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Is a public option a viable alternative to single payer?

Some states are considering legislation to develop a Medicaid buy-in as a public option for state residents. In each case thus far, the plans that states have developed are structured as a high-deductible Medicaid policy, with 3 or 4 thousand-dollar deductibles combined with the narrow networks of Medicaid.

The plans are based on ACA Marketplace private policies, including the high-deductible structure of the Marketplace. In my research, I have found that for ¼ of the uninsured nationwide, it is cheaper to file for bankruptcy than to meet the deductible of these Exchange policies, indicating that this structure does little to provide real financial protection. Consumers do not value these policies highly, and very few participate. In the state of New York, only 22% of the eligible have chosen to participate, many of the rest remain uninsured.

The public-option plans are able to offer further savings than the other Marketplace policies, with premiums expected to be between 15 and 20% lower, by offering the lower-cost Medicaid network of medical providers. For consumers, this means very narrow networks in addition to high deductibles, further limiting expected consumer participation.

Not only is consumer participation uncertain, physician participation would be limited as well. Few physicians are able to accept Medicaid payment rates, which in the state of New York, are 56% of Medicare payments. As a result, the state public option could not be offered as a widespread solution to healthcare access challenges statewide.

In each state's case, the state has partnered with a private insurance company to develop the product. This is important because these insurance companies should not be expected to price themselves out of the private market, by developing a low-cost, high-quality alternative that would dominate their private product. Instead, the policies are targeted specifically at populations who have no other available access to private insurance thus not cutting into private market shares.

The plans achieve limited savings through low payments to physicians, which cannot be applied universally, and offer high-deductible narrow network coverage with little expected improvement to consumers' wellbeing.

For more of my research on single payer, the public option, and ACA private markets:
https://ashecon.confex.com/ashecon/2019/webprogram/Paper7879.html
https://rooseveltinstitute.org/why-we-need-to-design-health-care-reform-that-puts-patients-before-profits/