

Comparison between single-payer and multi-payer health care financing systems

Aspect	Universal Coverage Under Public Single Payer Plan	Universal Coverage Based on Multiple Payers (Insurance companies)
Eligibility	Everyone in the US is covered.	Everyone is eligible, but each individual must enroll in a specific plan or be subsidized to enroll in a plan.
Basic value underlying plan	Health care is a public good and a right.	Health care is a commodity, purchasable on the market.
Scope of Services	Broad array of services.	Depending on individual plan and premium paid, although the state can regulate coverage and mandate a uniform service package.
Control of Costs	Single payer can exert leverage with all providers, negotiating from position of strength. Economies of scale can reduce costs. Lack of profits and marketing expenses will lower overhead, thereby reducing administrative costs. <i>See also Rationing.</i>	Companies exert control over costs by avoiding higher risk patients, pegging price to risk, instituting cost-sharing (deductibles, co-payments), and denying unprofitable services. If state mandates a uniform package and no profits, insurers benefit only from selling supplementary coverage.
Risk-Pooling	Entire population is part of a single risk pool—younger, healthier members of the pool offset those who are older and sicker. Exclusion for pre-existing illness is not allowed.	Each insurer attempts to attract lower risk patients—premiums may vary accordingly. Insurers protect themselves by raising prices to avoid higher risks. State may mandate 'guaranteed issue' (accepting all applicants, regardless of risk), uniformity in premiums, or adjust for differences in relative risks. Regulation is needed to correct for these market failures. These methods to prevent or compensate for adverse selection require much data and are expensive to operate.
Administrative Costs	With no profits, no need for marketing, a single package of services, and much less complex and contested billing, administrative costs are kept to a minimum.	The sifting and sorting of enrollees, together with marketing expenses and a varied and complicated billing apparatus siphons off a significant portion of revenues from actual health care.
Choice	Consumers would have choice of any provider. Few physicians and hospitals would opt out without incurring major loss of income.	Choice would depend on arrangement between purchaser and provider—choice may be among plans rather than between or among health care providers.
Service delivery system	Single payer could exert leverage to correct current fragmentation and raise quality of care.	No built-in goal to change the present lack of continuity and coherence in care.
Provider payment	Public sector could innovate ways of paying providers, as it has with Medicare. Could bundle services and provide alternatives to fee-for-service care, which is inherently inflationary. Price discrimination would be avoided.	Subject to multiple discrete negotiations—insurers pay different fees to different providers for same service, and providers bill different insurers different fees for the same service. Price discrimination is rampant.
Access to Care	State can adopt incentives to deploy resources according to need, and to provide adequate access to primary care.	Subject to market forces. If you live in a poor community, you are likely to have limited providers to choose from. Some adjustment between supply and demand will take place over time.
Focus on preventive care	Plan would have an incentive to foster prevention because it would reap the savings later.	Limited incentives to foster prevention because patients change plans. Emphasis is on the short term.
Rationing	Based on need, and on cost-effectiveness of different treatments.	Based on price and ability to pay: those who cannot afford a service are unable to afford it.
Utilization Control	Large-scale database would flag trends and identify outliers. Data would indicate patterns of consumption, overuse, service gaps, and relations between treatments and diseases they might cause.	Achieved by denying services. No uniform data collection system.