



## Public Option:

# A state solution to bring people more affordable health care coverage

Health care continues to cost Americans too much. The pandemic and economic recession have severed 14 million people from their job-connected health insurance.<sup>1</sup> States have an opportunity to take meaningful action to address coverage and affordability now through providing state-based coverage options like a Public Option.

### What is a Public Option?

- ★ A state policy solution that offers additional insurance choices – typically for people who do not have insurance from other sources, like their job, Medicare or Medicaid.
- ★ These policies enable a state to bring more choices to people and are offered in competition with other private plans.
- ★ A Public Option can also be designed to address common pain points for consumers, like having access to primary care and mental health visits with minimal out-of-pocket costs.
- ★ A Public Option is not single-payer and is not mandatory for people to choose as their insurance option.

### How can state-based coverage solutions, like a public option, meet people's needs?

- ★ **Increasing choice and competition:** In [2020](#), 25% of counties have access to just one insurer on the marketplace. Creating more ways for consumers to purchase coverage generates more competition in areas with few offerings, giving consumers more choices and reducing the risk of bare counties with no insurance companies offering coverage.
- ★ **More affordable coverage:** The cost of health care is the most prominent concern and dominates the discussion across all of the listening activities that USofCare has undertaken, which is consistent with previous research. People struggle to shoulder the burden of health care costs, and many are all too familiar with expenses across the system—from premiums to co-pays, to prescription drugs, and hospital care. A well-designed public option can offer a [more affordable](#) insurance plan to consumers, with lower premiums and out-of-pocket costs, [both of which](#) can lead people to forego comprehensive coverage and needed care.
- ★ **More transparent coverage:** States can design a public option to provide more certainty of services, provider networks, and out-of-pocket expenses, so people know what they are getting, and can more easily plan and budget for their family's needs.

## What are states exploring now?

Every state exploring this policy area should choose their own unique approach that fits their residents' needs. State efforts thus far have included:



**Washington's Cascade Care** was created in 2019, and will offer its first plans to consumers in 2021. The Washington approach requires the state to contract with insurance companies to offer standardized plans, which provide uniform benefits across plans, in addition to the carrier's other offerings to the state's insurance marketplace.



**Colorado's Affordable State Option** was introduced in the 2020 legislative session. Similar to Washington, it aimed to use existing private insurance companies to offer a standardized plan with improved transparency for services and costs in addition to other plans already offered in the market. The legislation was moving through the House when COVID-19 suspended legislative activity.



**Connecticut advanced bills in 2019 and 2020** to leverage the buying power of the state employee health plan to provide a more affordable insurance option for small businesses, nonprofits and eligible union employees. The **legislation** passed with bipartisan support out of the Insurance and Real Estate Committee in 2020 before the legislative session was suspended due to COVID-19.



**Nevada** was the first legislature to pass a "Medicaid buy-in" **bill**, which would have created the Nevada Care Plan, available for purchase on the state's health insurance exchange for all Nevadans not otherwise eligible for Medicaid. While this was ultimately vetoed by the former Governor, the legislature has **since approved a study** examining approaches for offering a state-based coverage option.



**New Mexico** advanced a Medicaid buy-in bill in 2019 that would create an off-exchange health insurance option targeting consumers who are ineligible for subsidies. The New Mexico legislature instead passed funding for **additional analysis of a Medicaid buy-in** that was released in fall 2020.

## Is there support for state-based coverage solutions, like a public option?

- ★ Unsurprisingly, interest in a public option is gaining momentum across the country: A recent national poll shows 67% of Americans support a public health insurance option.
- ★ Between 2018-2019, 15 states introduced legislation to explore state-based approaches such as a public option. At present, eight states have open task forces, studies, or actuarial analyses underway, aimed at addressing better cost and affordable health care for people.
- ★ At USofCare, we know that people want certainty that they can afford their health care and the security and freedom that dependable insurance coverage provides. We believe that state public options are a means to achieve these outcomes for people. To help achieve this goal, **we have worked with on-the-ground partners** in many of these states to conduct public opinion research and apply findings; as well as provide policy technical assistance, strategic counsel, stakeholder engagement and coalition development.

## Across geographies and political perspectives, people support a public option.

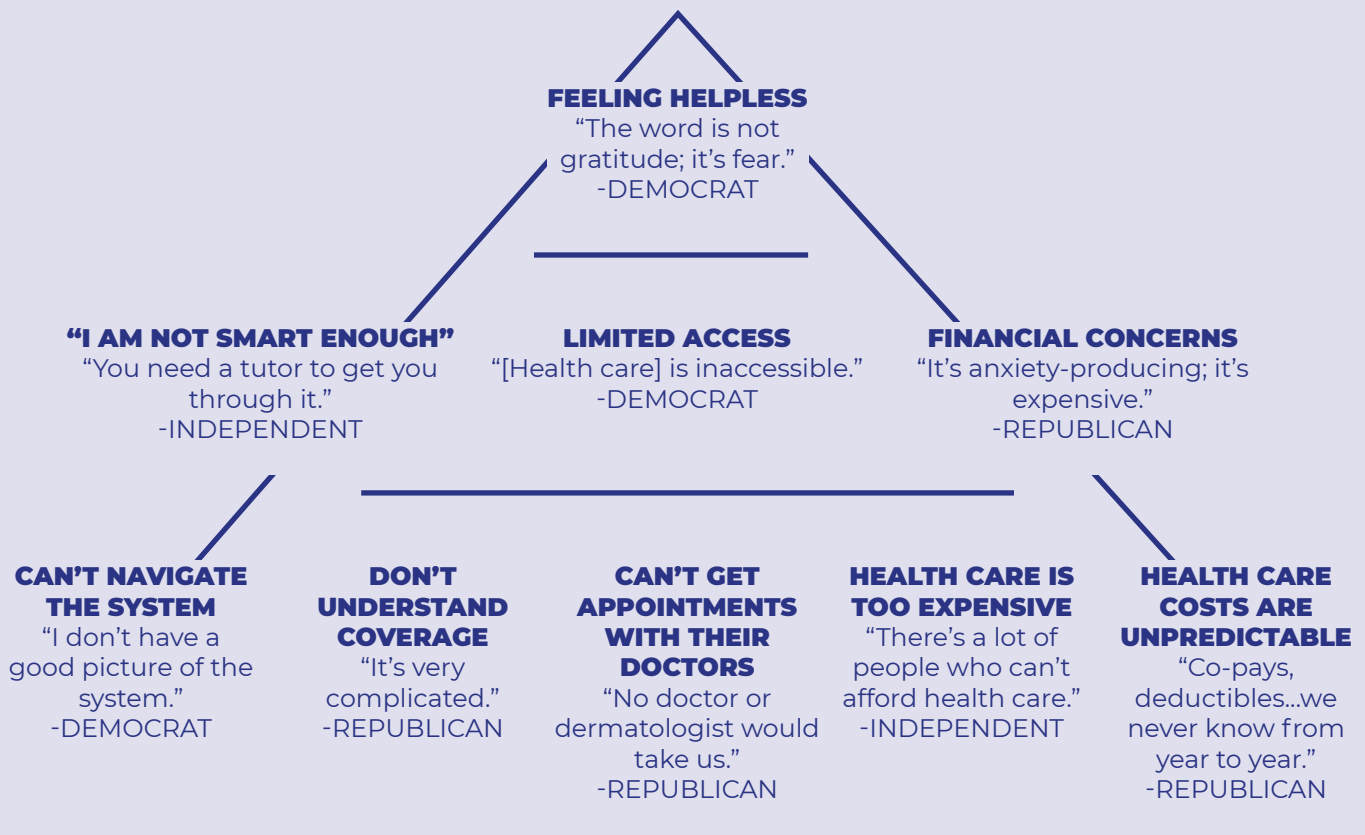
- ★ In a 2019 New Mexico survey, 61% of respondents said they would be supportive of a candidate who supported a state public option plan.<sup>2</sup>
- ★ In a 2019 Colorado survey, 55% of respondents knew little to nothing about the state coverage or public option proposal. When presented with additional information, respondents viewed the plan favorably, and 38% were likely to tell family and friends about the proposal.<sup>3</sup>
  - In that same survey, respondents across political ideology – including over 50% of self-identified Republicans – favored a plan that could improve access to services before a deductible is met.
- ★ In a 2018 focus group of Connecticut small business owners, the concept of allowing small businesses to buy into the state employee health plan was well liked across political ideology. "We would look at it; we always want to provide quality care to our employees at a reasonable price."<sup>4</sup>

“ I pay \$18,000/year to access health care. **That’s not affordable.** I also cannot find a plan that would cover the primary care provider I have been seeing for the past 28 years. —SHAWN, A COLORADO CONSUMER ”

## Why not wait for a federal solution?

First, **a state can often move more nimbly and develop a unique approach** that is right for their state. Second, while a federal solution for Americans’ ability to obtain health care at a price they can afford is an optimal solution, **states have a proven track record of solving problems where Washington, DC hasn’t yet.** In the midst of a public health crisis with millions of families in “insurance limbo,” we cannot afford to wait.

## The complexity and cost of accessing health care can feel like a threat to individual security<sup>4</sup>



1 1,009 New Mexico residents ages 18+ from September 19 to October 10, 2019

2 1,010 Colorado residents ages 18+ from November 22 to December 6, 2019, and data was weighted for age, gender and political party.

3 Democratic, Republican and Independent business owners, with <50 FTEs. Conducted April 10, 2019

4 Six focus groups among registered voters in New Mexico, October 17-18, 2018.

\*\* Additional Resources\*\* [USofCare Medicaid-Buy-In microsite](#)