

FACT VERSUS FICTION:
The Congressional Budget Office Trumps the Lewin Group

The Lewin Group, a wholly owned subsidiary of UnitedHealthcare, released a new study paid for by the ideologically conservative Heritage Foundation that uses several leaps in logic to suggest that a public health insurance option would dominate the health insurance market.

The Lewin Group had offered earlier analyses funded by other organizations that greatly overstated the likely effect of a public option under health care reform as envisioned in HR 3200. Conclusions in the latest Lewin Group “analysis” continue to be based on faulty assumptions about how the Exchange and the public health insurance option would work, and are counter to the official estimates from Congressional Budget Office (CBO).

Unlike Lewin, which produces documents to respond to the requests of paying clients, CBO is an impartial, independent, non-partisan agency that has no financial incentive to provide misleading estimates. Below is a quick comparison of the flaws in the Lewin assumptions relative to the Congressional Budget Office’s analysis of the actual proposal:

<u>Lewin Analysis</u>	<u>Congressional Budget Office</u>
Assumes that 103 million people would choose a public health insurance option.	According to official CBO numbers, just 9-10 million people would choose a public health insurance option by 2019 – this equals roughly one-third of the number of people participating in the Health Insurance Exchange. In other words, only 30 million people would even be in the Exchange, and two-thirds of those would pick a private plan.
Assumes that 88 million people currently covered by their employer would no longer have employer-sponsored insurance.	According to official CBO numbers, 2 million <i>more</i> people would be covered under employer-sponsored insurance than is projected to be the case today – 164 million compared to 162 under current law. HR 3200 actually protects and increases employer-sponsored insurance.
Assumes that all providers will participate in a public health insurance plan regardless of what it pays.	Provider participation in the public health insurance option is voluntary. CBO believes that while there will be enough providers to meet the needs of the enrollees, not all providers will participate. If providers believe payment rates are too low, they don’t have to participate.

<p>Assumes that public health insurance option reimbursement rates would be 25 percent lower than private insurers.</p>	<p>CBO assumes that a public health insurance option's premiums would be on average 10 percent lower than those of private insurers in the Exchange. Unlike Lewin, CBO assumes that private plans will exercise more cost containment than the public option and CBO accurately reflects the public option's payment rates compared to private rates</p>
<p>Assumes that people would choose their health insurance plans based solely on the cost of coverage.</p>	<p>Substantial research shows that price is not the only determinant of coverage choice when options are available (e.g., FEHBP enrollment is dominated by a plan that is not the cheapest, and the same is true often with respect to other employer-sponsored coverage). People choose based on provider network, coverage standards, ease of administration, familiarity and a host of other reasons not specific or solely related to cost.</p>
<p>Assumes that by the third year of the program, all employers are eligible and choose to get coverage through the Exchange and that a majority of people in the Exchange choose the public option.</p>	<p>Starting in year three, H.R. 3200 allows the Administration to permit larger employers to participate in the Exchange but does not assume a timeline for large employers to be allowed to participate and certainly doesn't mandate that ANY employer provide coverage in the Exchange. Many large employers are self-insured plans that are unlikely to enter the Exchange. However, even if they do, it would entirely be a CHOICE for the employer to provide coverage through the Exchange, and for individuals and families to choose what kind of coverage they get through the exchange. Employers who choose to provide coverage through the Exchange are unable to steer employees to any particular plan.</p>