



July 31, 2021

Submitted Electronically: [publicoption@mail.house.gov](mailto:publicoption@mail.house.gov) and [publicoption@help.senate.gov](mailto:publicoption@help.senate.gov)

Dear Chairman Pallone and Chairwoman Murray:

The National Association of Insurance and Financial Advisors (NAIFA) welcomes the opportunity to submit comments in response to the request for information for legislation to develop a public health insurance option. NAIFA shares the goal of expanding access to affordable and quality healthcare to all Americans. NAIFA firmly believes in the integrity of the employer sponsored insurance (ESI) system to select coverage options that fit the unique needs of their employees. NAIFA members assist employers in providing over 181 million people with health coverage and employee benefits. The United States' health insurance system has a long history of providing leading medical care, and we should work to build on our successes to meet the stated goals without dismantling, destabilizing or replacing the existing ESI framework.

### **Our Concerns about Public Health Insurance Options**

NAIFA believes that a public option entails serious drawbacks – whether the program is designed as another plan to be offered in the Affordable Care Act's Marketplace, as an expansion of Medicare that allows buy-ins from individuals younger than the current eligibility age of 65 or as a "Medicare-for-all" plan – the implementation of this policy could result in detrimental effects on Americans' finances and destabilize the health care markets.

#### **Increases Costs**

The effects of a public option could prove to have clearly detrimental cost implications for Americans and bring with it economic harm. Published in January of 2020, *The Fiscal Effects of the Public Option* (<https://americashealthcarefuture.org/wp-content/uploads/2020/01/Final-The-Fiscal-Effects-Of-The-Public-Option-1.24.20.pdf>) found that:

- A public option could lead to a new 4.8 percent payroll tax on American families over 30 years.
- Over 30 years, the public option could become the third most expensive government program behind Medicare and Social Security.
- Based on an analysis of recent federal and state activity, a public option could lead to higher costs and tax burdens for American families.

In October of 2020, another report was released that provided estimates as to how a public health care option would drive up taxes on Americans. The public option could:

- Raise taxes on middle-income American families by over \$2,000 a year.
- Increase, across the board, personal income tax rates by 18 percent.
- Increase the Hospital Insurance payroll tax by 180 percent in 2050, as well as raising taxes for typical families by over \$3,900. ([Study-The-Budget-and-Tax-Effects-of-a-Federal-Public-Option-After-COVID-19.pdf](#))



## Reduced Access to Care

A public option that reimburses health providers at such significantly reduced amounts that the ripple effect on access will be significant. When providers' payments are not aligned with their services, they simply opt-out of insurance participation.

According to analysis, "the Medicare-X Choice reductions in healthcare spending and increases in coverage would be financed through reductions in provider payments, given that Medicare rates are significantly less than payments by commercial payers. For hospitals, the introduction of a public plan that reimburses providers using Medicare rates would compound financial stresses already faced by the sector, potentially impacting access to care and provider quality. The Congressional Budget Office has projected that between 40 and 50 percent of hospitals could have negative margins by 2025 under current law."

This prediction plays out when looking at the initial implementation of a public option in the state of Washington. Some hospitals refused to accept the public option plan, Cascade Select, due to its lower rates of reimbursement. That meant the plans were only available in 19 of the state's 39 counties. ([States Are Leading the Way on a Public Health Insurance Option](https://time.com/6077007/states-public-option-democrats/))  
<https://time.com/6077007/states-public-option-democrats/>)

## Conclusion

NAIFA is opposed to the creation of a public option, expansion of Medicare eligibility to younger Americans and other similar government interventions in the offering of health coverage. Such a program would, counterintuitively, result in increased financial burdens on Americans and the disruption of the employer-sponsored system which has been crucial in providing Americans with innovative and robust health coverage and benefits. As the nation's oldest and largest professional association of insurance agents and financial advisors, NAIFA understands the value that health coverage brings to families and communities, and we urge lawmakers build on the strengths of ESI rather than implement policies that would destabilize employer-sponsored markets and jeopardize the health care options Americans enjoy today.

We look forward to working with you on efforts to improve affordability and sustainability of private insurance choices and ensure that consumers have access to professional services provided by licensed and regulated insurance advisors. For further information or questions, please contact NAIFA's Director of Government Relations, Mike Hedge, at [mhedge@naifa.org](mailto:mhedge@naifa.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin M. Mayeux".

Kevin M. Mayeux, CAE  
Chief Executive Officer