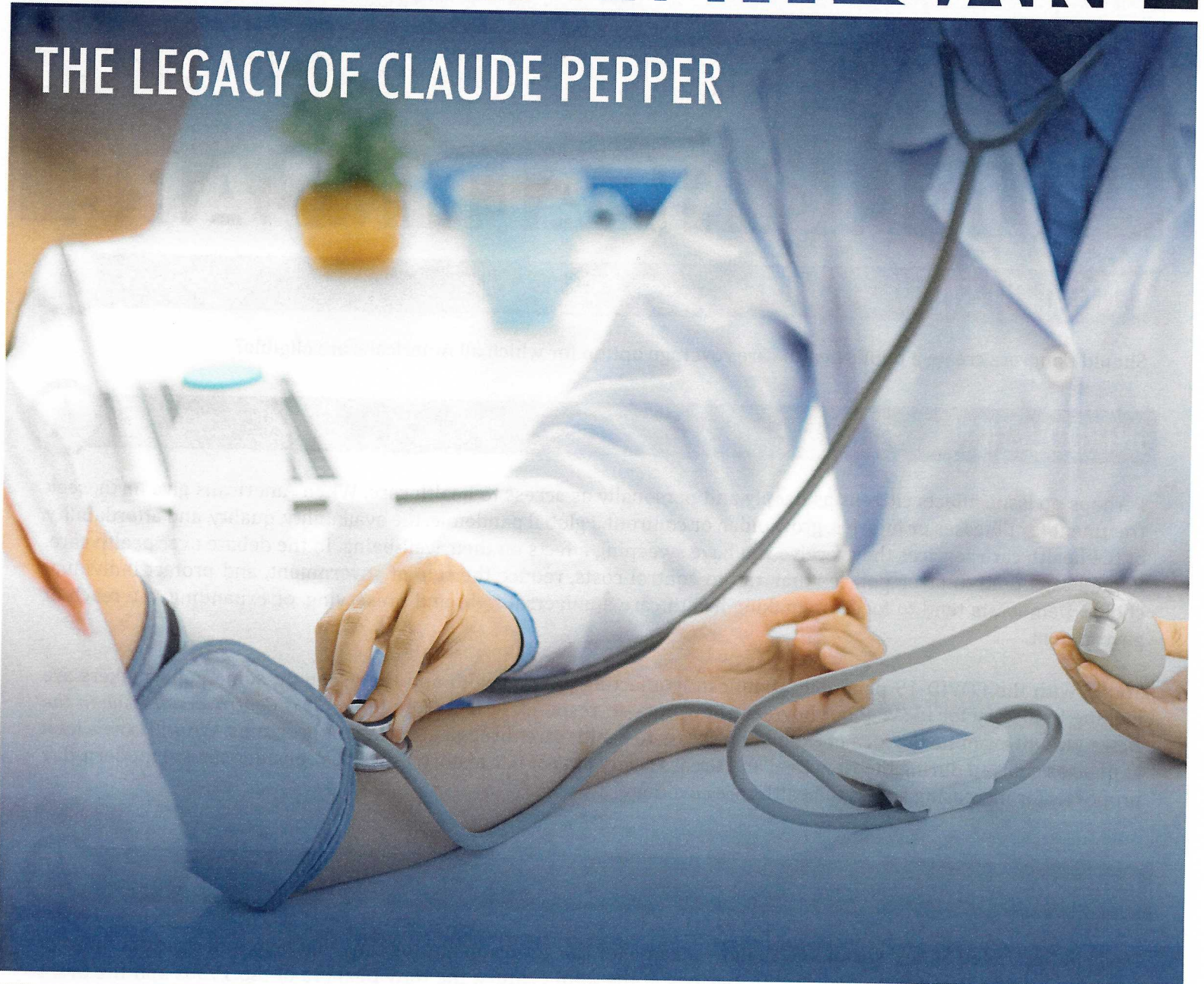


PUBLIC HEALTH CARE

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PUBLIC HEALTH CARE

CENTRAL QUESTION



Should Congress create a public health care coverage option for which all Americans are eligible?

INTRODUCTION



Perhaps no issue affects citizens as deeply and personally as access to health care. When Americans give birth, seek treatment for illnesses or injuries, grow older, or confront a global pandemic, the availability, quality, and affordability of the health care services they receive can have sweeping effects on their well-being. In the debate over health care, Republicans tend to favor policies that aim to control costs, reduce the role of government, and protect individual choice. Democrats tend to focus on making health care a universal right and preserving, or expanding, the reach of government.

Today, with the COVID-19 pandemic significantly affecting public health and the economy, some policymakers are looking to history for ideas about how—or how not—to respond. In this *Close Up in Class Controversial Issue in the News*, we will examine the idea of expanding access to health care through government programs. We will take a look at policies enacted during the New Deal and Great Society eras of U.S. history, as well as consider several modern-day proposals for increasing access to health care coverage.

BACKGROUND



Much of the United States' **social safety net**—a name for the government programs that help Americans in times of hardship—originated during two specific periods of the 20th century, the New Deal era of the 1930s and the Great Society era of the 1960s. So, what was happening during those times in terms of Americans' access to health care? And how did the government respond?

The New Deal Era. The Great Depression of the 1930s sent shockwaves across U.S. society. Millions of people lost their jobs, with President Franklin Delano Roosevelt facing an unemployment rate of nearly 25 percent when he took office in 1933.¹ Banks failed, businesses closed, and Americans descended into poverty. And because **health insurance** was not widely held by Americans at the time, more doctor and hospital care went unpaid, leading welfare agencies to help pay medical costs for the poor.²



As COVID-19 spread across the United States and the globe in 2020-2021, the pandemic wreaked havoc on public welfare. As of January 20, 2021, the United States—a country of 330 million people—had seen more than 24 million cases of COVID-19, with over 402,000 of them resulting in death. Millions of Americans had lost their jobs as businesses across the country shuttered, sometimes due to circumstance and sometimes due to mandatory government orders. In December 2020, the unemployment rate stood at 6.7 percent—down from the pandemic peak of 14.8 percent in April, but up from the pre-pandemic level of 3.5 percent in February.¹²

The pandemic also reignited the nationwide debate over access to health care. As of 2019, approximately 92 percent of Americans have health insurance. A majority of the population (55 percent) purchases insurance in the private market; a smaller portion (36 percent) is insured through a government program.¹³ So, where do Americans get their health insurance?

- **Employer-Based Plan (56.4 percent):** Most Americans receive health insurance through their jobs. Their monthly premiums are deducted from their paychecks, and their employers pay additional insurance costs.
- **Medicare (18.1 percent)**
- **Medicaid (17.2 percent)**
- **Individual/Non-Group Plan (10.2 percent):** Some Americans purchase an individual or family insurance policy directly from an insurance company.
- **Other Public Program (1.0 percent):** Some Americans receive government health insurance from the U.S. military or the Department of Veterans Affairs.
- **Uninsured (8.0 percent):** Some Americans do not have health insurance because they do not want to purchase it, or because they cannot afford it.¹⁴

**The total is greater than 100 percent because people can be served by more than one type of coverage during the year.*

With eight percent of the population living without health insurance, some Democratic policymakers have put forward proposals to expand access to health care coverage through government programs.

- Senator Bernie Sanders, I-Vt., introduced the **Medicare for All Act**, which would transition the country to a **single-payer** system, creating one national health care plan, funded by new taxes, to cover all U.S. residents. Medicare for All would pay for medically necessary services, and the government would set payment rates for services, drugs, and medical equipment. Americans would no longer pay insurance premiums, **deductibles**, or **copayments**, but they would pay new taxes to fund the system. Each year, the secretary of health and human services would determine a national budget for all covered services and limit spending to remain under that cap. The government program would replace all other insurance with limited exceptions, eliminating employer-based insurance, Medicare, and Medicaid.¹⁵ Senator Sanders proposed several funding options for Medicare for All, including a 7.5 percent payroll tax on employers, a four percent income tax on households, a wealth tax on the top 0.1 percent of earners, and higher marginal income tax rates (40 percent on income between \$250,000 and \$500,000; 45 percent on income between \$500,000 and \$2 million; 50 percent on income between \$2 million and \$10 million; and 52 percent on income above \$10 million). He estimated that these proposals would generate \$16 trillion over ten years.¹⁶ However, it is not certain that \$16 trillion would cover the ten-year costs of Medicare for All. In 2018, the libertarian-oriented Mercatus Center at George Mason University estimated the price tag of Medicare for All to be \$32.6 trillion over ten years.¹⁷ But researchers at Yale University estimate that a single-payer system would reduce health-related spending in the United States by \$450 billion each year.¹⁸
- Senators Tammy Baldwin, D-Wis., Sherrod Brown, D-Ohio, and Debbie Stabenow, D-Mich., introduced the Medicare at 50 Act in February 2019, which would make Medicare coverage available to people between the ages of 50 and 64. The bill targets Americans who are approaching retirement or who retire before the age of 65, who have increasing health care needs and costs, and who are often affected by premium increases.¹⁹

In response to the Great Depression, President Roosevelt promised the American people a “New Deal”—a series of government-led initiatives aimed at providing immediate economic relief and long-term economic reforms.³ He also created the Committee on Economic Security to come up with a program that could address Americans’ medical care and health insurance needs, but those concerns were largely put aside in favor of addressing unemployment and old-age issues first. In the end, the New Deal brought about several significant government programs to address public health and welfare. Chief among them is **Social Security**, a program that collects a portion of current workers’ wages in order to distribute monthly income to retired workers, disabled Americans, and families of the retired, disabled, and deceased. The Social Security Act of 1935 also included government grants for maternal and child health programs. A second push for a national health insurance system, the National Health Act of 1939, died in Congress amid dwindling support for another government expansion.⁴

The Great Society. Expanding access to health care came to the forefront once more in 1945, when President Harry Truman unveiled a proposal to create a national health care plan—one with an insurance fund open to all Americans, to be operated by the federal government. But as the Korean War erupted in 1950 and critics such as the American Medical Association decried the plan as “socialized medicine,” President Truman abandoned the proposal.⁵ However, as health insurance became increasingly expensive for the retired, the elderly, and the disabled in the following years, President Lyndon Johnson took up the mantle as part of his Great Society, a far-reaching program of social welfare legislation.⁶ In 1965, President Johnson signed into law two landmark programs that significantly expanded the role of government in the health care system.

- **Medicaid** is a government program that provides health insurance to low-income and disabled Americans. It is a joint federal-state program, meaning the federal government sets certain coverage requirements that states can build upon. States make payments to health care providers (such as doctors and hospitals) and the federal government reimburses states for a sizable share of those expenditures, with no fixed dollar limit.⁷
- **Medicare** is a federal government health insurance program for people aged 65 or older, as well as for people under the age of 65 with certain disabilities or end-stage renal disease.⁸ Medicare collects payroll taxes from workers and employers in order to reimburse doctors and hospitals for beneficiaries’ health care services; it also uses funds from **premiums** and the general budget for prescription drug benefits and other services.⁹

Today, Medicaid is the single largest source of health care coverage in the United States, serving 69.8 million people as of August 2020. The program operated at a cost of \$613.5 billion in 2019.¹⁰ Medicare, meanwhile, served 61.2 million people in 2019 at a cost of \$796 billion.¹¹

- Senators Michael Bennet, D-Colo., and Tim Kaine, D-Va., introduced the Medicare-X Choice Act of 2019, which would allow anyone to buy into a government insurance plan that uses the network of Medicare providers and physicians. The program would extend eligibility for tax credits that help Americans pay their premiums, and would be made available first in areas with few health care providers or only one insurer offering health care coverage.²⁰
- President Joe Biden also wants to create “a public health insurance option like Medicare” for which all Americans would be eligible. Americans would have the option of buying into a “Medicare-like” plan or keeping their private insurance plan. The estimated cost is \$750 billion over ten years. The funds would come from repealing President Donald Trump’s tax cuts for higher earners and boosting the top tax rate on capital gains from 20 percent to 39.6 percent.²¹



[Read the details of the Medicare for All Act of 2019](#)



[Read the details of the Medicare at 50 Act](#)



[Read the details of the Medicare-X Choice Act of 2019](#)



[Read the details of President Biden’s health care proposal](#)



SHOULD CONGRESS CREATE A PUBLIC HEALTH CARE COVERAGE OPTION FOR WHICH ALL AMERICANS ARE ELIGIBLE?



YES: The government must guarantee that every American has health care coverage.

Access to high-quality, affordable health care services should not be a privilege enjoyed by only some Americans—it is a right that the government must guarantee to all Americans.

“It is a disgrace that people’s lives are upended daily in our country because they have no health insurance,” said Senator Bennet. “We need to cover everyone, reduce costs, and improve quality.”²²

The United States is experiencing a crisis of unprecedented scale. Hundreds of thousands of Americans have died of COVID-19. Businesses are closing. Workers are losing their jobs—and some are also losing the health insurance that was tied to those jobs. Now is the time for government to step in. By creating a government-run option for health care coverage that is open to all Americans, Congress and the president could give the nation a reliable option for health care that would see Americans through job losses, health scares, and even future pandemics.

So, how would this public option work? Right now, Medicare pays lower fees for health care services than many private insurance companies. This is because Medicare is an enormous program (serving 61.2 million people in 2019) with a great deal of bargaining power. “Biden is promising to unleash that same bargaining power on behalf of a public option available to all Americans—which should generate an insurance option that is cheaper to patients and stingier to providers. By using Medicare purchasing power, the public option would deliver lower premiums,” wrote Matthew Yglesias of Vox.com.²³

“If your insurance company isn’t doing right by you, you should have another, better choice,” wrote President Biden on his 2020 campaign website. “As in Medicare, the Biden public option will reduce costs for patients by negotiating lower prices from hospitals and other health care providers. It also will better coordinate among all of a patient’s doctors to improve the efficacy and quality of their care, and cover primary care without any co-payments. And it will bring relief to small businesses struggling to afford coverage for their employees.”²⁴



NO: This policy would harm hospitals, drive up premiums, and lead to a government takeover.

A government-run option for health care coverage may sound harmless, but it is not. This policy would hurt hospitals, harm patients, and lead to a government takeover—effectively erasing everything that has made the U.S. health care system innovative, successful, and full of patient choice.²⁵

President Biden’s public health care plan would reimburse doctors and hospitals at similar rates to those of Medicare. Sally Pipes, CEO of the Pacific Research Institute, points out that “those rates are artificially low” because the government, an enormous entity, has the power “to essentially dictate what it will pay. Indeed, hospitals receive just 87 cents from the federal government for every dollar they spend providing care to Medicare’s beneficiaries.”²⁶

So, what do hospitals do to make up for these underpayments from the government? They charge private health insurance companies more to help fund the care they provide to those in government programs. But if too many patients chose to enroll in a government program, this economic structure would not work. A study by KNG Health Consulting estimates that a public option could lead hospital payments to fall by \$774 billion over ten years. That would mean layoffs, longer wait times for essential medical care, and hospital closures.²⁷

“To compensate, [hospitals] might try to raise rates on their remaining privately insured customers,” wrote Pipes. “But private insurers would pass those rate hikes onto consumers in the form of higher premiums. Those consumers would respond by cancelling their private coverage and switching to the public option. And the cycle would repeat. Eventually, the public option would swallow up the entire market. Biden’s plan to give Americans another health insurance choice would end up leaving them with only one choice.”²⁸

This plan would “lead our nation down the path of a one-size-fits-all health care system run by Washington,” said Lauren Crawford Shaver of the Partnership for America’s Health Care Future. “From driving up premiums in the private market, to threatening our nation’s already at-risk hospitals, to diminishing Americans’ access to the quality care they need, research warns that such an approach could be disastrous.”²⁹

QUESTIONS TO CONSIDER

1. Do you believe Congress should create a public health care coverage option for all Americans? Explain your answer.
2. Do you believe it is the role of government to guarantee that all Americans have health care coverage? Explain your answer.
3. Do you believe Americans should be seeking to expand or reduce the government’s role in health care? Explain your answer.



Copayment: A fixed fee that a patient pays at the time of receiving medical services

Deductible: An amount a patient must pay for medical services in a calendar year before their insurer begins to contribute

Health insurance: A contract with an insurance company which agrees to pay some or all of a patient's medical bills according to the terms of the policy

Medicaid: A joint federal-state government program that provides health insurance to low-income and disabled Americans; as of August 2020, it served 69.8 million people

Medicare: A federal government health insurance program for people aged 65 or older, as well as for people under the age of 65 with certain disabilities or end-stage renal disease; as of 2019, it served 61.2 million people

Medicare for All: This proposed plan would transition the United States to a single-payer health care system, creating one national health care plan to cover all U.S. residents. Americans would no longer pay insurance premiums, deductibles, or copayments, but they would pay new taxes to fund the system. The program would pay for comprehensive, medically necessary services, and the government would set payment rates for services, drugs, and medical equipment. Each year, the secretary of health and human services would determine a national budget for all covered services and limit spending to remain under that cap. The government program would replace all other insurance with limited exceptions, eliminating employer-based insurance and, eventually, Medicare and Medicaid.

Premium: A fee that a patient pays to their insurer on a regular basis

Single-payer: A health care system, funded by taxation, in which the government operates one health insurance plan for all residents

Social safety net: A collection of government programs that help Americans in times of hardship

Social Security: A program that collects a portion of current workers' wages in order to distribute monthly income to retired workers, disabled Americans, and families of the retired, disabled, and deceased

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