



L.A. Care
HEALTH PLAN®

Health Care Reform: The Public Plan Option

One in a series of policy briefs from L.A. Care Health Plan

Our nation is poised to tackle one of the most complex public policy challenges we face – reforming the health care system. One major issue of reform, the public plan option, has become a focal point of current debate.

L.A. Care, a community-accountable public health plan serving Los Angeles County’s low-income families, supports a public plan option.

A well-designed public plan would help health care reform efforts by “raising the bar” on quality, keep competition in the marketplace, and help all players remain honest.

What Works

- **Local Accountability & Governance.** Public plans answer to stakeholders, not stockholders. Decisions on health care investments are based on the needs of local community health, not just profits. That means public plans such as L.A. Care can focus more on patient care.
- **Strengthen the Health Care Safety Net.** Public plans support and strengthen the health care safety net. L.A. Care’s experience proves that coverage programs can be designed to encourage the use of primary care physicians in safety net settings. Over 20% of L.A. Care’s members are assigned to community or county clinics as their primary care home.
- **Cost & Competition.** Public plans in California have demonstrated that they can compete on equal footing with private sector health plans, and that private health plans are not driven out of the market as a result. In fact, private health plans such as Anthem Blue Cross, Care 1st, Kaiser Permanente, Health Net of California, and Molina continue to participate in the state’s Medicaid program along with public plans.
- **Innovations.** Public plans in California were among the first to voluntarily launch Healthy Kids, a program that has expanded health insurance coverage for thousands of children throughout California. In Los Angeles County, L.A. Care has been an integral part of Healthy Kids, which covers nearly 30,000 children.
- **Consumer Choice.** Public plans will always be available to patients even if private health plans decide to not offer coverage. The primary goal of public plans is to provide health coverage, for patients and the community.



A public entity serving Los Angeles County • 555 West Fifth Street • Los Angeles, CA 90013
telephone 213.694.1250 • facsimile 213.694.1246 • www.lacare.org

Accreditation of Medi-Cal, Healthy Kids and Healthy Families Program.

For a **Healthy Life**

What Would NOT WORK

- **Monolithic national public plan.** Health care is a local market, and a national public plan will not be nimble enough to respond to changing market conditions on a local level. Here in California, there are large differences in rates paid between Northern and Southern parts of the state, due to competition.
- **A public plan like Medicare.** Medicare is not a good model for the public plan, as its payment structure focuses on “fees” for “services” rather than on keeping people healthy. Payments and incentives need to be aligned and managed to emphasize preventive health care, and stop unnecessary utilization, which by some estimates is responsible for 30% of our health care costs.
- **A public plan that is underfunded.** California’s Medi-Cal spending per beneficiary remains one of the lowest in the nation, due in large part to Medi-Cal managed care. But even though the state has been successful in keeping costs down, after years without rate increases, the program is woefully underfunded, leading to a shortage of providers that threatens access to care.
- **A public plan option that is the ONLY option.** Many Americans are happy with their current health insurance. They should be able to keep it.

More than 75% of Americans agree that the current health care system is unsustainable and needs reform¹. Everyone – elected officials, health insurers, health plans, pharmaceutical companies, hospitals, doctors, and advocates – need to come to the table with real solutions.

California’s local public plans are a successful model that should be examined; let’s keep what’s working and focus on fixing what’s broken.

L.A. Care Health Plan is a public entity and community-accountable health plan serving residents of Los Angeles County through a variety of programs including Medi-Cal, Healthy Families, L.A. Care’s Healthy Kids, and L.A. Care’s Medicare Advantage Special Needs Plan. L.A. Care is a leader in developing new programs through innovative partnerships designed to provide health coverage to vulnerable populations and support the safety net. With nearly 800,000 members, L.A. Care is the nation’s largest public health plan.

For more information:

Andrea Van Hook
Director, Communications & Marketing
(213) 694-1250 x4142
avanhook@lacare.org

¹ Harris Poll; CBS News/New York Times Poll

June 2009

