



UNITED
STATES of
CARE

Public Health Insurance Options

A state solution to bring people more affordable, better quality health care coverage

Access to health care continues to cost people too much. Increased costs force many families to choose between affording health care and other basic necessities in order to make ends meet. States have the opportunity to meaningfully address coverage, equity, and affordability issues now through implementing state-based coverage options, such as a public health insurance option.

“ Every time I see a doctor I have to pay. I’m paying \$1,000 or more per month; I pay a little over two-hundred dollars per week whenever I go to the doctor. ”

- Black woman living in Denmark, South Carolina

What is a Public Option?

A public health insurance option (referred to as a “public option”) is a state policy solution that offers one or more additional health insurance choices, typically to people who do not have insurance from other sources like their job, Medicare, or Medicaid. These policies draw on the strength of a state’s purchasing power to bring more dependable coverage to people by negotiating fair payment rates from insurance companies or providers, establishing better provider networks, addressing health equity, and/or using existing state infrastructure. Public option designs can also be customized to meet specific needs.

How can a public option meet people’s needs?

- ★ **More affordable coverage:** The cost of health care is the most prominent [concern](#) across all of USofCare’s listening activities. Nationwide, [one in four](#) people have put off major purchases to pay for their health insurance and [30%](#) didn’t seek treatment for a health problem because of cost. A well-designed public option can offer a [more affordable](#) option to consumers with lower premiums and out-of-pocket costs. Creating more ways for consumers to purchase coverage generates more competition within the market, further driving down costs.
- ★ **Increasing dependability:** In 2022, [26%](#) of workers were not offered health insurance through their job, while [one in six](#) workers whose health insurance comes from an employer report staying in unwanted jobs out of fear of losing their coverage in 2021. A public option offers individuals the ability to have affordable coverage available when they need it, independent of their employment status or other life circumstances.
- ★ **Advancing equity:** Deep inequities in access, costs, and health outcomes mean that health care in the United States fails to work for everyone – particularly for communities of color, undocumented immigrants, members of the LGBTQ+ community, people with disabilities, and members of additional marginalized groups. [States can design](#) a public option to advance health equity and reduce disparities by establishing culturally responsive provider networks, covering “high-value” services without cost-sharing, and requiring the input of diverse stakeholders throughout the implementation process.

What are states exploring now?

- ★ By the end of 2022, over 16 states introduced legislation to explore state-based approaches to expanding coverage, including creating public options.

Public Health Insurance Options Currently Under Development

Washington

- ★ [Cascade Care](#) was created in 2019, requiring the state to contract with insurance companies to offer public option (Cascade Select) plans on the state's individual marketplace starting in 2021.
- ★ Legislative action ensures Cascade Select plans are offered in every county, requires certain hospitals to participate in Cascade Select networks, and allows all Washington residents, regardless of immigration status, options to [enroll](#) in Cascade Care Coverage.

Nevada

- ★ Enacted [legislation](#) to establish a public health insurance option in 2021.
- ★ Starting in 2026, every insurer offering Medicaid-managed care plans in the state will be required to submit competitive bids to offer a public option on the state's individual marketplace that meet certain requirements, including targets for lower premiums.
- ★ [Actuarial analysis](#) found that establishing a public option will save Nevadans upwards of \$464 million in health care costs in the first five years and nearly \$1 billion over a ten year period.

Colorado

- ★ The [Colorado Option](#) passed in 2021 and began providing coverage in January 2023. It allows the state to leverage unique public-private partnerships with insurers to offer standardized plans in the individual and small group markets that meet certain requirements, including premium rate reduction targets of 5% per year and having [culturally responsive provider networks](#).
- ★ As part of a new enhanced rate review process included, the state can conduct hearings and set rates if issuers are unable to meet premium-reduction targets. The state also can conduct hearings if issuers are unable to meet network adequacy requirements.

Other Recent Proposals

Oregon

- ★ [Legislation](#) creating the Bridge Plan passed in 2022, offering Oregonians between 138-200% FPL a benefit package similar to Medicaid (including dental) with no premiums or cost-sharing.
- ★ In 2023, advocates are working to expand eligibility of the Bridge Plan as a coverage option to more people in the individual and small group markets.

Connecticut

- ★ Advocates advanced bills in [2019](#), [2020](#) and [2021](#) to help Connecticut employers leverage the buying power of the state employee health plan to provide a more affordable insurance option for small business, nonprofit, and eligible union employees.
- ★ The legislation did not pass, in part, due to lack of support from the Governor.

Additional Considerations

As states explore this policy area, they should:

- ★ Choose a unique approach that takes into account and leverages existing state infrastructure, such as a state-based marketplace, basic health plan, or robust state employee health plan.
- ★ Consider other dynamics that may impact the delivery of a public option, such as value-based payment initiatives, cost-growth benchmarks, or existing administrative agencies' regulatory authority.
- ★ Identify both the state and federal resources available to address the cost of implementing and sustaining the coverage solution.
 - ★ Consider the availability of dedicated state funding needed to implement and oversee the operation of a public option.
 - ★ Apply for a federal [Section 1332 waiver](#) under the Affordable Care Act, allowing states to use "pass-through funding" generated from savings from lower premiums to further invest in affordability measures.
- ★ Advocates and state officials in states that have advanced a public option worked together when possible to pass legislation that considers these aspects, as outlined in United States of Care's report, "[Public Option Study Bills: A Key Step in the Policy Process](#)".