

Government-run Health Care: Fast Facts



Fast Facts

Just like what is happening in Medicare and Medicaid, doctors refusing to see new patients; providers having to shift costs onto patients with private insurance; and government arbitrarily setting prices will happen with any new government-run health plan.

Some quick facts about government-run plan proposals and potential impacts on providers:

- **More Care with Less Money:** Under the public plan, doctors and hospitals would see their reimbursements for providing medical care cut by as much as 30%.¹
- Hospitals and doctors would see a \$97 billion reduction in reimbursements.²
- **No Cost-shift – Out of Business?:** “If Lewin is correct that hospitals can today recover from low Medicare rates by charging prices above costs to private payers, this source of revenue will largely disappear under its modeled outcome...”³

What about current government-run plans? They must have good track records with doctors and hospitals...not quite. Check out some of these facts:

- According to Jacob Hacker, a staunch public plan advocate, “Medicaid does grievously underpay providers in many states.”⁴
- **Medicare and Medicaid Already Shortchanges Providers:** “...provider payment levels for hospital services under Medicare are equal to only about 71 percent of what is paid by private health plans for the same services. In fact, Medicare payments to hospitals are actually equal to only between 92 percent and 95 percent of the cost of services provided by hospitals. For physician services, Medicare pays only about 81 percent of what is paid by private health plans for the same services.”⁵

- **Bargaining with Government, Like Wrestling an Alligator:** “There is no bargaining in Medicare...The providers have no freedom at all. The rates provided are ‘take it or leave it’ rates. Few providers can refuse to participate because they would be forced out of their profession and into bankruptcy.”⁶
- **More Paperwork, Lower Reimbursements, No More Docs:** “Some doctors...are no longer accepting Medicare...The doctors’ reasons: reimbursement rates are too low and paperwork too much of a hassle.”⁷
- “A 2005 Community Tracking Physician survey showed that only 50% of physicians accept [Medicaid].”⁸
- “Despite more Michigianians piling onto the Medicaid rolls, fewer doctors are treating or accepting new patients insured by [Medicaid]... Doctors say the state-set reimbursement are already too low, in some cases covering only one-third of the actual costs of patient visits.”⁹

Sources:

- ¹ The Commonwealth Fund “The Path to a High Performance U.S. Health System,” p.33, February 2009.
- ² The Commonwealth Fund “The Path to a High Performance U.S. Health System,” p.95, February 2009.
- ³ Francis, Walton J., The Heritage Foundation, “Why a New Public Plan Will Not Improve American Health Care,” May 5, 2009, p. 9.
- ⁴ Hacker, Jacob, “Healthy Competition: How to Structure Public Health Insurance Plan Choice to Ensure Risk-Sharing, Cost Control and Quality Improvement,” April 8, 2009.
- ⁵ Sheils and Haught, p. 3.
- ⁶ Francis, p. 9.
- ⁷ Connelly, Julie, *The New York Times*, “Doctors are Opting Out of Medicare,” April 2, 2009.
- ⁸ Siegel, Marc, *The Wall Street Journal*, “When Doctors Opt Out,” April 17, 2009.
- ⁹ Rogers, Christina, *Associated Press*, “Doctors balk at Medicaid program,” June 7, 2009.

