

## Center for American Progress Action Fund



# Health Care Reform Markup Guide

## Eleven Health Reform Myths

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**1. MYTH: Health care reform will limit patient choice and lead to socialized medicine.** The Republican alternative to President Barack Obama's health reform efforts—the Patients' Choice Act—states, "The Federal government would run a health care system—or a public plan option—with the compassion of the IRS, the efficiency of the post office, and the incompetence of Katrina." The CATO Institute has published a brief asking 'Does Barack Obama Support Socialized Medicine' before suggesting that "reasonable people can disagree over whether Obama's health plan would be good or bad. But to suggest that it is not a step toward socialized medicine is absurd." [Patients' Choice Act Summary, 5/20/2009] [Cato Institute, 10/07/2008]

**REALITY: Progressive reforms would provide more choice, not less.** Under progressive proposals, Americans will have the choice to keep the employer plan they currently have or buy an affordable plan from the national insurance exchange. Individuals and small businesses will be able to obtain coverage through the exchange, which would offer affordable, high-quality, and meaningful coverage. Employers and families would be able to access standardized comparative information on health plans to determine their true cost of coverage, and eligibility for public subsidies and coverage programs. "Compare private coverage options and a public plan and to purchase the policy that would work best for them." Moreover, to characterize Obama's health care as "socialized medicine" is itself "absurd." In contrast to CATO's rhetoric, socialized health care is "a system of health care delivery in which care is provided as a state-supported service." As Jeanne Lambrew points out, given Obama's reliance on private insurers and providers, accusations of socialism are "far from the truth." "Nonetheless, accusations of socialized medicine will likely continue to be raised about any reform proposal that is not based entirely on letting private insurance companies rule our health care system," she argues. [Senate Finance Committee Policy Options, 5/14/2009; Center for American Progress, 5/14/2008]



SOURCE:cover

**2. MYTH: Americans will lose their existing coverage.** In a recent issue health brief, the Heritage Foundation charged, "the creation of a new public plan would result in millions of Americans losing their employment-based coverage." [Heritage Foundation, 12/04/2008]

**REALITY: Progressive proposals strengthen the employer based system by spreading the risk and cost of insurance.** An employer mandate on larger employers will encourage companies to continue providing coverage and will make the process of providing insurance more affordable by spreading the costs of insurance. A majority of large American employers would continue to provide coverage as a competitive benefit, while businesses with the fewest workers and the lowest wages would be exempt from the mandate and offered a new tax credit to purchase health insurance for their employees. [Senate Finance Committee Policy Options, 5/14/2009]

**3. MYTH: The government will ration care.** In his memo on health care, GOP wordsmith Frank Luntz says, "Nothing else turns people against the government takeover of healthcare than the realistic expectation that it will result in delayed and potentially even denied treatment, procedures and/or medications." [The Language of Healthcare 2009, 5/06/2009]

**REALITY: Government research that compares the clinical outcomes of alternative therapies will inform doctors and patients on the most effective medical treatments and procedures.** Research into the comparative effectiveness of treatments can identify the procedures that provide the best results at the lowest cost. As OMB Director Peter Orszag recently noted,

the nation's health care spending could be reduced by more than 30 percent without compromising quality of care. [Wall Street Journal, [5/15/2009](#)]

**4. MYTH: Affordable health care reform will create a government monopoly over health care.** In her testimony to Congress, health care crisis denier Sally Pipes said, "my view is that the government plan will be priced lower than the private plans. **The result will be 'crowding out' of the private plans and a fateful turn down the road to a Canadian style "Medicaid for All" program.**" [Wonk Room, [3/17/2009](#)]

**REALITY: Progressive proposals for a public plan would create real choice and real competition, with all health plans focused on delivering better care at lower costs.** According to the Urban Institute, a well-run public plan would constrain private spending, too, as the plans would have to compete on price. In fact, private insurers "would not disappear." Those who offer a superior product, by "exploiting care management innovations and network and payment rate limitations" could establish a competitive market position. The presence of a well-run and effective public plan will incentivize improvements in cost containment and service delivery. [Urban Institute, [3/18/2009](#)]

**5. MYTH: A new public health plan will only drive-up health care costs and increase premiums for Americans with private insurance.** Karen Ignagni, the CEO of American Health Insurance Plans recently argued that "a new public program similar to Medicare would exacerbate cost-shifting, which already adds \$1,500, or 10 percent, to the average premium for a family of four." [New York Times, [12/17/2008](#)]

**REALITY: A public plan will contain costs, lower premiums, and give Americans a choice of health plans—public and private.** A recent analysis of the public option by the Institute for America's Future, concluded that offering a new public insurance option to Americans who lack coverage would control health care costs and improve quality by providing an important benchmark for private insurance within a reformed health care framework. Universal coverage will reduce cost-shifting by getting everybody covered and contain costs through investment in prevention, management of chronic care, twenty-first century information technology and research on and adoption of effective treatments. [Institute for America's Future, [4/8/2009](#)]

**6. MYTH: Being uninsured is not a problem; it's people's own fault.** During an interview with the independent student newspaper of Tufts University, former Sen. Bob Dole (R-KS) downplayed the number of Americans without health insurance. "However, 11 million of that total are illegal immigrants. Ten million more are people who can buy their own insurance. Finally, another 10 million are people your own age who think they are never going to get sick or hurt and are not vulnerable," Dole argued. [Tufts Daily, [12/04/2008](#)]

**REALITY: Americans are uninsured because they can't afford the high costs of insurance.** According to the Kaiser Family Foundation (KFF), most Americans who lack health insurance "come from working families and have low incomes." About two-thirds of the uninsured "are poor or near poor" and are "less likely to be offered employer-sponsored coverage or to be able to afford to purchase their own coverage." [Kaiser Family Foundation, [10/15/2008](#)]

**7. MYTH: Illegal immigrants are driving the nation's uninsured problem.** During the election, political strategist Dick Morris argued that "covering illegals adds dramatically to the cost of any program - and would encourage more folks to enter America illicitly." [Newsmax, [7/21/2008](#)]

**REALITY: Immigrants are not the primary factor driving the uninsured problem or rising health care costs.** As the Kaiser Family Foundation points out, while "non-citizens are much more likely to be uninsured than citizens" because of limited access to employer based health care coverage and restrictions for public coverage, citizens still make up "the bulk of the uninsured." The majority (76 percent - 80 percent) of the growth in the number of uninsured from 2000 to 2006 occurred among citizens, not legal and undocumented non-citizens. Moreover, because non-citizens are much less likely than citizens to have a usual source of care, they have significantly lower per capita health care expenditures than citizens and also "generally restricted from enrolling in Medicaid and SCHIP." [Kaiser Family Foundation, [3/11/2008](#)]

**8. MYTH: Health care reform won't save money.** In a recent appearance on Fox News Channel, Fred Barnes of the Weekly Standard argued that affordable health care reform wouldn't save money or improve the quality of care. "In other words, we're going to insure all the uninsured, and they're going to have better healthcare. In other words, you're going to get a lot more for less. Now, does anybody who can tie his shoes believe that? I don't think so! Come on! That's ridiculous. We're going to save money. There's going to be a lot more for you, but it will cost a lot less," Barnes opined. [Wonk Room, [12/12/2008](#)]

**REALITY: If everyone had access to affordable health care and life-saving preventive services, the system could better manage chronic diseases, end the cost shift from the uninsured to the insured, and improve efficiency.**

Uncompensated care for the uninsured currently contributes an average of \$1,100 to family health insurance premiums. As Chris Jennings has pointed out, "if people go in and out of the system you can neither prevent that problem nor can you coordinate the disease [management] well if you don't have coverage." [Center for American Progress Action Fund, 3/23/2009, Wonk Room, 12/12/2008]

**9. MYTH: Deregulating the health care industry will solve the health crisis.** A recent Washington Times editorial suggested, "Let the marketplace answer both calls [of affordability and accessibility]—The government cannot possibly do for Americans what the marketplace can." [Washington Times, 12/15/2008]

**REALITY: The current marketplace is broken; it has failed to keep costs down and increase access to care.** Rather than competing on the value of care, insurance markets have "become dominated by a small number of large insurers" that don't use their market power to drive bargains with providers. The marketplace has contributed to skyrocketing premiums, huge cost-shifts to families through higher deductibles and copayments, and has largely excluded individuals with pre-existing conditions from coverage. [Wonk Room, 12/15/2008]

**10. MYTH: Reform means forcing people to buy coverage they can't afford.** Writing in the Washington Times, Michael Cannon, director of health policy studies at the CATO Institute, argues that "Mandating that people purchase health insurance—on their own or through an employer—will increase its cost" and force "Americans to switch from their current health plan to a more expensive one, threatening their current source of care." [Washington Times, 12/28/2008]

**REALITY: Extending coverage to all will provide Americans with insurance they can use.** Far from "forcing" Americans to buy more expensive coverage, progressives will ensure that Americans have access to a wide array of comprehensive insurance policies they can use if they become sick; a watered down policy with high deductibles is no insurance at all. Americans who can't afford coverage will receive new tax credits to help make coverage more affordable and ensure that families don't spend more than a certain percentage of income on health insurance premiums. [Progress Report, 12/12/2008]

**11. MYTH: Employer 'pay or play' provisions will cost jobs.** The National Review has argued that 'pay-or-play'—a provision that requires large employers to either offer their employees coverage or pay into a fund that will help finance health insurance for their workers—would have "devastating" consequences "for the lowest paid workers." "These employers would therefore have no choice but to eliminate these jobs, lest they end up paying more for their workforce than it is worth to the firm." Conservatives also argue that "instead of bolstering private coverage, 'pay or play' would become the excuse for companies to drop their plans and push their employees into public insurance." [National Review, 7/10/2008]

**REALITY: Employer mandates have not resulted in employers eliminating jobs.** Most large employers subject to a mandate already provide coverage to their workers. In fact, a recent Commonwealth study of working-age adults in Massachusetts—which has instituted an employer mandate—revealed that in the two years since implementation "Uninsurance is at historically low levels, despite the recent economic downturn." [Urban Institute, 5/28/2009]

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