



**Rekindling Reform:
A Vision of Quality Health Care for All**

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The 2008 Election and Universal Health Care

A Policy Brief

May 2008

Rekindling Reform is a project sponsored by some seventy academic institutions, professional organizations, civic associations, trade unions, local community groups and faith communities, aimed at achieving quality, affordable and accessible health for all by stimulating informed public discussion and advocacy. Additional sponsors are welcome.

Rekindling Reform serves as a resource for strengthening the emerging health reform movement by creating a space for all organizations in the New York metropolitan region concerned about health care reform to share information, to dialogue and to collaborate on design and implementation of strategies for reforms, on city, state and national levels.

The 2008 Election and Universal Health Care

A Policy Brief from REKINDLING REFORM

As a national election approaches, the nation is in the midst of a perfect storm. We are not referring to the climate change that may be causing the massive weather problems in the West Coast, Midwest, and Southeast but rather to the burgeoning economic crisis fueled by the real estate/mortgage meltdown, war expenditures, the rising cost of energy, and the continuing escalation in the cost of health care. **The economic buffeting the nation will be experiencing will provide ammunition to those opposed to doing anything about the national crisis in health care.**

Is there a way out? The general economic decline will only increase the problems of those already facing serious problems paying for health care. Can the federal and state governments do anything? We believe they can, but only if the political will and broad unity exist to overcome the formidable strength of the insurance and prescription drug cartels and their political and media allies. Our job, working together with other health reform organizations, is to build that political strength.

Health care reform is and must remain high on the 2008 political agenda. As the cost of health care rises, more and more employers are dropping or reducing coverage, leaving millions of Americans without any insurance and other millions less confident that coverage will be there when they need it. Rekindling Reform has long recognized that our health care system needs comprehensive reform. Since our founding in 2001, our mission has been to encourage debate on how this country can best provide affordable health care for all.

Framework for assessment

Every survey shows that the American people believe the current health care system is broken and needs to be rebuilt, and that it is the responsibility of government to fix it in a way that ensures everyone access to quality, affordable health care. Early on, we developed a set of principles that should govern an equitable, humane and cost-effective health care system for the United States. These principles serve not as a detailed blueprint but rather as benchmarks for judging proposals for health care reform. We determined that we would rigorously examine any reform plan by asking how closely it conformed to those fundamental principles. They may be stated as follows. A reformed U.S. health care system should:

- Offer universal, equitable access to care without leading to financial hardship;
- Offer comprehensive benefits providing access to quality care;
- Be affordable to individuals and the nation by eliminating waste, not by restricting effective services;
- Be equitably financed;
- Be easy for patients to use and be provider- and caregiver-friendly; and
- Be publicly accountable.

Judged against these criteria – which we believe are reasonable and widely accepted by a large majority of the American people – the proposals offered by the presidential candidates fall

disappointingly short. They would fail to provide universal access to care, they would add additional funds to an already too-costly system, and none offers a realistic prospect of containing the rising cost of health care.

McCain's proposals

John McCain, the putative Republican candidate, has put forward proposals that meet none of our criteria. He does not support movement toward a universal health care entitlement. To control health care costs, he would expose people more to the cost of health care by shifting responsibility for coverage to individuals and households. He would give them a refundable tax credit (his proposed credit is widely recognized as far less than the typical cost of private coverage) and the opportunity to invest in a health savings account or HSA. (HSAs are coupled to high deductible policies, suitable for the well-to-do.) This strategy, he suggests, would lead people to pursue healthier lifestyles and to make more judicious use of health care services. Not mentioned is that it would drive people toward skimpy coverage. He would count on market competition to hold down premiums and prices. He would encourage and subsidize states to arrange private coverage pools for people considered high-risk by insurers. He would eliminate the tax deductibility of employer contributions to health insurance for their employees, accelerating the exodus of employers from offering health benefits. (In McCain's original plan, as Elizabeth Edwards pointed out, neither she nor McCain would have been insurable because of their pre-existing conditions.) **This is a "back to the future" plan, returning us all to the period before the creation of employer-based group insurance in the 1930s, when individuals and families were "on their own" to find ways of paying for their health care.**

The Obama and Clinton Proposals

The Democratic candidates for president, Hillary Clinton and Barack Obama, both assert support, in general terms, for our principles. They have placed comprehensive health care reform high in their domestic agendas. Both believe it is government's responsibility to ensure that health insurance is always available and affordable, and that the upward cost spiral that threatens our health and our economy must stop. They support guaranteed access to coverage for every American, a comprehensive benefit package, affordable premiums and out-of-pocket costs with income-related federal subsidies, simplified paperwork, and reined-in health care costs, through plans that provide portability, mental health parity, choice, high quality and efficient medical care.

However, for many if not most people, the Democratic candidates' proposals would leave too much of the current system unchanged. Their proposals share a set of common elements: Private insurance would remain in place. For most people, prescription drugs would continue to be priced at the whim of the manufacturers. Businesses would be required or subsidized to offer coverage to their employees. There would be a choice of enrolling in either private coverage or a yet to be defined public plan "like Medicare." Insurers would be required to accept all applicants and charge standardized premiums – "community rating" – but there would be no other change in the way the private market operates or in the incentives that place stockholder interests ahead of those of patients and health care providers. The proposed subsidies for low-income people would be additional public subsidies of a for-profit insurance industry that has yet to show either incentive or capacity to provide sustainably affordable coverage for good health care.

These plans focus on expanding coverage for the fifty million uninsured but do little to help the millions of us who are under-insured or unreliably insured. They rely on individual mandates that draw much opposition from the public. Yet the public accepts Medicare enthusiastically. People can see the great difference between a mandate to purchase private, for-profit insurance and a requirement that everyone contribute, through the tax system, for coverage by a mutually owned, publicly administered insurance plan like Medicare – social insurance.

Only if we chose to switch to the still to be defined public option might those of us who currently have insurance experience any change in our coverage. But without effective cost controls over the entire health system, this “Medicare-like” option would face the same fiscal unsustainability that Medicare now faces. No one would have protection against continuing increases in premiums, though these might be smaller in the public plan. In the private plans, the only cost savings would be those that might be achieved hypothetically through expanded computerization, an emphasis on prevention, and better chronic care management. However, past experience offers no realistic assurance that any of these will actually save money, and initially they will add to the cost of the system. At best, only ever-increasing subsidies could limit growth of under-insurance.

While the Democratic presidential contenders’ statements seem to conform to our principles for accessible, affordable health care for all, their actual plans fall short of a national policy that would assure comprehensive, cost-effective coverage along with the budgetary tools needed to contain costs. **They can do better and we urge them to.**

Inadequate defense of Medicare

Serious commitment to health care for all requires vigorous opposition to the ongoing dismantling and privatization of Medicare set in motion by the Medicare Modernization Act of 2003 (MMA) – a multi-front assault on the nation’s most popular and successful health insurance program. Obama and Clinton both propose changes to make the MMA’s privately insured drug benefit less burdensome financially. Obama also calls for ending the MMA’s special subsidies to “Medicare Advantage” private plans. **However, their failure to speak out more forcefully against the MMA’s broad assault on Medicare is most disappointing. We call on them to insist on:** removing arbitrary limits on Medicare funding, introducing a prescription drug benefit into traditional Medicare, requiring government negotiation of Medicare drug prices, ending the Medicare Advantage overpayments, canceling the pending Medicare voucher “experiments,” abandoning means-tested premiums since they undermine Medicare’s universality, and launching a comprehensive study of how to ensure Medicare’s long term financial integrity.

The challenges ahead

All of us need to stay involved in the election campaign, doing our best to make the issues clear. Our country needs to elect a president and a Congress pledged to work toward the vital goal of quality affordable health care for all.

Once the election is past, we intend to join with all who share our concerns, to call on the president to propose and fight for programs that can truly attain this goal – a goal that continues to have widespread popular support. The nation must not accept economic crisis as an excuse for avoiding that fight.

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