HEALTH CARE FOR ALL Minnesota

Affordable ~ Universal ~ Healthcare ~ Minnesota

WHAT IS "SINGLE PAYER" AND WHAT IS IT NOT?

As the single-payer solution has become more popular, the phrase "single-payer" has been misinterpreted by both proponents and opponents of universal coverage. It is extremely important that the public understand what the phrase means.

The "single payer" label entered the nation's vocabulary in 1989 following the publication in the *New England Journal of Medicine* of a proposal by Physicians for a National Health Program (PNHP). "Single payer" was invented to describe PNHP's proposal to emphasize its most important feature: Insurance companies would be cut out of the claims and payment process. Doctors and hospitals would submit claims for payment to one government agency, not hundreds of insurance companies, and the one government agency would in turn send payments directly to doctors and hospitals, not insurance companies.

True single-payer systems save money two ways: They cut administrative costs at both the insurer and provider (doctor and hospital) level by bypassing insurance companies; and they negotiate prices that providers, drug companies and equipment manufacturers charge. Any proposal that cuts out the one-payer feature cannot claim to reduce administrative costs; in fact it will probably raise administrative costs.

One source of confusion are bills and proposals that supporters call "single-payer" but which are really multiple-payer proposals because they leave insurance companies in place.

Over the intervening years the phrase "single payer" has been interpreted by some to mean any bill or proposal that pays for universal coverage via goverment, regardless of whether the payments flow through hundreds of bloated insurance companies or other intermediaries. Please do not fall for that definition of "single payer." To repeat: A proposal to pay for universal coverage with taxes is not necessarily a single-payer. Until you know whether payments will flow directly to doctors and hospitals, and will not pass through the hands of insurance companies, you don't know whether the proposal is a single-payer proposal.

One source of confusion are bills and proposals that supporters call "single-payer" but which are really multiple-payer proposals because they leave insurance companies in place. How could such confusion occur?

What is it about "single" some people don't understand?

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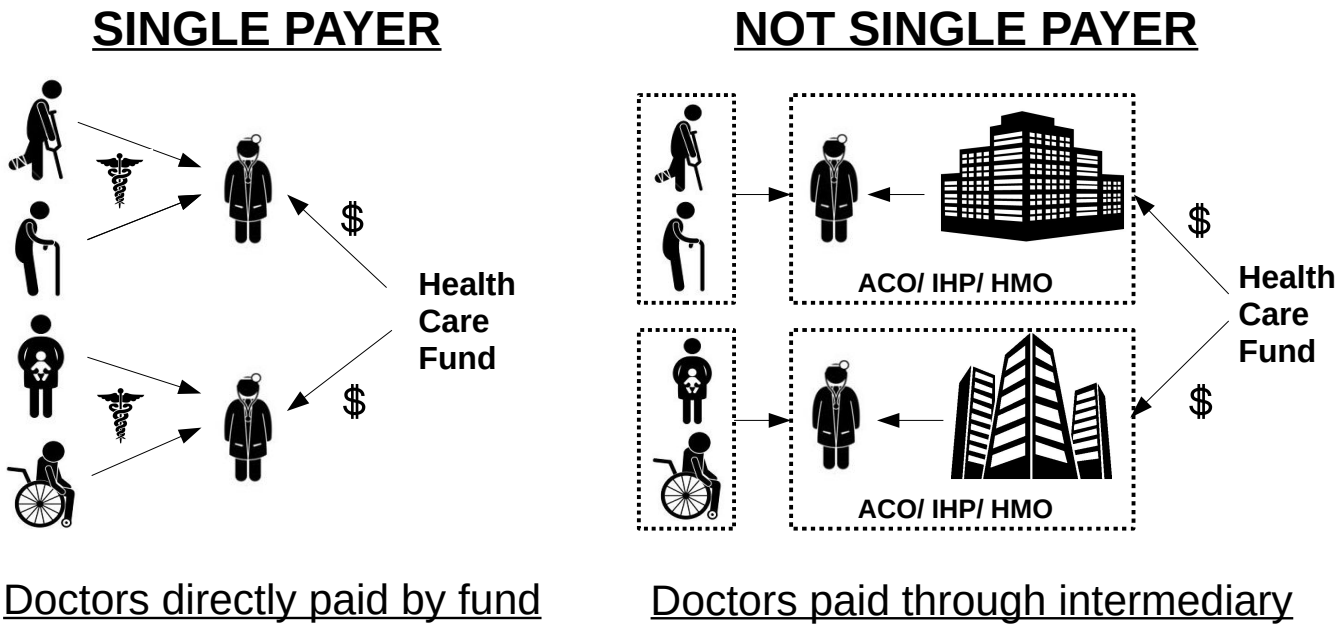
The confusion arises because some so-called single-payer proposals funnel money through organizations that are not called insurance companies but function similarly to insurance companies, most particularly by bearing financial risk. They are called some other name, including “accountable care organization” (ACO), “integrated delivery system,” “integrated health partnership” (IHP) or “provider networks.”



You don’t need to know all the gory details about these things. All you need to know is they bear insurance risk, which means they stand to make money if they can stay below a target level of annual spending and they stand to lose money if they go over it. These incentives cause these HMOs-in-drag to incur all the wasted expenditures insurance companies incur – advertising, spending money to create limited networks of providers, micromanaging doctors, paying exorbitant salaries to management, etc.

Under a true single-payer system, such as the **Minnesota Health Plan** proposed by Senator John Marty and Representative David Bly, the one government payer bears all insurance risk; it does not offload that risk on to hospital-clinic chains dressed up as ACOs or IHPs. The one government payer does not attempt to control costs by shifting risk off itself. Rather, it saves money by reducing administrative waste and negotiating uniform reimbursement rates for clinics, hospitals, and device and drug manufacturers.

By setting uniform prices, a single-payer system removes the incentive for clinics and hospitals to merge into large hospital-clinic chains. Proponents of ACOs and IHPs achieve just the opposite result – the further consolidation of our health care system into a few huge corporations.

Health Care For All Minnesota**’s mission is to achieve comprehensive, affordable high quality healthcare for all. A well implemented single payer health care system would achieve that and save us money at the same. http://**healthcareforallmn.org

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