U.S.News & WORLD REPORT

Not an Option

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August 31, 2016

It's been said that bad ideas never die, and the current debate over the Affordable Care Act proves it. With the law's private health insurance exchanges crumbling, politicians from President Barack Obama to Democratic nominee Hillary Clinton are in lockstep calling for the creation of a so-called public option – a government-run health insurance scheme that would eventually make private insurance extinct.

That's been the talk ever since major insurer **Aetna's August announcement** that, due to significant losses, it would stop providing plans on Obamacare exchanges in 11 states. This followed on the heels of similar moves by Humana and UnitedHealth Group, both of which have dramatically scaled back participation in Obamacare. Nationally, well **over 40 insurers** have made a similar move in recent months, while dozens of others have requested stratospheric premium hikes to cover their losses. Now millions of Americans are facing higher costs and fewer choices – exactly what Obamacare was supposed to prevent.

Enter the "public option." Originally proposed when Obamacare was first debated back in 2009, it would be a government-managed insurance policy, fully backed by the American taxpayer. The rationale, as Obama **put it back in 2009**, is that the public option expands consumer choice and "helps keep the private sector honest, because there's some competition out there."

But a public option is just a halfway house between Obamacare's flawed, highly-regulated system and an even worse one. Supporters of government intervention into health care always shoot for the moon – a national single-payer system – and settle on incremental changes in that direction. This would be an ever bigger step towards that than Obamacare. And it wouldn't restore competition – it would bury it.

Even while praising a potential public option in 2009, Obama acknowledged "legitimate concerns" on the part of private insurers who wouldn't be able to compete with a plan "**subsidized by taxpayers endlessly**." Those concerns aren't any less legitimate now.

A public option insurance plan can set whatever prices the government chooses and would have bargaining power backed by regulatory and legislative fiat. Furthermore, since it's backed by the American taxpayer, the public option allows the government to hide its true cost, lowering premiums while forcing taxpayers to pick up the tab.

The end result would be to crowd out private insurance altogether. As health care scholar Michael Cannon at the Cato Institute notes, "**unfair advantages are inevitable**" with the public option. Sure enough, when the public option was still under consideration in 2009, the health care consulting company **The Lewin Group** determined that its implementation would shift nearly 120 million Americans into government insurance.

The Obama administration has been trying something similar to the public option for years now, in the form of Obamacare's 24 nonprofit insurance providers called co-ops. Their government-conferred advantages allowed them to offer plans with some of the lowest premiums on the exchanges, **discouraging traditional insurers** from competing in the same markets.

Yet the co-ops' approach quickly proved unsustainable. The majority of the **24 state co-ops** have ceased operations due to financial difficulties (and one never opened its doors at all), sending shock waves through the insurance market in spite of **over $1.5 billion** in taxpayer funded loans and grants.

This bears directly on the public option. Unlike co-ops, the government would deem it "too big to fail," leaving taxpayers to cover the public option's inevitable losses. Americans would be constantly subsidizing a health-insurance plan that can't compete on its own, likely costing us billions of dollars year after year.

What's even more concerning is that the public option is little more than another step on the road to nationalizing American health care under a European-style single-payer system.

Don't take my word for it; supporters of the public option admit as much. The author of**the precursor to the public option** titled her proposal "Getting to a Single Payer System Using Market Forces: The CHOICE Program." Former Democratic New York Rep. Anthony Weiner, a frequent advocate for **single-payer insurance**, eventually settled for **demanding a public option**, casting it in terms of not "[letting] the perfect be the enemy of the good." And Democratic Sen. Bernie Sanders – the most prominent supporter of single-payer health coverage in recent memory – recently **endorsed** Hillary Clinton's public option proposal.

But haven't we learned our lesson with Obamacare? Millions of Americans are facing higher costs and fewer choices thanks to its top-down, one-size-fits-all approach. The public option would only make the situation worse by shifting more costs to taxpayers and killing private health insurance altogether. If politicians want to push for a single-payer system, we should have that debate. In the meantime, single-payer advocates should stop paying lip service to consumer choice when really they're just putting nails in its coffin.