



## **Health Care Reform: Ensuring Choice in the Marketplace**

*111<sup>th</sup> Session of Congress*

The Blue Dog Coalition strongly supports health care reform that lowers costs for families and small businesses, increases choice and competition, and allows individuals to keep their doctor. We are concerned, however, about a “Medicare-like” public option and its ability to achieve all of the benefits put forth by its proponents. How a public option is constructed and allowed to compete are critically important to ensuring families have the ability to keep their current health coverage and continue to see the doctor of their choice.

While the Blue Dog membership has not endorsed a public option, we feel that should a public option be included in comprehensive health reform, it should adhere to the following conditions at a minimum:

- **Adheres to the Free Market:** Medicare payment rates, which include structural payment inequities involving lower reimbursement to rural areas, must not be used as the basis for reimbursement. Rather, rates must be negotiated between the plan and its providers as is the case currently for all health insurance plans.
- **Voluntary Participation:** Hospitals and doctors should not be required to participate, nor be banned from participating if they don’t take Medicare, in the public option. Networks would be established over time and through negotiation, just like in the private market.
- **Financially Stable:** The public option must not rely on the federal treasury for its operations. Premiums and copayments would cover claims.
- **Actuarially-Sound:** The public option must be required to establish a reserve fund to cover incurred liabilities and be actuarially-sound. This is currently the case for private insurers.

- **A Level Playing Field:** The public option must adhere to the same rules and regulations as all other plans. This includes: community rating; guaranteed issue; limits on marketing; risk adjustment; pre-existing condition exclusions; and transparency.
- **Independently Operated:** The public option should be administered by a separate agency than the one selected to run the Exchange.
- **Covers Basic Needs:** The public option should offer the same minimum benefit design as all other plans in the Exchange. This ensures individuals and families are able to get access to basic health care services and care.
- **Equal Assistance:** Should Congress provide assistance through subsidies or tax credits for the purchase of health care, individuals and families must be permitted to apply it toward public and private plans equally.
- **Available Only as a Fallback:** The availability of a public option would occur only as a fallback and in the absence of adequate competition and cost containment. Fundamental insurance market reforms and increased choice through the Exchange should improve access and contribute to lower costs. However, should the private plans fail to meet specific availability and cost targets, a public option would be triggered and be allowed to compete on a level playing field subject to the conditions outlined above.