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Testimony to  
U.S. House Committee on Ways and Means  
June 24, 2009

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Mr. Chairman, members of the Committee, thank you for giving me the opportunity to comment on the proposal that has emerged from the three key House committees and to articulate the single-payer alternative. I am national coordinator of Physicians for a National Health Program, an organization of 16,000 American physicians who support single-payer national health insurance. Our organization represents the views of the majority of U.S. physicians, 59 percent of whom support national health insurance.

I wish to make two points to the Members of this Committee. The first is that the best health policy science, literature, and experience indicate that the Tri-Committee proposal will fail miserably in its purported goal of providing comprehensive, sustainable health coverage to all Americans. And it will fail whether or not it includes a so-called "public option" health plan.

The second point I wish to make is that single-payer national health insurance is not just the only path to universal coverage, it is the most politically feasible path to health care for all, because it pays for itself, requiring no new sources of revenue.

The difference between single payer and the Tri-Committee proposal could not be more stark: single-payer has at its core the elimination of U.S.-style private insurance, using huge administrative savings and inherent cost control mechanisms to provide comprehensive, sustainable universal coverage. The Tri-Committee discussion draft preserves all of the systemic defects inherent in reliance on a patchwork of private insurance companies to finance health care, a system which has been a miserable failure both in providing health coverage and controlling costs. Elimination of U.S.-style private insurance has been a prerequisite to the achievement of universal health care in every other industrialized country in the world. In contrast, public program expansions coupled with mandates, like those in the Tri-Committee proposal, have failed everywhere they've been tried, both domestically and internationally.

First, because the discussion draft is built around the retention of private insurance companies, it is unable – in contrast to single payer – to recapture the \$400 billion in administrative waste that private insurers currently generate in their drive to fight claims, issue denials and screen out the sick. A single-payer system would redirect these huge savings back into the system, requiring no net increase in health spending.

Second, because the discussion draft fails to contain the cost control mechanisms inherent in single payer, such as global budgeting, bulk purchasing, negotiated fees and planned capital

expenditures, any gains in coverage will quickly be erased as costs skyrocket and government is forced to choose between raising revenue and cutting benefits.

Third, because of this inability to control costs or realize administrative savings, the coverage and benefits that can be offered under the discussion draft will be of the same type currently offered by private carriers, which cause millions of insured Americans to go without needed care due to costs and have led to an epidemic of medical bankruptcies.

Virtually all of the reforms contained in the discussion draft have been tried, and have failed repeatedly. Plans that combined mandates to purchase coverage with Medicaid expansions fell apart in Massachusetts (1988), Oregon (1992), and Washington state (1993); the latest iteration (Massachusetts, 2006) is already stumbling, with uninsurance again rising and costs soaring. Tennessee's experiment with a massive Medicaid expansion and a public plan option worked – for one year, until rising costs sank it.

The inclusion of a so-called “public option” cannot salvage this structurally defective reform package. A public plan option does not lead toward single payer, but toward the segregation of patients, with profitable ones in private plans and unprofitable ones in the public plan. A quarter-century of experience with public/private competition in the Medicare program demonstrates that the private plans will not allow a level playing field. Despite strict regulation, private insurers have successfully cherry-picked healthier seniors, and have exploited regional health spending differences to their advantage. They have progressively undermined the public plan – which started as a single-payer system for seniors but has now become a funding mechanism for HMOs – and a place to dump the unprofitably ill.

The potential \$1 trillion price tag on the Tri-Committee proposal already threatens to capsize our new President's flagship initiative. In contrast, single payer avoids these hazardous political waters entirely because it requires no new sources of funding.

In tumultuous economic times, single payer is the only fiscally responsible option. Two-thirds of the American people support it. The majority of physicians are in favor of it, as are the U.S. Conference of Mayors, 39 state labor federations and hundreds of local unions across the country. Millions of Americans are mobilized to struggle for single payer, but your leadership is crucial. I hope this Committee will see fit to provide it.

Thank you.

# Mandates and Subsidies: A History of Failure to Provide Universal Care

## Oregon 1992



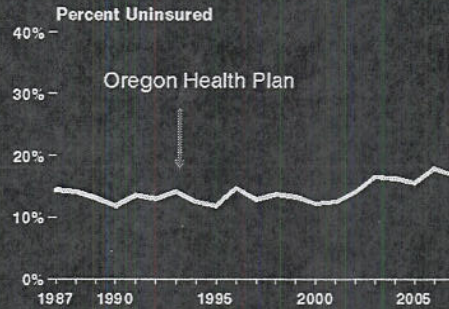
"Today our dreams of providing effective and affordable health care to all Oregonians has come true."  
Gov. Roberts

The Washington Post

"The most far-reaching health care reform in the nation."

Sources: Washington Post 6/9/92 and 3/20/93

## Uninsured in Oregon, 1987-2007



Source: Census Bureau - Figures prior to 1999 adjusted for changes in CPS survey methods

## Tennessee 1992

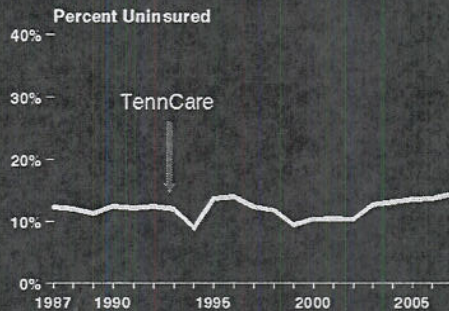


"The most radical health care plan in America." "Tennessee will cover at least 95% of its citizens with health insurance by the end of 1994."

Gov. Ned McWherter

Sources: Federal & State Insurance Week 4/12/93, and NY Times 9/16/94

## Uninsured in Tennessee, 1987-2007



Source: Census Bureau - Figures prior to 1999 adjusted for changes in CPS survey methods

## Vermont 1992



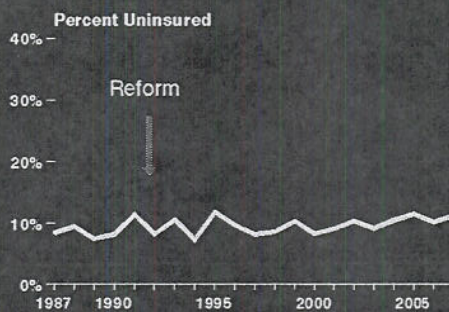
"This is an incredibly exciting moment that should make all Vermonters proud."  
Gov. Dean

The New York Times

"Governor Howard Dean, the only governor who is a doctor, signed a law here today that sets in motion a plan to give Vermont universal healthcare by 1995."

Source: New York Times 4/12/92

## Uninsured in Vermont 1987-2007



Source: Census Bureau - Figures prior to 1999 adjusted for changes in CPS survey methods


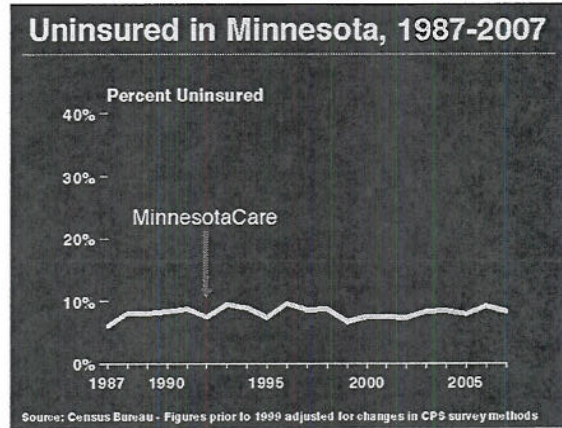
# Mandates and Subsidies: A History of Failure to Provide Universal Care

## Minnesota 1992/1993

*The New York Times* "Minnesota is enacting a program that will be the most sweeping effort yet to provide health insurance to people who lack it . . . the first complete reform proposal in the U.S."

**USA TODAY** "Minnesota is about to embark on a plan to solve the health-insurance crisis that could hold lessons for other states and the nation."

Sources: New York Times 4/19/92; and Richard Reece, Medical World News 7/1/92.

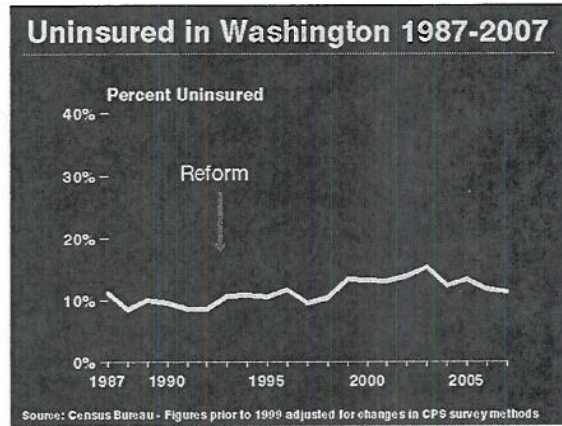



## Washington 1993


Washington state "passed one of the most aggressive health care experiments in the nation, a program that would extend medical benefits to all 5.1 million residents of the state . . ."

*The New York Times*

Source: New York Times 5/2/93

## Maine 2003



"It's bold and comprehensive, and it's now the law of the state."  
Gov. Baldacci

*The Washington Post* "Maine has just become the first state in the union to approve a plan to provide universal access to affordable health insurance."

Sources: AP Newswire 4/25/06 and Ellen Goodman, Washington Post Writers Group 7/7/03.

