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HEADLINE: House Health Overhaul Bill Will Create Government-Run Insurance, Expert Says

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BODY:

Health care overhaul legislation unveiled by House Democrats would lead to a government-run system with high costs and rationed care, a former Canadian resident who now runs a California think tank said Wednesday.

Sally Pipes, president of California-based think tank Pacific Research Institute and an American citizen since 2006, said during a forum at the libertarian Cato Institute that Canada's government-run health care system doesn't work and that citizens are often denied care or face long waits before receiving it.

"Canadians have an escape valve. They can come to the U.S. and get health care," Pipes said. "Where are we gonna go?"

Pipes said instead of more government involvement in health care, Congress should reduce coverage mandates for insurance companies to allow them to offer a wider variety of plans, allow the purchase of insurance across state lines to give consumers more choice and provide insurance vouchers to the poor.

"Universal coverage can be achieved by universal choice," Pipes said.

Canada's health care system is publicly funded but provided by mostly private entities. Health care there costs less: Canada spends about 10 percent of Gross Domestic Product on health care, while the United States spends about 16 percent of GDP.

But Pipes said Canada has a shortage of primary-care physicians, and citizens face long waits for specialized treatments.

She said a government-run public insurance option, public insurance exchange, and individual and employer mandates in the House's overhaul bill would eventually lead to a similar system in the United States.

Democrats have said their proposals won't create a system similar to Canada's but will instead foster competition between the public and private plans, which will drive down premiums (See related story, CQ HealthBeat, June 24, 2009).

But Pipes and other speakers at the Cato forum said a government-run insurance option would drive other insurers out of business because it would pay doctors less for services and charge lower premiums.

Michael F. Cannon, Cato's director of health policy studies, said income taxes would go up to support the expanded public insurance program, and the government would be eventually forced to cut costs by introducing price controls or denying coverage for some procedures.

Cannon said experiments with government-run systems in the United States haven't saved money. Massachusetts' public programs have led to coverage for 97 percent of residents, but state officials are trying to find ways to cut costs (See related story, CQ HealthBeat, June 10, 2009).

Source: **CQ HealthBeat**
Same-day coverage of the people and events shaping health care policy from Washington.

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