

## Letters to the Editor

September 28, 2009

### Reject government-run health plan

As a member of the New Jersey Association of Health Underwriters, I am aware of the need for positive changes to our health care system. The fundamental question being debated is whether a government-run public plan is in our country's best interest.

Over the past 10 years, the cost of health insurance has risen at a rate of 10 percent annually, causing many employers to reduce benefits or increase the portion of the cost paid by employees. This increase is due almost exclusively to three factors: new equipment, new drugs and new procedures have come on to the market at a higher cost than the ones they replace; higher use of health care due to the aging of our citizens, obesity, smoking and lack of exercise; and the increased subsidization of health care costs for Medicare and Medicaid recipients due to reductions in medical provider payments since 1997.

Some of the reform bills being debated by the U.S. House and Senate include a government-run public plan, whereby the reimbursement to medical providers will be based on the Medicare and Medicaid reimbursement rates, which pay hospitals and doctors 30 percent to 40 percent less, on average, than private payers. The government does not use its leverage to "bargain" with providers as much as it uses its authority to "administratively set" payment rates below what the private market pays, creating a competitive advantage to the government-run plan.

The real danger behind such a plan is that it will force people off of their current private health insurance. President **Barack Obama** promised that if Americans liked the health insurance they had, they could keep it. However, creating a government-run plan will undermine this promise.

Independent studies show that costs shifted from Medicare and Medicaid payments onto private plans result in \$1,788 (or 10.7 percent) of an annual family medical premium. If the government-run health insurance plan pays Medicare-style reimbursement rates to medical providers, they will pass those costs on to private payers. The government-run plan will create a self-reinforcing cycle that will eventually lead to a government-run, single-payer health care plan.

If Americans truly understood where government-run health care was leading us, they would reject this plan as the slippery slope to a single-payer health care system.

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