Coverage Expansion Models: Trade-offs

Using the framework analysis to evaluate health coverage expansion models helps to clearly define the specific attributes of each model, and shows how the models prioritize certain attributes at the expense of others. Below, the key trade-offs for each model are summarized.

Model	Trade-offs	
Status Quo	Low to moderate government budgetary costs; no significant compulsion.	Large number of uninsured people; somewhat inefficient; allows substantial horizontal inequity; administratively complex.
Medi-Cal and Healthy Families Expansion	Broadly expands coverage for low-income people; promotes greater horizontal and vertical equity; somewhat reduces administrative burden.	Somewhat increases state budget expense and real resource costs.
Simple Tax Credit Without an Individual Mandate	Adds little to real and budgetary costs; administratively simple; does not disrupt the status quo; involves virtually no compulsion.	Does not significantly reduce the number of uninsured people; does not broaden risk and thus is not particularly fair to people with medical problems or who otherwise fall into a high-risk category.
Enhanced Tax Credit with an Individual Mandate	Broadly expands coverage; enhances portability of coverage and continuity of care; expands equity and promotes broad sharing of risks.	Significant increase in real resource cost due to increase in people covered; significant increase in budgetary cost (in part because subsidies are given to many who are already privately covered) though with offsets in private costs; administratively complex; involves significant compulsion.
Pay or Play Employer Mandate	Does not require large increase in state budget expenditures; not likely to cause major disruptions for most employers because most already offer coverage.	Does not help non-working uninsured people; high degree of compulsion for employers; employees ultimately bear most of cost; could produce some slight loss of employment.
Single Payer	Achieves near-universal coverage with exception of undocumented residents; highly equitable and promotes broadest possible sharing of risk; greatly reduces ongoing administrative burdens and costs.	Large increase in real resource cost due to major increase in people covered; greatly increases budgetary cost, though with offsets in private costs; major change from status quo; greatly extends government regulation; could reduce provider autonomy.