

Too Many Americans Still Pay Too Much for Their Health Care

The US approach to health care is an outlier among the world's rich countries and not in a good way. Extraordinarily complex and hideously expensive, it still manages to leave about 26 million people without coverage. The Affordable Care Act of 2010 made notable progress, but it failed to solve the pressing problems of high costs and less-than-universal access.

The ACA fell short partly because legislators dropped the so-called public option. This idea should be revived. The dysfunction in Washington makes such innovation difficult at the federal level, but states have been trying variants. These experiments are worth watching.

The need for more reform is clear. The US spends about 17% of gross domestic product on health care, half as much again as comparable countries. Yet on many metrics, including life expectancy, US outcomes are worse. The system's enormous cost is hidden in part because most Americans are insured through their employers: The premiums suppress wages, disguising the true hit to families' finances. Workers fear that losing their jobs will mean they lose their insurance, too. More than half of the 20 million who've signed up for Obamacare in 2024 complain of high monthly costs and out-of-pocket spending. And despite the ACA, roughly 10% of Americans still have no coverage at all.

When Obamacare was taking shape, some lawmakers envisioned a public option—a government-run plan that would compete alongside private insurance. Like Medicare, it would save money by negotiating prices and cutting costs. Voters liked the idea, but it met stiff industry opposition and was ultimately scrapped. During his presidential campaign a decade later, Joe Biden supported a public option, but his administration has focused on other ways to make health care more affordable.

The public option, though, wasn't quite dead: As a result of the ACA, states have been able to try "innovative strategies" to lower costs and broaden coverage. Three have used it to advance programs they're calling public options, and a handful of others have plans underway.

Colorado's version is especially popular, thanks to generous benefits (including free primary and mental health care) and lower premiums than many marketplace plans. State law requires insurers to meet annual premium-reduction targets, and the insurers negotiate hard with hospitals to cut costs. If they miss the targets, insurers and providers alike can be summoned to public hearings. The state has also introduced a reinsurance program to defray the cost of expensive claims.

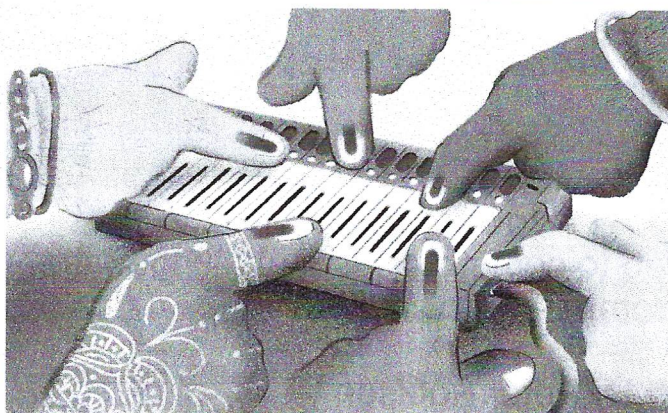
Admittedly, plans such as Colorado's depart from the original public-option idea, which relies on competition from a gradually expanding Medicare, not price controls. The

old-school public option still has a lot to recommend it: Use Medicare's systems and provider network to gradually extend affordable coverage—with premiums set to recover full actuarial costs, offset by ACA subsidies for eligible households.

However conceived, public options will face setbacks. Health-care reform is administratively demanding and politically fraught. Absent rules compelling participation, hospitals and providers could refuse to see patients if reimbursement rates fall too low, leaving areas with less coverage and weaker competition. Nobody says this will be easy.

Yet the existing system is undeniably failing. In poll after poll, Americans say rising health-care costs are a top concern. States should keep on trying new approaches to see what works. And Washington should put the Medicare-based public option—perhaps the most promising way to solve the system's biggest problems—back on the agenda. **B** For more commentary, go to bloomberg.com/opinion

■ AGENDA



► Decision Time in India

India's general elections—in which almost 1 billion people are eligible to participate—unfold from April 19 to June 1. Prime Minister Narendra Modi, of the Hindu nationalist Bharatiya Janata Party, seeks to secure a third term.

► The US Fed publishes the minutes of its March FOMC meeting on April 10. The Bank of Canada sets interest rates on April 10; the European Central Bank, on April 11.

► The UK reports its month-over-month GDP growth estimate for February on April 12, and its unemployment data for February on April 16. March inflation data comes out April 17.

► China's National Bureau of Statistics releases its first-quarter GDP growth estimate for the country on April 15, along with retail sales and industrial production figures for March.

► April 15 is Tax Day, America. A February analysis by the Treasury Department suggests Inflation Reduction Act funding for the IRS will increase revenue by up to \$561 billion by 2034.

► About 30,000 people will run in the 128th Boston Marathon, on April 15. Around 50,000 will lace up their sneakers on the 21st for London's 44th marathon.

► *Civil War*, the latest conversation starter from A24, opens on April 12. The film, depicting the US during its Second Civil War, is not a documentary. **D** 59