

The 2008 Presidential Election: Healthcare Plans

NOTE: This fact sheet was developed for the Association of Clinicians for the Underserved (ACU) by Rishi Surana and Venita Simpson, first year medical students at Georgetown University School of Medicine, Washington, DC. as part of their service learning curriculum.

Introduction

With over 47 million uninsured individuals in the United States, health care reform is one of the major issues in the up coming presidential election. It is clear that the current health care strategy in the United States must be reformed and updated to keep up with the needs the of its citizens and the advancement of technology. The purpose of this primer is to educate both clinicians and non clinicians on the major aspects of the presidential candidates' strategies for changing the health care system. The outline will include the general approach that each candidate has, who will be covered under the plan and details on costs and cost-reduction strategies. It will conclude with reactions that some stakeholders in the system have to the different plans.

Summary

	Obama	Clinton	McCain
Universality	✓	✓	X
Mandated Coverage	X	✓	X
Mix of private and public plans	✓	✓	X
Mandated employer participation	✓	✓	X
Tax subsidies to encourage participation	✓	✓	✓
Guaranteed eligibility	✓	✓	X
Cost reduction aimed at modernization and preventative care	✓	✓	✓

Candidate's Healthcare Plans

Senator Barak Obama (D-IL)

Overview

- Universal coverage utilizing a mix of private and public modalities
- Quality, affordable and portable coverage for All
- Children required to have insurance, no mandate for adults
- Lower costs by modernizing The U.S. healthcare system

General Approach

Senator Obama will make available a new national health plan to all Americans, including the self-employed and small businesses, to buy affordable coverage that is similar to the plan available to members of Congress. He will require employers to either offer “meaningful” coverage or contribute a percentage of their total payroll toward the public plan. Obama’s plan will create a National Health Insurance Exchange to help uninsured individuals and small business owners without access to employer-based coverage to gain enrollment in either a public or approved private insurance plan. In addition, his plan includes guaranteed eligibility: no American will be turned away from any insurance plan because of illness or pre-existing conditions. In the event a citizen loses his or her job, the plan will be portable.

Who is covered?

Senator Obama's plan will make coverage mandatory only for children. He wants family plans to cover kids up to age 25. He plans to increase the number of citizens ensured through the National Health Insurance Exchange and by expanding Medicaid and SCHIP.

Cost

The Obama plan will cost \$50-65 Billion per year once fully phased in. Senator Obama plans to let the Bush tax cuts for people making more that \$250,000 per year expire and thus help defer the costs of implementing his plan. In addition, he plans to curtail costs by modernizing the U.S. healthcare system in the following ways:

- Assist patients
 - Support disease management programs and public health initiatives.
 - Coordinate and integrate care.

- Require full transparency about quality and costs.
- Ensure providers deliver quality care
- Invest \$50 billion toward electronic health information technology systems
- Increase competition in the insurance market through the National Health Insurance Exchange
- Promote generic drugs and allow drug re-importation
- Reform medical malpractice laws while strengthening patient rights
 - Strengthening anti-trust laws
 - New model for addressing physician errors

Senator Hillary Clinton (D-NY)

Overview

- Universal coverage utilizing a mix of private and public modalities
- Every American is *required* to have coverage
- Tax subsidies to help make coverage affordable
- Lower premiums and increase security
- Promote shared responsibility

General Approach

Senator Clinton's plan requires all citizens to have health insurance. In order to make this feasible, she plans to offer a refundable tax credit to working families. The tax credits will ensure that working families never have to pay more than a limited percentage of their income for premiums. In addition, she plans to implement a Health Choices Menu, which will be run through the Federal Employee Health Benefits Program, to offer both private and public insurance options to citizens; the private plans will be similar to the plans offered to members of Congress and the public plan will be similar to Medicaid. Clinton's plan will require large businesses to provide coverage to employees, or pay a percentage of coverage costs; small businesses will not be required to provide coverage, but will be given incentives to do so. The plan ensures that insurance companies cannot deny coverage due to pre-existing conditions, and in the event a citizen loses his or her job, the plan will be portable.

Who is covered?

Senator Clinton's plan requires *all* citizens to have health insurance. She plans to defray costs by utilizing tax initiatives and various cost cutting measures.

Cost

Senator Clinton estimates her plan to cost \$110 billion per year when fully phased in. \$21 billion will be financed through regulation of prescription drug costs and by recapturing Medicaid and Medicare payments to hospitals for the uninsured. \$54 billion

will be financed by letting the Bush tax cuts expire (see above) and limiting tax exclusion for employee paid health insurance. An additional \$35 billion will be generated through modernization of the healthcare system:

- Focus on preventative medicine
- Paper-less health information technology
- Focus on chronic care to improve outcomes
- Reduce administrative costs by eliminating insurance discrimination
- Establishment of an independent “Best Practices Institute” to help consumers make informed healthcare choices
- Limit direct advertising of prescription drugs and increase availability of generics

Senator John McCain (R-AZ)

Overview

- Provide citizens with choices of different health insurance plans
- Encourage Personal Responsibility
- Tax credit to individuals and families to increase incentive to purchase health insurance
- No mandate for health insurance coverage.

General Approach

Senator McCain believes that the power for reducing cost and increasing quality of healthcare resides in the free market. In order to promote a free market approach, McCain’s plan includes a provision to reform the tax code to eliminate the bias toward employment-based health insurance. His plan also provides a tax credit of \$2,500 for individuals and \$5,000 for families to promote the purchase of health insurance. In addition, McCain’s plan allows individuals to deduct insurance costs.

Who is covered?

Under McCain’s plan, there is no mandate for health insurance coverage. Therefore, it is up to the individual to decide whether he or she purchases health insurance. McCain plans to increase the number of insured citizens by simply *encouraging* purchase of health insurance via tax incentives.

Cost

Although the cost of Senator McCain’s plan has not been detailed, he plans to control cost using a variety of techniques:

- Limit frivolous lawsuits and provide safe harbors for clinical practice
- Promote competition between providers by paying them only based on quality

- Encourage the use of alternative providers (i.e. physician assistants) and alternative treatment settings (e.g. walk-in clinics)
- Vigorous federal enforcement of anti-collusion laws
- Invest in preventative medicine and care of chronic illness
- Reduce overhead by permitting sale of nation-wide insurance that is not regulated by states
- Require pharmaceutical companies to disclose drug prices and encourage faster development of generics
- Provide consumers with more information regarding treatment options and outcomes

Reaction to Healthcare Plans

National Physician's Alliance

The NPA has published a 'report card' that evaluates the healthcare plans of the presidential candidates. The candidate's plans were ranked according to the following criteria: universality, continuity, affordability, sustainability, and quality. The NPA gave both Obama and Clinton a "B" for their respective healthcare plans, while McCain received a "C". It is clear that the NPA supports the democratic plans for bringing change to the healthcare system.

American Nurses Association

The ANA, representing 2.9 million nurses, has publicly endorsed Senator Clinton's healthcare plan. According to Rebecca M. Patton, President of the ANA, Clinton's plan has the best capability to bring about higher quality, affordability and access to the healthcare system.

Commonwealth Fund

The Commonwealth Fund is a charitable organization made up of both clinicians and non-clinicians whose goal is to advocate for the betterment of the United States healthcare system. Although not specifically endorsing a candidate's plan, they recently published a survey of individuals from all aspects of healthcare and health policy detailing what aspects of healthcare reform are most important and feasible. According to the report, most respondents favored an insurance system that involved both private and public modalities. Additionally, many respondents favored a requirement for employers to provide coverage to employees or contribute to insurance costs, and a requirement for all citizens to have healthcare coverage. Strategies utilizing tax incentives to entice people to purchase coverage were *not* favored by respondents. These results suggest that the respondents favored a healthcare approach similar to the Democratic candidates' stances.

Conclusion

Senator Clinton and Senator Obama have proposed health care plans that are “95%” similar to each other. Both propose a government sponsored universal system of care that would include plans that are similar to those available to members of Congress. This system would be government sponsored with private insurance contributing as well; both plans require that private insurers offer policies to everyone, regardless of past medical history. Clinton and Obama also believe that cost cutting strategies should be aimed at modernization of the system and a focus on preventative medicine.

While similar in many respects, Clinton and Obama propose plans that differ in important areas. Clinton’s plan mandates all Americans to obtain some form of health insurance, while Obama believes that affordability and subsidies will encourage participation. Clinton’s plan is significantly more expensive than Obama’s, however, she claims that her plan will save money in the long run.

Senator McCain offers a healthcare plan that is vastly different from the Democratic candidates’ plans. Instead of government sponsored universal care, McCain believes in a free market approach that leaves decisions regarding healthcare up to the individual. McCain plans to increase access by making healthcare more affordable through cost cutting strategies and by providing individuals and families with tax credits. He does not believe employers should be mandated to provide care for their employees and opposes any form of mandates in general.

Both political parties have very different views on how to reform the healthcare system; however they both agree that something must be done. How do clinicians and non clinicians decide which healthcare plan will work the best in the U.S? Here are a few questions to think about when making this important decision:

- What impact will the plan have on reducing the number of uninsured?
- Is the plan sustainable?
- How much will it cost? Are the cost cutting strategies proposed enough to defer this cost?
- What impact will the plan have on quality of care?
- How will the balance between government mandates and individual choice be affected?
- How will physician practice and reimbursement be affected?

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