

THE
NATIONAL LAW REVIEW

Single Payor Health Care System

Friday, June 14, 2019

This is a continuation of our attempt to analyze the various single payor health care proposals that are being made during this election cycle. More on [Health Care issues in 2020 here](#). A possible model, irrespective of how it is characterized or described, is the single payor model used by the Veterans Administration (hereinafter “VA”). That is a possible model because it uses a federal budget-driven approach. If the government is going to provide health care, it is going to have to have a statutory, as well as budgetary, structure under which that health care will be provided.

It is not clear from any of the discussions of a single payor system so far, whether or not the actual provider of the health care will be a government employee or will be a government contractor. If the government is the sole payor either by regulation or by contract, it will be making arrangements with various providers (whether they are hospitals, ambulatory care centers, nursing homes, physicians or other health care providers) for the provision of care to those covered by the government program.

If it is a budgetary-driven program, then the structure and incentives need to be examined and may significantly impact the actual delivery of the care. For instance, if the program provides \$X, then the incentives for those administering the program will be to be able to deliver as much care as possible, to as many people as possible, within the budgetary constraints. That creates significant alternatives to those administering the program. It may be that there are tradeoffs between the quality and the quantity of care that the program is able to provide under the budgetary constraints. The more care that a provider can provide at a particular cost level, the more likely it will be that an increased number of patients can receive that care. So a tradeoff may result between trying to avoid providing the most expensive care (which may limit the amount of care that can be provided), versus providing a less expensive alternative that would provide an opportunity to provide a greater amount of care to a greater number of people.

It also is not clear what the level of costs may be and whether or not certain administrative elements and their associated costs can be eliminated for various health care providers. Will they be provided a lump sum to take care of a population, which could eliminate billing and the costs associated with billing and collections, or will there be some other alternative which would require them to bill for the services?

There is also the possibility that the care will be provided by government employees at government institutions, as is done, to a large extent, by the VA today. Currently, many of the physician caregivers at the government institutions are not employees of the government, but are contractors and paid accordingly.

If one were to look at the VA, one could see issues regarding the number of patients who are waiting for care and, of course, the widely reported “scandals” involving the long waiting lists for care at various VA locations. If there is no copay and no payment for the care on the part of the patient, then what will the mechanism be under which a person will decide that they need care? What will be the mechanism to allocate resources to determine who actually will receive the care versus who will not receive the care? That is an issue that is currently facing the VA and certainly might be an issue facing any system of government-provided health care.

There is also the question of who determines which providers can provide care to an individual patient. Supporters of the Affordable Care Act made the statement that “if you like your doctor, you can keep your doctor.” In some instances, this turned out to be incorrect. The question for any government-run program, will be



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how will the government allocate patient access to various providers.

So far, these questions have neither been asked nor addressed. They are critical to any analysis of a single payor health care system.

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