

**THE INSURANCE FEDERATION OF PENNSYLVANIA, INC.**

**Public Testimony**

**Prepared for**

**The Senate Banking and Insurance Committee**

**ON**

**Single Payer and Other Health Proposals**

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GOOD MORNING, AND THANK YOU FOR THE OPPORTUNITY TO BE HERE.  
I AM SAM MARSHALL AND I HEAD UP THE INSURANCE FEDERATION OF  
PENNSYLVANIA.

I UNDERSTAND THE APPEAL OF A SINGLE PAYER SYSTEM. AS A  
SMALL BUSINESSMAN, I STRUGGLE WITH THE COST OF HEALTH  
INSURANCE AND THE FRUSTRATION OF FIGURING OUT CHANGES,  
VARIATIONS AND NUANCES IN PRIVATE COVERAGE. A SINGLE PAYER  
SURE SOUNDS SIMPLER AND CHEAPER.

BUT THE SINGLE PAYER APPEAL IS SUPERFICIAL. FOR THE MOST  
PART, IT SHIFTS BUT DOESN'T SOLVE THE PROBLEMS OF  
AFFORDABLE HEALTH CARE AND CREATES SOME NEW ONES IN THE  
PROCESS. I'D LIKE TO SHARE A FEW THOUGHTS THAT MAY HELP IN  
YOUR HEALTH REFORM DELIBERATIONS HERE IN PENNSYLVANIA.

FIRST, THIS IS A DEBATE FOR WASHINGTON - THIS ISSUE CAN  
ONLY BE ADDRESSED NATIONALLY. THERE ARE MANY THINGS TO DO  
AT THE STATE LEVEL - BUT THIS ISN'T ONE OF THEM.

SECOND, TOO MUCH IS MADE OF WHETHER THERE SHOULD BE ONE  
PAYER OR MULTIPLE PAYERS. THE REAL ISSUES ARE WHAT HEALTH  
CARE TO PAY FOR, AND HOW (AND HOW MUCH) TO PAY FOR IT.

AS IMPERFECT AS THE PRIVATE MARKET MAY BE, A GOVERNMENT MONOPOLY WILL BE WORSE AT FIGURING OUT WHAT HEALTH CARE TO COVER. LOOK AT YOUR OWN DELIBERATIONS ON MANDATES: THERE HASN'T BEEN MUCH CONSISTENCY OR PERSPECTIVE IN WHAT BENEFITS SHOULD BE COVERED.

AND A GOVERNMENT MONOPOLY WON'T BE BETTER THAN THE PRIVATE MARKET IN FIGURING OUT HOW AND HOW MUCH TO PAY. IS GOVERNMENT PREPARED TO DO MEANINGFUL UTILIZATION REVIEW? IS IT PREPARED TO DO REAL NEGOTIATIONS WITH DRUG COMPANIES AND PROVIDERS WHEN IT BECOMES THE SOLE SOURCE OF THEIR REVENUE? LOOK AT THE POLITICIZATION OF MEDICARE DEBATES.

IF WE'RE SERIOUS ABOUT BETTER HANDLING WHAT HEALTH CARE TO PAY FOR AND HOW MUCH TO PAY FOR IT, WE NEED TO ACKNOWLEDGE THAT IT WILL REQUIRE SUSTAINED INNOVATION TO CHANGE LONG-ESTABLISHED PARADIGMS OF CARE AND PAYMENT. A MONOPOLY - WHETHER PRIVATE OR PUBLIC - ISN'T AN INNOVATOR.

AND HOW SHOULD THE COST OF A SINGLE-PAYER SYSTEM BE DISTRIBUTED? "SINGLE PAYER" SOUNDS LIKE "SOMEBODY-ELSE PAYER." BUT IF IT BECOMES A PERCENTAGE OF INCOME WITH NO CAP AND NO INCENTIVE TO SHOW PRUDENCE OR RESTRAINT, THOSE "SOMEBODY ELSE" BECOME EACH ONE OF US.

THIRD, WE'RE NOT JUST TALKING ABOUT PAYING FOR HEALTH CARE - WE'RE TALKING ABOUT GIVING GOVERNMENT COMPLETE CONTROL OF THE HEALTH CARE DELIVERY SYSTEM. THAT'S THE POWER OF A MONOPOLY PAYER.

SO GOVERNMENT WOULD CONTROL WHAT MEDICAL PROCEDURES TO ENCOURAGE OR ALLOW, WHAT MEDICAL INNOVATIONS TO PURSUE, WHAT RESEARCH AND DEVELOPMENT WOULD BE ALLOWED, AND WHAT FACILITIES SHOULD BE BUILT AND HOW THEY SHOULD BE STAFFED. I'M NOT SURE THAT'S GOOD FOR INNOVATION - AND IT MAY BECOME MORE POLITICAL THAN NEED- OR SCIENCE-BASED.

FOURTH, THIS BECOMES AN ABSOLUTE DECISION. ONCE YOU END A MARKETPLACE, YOU CAN'T BRING IT BACK.

IN THE END, A SINGLE-PAYER SYSTEM DIVERTS ATTENTION ON THE PROBLEMS WE FACE: IT DOESN'T MAKE FOR BETTER, MORE AFFORDABLE AND MORE ACCESSABLE CARE, WHICH ARE OUR REAL PROBLEMS. IT MAY GET COVERAGE TO THE UNINSURED - BUT THAT'S DIFFERENT THAN GETTING THEM CARE.

IT MAY MEAN LESS ADMINISTRATIVE COSTS. BUT THERE ARE BETTER WAYS TO DO THIS THAN A MONOPOLY - AS WITH ELECTRONIC MEDICAL RECORDS AND UNIFORM BILLING FORMS, WITH GOVERNMENT

AND THE PRIVATE MARKET WORKING TOGETHER. AND SOME ADMINISTRATIVE COSTS ARE GOOD - AS WITH IDENTIFYING FRAUD AND OVER-UTILIZATION OR COMING UP WITH PAYMENT SYSTEMS THAT REWARD GOOD PROVIDERS AND GOOD CONSUMERS. THOSE AREN'T A MONOPOLY'S STRENGTHS.

YES, WE HAVE REAL HEALTH CARE AND HEALTH INSURANCE PROBLEMS HERE AND ACROSS THE COUNTRY, AND GOVERNMENT NEEDS TO BE AT THE HELM IN BRINGING ABOUT REFORMS. THAT BRINGS UP WHAT GOVERNMENT CAN AND SHOULD BE DOING, AND I'LL FOCUS ON THE STATE LEVEL.

**PROMOTE "REGULATED COMPETITION" IN THE HEALTH INSURANCE**

**MARKET:** INSURANCE WORKS BEST IN A REGULATED BUT COMPETITIVE MARKET. MUCH OF OUR HEALTH INSURANCE PROBLEM IS THAT WE DON'T HAVE ENOUGH COMPETITION, NOT THAT WE'D BENEFIT FROM EVEN LESS.

**ALLOW (MAYBE REQUIRE) UTILIZATION REVIEW AND INNOVATION IN**

**PAYMENT AND INCENTIVES TO PROVIDERS AND CONSUMERS:** I HEAR THE MANTRA, NOBODY IS GOING TO COME BETWEEN YOU AND YOUR DOCTOR. WELL, SOMEBODY HAS TO - IF YOU WANT TO HOLD DOWN COSTS AND EXCESS UTILIZATION, AND REWARD DOCTORS AND PATIENTS FOR GOOD CARE AND OUTCOMES.

**EDUCATE CONSUMERS ABOUT THE COSTS OF THEIR DECISIONS:** MANY PEOPLE EITHER DON'T KNOW HOW MUCH THEIR EMPLOYER PAYS ON THEIR BEHALF OR THEY PAY IN TAXES FOR GOVERNMENT PROGRAMS. AND EVEN WHEN THEY DO KNOW, THEY AREN'T GIVEN MUCH INCENTIVE TO BE JUDICIOUS IN TAKING CARE OF THEMSELVES AND HOLDING DOWN THEIR COSTS. THAT HAS TO CHANGE.

**DISTINGUISH BETWEEN CARE AND COVERAGE:** GIVING PEOPLE COVERAGE WON'T NECESSARILY GET THEM BETTER OR MORE AFFORDABLE CARE. WE NEED TO DO MORE WITH CLINICS IN POORER AREAS AND WITH MEANINGFUL COMMUNITY OUTREACH.

GOVERNMENT WILL ALWAYS PLAY A HUGE ROLE IN FINANCING AND CONTROLLING HEALTH CARE. I DON'T THINK IT IS EQUIPPED TO BE THE SINGLE PAYER, BUT I DO THINK IT NEEDS TO DO MORE IN ITS ROLE AS THE DOMINANT ONE AND AS THE REGULATOR OF THE OTHER PAYERS - AND THOSE ARE FOUR IDEAS FOR STARTERS.

MORE THAN THAT, I THINK ALL OF US NEED TO FOCUS ON THE REAL UNDERLYING PROBLEMS IN HEALTH CARE, WHICH TO ME ARE ABOUT WHAT, HOW AND HOW MUCH TO PAY FOR. MY FRUSTRATION WITH THE SINGLE PAYER PROPOSAL ISN'T JUST THAT IT DOESN'T ANSWER THOSE QUESTIONS - IT TAKES AWAY THE FOCUS ON THEM, WHICH DOESN'T BENEFIT ANYONE.