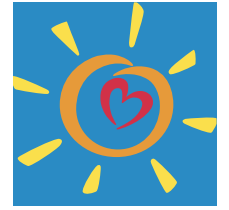


The Public Health Plan in Our Own Backyard

By Howard A. Kahn, CEO



L.A. Care
HEALTH PLAN®

A solid majority of Americans believe that health care reform is more important than ever, according to the latest poll from the Kaiser Family Foundation. Americans continue to place health care reform at the top of their list of concerns, despite the severe economic downturn. But right now, it seems like reform might get sidetracked about whether a “public plan” option should be part of the solution.

Reading and watching the news lately, you’d either think that a public plan is the end of democracy, or that it’s better than Disneyland. Missing in all this rhetoric is the fact that in Los Angeles (and eight other counties in California) a public health plan has been competing alongside a private health plan in the Medi-Cal program for over a decade.

L.A. Care Health Plan, the largest public health plan in the nation, has more than 750,000 members and operates on a level playing field with our for-profit competitor as we are regulated by the same entities, judged by the same standards and paid by the State at rates that are determined based on the same formula. With about 64% of market share compared to our commercial competitor, we’ve proven that a public plan can compete and raise the bar on quality for the entire market. We’ve not only worked alongside our private health plan colleagues, we’ve hired them as valued partners – Anthem Blue Cross, Care 1st, and Kaiser Permanente are all private health plan choices available to our members.

As a public plan, L.A. Care’s governing body is made up of local stakeholders including two Directors elected by our membership. It is this difference in how we are governed, and consequently managed, that keeps us true to our mission. By replacing the profit motivation with fiscal responsibility, responding to stakeholders instead of shareholders, and following a mission to protect the safety net, we have been able to invest over \$80 million locally into supporting community clinics and providing coverage to tens of thousands of kids who otherwise would be uninsured.

The task of reforming our health care system is immensely complicated. To try and shoehorn a national, monolithic public plan into a system that will still be based on local markets will surely fail, and not achieve the widely held goal of maintaining individual choice. No one, not the Obama Administration nor Congress, is prepared



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to fundamentally change the structure of these local markets. However, that doesn't negate the fact that every day, there are public plans competing successfully in the market, and when the time is right, should be looked at as possible models.

But right now, it's time for our leaders to get down to the real business of health care reform – like, how are we going to finance it? What will be covered? How can we increase the quality of the health care delivered while containing the constantly rising costs that drive employers to drop coverage? Focusing on whether there will be a public plan or not is like putting the cart before the horse – if I'm not mistaken, we need the horse first.

And to my private health plan colleagues, I've got one thing to say: get over your blanket opposition to the public plan option. With so much taxpayer money needed for reform, there is going to have to be some kind of ongoing, operating public role. Quite honestly, as we've shown here in Los Angeles, you may find that a local or regional public plan is better for business.



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