

AN OPEN LETTER TO PRESIDENT OBAMA

Dear President Obama:

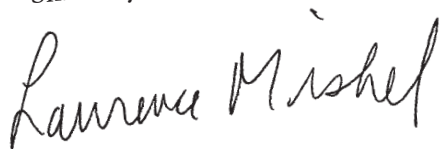
I am heartened by news reports that your administration supports fundamental health reform that still includes an option for a public insurance plan, modeled on successful existing programs like Medicare, to guarantee meaningful choices for Americans about their health coverage.

Like many other economists, we at the Economic Policy Institute have concluded that fixing our broken health care system is crucial to fixing our broken economy. Beginning with the publication of Jacob Hacker's *Health Care for America* in January 2007, we have championed reforms that preserve the current employer-based system for those workers and employers who prefer it, but that also provide an effective public alternative for those falling through its considerable gaps. This approach, which is very much in line with your own plan as a candidate and with bills in the House and Senate, is pragmatic and modest. It simply relies on genuine competition (something absent from today's health insurance marketplace) between public and private plans to discipline against both complacency and inefficiency.

Without the competitive check provided by a robust public plan, however, many Americans will find themselves with no meaningful health insurance choices even after reform. Further, while reform without a public plan can expand coverage in the short-run, these gains will be fleeting unless the central long-run challenge of health reform, "bending the curve" of long-run cost growth, is addressed.

A substantial body of evidence suggests that a large public role in financing health insurance is associated with better cost-control. We know that your administration is committed to evidence-based policy decisions. We urge you to honor this commitment by insisting firmly that fundamental health reform needs a public option.

Sincerely,



Lawrence Mishel
President, Economic Policy Institute

