

2008 Presidential Election: Candidates' Health Care Proposals

February 8, 2008

About This Material

The race for the 2008 U.S. presidential nominees remains tight between the two leading Democratic candidates and is narrowing for the Republican candidates. Months of presidential candidate debates and discussions among political analysts have brought several human resources (HR)-related policy issues to the forefront—such as health care, immigration, leaves of absence, and retirement plan reforms.

Hewitt Associates has analyzed the leading candidates remaining after Super Tuesday (February 5, 2008) primary elections and caucuses. Our 2008 election reports sift through each candidate's political platform to discern the top issues in health care, employment, and retirement that could have an impact on employers when the new president takes office in 2009.

This report on health care highlights the candidates' positions on such issues as covering the uninsured, financing health care reform, and addressing health care costs.

As the political landscape changes in the coming months, Hewitt will be following the presidential race closely. For the latest 2008 election news and analysis, and to access all three 2008 election reports, please visit:

<http://www.hewitt.com/2008election>

To visit the candidates' campaign Web sites directly, please see:

- Hillary Clinton: <http://www.hillaryclinton.com>
- Barack Obama: <http://www.barackobama.com>
- John McCain: <http://www.johnmccain.com>
- Mike Huckabee: <http://www.mikehuckabee.com>

2008 Election: Candidates' Health Care Proposals

This election year, poll after poll of American voters makes clear that health care is at or near the top of domestic policy concerns. The candidates from both parties are responding by addressing health care issues in their campaigns, but the approaches by the two parties to health care reform are remarkably dissimilar and reflect different ideologies about the nature and extent of the role of the federal government in overseeing and regulating the U.S. health care delivery system.

The Democratic candidates still in the race, Hillary Clinton and Barack Obama, have similar positions concerning how the U.S. health care system ought to be fixed with a philosophy of "shared responsibility" and a combination of private and public sector solutions. The most significant difference at this point is that Clinton includes an individual health coverage mandate as part of her reform proposal, while Obama does not.

On the Republican side, the remaining candidates, John McCain and Mike Huckabee, both favor market-based approaches and consumer-driven solutions to remedy what is not working in the current health care system, including ever-growing costs and lack of access by some Americans to affordable coverage. McCain, the front-runner, has made some specific suggestions regarding tax reforms that help some taxpayers afford to purchase coverage. Huckabee also has made some general statements regarding how making the tax system more fair would facilitate affordability of health coverage. Notably, both allude to capping, or possibly eliminating, the current exclusion from taxation of employer-provided health coverage as one strategy to make the market for health insurance more fair and accessible to taxpayers.

More details on the candidates' proposals and positions on health care issues are in the charts below.

Democratic Presidential Candidates

2008 Democratic Presidential Candidates on Health Care Issues

Health Issue	Hillary Clinton	Barack Obama
Covering the Uninsured and Health Reform (Overview)	<ul style="list-style-type: none">■ Supports universal health coverage (has called universal coverage "a moral and health imperative"), but reform has to control and decrease costs for everyone, as well as improve quality of care; it's not just about the uninsured.■ Maintains that universal coverage would be achievable by end of her second term (within eight years). <p>Clinton's "American Health Choices Plan" would:</p> <ul style="list-style-type: none">■ Have as its goal to insure all Americans.■ Be based on a premise of "shared responsibility" among government, individuals, employers, and the health care industry (providers, insurers, drug manufacturers) in reforming the U.S. health care system.■ Create a Health Choices Menu to provide health insurance options for businesses, employees and the uninsured based on the Federal Employee Health Benefit Program (FEHBP).■ Have Health Choices Menu benefits (provided through private plans) that would be "as good as those offered to Members of Congress" and also would include a "public plan option" modeled on the traditional Medicare program (but not financed through the Medicare trust fund). Multistate regions also could offer regional health plan options.■ Require the Health Choices plans to guarantee issue, provide automatic renewal, be subject to strong rating limitations, and maintain minimum stop-loss ratios.■ Include an individual mandate and assist low-income individuals in purchasing insurance.■ Promote health information technology (IT), by, among other things, providing physicians with financial incentives for its adoption.	<ul style="list-style-type: none">■ Supports universal health coverage. Has called the "belief in universal health care" one of the "core values" of the Democratic Party.■ When Obama formally declared his run for the presidency, he said his goal is to implement universal health care, or government health insurance for all Americans, by 2012 or "the end of the first term of the next president." <p>Obama's "Plan for a Healthy America" would:</p> <ul style="list-style-type: none">■ Create a National Health Insurance Exchange program for individuals and small businesses to buy FEHBP-type coverage through a new public plan or private participating insurance plans, with subsidies for low-income people.■ Require guaranteed issue and eliminate "no preexisting condition" exclusions from all insurance plans.■ Require "Pay or Play": Employers would have to pay a percentage of payroll toward the national public health plan or play (by providing "meaningful" health coverage).■ Expand Medicaid and State Children's Health Insurance Program (SCHIP).■ Federally-fund catastrophic reinsurance for employers.■ Mandate coverage for children, but no general individual mandate.■ Retain "flexibility" for state health reform experiments. <p>Obama also is considering proposals that would help reduce health care costs, such as creating state or national health care pools and offering financial incentives to hospitals and physicians to adopt electronic health records. ("Seeking Clues to Obamanomics," <i>Wall Street Journal</i>, April 24, 2007)</p>

Health Issue	Hillary Clinton	Barack Obama
	<ul style="list-style-type: none"> ■ Require coverage of and promote “proven” preventive health services, promote chronic disease management, and prioritize prevention. ■ Fund a Best Practices Institute (partnered with the Agency for Healthcare Research and Quality (AHRQ) and the private sector) to perform and disseminate comparative effectiveness research. <p>As First Lady: Clinton chaired an ultimately unsuccessful National Task Force for Health Care Reform in 1993. The failed health care reform proposal was later derisively dubbed “HillaryCare” by its critics.</p>	
Financing	<ul style="list-style-type: none"> ■ Would not add new money to a system that is not working. Would save money within existing system and get better outcomes for current spending. ■ Relies on expiration of Bush tax cuts for incomes over \$250,000. ■ Limits the tax exclusion for employer-provided health coverage. ■ Phases out excess payments to Medicare Advantage plans. ■ Reallocates monies from uncompensated care payments to investments in public hospitals and community health centers, and to increase health care systems capacity in times of epidemics, natural disasters, and national security needs. ■ Refundable tax credits to ensure premium affordability. ■ Limits premium payments to a percentage of income. ■ “Pay or play” approach for large employers, where employers would be required to provide employer-sponsored health insurance or make contribution. ■ Small business tax credit for firms that provide and contribute to “quality coverage” for employees. 	<ul style="list-style-type: none"> ■ Assumes there is enough money “in the system” already that should be leveraged differently. “Not getting better outcomes for all we spend” (\$2 trillion). For example, black infant mortality is going up in some states. ■ Relies on expiration of Bush tax cuts for incomes over \$250,000. ■ Over time, relies on savings resulting from (among other things) initiatives to establish interoperable health IT, comparative effectiveness research, disease management and integrated chronic care, price and quality transparency, medical malpractice reforms, universal coverage (reduced uncompensated care), increased competition and reduced administrative overhead, increased use of generic drugs and drug reimportation, and reducing Medicare Advantage reimbursement and Part D drug costs. ■ Maintains savings would cut a “typical family’s” annual health premium by \$2,500.
Catastrophic Reinsurance	Supports creating a tax credit for qualifying retiree health plans (private or public) to offset a significant portion of catastrophic expenditures that exceed a certain threshold.	Health reform plan includes a federal catastrophic reinsurance program for employers.

Health Issue	Hillary Clinton	Barack Obama
Health Care Quality and Transparency	<p>Clinton believes we need to improve quality and outcomes, and health reform is not just about the uninsured. She supports preventive care.</p> <p>As U.S. Senator: Cosponsored (2005) (with then Senate Majority Leader Frist (R-TN) and Sen. Obama (D-IL)) the Health Technology to Enhance Quality Act of 2005, to create an interoperable health IT system through the adoption of standards to help reduce costs, enhance efficiency, and improve overall patient care.</p>	<p>Obama's health reform plan would:</p> <ul style="list-style-type: none"> ■ Promote health IT and eliminate bureaucracy and paperwork. ■ Cover preventive care. ■ Require "full transparency about quality and costs," including requiring hospitals and providers to collect and report publicly cost and quality measures (including preventable errors, staffing ratios, infections, disparities) and requiring health plans to disclose percentage of premium that goes toward patient care versus administrative costs. <p>As U.S. Senator:</p> <ul style="list-style-type: none"> ■ Reintroduced (2/27/07) the Hospital Quality Report Card Act (S. 692) to require hospitals to report on the effectiveness, safety, and timeliness of the care they provide. (S. 692 is similar to a bill he passed in the Illinois State Senate that would help patients make health care decisions and help providers and insurers get the right information to improve quality and contain costs.) S. 692 was previously introduced in the 109th Congress. ■ Cosponsored (2005) (with then Senate Majority Leader Frist (R-TN) and Sen. Clinton (D-NY)) the Health Technology to Enhance Quality Act of 2005, to create an interoperable health IT system through the adoption of standards to help reduce costs, enhance efficiency, and improve overall patient care.
Health Savings Accounts (HSAs)	Does not support.	Does not support.
Cafeteria Plans/Flexible Spending Accounts (FSAs)	<p>No general stated position.</p> <p>As U.S. Senator: Supports allowing federal civilian and military retirees to pay premiums on pretax basis (S. 764). Also supports deductibility of TRICARE supplemental premiums, in same bill.</p>	No general stated position.

Health Issue	Hillary Clinton	Barack Obama
Association Health Plans (AHPs) (federally-regulated group plans) or multistate health insurance options	Under Health Choices Menu, states would have “the option of banding together to offer these same type of choices in a region of the country.”	No stated position.
Retiree Health Coverage	Employers would have the option of buying into the Health Choices Menu for early retirees (pre-Medicare).	<p>No general stated position.</p> <p>As U.S Senator:</p> <p>Obama's health care agenda has included finding ways to keep health care costs low for businesses and to ensure that business can compete in a global economy:</p> <ul style="list-style-type: none"> ■ Introduced a bill (4/18/07), the Health Care for Hybrids Act (S. 1115), which would provide auto manufacturers with federal assistance for retiree health care costs in exchange for building more fuel-efficient vehicles. ■ The plan would have the federal government pay for 10% of domestic automakers' retiree health care costs through 2017 if the automakers use half of that savings to build more fuel efficient cars and trucks. The cost estimate for the plan is \$20 billion and Obama would finance it by auctioning greenhouse gas permits under “cap-and-trade” emissions programs.
Medicare	<ul style="list-style-type: none"> ■ Supports federal government negotiation of Medicare Part D prescription drug prices (S. 3; cosponsor). ■ Would reduce “overpayments” to Medicare Advantage plans. 	<ul style="list-style-type: none"> ■ Supports federal government negotiation of Medicare Part D prescription drug prices. ■ Supports paying Medicare Advantage the same level as Medicare-Fee-for-Service (Traditional Medicare).
Mental Health Parity	<p>Supports.</p> <p>As U.S. Senator:</p> <p>Voted for (and cosponsored) Mental Health Parity Act of 2007 (S. 558) in Senate Health, Employment, Labor, and Pensions (HELP) Committee.</p>	<p>Supports.</p> <p>Obama's health reform plan includes mental health parity (no specifics, but health plan FAQs on Obama campaign Web site state that he “believes that serious mental illnesses must be covered on the same terms and conditions as are applicable to physical illnesses and diseases.”)</p>

Health Issue	Hillary Clinton	Barack Obama
		<p>As Illinois State Senator: Helped pass a state mental health parity bill (requiring coverage parity for serious mental illnesses on the same terms and conditions as are applicable to other illnesses and diseases).</p>
Genetic Non-discrimination	<p>Supports.</p> <p>As U.S. Senator:</p> <ul style="list-style-type: none"> ■ Voted for the genetic nondiscrimination bill mark-up in Senate HELP Committee. ■ Cosponsored a genetic nondiscrimination bill in current Congress (S. 358). 	<p>Supports.</p> <p>As U.S. Senator:</p> <ul style="list-style-type: none"> ■ Cosponsored a genetic nondiscrimination bill in current Congress (S. 358). ■ Introduced (3/27/07) the Genomics and Personalized Medicine Act (S. 976) to “overcome the scientific barriers, adverse market pressures, and outdated federal regulations to expand and accelerate genomics research and initiatives to improve the accuracy of disease diagnosis, increase the safety of drugs, and identify novel treatments.”
Federal Programs (Medicaid & SCHIP)	<ul style="list-style-type: none"> ■ Supports reauthorizing and expanding SCHIP funding (introduced 3/15/07 the “Children’s Health First Act” (S. 895) to include expanded SCHIP eligibility to 400% of the federal poverty level, increase the federal Medicare match for children’s coverage, and provide employer subsidies for covering SCHIP and Medicaid eligible children.) ■ Introduced the “Legal Immigrant Children’s Health Improvement Act of 2007” (S. 764) (3/5/07) to give states the option of covering legal immigrant children under the Medicaid and SCHIP. 	<ul style="list-style-type: none"> ■ Health plan would include expanding Medicaid and SCHIP (no specifics). <p>As Illinois State Senator: Obama sponsored and helped pass legislation that extended and expanded the state’s KidCare program (SCHIP) to provide coverage for an additional 20,000 children and 65,000 adults.</p>
Long-Term Care	<p>No stated position, but did request the Government Accountability Office (3/26/07) to investigate the impact of insurance companies denying coverage under long-term care policies on Medicaid.</p>	<p>No stated position.</p>
Medical Malpractice/Tort Reform	<p>No stated position.</p>	<p>Health reform plan would include medical malpractice reform initiatives, including strengthening antitrust laws (to prevent insurers overcharging physicians), and new modes for addressing physician errors to improve patient safety and reduce need for malpractice lawsuits.</p>

Health Issue	Hillary Clinton	Barack Obama
Prescription Drugs	<ul style="list-style-type: none"> ■ Permit Medicare to negotiate drug prices. ■ Create a pathway for approval of biologic generics. ■ Remove barriers to generic competition. ■ Provide greater oversight over financial relationships between pharmaceutical companies and providers. <p>As U.S. Senator:</p> <ul style="list-style-type: none"> ■ Cosponsored follow-on (generic) biologics bill (S. 623). ■ Cosponsored prescription drug importation bill (S. 242). ■ Introduced bill to encourage pediatric drug research and development (S. 993) ■ Cosponsored bill (S. 1156) to reauthorize six-month exclusivity for pediatric drugs (reauthorization of "Best Pharmaceuticals for Children Act"). ■ Cosponsored bill to permit the Food and Drug Administration (FDA) to regulate tobacco products. 	<ul style="list-style-type: none"> ■ Permit drug reimportation from other "developed countries" if prices are lower than in U.S. ■ Increase use of generics in public plans and "prohibit large drug companies from keeping generics out of markets." ■ Permit Medicare to negotiate drug prices. <p>As Illinois State Senator:</p> <p>Supported legislation for discounting drugs for low-income people and seniors.</p>

Source: Candidate's campaign Web site unless otherwise noted.

Republican Presidential Candidates

2008 Republican Presidential Candidates on Health Care Issues

Health Issue	John McCain	Mike Huckabee
Covering the Uninsured and Health Reform (Overview)	<p>Wants to "help Americans without health insurance acquire it without bankrupting the country and ruining the quality of American health care that is the envy of the world" (4/25/07 Announcement Speech).</p> <p>McCain's plan would:</p> <ul style="list-style-type: none">■ Propose a \$2,500 tax credit for individuals (\$5,000 for families) to purchase health insurance through their employer or on their own.■ Allow people to buy health insurance from any willing provider nationwide.■ Allow safe importation of prescription drugs.■ Accelerate introduction of generic drugs, including biologic agents.■ Promote personal responsibility, prevention, and more consumer information, including quality of care and price transparency.■ Change tax code to end preferential treatment of employer-provided health insurance.■ Limit medical malpractice awards.■ Allow states flexibility to experiment with health care reform, including using Medicaid and State Children's Health Insurance Program (SCHIP) funds for private insurance and developing methods to augment Medicaid and tax credits for more expensive care.■ Favor changes to licensure for medical providers to increase health care access. <p>As U.S. Senator:</p> <ul style="list-style-type: none">■ 2005—Proposed creation of bipartisan National Commission on Health Care (together with Sen. Ken Salazar (D-CO)) to undertake a "fresh review of health care in the U.S. with one goal: implementing the best ideas to provide real solutions for the millions of Americans trapped in this nation's health care crisis."	<p>"Health care system in this country is irrevocably broken, in part because it is only a 'health care' system, not a 'health' system."</p> <p>"As President, I will work with the private sector, Congress, health care providers, and other concerned parties to lead a complete overhaul of our health care system."</p> <p>Huckabee's plan would:</p> <ul style="list-style-type: none">■ Encourage private sector to innovate ways to bring down costs.■ Support consumer-based health care (moving away from employer-based system).■ Reform medical liability.■ Adopt electronic medical recordkeeping.■ Make health insurance portable.■ Make health savings accounts "available to everyone."■ Make health insurance expenses tax deductible for individuals and families.■ Provide tax credits to low-income individuals to help them purchase health coverage.■ Encourage states' roles as laboratories for new market-based approaches.■ "Get serious about prevention" (promote prevention more aggressively and invest more health dollars in prevention).■ Manage chronic disease more effectively.

Health Issue	John McCain	Mike Huckabee
	<p>The proposed commission would address:</p> <ul style="list-style-type: none"> — The uninsured. — Rising health care costs. — Impact of these cost and insurance premiums on individuals and on small and large American businesses (and their ability to compete globally). — Lack of access to quality affordable health care. — Factors that impede the delivery of quality health care. <ul style="list-style-type: none"> ■ 2001—Cosponsored a bipartisan Patient's Bill of Rights bill with Senators Kennedy (D-MA) and Edwards (D-NC). ■ 1999 campaign—favored creating third-party dispute resolution process for health maintenance organizations (HMOs) and patients. 	
Financing	<ul style="list-style-type: none"> ■ Proposes to "Reform the tax code to end the bias toward employer-sponsored health coverage." ■ Proposes a \$2,500 tax credit (\$5,000 for families) to purchase health insurance through work or on their own. 	<ul style="list-style-type: none"> ■ Generally maintains that a truly free market, consumer-driven system will drive down prices for health care services and products, including prescription drugs. ■ Proposes to make health insurance costs fully deductible to individual taxpayers. (Also advocates eliminating the current federal taxation system and replacing it with a consumption tax on all but "necessities," called a FairTax system.)
Catastrophic Reinsurance	No stated position.	No stated position.
Health Care Quality & Transparency	Supports giving the public "more information on treatment options" and requiring "transparency by providers regarding medical outcomes, quality of care, costs, and prices."	No stated position.
Health Savings Accounts (HSAs)	Supports generally (mixed voting record).	Supports expanding it to everyone and not limiting it to high-deductible policies.

Health Issue	John McCain	Mike Huckabee
Association Health Plans (AHPs) (federally-regulated group plans) or multistate health insurance options	Supports some form of these plans. States that he supports the ability to purchase health insurance "across state lines," health insurance portability, and the ability of all individuals to obtain coverage through any organization they choose.	No stated position.
Retiree Health Coverage	Maintains that proposed reforms creating more flexible health insurance options will "automatically bridge the time between retirement and Medicare eligibility."	No stated position.
Medicare	No stated position.	No stated position but would eliminate Medicare tax in replacing the current taxation system with the FairTax system.
Mental Health Parity	No stated position.	No stated position.
Genetic Non-discrimination	No stated position.	No stated position.
Federal-State Programs (SCHIP & Medicaid)	Allow states to use Medicaid and SCHIP funds for private insurance and develop methods to augment Medicaid and tax credits for more expensive care.	No explicit position but favors private sector innovation and giving consumers more control with subsidies for low-income individuals to purchase coverage.
Long-Term Care	Has made statements in the past supporting some form of tax deductibility for long-term care insurance.	No stated position.
Medical Malpractice/Tort Reform	<ul style="list-style-type: none"> ■ Supports placing caps on medical malpractice suit awards. ■ Has actively supported medical malpractice reform legislation in the past. 	Supports "medical liability reform," but no specifics have been provided.

Health Issue	John McCain	Mike Huckabee
Prescription Drugs	<ul style="list-style-type: none"> ■ Supports “development of routes for safe, cheaper generic versions of drugs and biologic pharmaceuticals.” ■ Supports the development of “safety protocols that permit reimportation to keep competition vigorous.” Has supported, as a senator, fewer restrictions on importation of prescription drugs. 	<p>Opposes importation or reimportation of prescription drugs; it is important to maintain control and safety of prescription drugs available in the U.S.</p> <p>(WebMD®, Health Matters in the 2008 Election, Candidate Profile, Mike Huckabee)</p>

Source: Candidate's campaign Web site unless otherwise noted.