

HEALTH CARE REFORM PROPOSALS: PRESIDENTIAL CANDIDATES COMPARED SEPTEMBER, 2008

The **EQUAL Health Care** project of the **Center for Policy Analysis** has evaluated health care reform proposals by presidential candidates Obama and McCain. The analysis uses the **EQUAL Health Care Criteria for Health Care Reform**. These criteria summarize a range of basic principles for health care coverage and reform published by 4 organizations representing the public interest: **Rekindling Reform**, a New York-based coalition; **Women LEAD for Health** in California; the **American Public Health Association**; and **Raising Women's Voices**, a coalition led by three women's health groups. The plan features are based on information on the Obama and McCain websites, and also summaries by the Kaiser Family Foundation and by Deborah LeVeen, Professor Emerita, San Francisco State University, and other sources.* Professor LeVeen contributed to the EQUAL analysis.

The debates on health care reform will also be shaped by Congress. Companion analyses of HR 676 (Conyers) and other legislative proposals are posted on the CPA website.

SUMMARY:

Criterion	Obama Plan	McCain Plan
GENERAL APPROACH	<p>Aims to provide affordable, comprehensive and portable health coverage to all Americans through a mix of private and expanded public insurance.</p> <p>Requires all but the smallest employers to offer health benefits or contribute to the cost of a new public health insurance plan. Creates the National Health Insurance Exchange (NHIE) to help small businesses and individuals enroll in the new public plan or in approved private plans.</p> <p>Requires that all children have health insurance.</p> <p>Expands Medicaid and SCHIP.</p>	<p>Dramatically restructures the health insurance system. Incentives to reduce or eliminate employment-based group plans, which now cover about 60% of working families. Removes tax breaks to employees and reduces tax breaks to employers for employer-sponsored insurance.</p> <p>Provides tax credits to individuals (\$2,500/year) and families (\$5,000/year) to buy insurance. Shifts responsibility to individuals to find and purchase private health insurance. Intends to control costs by creating competition among insurance plans .</p> <p>Changes payments to providers, promotes tort reform and other measures.</p>
UNIVERSAL COVERAGE	<p>Offers affordable public and private plans to all employers and individuals. Eliminates pre-existing condition exclusions.</p> <p>Expands Medicaid and SCHIP.</p>	Plan does not aim for universal coverage. Could expand coverage if costs decline.
COMPREHENSIVE BENEFITS	Requires generous benefits , same as for federal employees.	Not specified. Creates incentives to buy plans with bare-bones benefits.
AFFORDABLE	Requires affordable premiums in the new public plan and plans participating in the National Health Insurance Exchange (NHIE). Requires meaningful employer contribution to costs of care. Offers subsidies based on income for premiums.	Tax credits do not cover current insurance costs.
FAIR AND STABLE FINANCING	Requires fair contributions from individuals and employers purchasing insurance, government subsidies for new or expanded coverage, and reinsurance for catastrophic employer costs. Repeals tax cuts on high-income.	Uses funds from eliminating employee tax breaks for health insurance, and reduced employer tax breaks, to fund tax credits.

Criterion	Obama Plan	McCain Plan
CONTROLS COSTS	Controls premium costs in NHIE plans. Reduces drug costs through price negotiations in Medicare and encouragement of generics. Proposes savings through improved quality, cost-effectiveness, and efficiency, including Information Technology (IT).	Relies on individual choice of insurance to drive down costs. Allows drug reimportation.. Proposes savings through improved quality, cost-effectiveness, and efficiency, including Information Technology (IT).
QUALITY	Improves access to clinical preventive services. Requires provider transparency for outcomes, quality, prices. Increases use of Health IT. Encourages national standards for treatments and outcomes, and research on their effectiveness. Creates provider incentives for quality.	Restructures payments to encourage coordinated care. Requires provider transparency for outcomes. Increases use of Health IT. Promotes telemedicine and clinics in rural and underserved areas.
Accessible	Supports safety net institutions.	Not addressed.
Appropriate	Increases health care workforce diversity.	Not addressed.
PUBLICLY ACCOUNTABLE	Additional public sector health plan, and administrative assistance through NHIE.	Not addressed.
STRONG PUBLIC HEALTH SYSTEM	Increases funding and coordination of public health. Modernizes labs. Invests in workforce. Increases access to clinical preventive services. Promotes healthy built environment.	Promotes and strengthens public health and prevention. Research for care and cure of chronic disease. Supports public health initiatives to stem obesity and diabetes and deter smoking.
EQUITABLE Eliminates health disparities	Promotes prevention and public health. Health plans accountable for differences in quality for disparity populations. Expands funding and technical resources of safety-net institutions, which provide a disproportionate amount of care for underserved populations.	Not addressed.
Eliminates disparities in the health care workforce	Proposes to diversify the workforce to ensure culturally effective care.	Not addressed.
FEASIBILITY: Does this already work somewhere? How much of a change from present U.S. system?	Like this proposal, SCHIP successfully uses public programs to direct uninsured people to a choice of public or private health plans. A number of other public programs offer coverage or care to large populations in the US. Those that are more universal and comprehensive enjoy greater success, such as Medicare, FEHBP, CALPERS, and the VA.. The employer mandate builds on the existing system but would be a significant change.	Market incentives have not succeeded in controlling costs in the U.S. and have been largely abandoned in most other countries. Elimination or reduction of tax break for employer premiums would be a major change.
COMMENTS: How well does the plan address criteria? What does the plan need to improve?	Relatively stronger on coverage, cost control. Strong on affordability, quality, strengthening public health, addressing disparities. Needs to strengthen incentives and other mechanisms to ensure substantial enrollment in new public plan, to avoid adverse selection.	Does little to improve coverage or control costs. Important measures to improve quality and strengthen public health are undermined by these fundamental flaws. Disparities not addressed. Needs to prioritize expanding coverage and recognize American experience demonstrating failure of individual choices to control costs.

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<u>Introduction</u>	<u>Obama Plan</u>	<u>McCain Plan</u>
Official website(s)	http://www.barackobama.com/issues/healthcare/ http://www.barackobama.com/issues/pdf/HealthCareFullPlan.pdf	http://www.johnmccain.com/Informing/Issues/19ba2f1c-c03f-4ac2-8cd5-5cf2edb527cf.htm http://www.johnmccain.com/Informing/News/Speeches/2c3cfa3a-748e-4121-84db-28995cf367da.htm
Approach to expanding care	<p>Aims to provide affordable, comprehensive and portable health coverage to all Americans through a mix of private and expanded public insurance.</p> <p>Requires all but the smallest employers to offer employee health benefits or contribute to the cost of a new public health insurance plan. Expands Medicaid and SCHIP. Creates the National Health Insurance Exchange through which small businesses and individuals without access to other public programs or employer-based coverage could enroll in the new public plan or in approved private plans. Requires that all children have health insurance.</p>	<p>Dramatically restructures the health insurance system. Prioritizes using market forces to reduce health care costs, including incentives to reduce or eliminate most employment-based coverage, which now covers about 60% of working families. Access can be expanded as costs decline.</p> <p>Removes tax breaks to employers and employees for employer-sponsored insurance. Provides tax credits to individuals (\$2,500/year) and families (\$5,000/year) to buy insurance. Shifts responsibility to individuals to find and purchase private health insurance as a way to create competition among insurance plans in order to control costs. Changes payments to providers, tort reform, and other measures.</p>

<u>Criterion</u>	<u>Obama Plan</u>	<u>McCain Plan</u>
UNIVERSAL COVERAGE: Equitable access to affordable, high quality, comprehensive health care for all residents, independent of income, employment, gender, sexuality, ability, immigration, incarceration, familial or health status.		
Requirements to obtain or provide coverage	<p>Requires all but the smallest employers to offer “meaningful” employee health benefits or contribute to the cost of a new public program (pay or play).</p> <p>Requires all children to have health insurance.</p>	No requirement for coverage.
Mechanism to provide access to coverage	<p>Creates the National Health Insurance Exchange (NHIE) through which small businesses and individuals without access to other public programs or employer-based coverage could enroll in a new public plan or in approved private plans.</p> <p>Supports state flexibility in initiatives to expand coverage.</p>	<p>Individuals responsible to find and purchase insurance.</p> <p>Allows small businesses and self-employed to purchase insurance through any organization or association.</p> <p>For high-risk people, proposes working with governors to develop a state-level Guaranteed Access Plan that reflects states’ experiences with high-risk pools and related policies.</p>

Criterion UNIVERSAL COVERAGE (continued)	Obama Plan	McCain Plan
Expansion of Public Programs	<p>Creates a new public health insurance plan available to small businesses and people without employment-based insurance.</p> <p>Expands eligibility for Medicaid and SCHIP.</p>	<p>Gives veterans ability to use their VA benefits to pay for care from providers outside of the VA.</p>
Expansion of / Changes to Private Insurance	<p>Establishes National Health Insurance Exchange to help small businesses and uninsured individuals buy qualified private plans.</p> <p>NHIE rules help reform the private insurance market to improve fairness, affordability, and accessibility, including:</p> <ul style="list-style-type: none"> • guaranteed eligibility, including for people with “pre-existing conditions” • fair and stable premiums not based on health status • benefits as generous as the new public plan • standards of quality and efficiency the same as the new public plan • requirement to justify above-average increases in premiums <p>Allows children up to age 25 to continue family coverage through their parents’ plan.</p> <p>In market areas without enough competition, requires insurers to pay a “reasonable share of premiums” for patient care benefits.</p>	<p>Encourages individuals/families to buy low-cost high deductible health plans (HDHPs), through:</p> <ul style="list-style-type: none"> • use of tax credits which only cover low-priced plans; • promotion of tax-sheltered Health Savings Accounts (HSA) to hold any savings after paying the premium; and • reduced insurance regulations, intended to allow offering lower-cost plans with less comprehensive benefits, and to increase competition among plans.
COMMENTS: UNIVERSAL COVERAGE	<p>The Economic Policy Institute estimates that coverage under the Obama plan improves over time, and by 2018, more than half of the uninsured population would be covered. http://www.epi.org/content.cfm/pm126</p>	<p>Plan does not aim for universal coverage. If tax credits do not cover the cost of health insurance, individuals are likely to drop coverage. Employers also may drop insurance if they are left covering mostly older, sicker workers.</p> <p>The Economic Policy Institute estimates that on average, the McCain plan covers just over 5% of the uninsured population between 2009 and 2018. After a peak coverage rate of 7.8% in 2012, his plan begins covering a smaller share, falling eventually to less than 3% of the forecast uninsured in 2018. http://www.epi.org/content.cfm/pm126</p> <p>High risk pools have existed for three decades and can be found in 33 states, but cover less than half of one percent of the total uninsured population. (NY Times 7/9/08)</p>

Criterion	Obama Plan	McCain Plan
<p>COMPREHENSIVE BENEFITS</p> <p>Health care systems must provide the preventive, diagnostic, therapeutic, acute, chronic, rehabilitative and supportive health care services, including comprehensive reproductive health care, health education, prescription drugs, and mental health.</p>	<p>Requires comprehensive benefits for both public and private plans.</p> <p>The benefit package for the new public plan, and for private plans participating in the NHIE, will be similar to that offered through the Federal Employees Health Benefits Program (FEHBP), the program which covers Members of Congress. The new public plan will include coverage of all essential medical services, including preventive, maternity and mental health care, disease management programs, self management training and care coordination for appropriate individuals.</p> <p>Private plans offered by employers, even if not offered through the NHIE, must provide “meaningful” benefits.</p>	<p>Benefits not specified. Reduced insurance regulation is intended to allow insurance companies to offer plans with reduced benefits. Incentives to individuals to select least expensive plans, likely with relatively less comprehensive benefits.</p>

Criterion	Obama Plan	McCain Plan
<p>AFFORDABLE</p> <p>Health care coverage that is affordable for individuals and families in relation to income. Eliminate financial barriers to care by eliminating waste, not by restricting effective services.</p>	<p>Commitment to affordability throughout the plan.</p> <p>Public plan offers affordable premiums, co-pays, deductibles.</p> <p>Requires all plans participating in NHIE to offer fair and stable premiums and prohibits insurers from abusing monopoly power through unjustified price increases.</p> <p>Provides income-linked subsidies for health plan premiums</p> <p>Requires “meaningful” employer contribution to the cost of health coverage.</p> <p>In areas with little competition, limits the percentage of premiums spent on administration instead of patient care.</p> <p>Introduces quality initiatives that would reduce costs of care; this could make insurance plans more affordable. [See sections on “Cost Control” and “Quality”]</p>	<p>Provides incentives to individuals to choose among competing private insurance plans. Competition among insurance plans is intended to reduce premiums.</p> <p>State-level Guaranteed Access Plans would aim to set reasonable limits on premiums for high-risk populations, and offer subsidies for low-income people.</p> <p>Introduces quality initiatives that would reduce costs of care; this could make insurance plans more affordable. [See sections on “Cost Control” and “Quality”]</p>
<p>COMMENTS: AFFORDABLE</p>	<p>The commitment to fair and affordable costs is crucial, but its value depends on how affordability is actually defined.</p> <p>Lower- and middle-income people benefit from targeting subsidies to income.</p> <p>Insurance reforms are likely to reduce costs. For-profit private insurance plans have a fiduciary responsibility to generate profits for shareholders, which undermines efforts to provide quality care at an affordable price for patients and taxpayers. This will constrain affordability.</p>	<p>Proposed tax credits are much lower than current premiums, and are not tied to income.</p> <p>If the current tax exemption for employer coverage is worth more than the proposed new credit, people will pay more for the same insurance. Alternatively, they may not be able to afford the same level of coverage they have now.</p> <p>If younger, healthier employees drop health coverage, premiums would rise for remaining older and sicker employees.</p>

Criterion	Obama Plan	McCain Plan
<p>FAIR AND STABLE FINANCING</p> <p>A health care system that is fairly financed and establish mechanisms for controlling costs without impeding access. Fair financing requires the participation of government, employers, providers, health plans, and individuals based upon their capacity.</p>	<p>Individuals purchasing insurance will pay fair premiums.</p> <p>All but the smallest employers will contribute to the costs of coverage.</p> <p>Federal subsidies will assist individuals, and federal reinsurance will assist employers with catastrophic costs if they pass on savings to reduce employee premiums.</p> <p>Revenues from discontinuing tax cuts for those with incomes over \$250,000 will contribute to funding subsidies.</p> <p>Cost controls and quality improvements are intended to reduce costs for the government.</p>	<p>Tax credits to individuals, funded by eliminating current tax benefits:</p> <p>Employees and employers both now get tax breaks for health benefits. They do not pay Social Security taxes on the premium paid for health insurance benefits. Employees also do not pay income tax on the premiums. The McCain plan would eliminate these tax breaks. Employees would pay income taxes on any health insurance premiums paid by employers. This new tax would fund tax credits, which can be used to buy insurance. The tax credits may or may not be sufficient to pay for premiums.</p> <p>Cost controls and quality improvements are intended to reduce costs for the government.</p>

Criterion	Obama Plan	McCain Plan
<p>CONTROLS COSTS</p> <p>Control costs without creating financial barriers to access Fair payment to providers using mechanisms which encourage appropriate treatment by providers and appropriate utilization by consumers.</p>	<p>Controlling prices: Uses government purchasing power to hold down prices and set new standards for cost effective and high quality care.</p> <p>Requires affordable premiums in the new public plan as well as in private plans in the NHIE.</p> <p>Requires justification of above average premium increases by plans participating in the NHIE.</p> <p>Regulates the portion of health plan premiums that must be paid out in benefits in areas with insufficient competition</p> <p>Reduces drug prices through allowing negotiation for Medicare drug prices, requiring drug companies to reveal the price of their drugs, allowing re-importation of drugs, and encouraging faster introduction of generics and biologics</p> <p>Eliminates subsidies to Medicare Advantage plans</p> <p>Improving efficiency: Invests \$50 billion toward adoption of electronic medical records and other health information technology.</p> <p>Improving quality and cost-effectiveness: Invests in prevention and care of chronic illnesses.</p> <p>Requires hospitals and providers to publicly report measures of health care costs and quality. Provides consumers with more information on treatment options and require provider transparency regarding medical outcomes.</p> <p>Reforms malpractice.</p>	<p>Controlling prices: Relies on decisions by individuals to create competition among insurance plans and reduce cost.</p> <p>Initiates policies to promote generic drugs, allow drug reimportation, and repeals the ban on direct price negotiation between Medicare and drug companies.</p> <p>Changes provider payments to encourage coordinated care and more efficient billing.</p> <p>Improving efficiency: Invests in information technology.</p> <p>Improving quality and cost-effectiveness: Improves prevention and management of chronic conditions.</p> <p>Promotes use of alternative providers (e.g., nurse practitioners) and treatment settings (e.g., walk-in clinics in retain outlets).</p> <p>Reforms medical malpractice.</p>
<p>COMMENTS: FAIR & STABLE FINANCING, COST CONTROL</p>	<p>Distributes costs among payers. Ends high-income tax cuts, achieves health care system savings while expanding access. Uses group purchasing power to control costs, generally more reliable.</p>	<p>Could reduce access as a way to control costs. Employees may pay more, employers less. Relies on individual purchases to control costs, no track record of success in health care.</p>

Criterion	Obama Plan	McCain Plan
<p>QUALITY</p> <p>Incentives and safeguards to assure effective and efficient organization of services and high-quality care.</p> <p>Ongoing evaluation and planning to improve the delivery of health services with consumer and provider participation.</p>	<p>Improves care and outcomes: prevention, management of chronic conditions.</p> <p>Supports research on effectiveness. National standards to measure and record treatment and outcomes.</p> <p>Requires transparency by providers for outcomes, quality, costs, and prices.</p> <p>Information Technology.</p> <p>Provides financial incentives for provider improvements.</p>	<p>Changes provider payments to encourage coordinated care.</p> <p>Supports documenting and disseminating best practices in treatment.</p> <p>Provider transparency for outcomes.</p> <p>Information Technology.</p> <p>Telemedicine and clinics in rural and underserved areas.</p>
<p>COMMENTS:</p> <p>QUALITY</p>	<p>Reasonable range of quality proposals. Successful implementation will depend on incentives to organize services. Little discussion of ongoing evaluation by consumers and providers. Reducing number of uninsured is key to improving quality; Obama plan is better on this score.</p>	<p>Reasonable range of quality proposals. Successful implementation will depend on incentives to organize services. Little discussion of ongoing evaluation by consumers and providers. Reducing number of uninsured is key to improving quality; McCain plan is worse on this score.</p>

Criterion	Obama Plan	McCain Plan
<p>ACCESSIBLE</p> <p>APPROPRIATE</p> <p>The health care system must be user-friendly, easy to navigate and transparent. Health care must be culturally competent, respectful of and acceptable to patients from diverse communities, including those confronting geographic, physical, cultural, language, and other non-financial barriers to service.</p>	<p>Supports and expands capacity of safety net institutions.</p> <p>[See Workforce Diversity]</p>	<p>Not addressed.</p> <p>Not addressed.</p>

Criterion	Obama Plan	McCain Plan
<p>PUBLICLY ACCOUNTABLE</p> <p>Organization and administration of health care through publicly-accountable mechanisms to assure maximum responsiveness to public needs, with a major role for federal, state, and local government health agencies.</p> <p>Ongoing evaluation and planning to improve the delivery of health services with consumer and provider participation.</p>	<p>Increases public sector oversight through NHIE and new public health plan.</p>	<p>Reduces public oversight.</p>

Criterion	Obama Plan	McCain Plan
<p>STRONG PUBLIC HEALTH SYSTEM</p>	<p>Supports the following:</p> <p>Governments at all levels should develop a national and regional strategy for public health, and align funding mechanisms to implement.</p> <p>Research to optimize organization of the 3,000 health departments, 65 collaborative arrangements between levels of government and its private partners, performance and accountability indicators, integrated and interoperable communication networks, and disaster preparedness and response.</p> <p>Modernize physical structures, particularly public health laboratories.</p> <p>Government must examine its own policies, including agricultural, educational, environmental and health policies, to assess and improve their effect on public health.</p> <p>Support and expand the capacity of safety-net institutions, which provide a disproportionate amount of care for underserved populations with inadequate funding and technical resources.</p> <p>Ensure a strong workforce that will champion prevention and public health activities: Expand funding for loan repayment, reimbursement, grants for training curricula, and infrastructure to improve working conditions.</p>	<p>Promotes and strengthens public health and prevention.</p> <p>Supports federal research related to science-based care and cure of chronic disease.</p> <p>Promotes education of children about health, nutrition, and exercise.</p> <p>Supports public health initiatives to stem obesity and diabetes and deter smoking.</p>

Criterion	Obama Plan	McCain Plan
<p>EQUITABLE: Eliminates health disparities</p> <p>Health care systems must actively work to achieve equity and eliminate disparities in health care provision.</p> <p>Comprehensive strategies that affect the social, cultural, environmental, and economic determinants of health. Related policies include, but are not limited to living wage, equal rights, employment opportunities, workplace representation, safe and healthy natural and built environments, absence of domestic and civic violence, affordable housing, access to safe and nutritious food, adequate public health infrastructure, and civic participation in democratic decision-making.</p>	<p>Tackles the root causes of health disparities:</p> <ul style="list-style-type: none"> • Address differences in access to health coverage. • Promote prevention and public health. • Require hospitals and health plans to collect, analyze and report health care quality for disparity populations and hold them accountable for differences. • Evidence-based interventions, such as patient navigator programs • Expand funding and technical resources of safety-net institutions, which provide a disproportionate amount of care for underserved populations 	<p>Not addressed.</p>
<p>EQUITABLE: Eliminates disparities in the health care workforce</p> <p>Support of education and training programs for all health workers.</p> <p>Affirmative action programs in the training, employment, and promotion of health workers.</p>	<p>Calls for diversity the workforce to ensure culturally effective care.</p>	<p>Not addressed.</p>

Criterion	Obama Plan	McCain Plan
<p>FEASIBILITY:</p> <p>Do key elements of this plan already work somewhere?</p> <p>How much of a change from present U.S. system?</p>	<p>Like this plan, SCHIP successfully uses public programs to direct uninsured people to a choice of public or private health plans. A number of public programs offer coverage or care to large populations in the US. Those that are more universal and comprehensive enjoy greater success, such as Medicare, FEHBP, CALPERS, and the VA.</p> <p>The employer mandate builds on the existing system but would be a significant change.</p>	<p>Market incentives have not succeeded in controlling costs in the U.S. and have been largely abandoned in most other countries.</p> <p>Elimination or reduction of tax break for employer premiums would be a major change.</p>
<p>OVERALL COMMENTS</p>		
<p>How well does the plan address criteria?</p> <p>What does the plan need to improve?</p>	<p>Relatively stronger on coverage, cost control. Strong on affordability, quality, strengthening public health, addressing disparities.</p> <p>Needs to strengthen incentives and other mechanisms to ensure substantial enrollment in new public plan, to ensure enrollment and avoid adverse selection.</p>	<p>Does little to improve coverage or control costs. Important measures to improve quality and strengthen public health are undermined by these fundamental flaws. Disparities not addressed.</p> <p>Needs a firm commitment to expanding coverage and realistic analysis of what drives costs.</p>

* Other sources:

- Jonathan Oberlander. Election 2008: The Partisan Divide – The McCain and Obama Plans for U.S. Health Care Reform, New England Journal of Medicine. Volume 359:781-784. August 21, 2008. <http://content.nejm.org/cgi/content/full/359/8/781>
- [Ask the Experts](#) Live Webcast: A Public Plan Option Under Health Reform. Tax Subsidies and Health Insurance. Thursday, May 1, 1:30 p.m. Linda Blumberg, Stuart Butler, Jacob Hacker. Kaiser Family Foundation. http://www.kff.org/newsroom/upload/042408_ATE.htm