



Health Care Reforms Need to Be Good for Providers as Well as Patients

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The U.S. seems on the verge of health care reform. Many states and all Presidential candidates are talking about finding a way to cover the uninsured, but the uninsured are only part of the health care crisis. Providers are driven to distraction by managed care, their practices are threatened by low reimbursements from Medicaid and Medicare, and bureaucracy encroaches from all sides. Most health care reform proposals do not adequately address provider concerns. One proposal, Balanced Choice, focuses extensively on provider issues. Balanced Choice combines market forces with a single risk pool, and the resulting system protects providers from inadequate reimbursements and reduces third party managed care. To shape the future of their profession, providers would benefit from learning about Balanced Choice.

The Problem

Many of the leading proposals mandate that individuals and/or businesses purchase “affordable” insurance policies, partially subsidized by the government. While these would reduce the number of uninsured, they have serious drawbacks for consumers and providers. “Affordable” means an insurance policy with high deductibles, limited coverage, and aggressive managed care. The high deductibles and limited coverage make these policies of questionable value to consumers. Aggressive managed care is the bane of both consumers and providers. In addition, these proposals often expand programs like Medicaid without addressing the failure of government programs to offer adequate provider reimbursements.

Mandates also undermine the long-term stability of the health care system. The U.S. already spends twice the amount per capita as other industrialized countries spend on health care, and mandates further increase this high level of unsustainable spending.

Single payer proposals, on the other hand, offer a way to cover everyone, and decrease total spending. They eliminate the wasteful insurance industry and increase the portion of funding that goes to providers. Single payer advocates intend to adequately reimburse providers through a nonprofit trust. Providers, however, are unlikely to have confidence in any single system that completely controls reimbursements, and many providers would vehemently object to such a system.

Some health reform advocates hope that Medical Savings Accounts (MSAs) will restore career satisfaction and adequate financial rewards to providers by eliminating government and insurance interference with health care. A solution to the health care crisis must also benefit the entire system. While the MSA can be beneficial to the person who has one, they only help a few. Financially secure and generally healthy MSA participants avoid sharing the financial risk of health care with the population at large, leaving non-participants shouldering a greater portion of treating the population’s illnesses. The effect of these tax-deductible accounts is also unfair; high-income people receive a much larger tax benefit than low-income people. Moreover, because the MSAs are tax deductible, they also remove payroll taxes that are used to specifically finance Medicare. Taking the healthy and wealthy out of the risk pool, giving tax breaks that primarily benefit people with high income, and reducing funds for Medicare actually exacerbates the health care crisis; it does not benefit the entire system.

serves consumers, benefits providers, and relieves employers

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A Solution

Balanced Choice is a nonprofit trust, single-risk-pool system providing universal coverage. It has two options (Standard and Independent Options) that allow free market choices. In the Standard Option, out-of-pocket payments are small or non-existent. Patients are assured that everyone can afford health care because payments are waived for low-income consumers and patients with catastrophic illnesses.

Unlike traditional single payer, there are no strict price controls. Providers can use an Independent Payment Option under which they can charge more than the Standard Option fee, and patients pay the gap. With this Option, providers have protection from inadequate reimbursement. Providers have freedom to choose which Option is used with each new patient. Consumers can choose different providers under either Option.

A key feature of Balanced Choice is the base and gap payment system. Someone in a health care system needs to watch the costs. The onerous managed care company watches the costs with insurance-driven health care and the government controls costs in public programs. In Balanced Choice, patients watch the costs. When patients have the ability to pay a portion of treatment costs, they pay the gap between the base, which the Balanced Choice trust pays, and the actual cost. Gap payments, overall, are no higher than out-of-pocket expenses in many good insurance policies. Patients and providers have cost information readily available. Providers advise patients and the provider/patient treatment team make informed decisions with cost being one of the considerations.

Unlike other two-tiered proposals, Balanced Choice assures that the Standard Option has adequate funds for quality care. A Mandatory Funding Split requires that reimbursement rates are set high enough so that patients and providers voluntarily select the Standard Option for 60% of overall health care expenses. In other words, this Mandate maintains provider reimbursement at a level that providers, collectively, would find satisfactory for 60% of their services.

Balanced Choice reduces administrative waste. By removing the health insurance system that adds 15–20% to the cost of health care, it lowers the overall cost of health care. Transitioning from the multi-payer system, it relieves providers from the responsibility of hassling with a myriad of conflicting insurance plans. And by using consumer cost consciousness, it greatly reduces the use of managed care to control costs.

Balanced Choice combines ideas from single payer and market advocates to create a health care crisis solution. For the sake of the future of their professions, providers need to learn about the proposals and be active in shaping health care reforms. Balanced Choice is a proposal that is good for providers as well as consumers.

For more information on a national Balanced Choice proposal and an example of how Balanced Choice could be introduced in one state, Colorado, visit www.BalancedChoiceHealthCare.org.

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