

What Does Government-Run Health Care Look Like?

SUMMARY

“Government-run health care” is an expression that has been used to inflame rather than inform. The fact is, government-run health programs include large, popular and efficient programs that provide health care to millions of Americans today. This fact sheet provides a brief overview of three government-run health programs: Veteran’s Administration health care system, Medicare, and the Federal Employee Health Benefits Program.

“Government-run health care” is an expression that has been widely used in the current health care debate. This fact sheet provides a brief overview of three government-run health programs in our country today: Veteran’s Administration, Medicare, and the Federal Employee Health Benefits Program.

Veteran's Administration

The closest example to a purely government-run system in our country is the Veterans Administration (VA) health care system, which provides subsidized care to veterans who qualify. Services are typically provided by physicians and nurses employed by the VA, in facilities owned and operated by the VA. The VA determines the scope of covered services and the health care information technology that providers use. Veterans do not pay premiums but they may pay a copay for services.

Yet even the VA offers private market services as needed. If necessary services, such as emergency care, are unavailable in the VA system, the VA will pay for services elsewhere. Moreover, the VA does not monopolize veterans’ health care; many eligible veterans can and do use other sources of coverage and care.

Studies have shown that the VA provides high quality care, great patient satisfaction and at a lower cost than other health coverage programs in our country.¹ In part, this is because the VA is a truly innovative health care system. The VA was an early adopter of the electronic health record. Their integrated system of doctors and hospitals provides a superior platform for innovation. The

VA has a unique research program that focuses on meeting the full spectrum of a patient's medical needs. This commitment to advancement, coupled with an integrated health care system and a state-of-the-art electronic health record, has enabled the VA to attract the best and brightest investigators.

Medicare

Medicare provides health coverage to the elderly and the severely disabled. In contrast to the VA, Medicare pays private practice doctors, and our nation's network of private and public sector hospitals, to care for Medicare patients. A government agency determines provider payment rates and pays claims. Unless they are very low-income, enrollees pay a premium but their premium is far below the actual cost of the coverage. The remainder of the cost is covered by taxpayers, including a dedicated "Medicare tax" that we all pay over the course of our working lives.²

The Medicare program also has a private market insurance option called Medicare Advantage.³ Private insurers who meet the government's standards can sell a variation of the traditional Medicare benefit package and be reimbursed from the government.

Medicare is a widely popular program supported by legislators on both sides of the aisle. The program provides medical and financial security to 43 million seniors and persons with disabilities.

Federal Employee Health Benefits Program

The Federal Employee Health Benefits (FEHB) program provides a wide choice of private health plans to federal employees and retirees, including members of Congress. The program is administered by a government agency, the U.S. Office of Personnel Management. This agency negotiates premiums and benefits with private insurers and oversees the plans' compliance with consumer protections. As with Medicare, the system relies on privately practice doctors and our nation's network of private and public sector hospitals. In 2008, the FEHB program provided health coverage to about eight million current and former federal employees and their families.⁴

The FEHB program is sometimes held up as a model for health reform because it features many choices and because enrollees pay more for expensive health plans—helping slow increases in costs. FEHBP also is an efficient organization, with about 100 agency employees coordinating coverage for millions of federal employees and their families.

TABLE 1 – FEATURES OF GOVERNMENT-RUN HEALTH CARE PROGRAMS

	Veteran's Administration	Medicare	Federal Employee Health Benefits Program
Doctors Employed by Government?	Yes	No	No
Hospitals Owned by Government?	Yes	No	No
Insurance Risk Born by Government?	Yes	Yes and No (if Medicare Advantage)	Yes
Benefits Dictated by Government?	Yes	Yes, with some flexibility for private plans	Government provides minimal standards but permits wide variation in plan designs.

Bottom Line for Consumers

The label “government-run health care” encompasses many things. Government-run programs can certainly include inefficient administration, uncaring bureaucrats, or fraud and abuse. But government-run programs also include large, popular and efficient programs that provide health care to millions of Americans.

This Fact Sheet was written by Senior Policy Analyst Lynn Quincy.

ConsumersUnion®

NONPROFIT PUBLISHER OF CONSUMER REPORTS

Consumers Union has a long history of advocating for improvements in the consumer marketplace. Since our creation in 1936, we have worked for safer, more affordable, and better quality products and services at both the state and federal levels. We are a non-profit, non-partisan organization with an overarching mission to test, inform and protect.

WWW.CONSUMERSUNION.ORG

HEADQUARTERS

101 Truman Avenue, Yonkers, NY 10703
Phone: (914) 378-2000 Fax: (914) 378-2928

SOUTHWEST OFFICE

506 West 14th St., Suite A, Austin, Texas 78701
Phone: (512) 477-4431 Fax: (512) 477-8934

WASHINGTON DC OFFICE

1101 17th Street NW, Suite 500, Washington, DC 20036
Phone: (202) 462-6262 Fax: (202) 265-9548

WEST COAST OFFICE

1535 Mission Street, San Francisco, CA 94103
Phone: (415) 431-6747 Fax: (415) 431-0906

ENDNOTES

- ¹ Phillip Longman. “Best Health Care Anywhere,” *Washington Monthly*, January/February 2005. <http://www.washingtonmonthly.com/features/2005/0501.longman.html>
- ² *How is Medicare Funded?*. Centers for Medicare and Medicaid Services, September 2009. <http://www.medicare.gov/Publications/Pubs/pdf/11396.pdf>
- ³ When Medicare Advantage plans are marketed to seniors, they advertise plans with names like “Secure Horizons,” “Senior Advantage,” and “Gold Choice” so many seniors not familiar with the term “Medicare Advantage” even though that may be the plan they have.
- ⁴ *Basic Facts About the Federal Employee Benefit Program*, Consumers Union, July 2009. http://www.prescriptionforchange.org/FEHBP_memo_V5.pdf