

2008 Presidential Healthcare Plans

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Healthcare was #1 now #4

- Healthcare is the #4 domestic policy
- Major Health-related issues of the 2008 election
 - * **Covering the rising uninsured**
 - * **Modifying tax rules to support change**
 - * **Controlling cost and improve quality of care**

Census Bureau Numbers

Uninsured dropped between 2006
and 2007

- 47 million and 15.8% of the population
- 45.7 million and 15.3%
- But median income grew for the third straight year to \$50,233 per household, growing 1.3% in 2007

Census Bureau Report

- States with the biggest increase in the percentage of uninsured were –
- Louisiana, 3.3%
- Mississippi, 3.0%
- New Mexico, 2.6%
- Nebraska, 2.3%
- North Carolina, 2.1%
- Kansas, 2.0%
- Kentucky, 1.6%
- New Jersey, 1.4%
- Texas, 0.9%
- New York, 0.8%

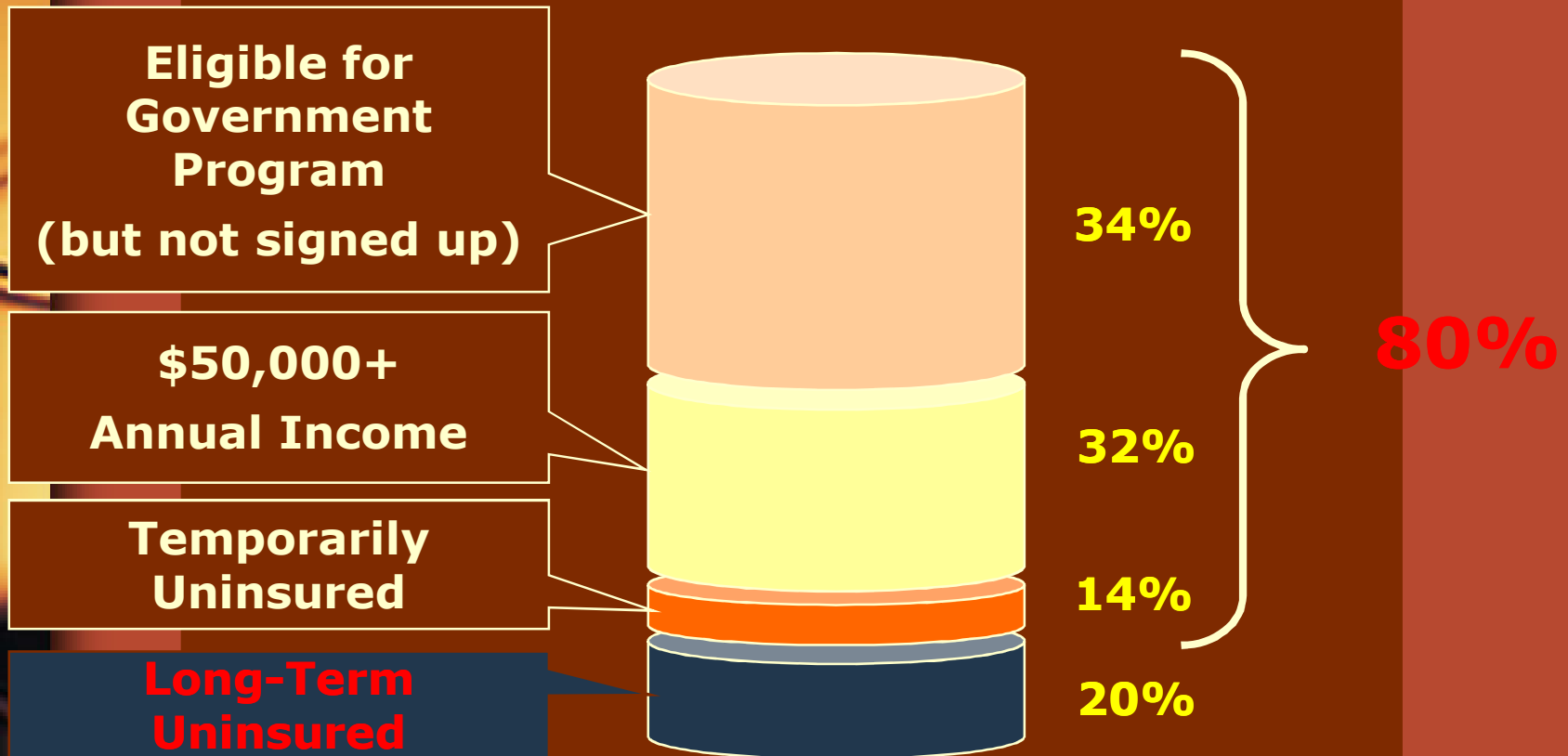
Census Bureau Report

- States with the biggest drop in the percentage of the uninsured were –
- West Virginia, 2.7%
- Massachusetts, 2.4%
- District of Columbia, 2.2%
- Indiana, 2.1%
- Connecticut, 1.5%
- Wisconsin, 1.3%

Access For All

Some of the Uninsured Not A Crisis

45.7 Million Considered Uninsured:



Magic 15% in America

- Over the last twenty years average uninsured rate 15%
- 46 states mandate Auto Insurance Coverage-Uninsured 15%
- On Average 15% of American's don't pay their Federal income tax. 2007-354 billion 3.4% of GDP



U.S. Health Care Spending

No other area is spending so equal-not housing, clothes, transportation or anything

- Poorest Fifth--\$4,477
- Second Poorest--\$4,426
- Middle Fifth--\$4,388
- Second Richest--\$4,941
- Richest Fifth--\$4,451

Newsweek September 6, 2008 Robert Samuelson-Gary Burtless Brookings Institution

Total U.S. Health Care Costs



2007

\$2.3 Trillion

2016*

\$4.3 Trillion

Source: Centers for Medicare & Medicaid; 2007 projected

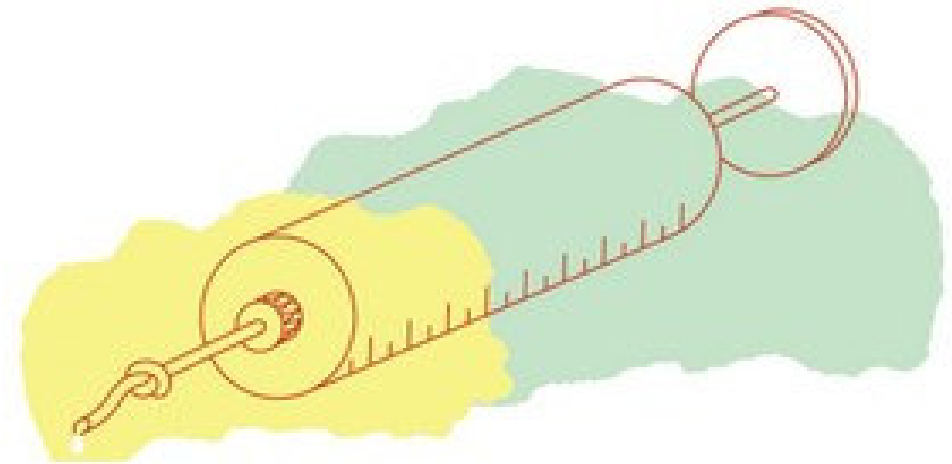
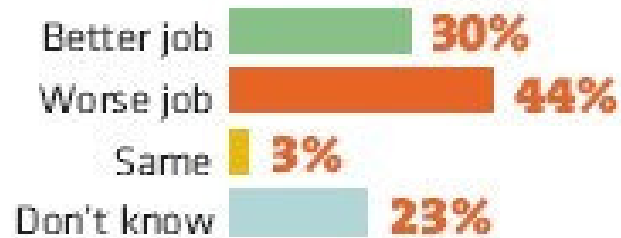
A central question remains ...



**Should decisions
be controlled by
government or by
consumers in a
freer and more
competitive
marketplace?**

IS MORE GOVERNMENT WHAT THE DOCTOR ORDERED?

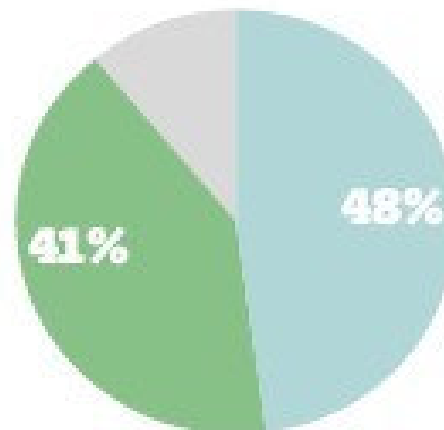
How good a job would the government do in providing medical coverage?



Source: CBS News/New York Times, February 2007.

Would prefer to...

Replace the current healthcare system with a new government-run healthcare system



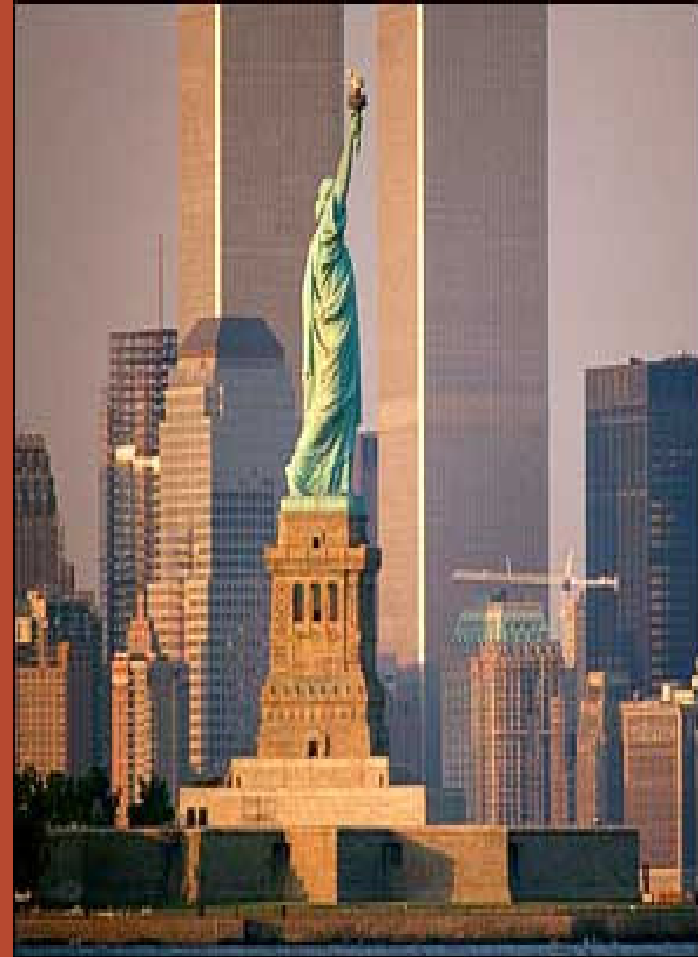
Maintain the current system based mostly on private health insurance

Source: The Gallup Organization, November 2007.

Commonwealth Fund Survey

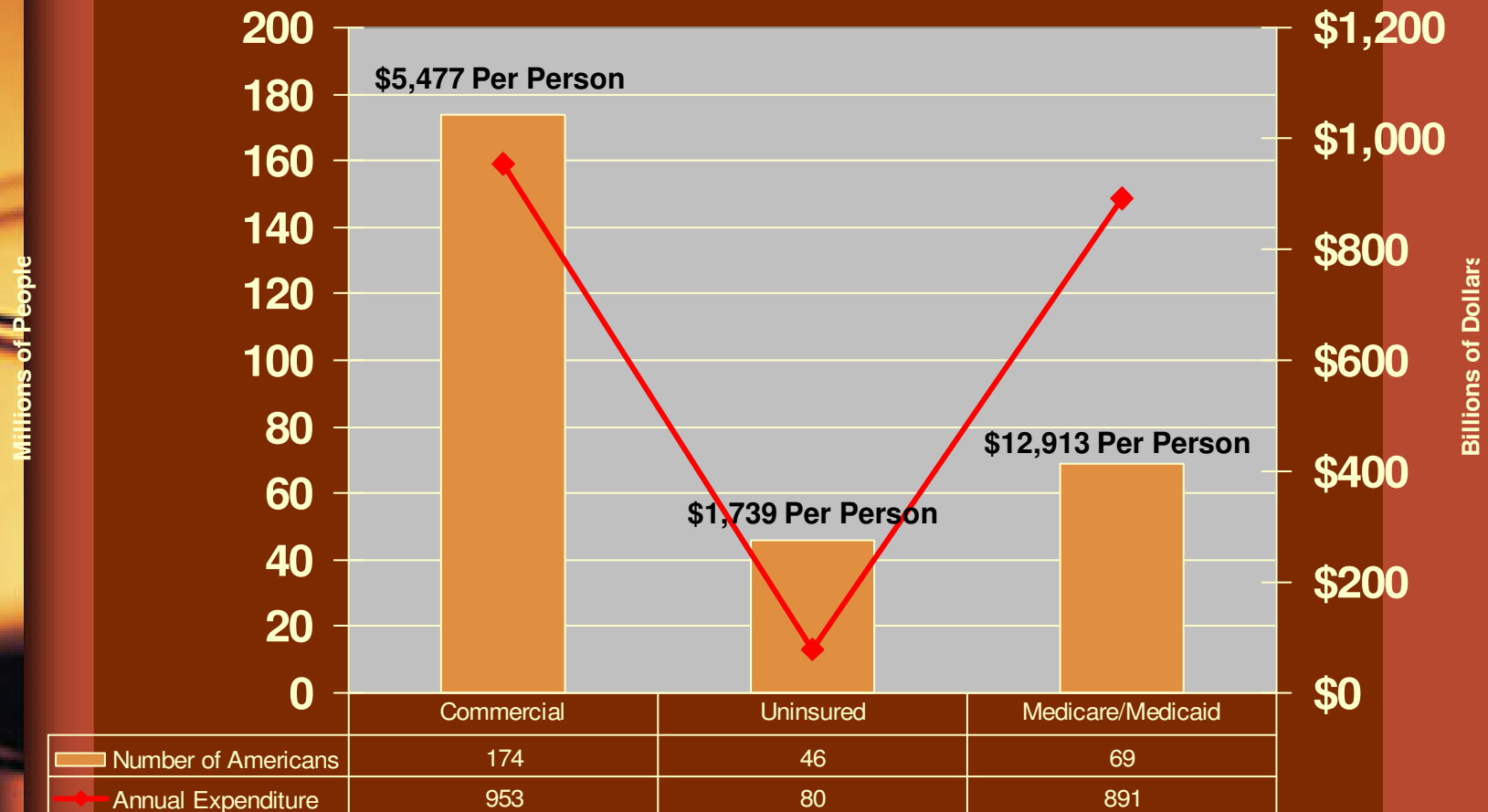
- Most back mandatory health coverage
- 80% Democrat
- 52% Republican
- 68% Independent

June 6 through Oct 24, 2007



Constraining Medical Costs

Who Is Supporting The Health Care System



2006 Chapterhouse, LLC: Census Bureau, "Current Population Survey", CMS, Kaiser Family Foundation, EBRI, U.S. GAO, CBO

The Nation's Health Dollar: Where Does It Go?



30¢
Hospital Care

30¢
Physician Services

14¢
Prescription
Drugs

13¢
Admin

9¢
Other
Medical
Services

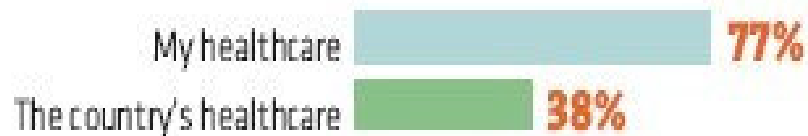
1¢
Durable Medical
Products

3¢
Nursing
Home and
Home
Health

Source: Adapted from Centers for Medicare and Medicaid Services, 2007c

GOOD FOR ME, NOT FOR THEE?

Satisfied with the quality of



Satisfied with the cost of



Source: CBS News/New York Times, February 2007.

The quality of healthcare I receive is excellent/good

83%

My healthcare coverage is excellent/good

70%

Generally satisfied with the total cost I pay for my healthcare

57%

Source: The Gallup Organization, November 2007.

Republicans vs. Democrats

- **De-regulation versus Regulation**
- **Tax Credits versus Mandate to buy**
- **Individual versus Employer**
- **Democratic candidates were talking to voters at least twice as often as the Republicans**

Obama Health Care Plan

- "Obama has pledged a major overhaul of America's healthcare system by the end of his first term as president,"



Quality, Affordable and Portable Coverage for All

– Create a Public program similar to the health plan offered to federal employees including:

*** Guaranteed eligibility. No American will be turned away from any insurance plan because of illness or pre-existing conditions.**

Comprehensive benefits. The benefit package will be similar to the Federal Employees Health Benefits Program (FEHBP), the plan members of Congress have. The plan will cover all essential medical services, including preventive, maternity and mental health care

Obama Health Care Plan



- **Create a National Health Insurance Exchange for consumers to shop private plans**
- **The Exchange will act as a watchdog group and help reform the private insurance market by creating rules and standards for participating insurance plans to ensure fairness and to make individual coverage more affordable and accessible. Insurers would have to issue every applicant a policy, and charge fair and stable premiums that will not depend upon health status.**

Plan for a Healthy America

- **Employer Contribution:** Employers that do not offer or make a meaningful contribution to the cost of quality health coverage for their employees will be required to contribute a percentage of payroll toward the costs of the national plan. Small businesses will be exempt

Small Business Exempt

- **Support for Small Businesses:** Barack will create a Small Business Health Tax Credit to provide small businesses with a refundable tax credit of up to 50 percent on premiums paid by small businesses on behalf of their employees.



Change of Opinion

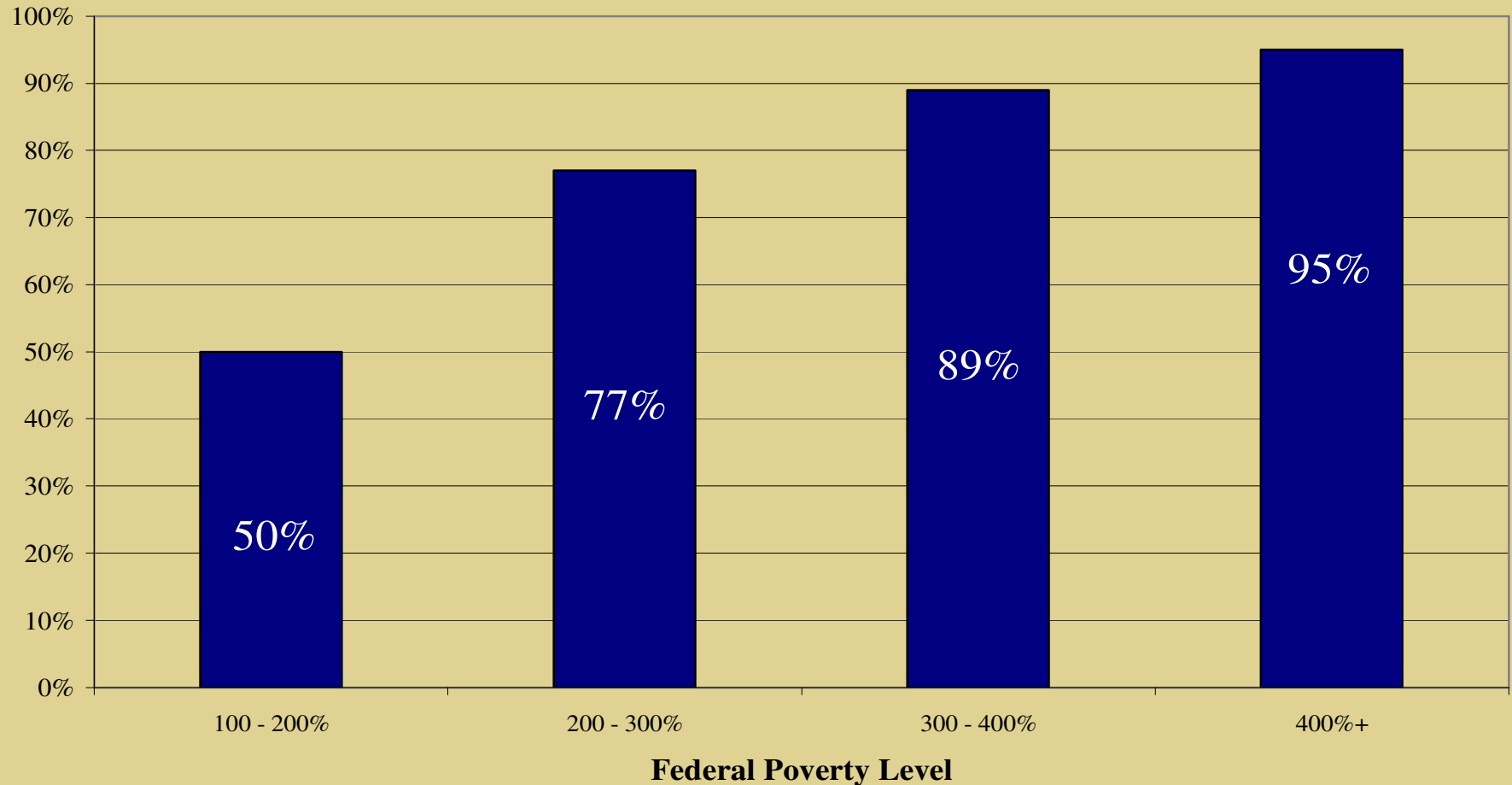
- **Obama's reforms do not include a mandate that all people get coverage. Rather, he "maintains people should not be forced to buy health insurance and that lower-cost benefits would encourage nearly all of the uninsured to get covered voluntarily."**

The Plan of Senator Obama

- **Implement an individual mandate that requires everyone to have health insurance coverage-
changed to Children's Mandate**
- **Children to allowed to stay on parents plans to age 25**
- **Expand Medicaid and SCHIP eligibility**

Children with private health insurance

Percentage of Children with Private Health Insurance



Source: Congressional Budget Office, "The State Children's Health Insurance Program,"
Pub. No. 2970, May 2007, p. 12, at <http://www.cbo.gov/ftpdocs/80xx/doc8092/05-10-SCHIP.pdf>

State Reforms

- **Flexibility for State Plans:** Due to federal inaction, some states have taken the lead in health care reform. The Obama plan builds on these efforts and does not replace what states are doing. States can continue to experiment, provided they meet the minimum standards of the national plan.

Government as Re-insurer

- **Reducing Costs of Catastrophic Illnesses for Employers and Their Employees:** Catastrophic health expenditures account for a high percentage of medical expenses for private insurers. The Obama plan would reimburse employer health plans for a portion of the catastrophic costs they incur above a threshold if they guarantee such savings are used to reduce the cost of workers' premiums.

Obama (D)

- **Provides \$10 Billion annually for five years for health IT**
- **Adopts standards-based electronic health records**
- **Establishes phase-in requirements for health IT implementation**
- **Require Physician to use computerized records**

Require Transparency

- **Obama will require hospitals and providers to collect and publicly report measures of health care costs and quality, including data on preventable medical errors, nurse staffing ratios, hospital-acquired infections, and disparities in care.**
- **Health plans will also be required to disclose the percentage of premiums that go to patient care as opposed to administrative costs.**

The Plan of Senator Obama

- **Requires preventive services, including screenings and smoking cessation**
- **Expanding work site programs**
- **Funding for community based initiatives, sidewalks, biking paths, walking trails and restricts tobacco and alcohol advertising**

Team Care



- Implementation of programs and encourage team care that will improve coordination and integration of care of those with chronic conditions
- Support disease management programs

Obama's proposal

- Importation of Prescription Drugs
- Require greater use of Generic Drugs in Federal plans
- Government negotiates with Drug companies
- Increase prevention of diseases rather than the cures
- Obama will support mental health parity

Obama on Long-Term Care

- **Supports Chronic-Disease Prevention**
- **Strengthen Medicare & Medicaid**
- **Fully fund Respite Care Programs to the states to run Short-Term Care Programs**

Cost of the Plan \$\$\$

- **Estimated cost of the plan \$65 Billion per year**
- **Pay by taking Bush's tax cuts away on those making more than \$250,000 per year**

McCain's Vision for Health Care Reform

- **The Key To Health Care Reform Is To Restore Control To The Patients Themselves-** use competition to improve the quality of health insurance with greater variety to match people's needs, lower prices, and portability



Reform The Tax Code

- **While still having the option of employer-based coverage,** every family will receive a direct refundable tax credit of \$2,500 for individuals and \$5,000 for families to offset the cost of insurance.
- **Money would be sent directly to the insurance provider**
- Insurance that costs less than the credit can deposit the remainder in expanded Health Savings Accounts.

Refundable Health Credit

Two Tax Breaks

- “Deduction” for Employer
- “Exclusion” Taxable Income Employee
- Employer Keeps the Deduction
- Repeal of the Exclusion-Replaced Refundable Health Credit
- Current value of the Tax Exclusion for average family--\$4,200

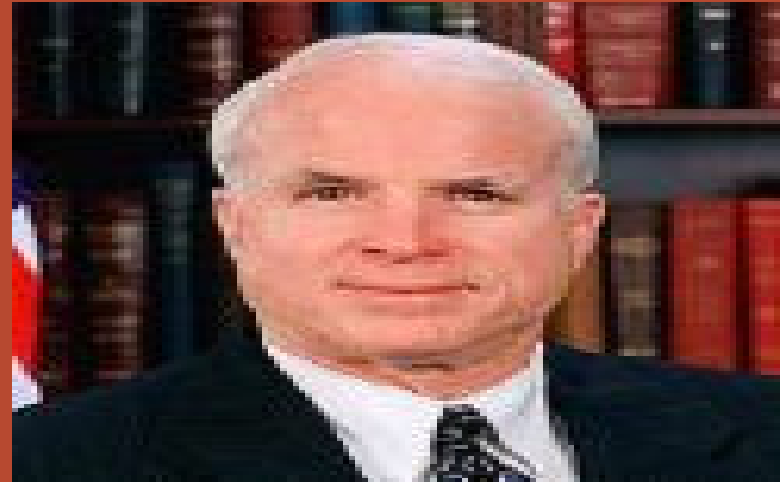
Expand The Benefits Of Health Savings Accounts (HSAs)



- **HSA available to all removes HDHP**
- **Health Savings Accounts take an important step in the direction of putting families in charge**

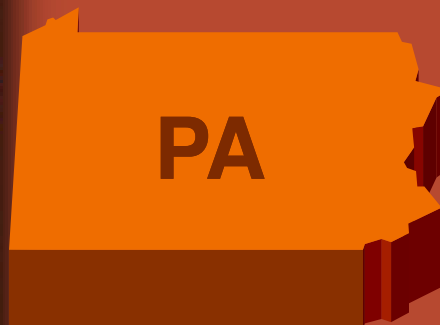
McCain's Proposal

- Affordable health without individual mandate
- Preventive care and require transparency
- Give states more flexibility



Buy insurance across state lines

Varying regulatory climates can have a profound impact on insurance affordability. Consider the differences in individual rates for two 30 year-old males living in a Philadelphia suburb located across the bridge from each other – in different states.



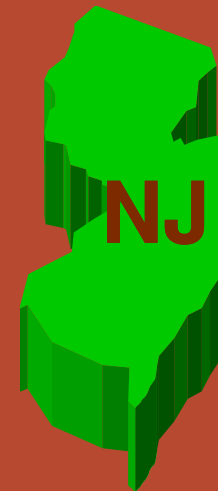
\$70 - \$260

**Wayne, PA
19087**

**September 2007
Lowest and Highest
Rates for PPO
Indemnity Plans:**

**\$1000 Deductible
80/20% Coinsurance**

**In Neighboring
Philadelphia
Suburbs**



\$599 - \$6,009

**Haddonfield, NJ
08033**

States To Establish A Guaranteed Access Plan

- McCain will work with governors to develop a best practice model
- Nonprofit corporation that would contract with insurers to cover patients who have been denied insurance and could join with other state plans to enlarge pools and lower overhead costs



Sen. John McCain (R)

- **Hold SCHIP and public programs only to low income**
- **Expand Community Health Centers and clinic in retail outlets**
- **Importation of foreign drugs**

McCain (R)

- **CHRONIC DISEASE** - Dedicate more federal research to caring and curing chronic disease
- **Promoting Coordinated Care** - Coordinated care - with providers collaborating to produce the best health care – Pay Single Bill
- **MEDICAID AND MEDICARE** - We must reform the payment systems in Medicaid and Medicare to compensate providers for diagnosis, prevention and care coordination-Zero tolerance for fraud

Sen. John McCain (R)

- **Health care online and telemedicine**
- **Address public health obesity, diabetes and smoking**
- **Allow Association Health plans and purchasing pools**
- **Reform Medical Malpractice laws**

McCain on Long-Term Care

- **Making LTC Premiums 100% tax deductible**
- **Allow purchase through HSA without limits**
- **Encourage marketing efforts to insure younger population into Long-term care**

Congress on its Own

- Healthy Americans Act S.334 Wyden (D-Ore) Bennett (R-Utah) 166 pages

During a two-year transition period, employers who provide employee health benefits would be required to convert their workers' health care premiums into higher wages. Employers who don't currently offer health benefits would have to make phased-in "Employer Shared Responsibility Payments,"

Bipartisan

- **Comprised of eight Democrats and eight Republicans**
- Senate co-sponsors of the Healthy Americans Act include: U.S. Senators Ron Wyden (D-Ore.), Bob Bennett (R-Utah)
- Debbie Stabenow (D-Mich.), Chuck Grassley (R-Iowa), Maria Cantwell (D-Wash.), Lamar Alexander (R-Tenn.), Bill Nelson (D-Fla.), Judd Gregg (R-NH), Mary Landrieu (D-La.), Norm Coleman (R-Minn.), Joe Lieberman (ID-Conn.), Mike Crapo (R-Idaho), Daniel Inouye (D-Hawaii), Bob Corker (R-Tenn.), Tom Carper (D-Del.) and Gordon Smith (R-Ore.).

Senate file 334

- Employees, in turn, would be required to purchase private health coverage with their higher wages.
- To ensure that it's affordable, the plan would fully subsidize the premiums for those who live below the poverty line. Those people between 100 percent and 400 percent of the federal poverty line would also receive subsidies on a sliding scale to help pay their premiums.

Healthy Americans Act

- Individuals would choose from a variety of private plans offered in their state. State-based Health Help Agencies (HHAs) would guide individuals through the enrollment process.
- These agencies would also provide consumers with unbiased information about competing private health plans. HHAs would ultimately lower administrative costs by coordinating payments from employers, individuals and the government.

Health Americans Act

- The Healthy Americans Act stipulates that insurance companies cover every individual who chooses to enroll they be prohibited from raising prices or denying coverage if individuals are sick or are at risk of becoming sick.
- Previous and existing health problems, occupation, genetic information, gender and age could no longer be used to determine eligibility or the price paid for insurance.

America's Responsibility

- The government, for its part, would make sure that every American has, and can afford, health insurance. Every time an individual interacts with local, state or federal government, they could be required to verify their enrollment in a private health insurance plan.

Questions

