



Why We Need the Balanced Choice Proposal

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Health care reform has been stymied because proposals for financing health care have too many shortcomings. Single payer proposals offer the advantages of universal coverage and cost savings, but involve unacceptable price controls. Other proposals call for the aggressive use of managed care and an expensive, inefficient, and inequitable expansion of insurance coverage. The Balanced Choice Proposal is a hybrid proposal that overcomes these shortcomings by combining the best of health care insurance and single payer proposals in a system efficient enough to cover the uninsured and all health care expenses for less than the U.S. currently spends on health care.

Brief Description of Balanced Choice

The Balanced Choice Proposal would establish a single, national health care financing system operated by a nonprofit trust.

Preferred provider organization policies are the standard for high quality health care insurance. In these plans, consumers have a choice of using in-network providers at a lower fee than out-of-network providers. Likewise, providers can choose to be in-network or out of network. Balanced Choice also offers two payment options.

Copay Option (similar to in-network)

Comprehensive health care benefits are provided and patients make a small copayment.

Independent Option (similar to out-of-network)

Providers may charge more than the Copay Option fee, Balanced Choice makes a base payment, and consumers pay the gap between the base payment and the provider's fee.

Balanced Choice has more consumer advantages than a preferred provider insurance plan.

- There are no deductibles.
- The first visit per year requires no copayment.
- Balanced Choice waives copayments and gap payments for patients with low income or catastrophic health care expenses.
- Balanced Choice has universal coverage; consumers do not lose health care if their employment or marital status changes.
- Benefits are comprehensive including full mental health services and long-term nursing home care.

Everyone has more flexibility in Balanced Choice than in a preferred provider organization. Providers can have a mix of patients in each Option and decide what portion of their practice will operate under each Option. Patients can select either Option based on their needs and circumstances at the time.

Gap payments

When it is affordable, for medications, lab tests, and imaging tests, Balanced Choice makes a base payment and patients pay the difference—called the “gap”—between the base and the cost of service. Information about the cost of gap payments is readily available and on hand in doctors' offices' so that doctors can advise patients about how to take cost into consideration. Balanced Choice assists with gap payments for patients with low-income or catastrophic health care expenses.

Example of gap payment: Balanced Choice might pay \$100 for one category of medication. If one brand of medication cost \$130, the patient would pay a gap of \$30. If another brand cost \$150, the patient would pay a gap of \$50.

Cost-consciousness

Balanced Choice makes it easy for patients to get information about prices and gap payments. These gap payments are an important feature in Balanced Choice because they keep consumers cost-conscious. If consumers are cost conscious, there is no longer a need for managed care to control costs. Without the enormous bureaucracies of managed care and the health insurance industry, so much money is saved that Balanced Choice can provide universal coverage and lower the amount employers contribute to health care.

Availability of providers in the Copay Option

The Balanced Choice Trust has a Balanced Funding Mechanism, which requires that 60% of the funds are spent in the Copay Option. Because patients and providers always have choice of which funding Option they use, Balanced Choice must adjust reimbursement and base pay rates so that the Copay Option is chosen 60% of the time. Consequently, patients are assured that 60% of the providers in any specialty will accept the Copay Option.

Visit www.BalancedChoiceHealthCare.org for more information, to purchase *Balanced Choice: A Common Sense Cure for the U.S. Health Care Systems*, or a free download of the first chapter.

serves consumers, benefits providers, and relieves employers

