



Position Statement on Federal Healthcare Reform and the Creation of a Public Insurance Option

The Arizona Chamber of Commerce and Industry supports efforts at the federal level to reform our nation's health care system in a way that continuously improves access to and quality of care, contains costs, and substantially reduces the number of Americans who lack health insurance. We believe that reforms should be built upon the free market delivery of and payment for health care services, and should ensure that government meets its responsibility to appropriately fund Medicare and Medicaid. Reforms should allow employers to determine how to provide health care benefits to their employees, maintain consumer choice, and provide safety net coverage for the medically vulnerable and indigent.

We oppose the creation of a government/public insurance option. A public insurance option would directly compete with private insurers on an uneven playing field. According to an April 2009 analysis by national health care consulting firm, the Lewin Group¹, if Medicare reimbursement levels are used in a public plan that is open to all employers, the number of people with private insurance would drop by two-thirds, effectively dismantling the private insurance market. Because Medicare reimbursement levels are below the cost of providing care, hospital revenues would fall by \$36 billion and physician net income by \$33 billion in 2010. The result would be significant reductions in access to health care and/or substantial tax increases and cost shifting to the private sector. Additionally, the private sector drives innovation that improves care and reduces costs. A public insurance program will not be as responsive to ever-changing patient needs as the private market nor will it facilitate new types of collaboration and innovation between insurers and providers.

Therefore, while the Arizona Chamber strongly believes that federal health care reform should move forward and that business should be engaged in the stakeholder process, the creation of a government/public insurance option should not be part of the reform package.

¹ Sheils, John and Randy Haught, The Lewin Group, "The Cost and Coverage Impacts of a Public Plan: Alternative Design Options," Staff Working Paper #4, April 6, 2009.

