We are in the final stretch of the presidential elections, and both the Democratic and Republican conventions are now behind us. After the August break, Congress was back in Washington for only 3 weeks starting September 8, making it unlikely for any new healthcare legislation to be passed until after we have a new administration. This year, Congress has been challenged to reach consensus on healthcare legislation although members were able to override a veto and pass the Medicare Improvements for Patients and Providers Act of 2008, which corrected a cut this July in Medicare reimbursement for physician services. Although there seems to be partisan agreement that many aspects of our healthcare system need significant reform, the challenge of resources to fund such reforms seems to have created a paralyzing environment for the next president.

The debate on the future of healthcare in the United States continues among healthcare professionals, as evidenced in recent publications, and will remain a key issue for the presidential elections. The present article is intended to provide a straightforward analysis of the healthcare platforms of the presidential candidates, as well as highlight several healthcare reform proposals from health advocacy organizations. The article also includes views on healthcare reforms from a group of about 50 decision makers in managed care health plans surveyed during 2 meetings of Managed Care Network (MCN) in June and in September 2008.

The reality is that we are likely to see health reforms ultimately emerge to include a combination of the reform proposals rather than the platform of the president-elect alone. Congressional debate will ultimately determine the specific healthcare reform proposals, and therefore the balance of power within Congress will have a key impact on healthcare reform. This analysis will focus on key health reform components and avoid labeling such reforms in political terms. When possible, exact quotes and descriptions from the candidates’ healthcare proposals and summaries available on the campaigns’ websites have been used.

Key Areas of Proposed Health Reform Policies

Overall, both healthcare plans are focused on leveraging the existing private healthcare market, but both also preserve existing Medicare and Medicaid systems in general (Table 1). Both candidates recognize the need for broader health reforms that focus on prevention and disease...
management. McCain specifically states that he would like to reform Medicare to be more oriented to diagnostic care, preventive care, and care coordination. There has been bipartisan interest in these objectives but crafting and funding such changes has been a challenge. Obama’s proposals will face key funding obstacles, such as “filling in” the Medicare Part D “donut hole” (a gap in annual drug coverage), which has expanded the debate on the “underinsured.”

Main Differences between the 2 Proposals
Areas of greatest difference between the 2 candidates involve (1) the role of federal government and use of mandates, and (2) Medicare- and Medicaid-specific reforms, including mandates or requirements to participate in a healthcare reform initiative (Table 2). However, both proposals are largely focused on private insurance–based reforms, which is very different from the “socialized medicine” type concerns we often have been hearing debated.

One area of debate is whether the Obama plan would leverage a private-payer model similar to federal employees under the Federal Employees Health Benefits (FEHB) program or whether it would advocate for a government-run Medicare model that individuals could buy into, which would likely be opposed by moderates from both parties.

The McCain plan is focused on removing the current bias toward employer-sponsored health insurance and instead moving to individual tax credits that would create lower-cost options for healthy families, but the key concerns of this plan are for families with some form of existing healthcare issues. This is a major overhaul of current tax code incentives and one of the key, most-costly benefits provided by the majority of employers.

More analysis and data are needed on the likely impact of this change from an individual perspective and from a corporate perspective. Many experts fear that a shift away from employer incentives to provide health insurance would do little to address the needs of the uninsured. A recent analysis by The Commonwealth Fund indicates that we could see more “underinsured patients” as individuals opt for less-expensive plans with significant out-of-pocket risks in the form of large deductibles and coinsurance since those plans would likely more closely match the proposed tax credits.

<table>
<thead>
<tr>
<th>Plan component</th>
<th>Obama</th>
<th>McCain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandated coverage?</td>
<td>Yes, for children only</td>
<td>No</td>
</tr>
<tr>
<td>Medicaid/SCHIP expansion?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Tax credits/subsidies</td>
<td>Tax credit (for premiums greater than certain percentage of income only)</td>
<td>Tax credit ($2500 for individual, $5000 for family)</td>
</tr>
<tr>
<td>Employer-shared responsibility</td>
<td>All firms offer coverage or contribute a percentage of payroll</td>
<td>No change in tax code basis</td>
</tr>
<tr>
<td>Private insurance markets</td>
<td>New private and public plan options</td>
<td>Purchase private individual insurance in any state</td>
</tr>
</tbody>
</table>

SCHIP indicates State Children’s Health Insurance Program.
Adapted from Collins SR, Kriss JL. Envisioning the future: the 2008 presidential candidates’ health reform proposals.

KEY POINTS
- Both presidential candidates have proposed health policy changes that could introduce the most sweeping revisions to US healthcare since the inception of Medicare.
- We are likely to see reforms that will combine a plethora of proposals issued by different organizations rather than the platform of the president-elect alone.
- The balance of power within Congress will have a key impact on healthcare reform.
- Despite the crucial differences in their approaches, the 2 candidates agree on (1) transparency and price reporting, (2) comparative effectiveness, and (3) the role of health information technology.
- It is essential for decision makers in healthcare to monitor the details of any reform proposal and stay engaged in the process. Results of a recent survey presented in this article reflect positions taken by 50 medical and pharmacy directors.
The Obama plan is focused on employer mandates to reduce the number of uninsured to a level where government efforts can nearly close the gap on the uninsured.\(^9\) Mandates are one of the areas of criticism and concern regarding the Obama plan. The plan is focused on reducing the number of uninsured (especially children and young adults) but would not initially eliminate all of the uninsured. This plan proposes a private insurance model similar to that available to those in the FEHB program, but one area of concern is whether a Medicare opt-in model would be created that private payers could not compete with.

Table 2  Role of Federal Government in Health Insurance and Coverage: Key Differences in the 2 Proposals

<table>
<thead>
<tr>
<th>Obama plan</th>
<th>McCain plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supports significant federal oversight of healthcare</td>
<td>Does not support government-mandated, government-funded, or government-controlled healthcare</td>
</tr>
<tr>
<td>Will create a “national health plan” with “guaranteed eligibility” and “comprehensive benefits” like the FEHB program</td>
<td>Will provide all individuals with a $2500 tax credit ($5000 for families) toward purchase of health insurance</td>
</tr>
<tr>
<td>Will require employers to make “meaningful contribution” to the cost of quality health coverage, or be required to contribute a percentage of payroll to the national plan</td>
<td>Will change the tax code to shift away from employer-sponsored health insurance</td>
</tr>
<tr>
<td>Will establish a “National Health Insurance exchange” to regulate plans and create rules for plans (e.g., stable premiums regardless of health status)</td>
<td>Will increase competition by allowing individuals to purchase health insurance across state lines and across groups/associations</td>
</tr>
<tr>
<td>Estimated cost: $50 billion-$65 billion annually</td>
<td>Will give states flexibility and encourage alternative forms of access and insurance</td>
</tr>
</tbody>
</table>

FEHB indicates Federal Employee Health Benefits.

Table 3  Areas of Similarities between the 2 Proposals

<table>
<thead>
<tr>
<th>Obama</th>
<th>McCain</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Specific Medicare and Medicaid Proposals</strong></td>
<td><strong>Transparency and Price</strong></td>
</tr>
<tr>
<td>Wants to “require companies to send Medicare beneficiaries a full list of the drugs and fees they paid the previous year”</td>
<td>Supports “more public information” on medical outcomes, quality of care, costs, prices</td>
</tr>
<tr>
<td>Wants to fill in the Medicare Part D “donut hole”</td>
<td>Supports research to determine “which drugs, devices, and procedures are the best diagnostic and treatment options”</td>
</tr>
<tr>
<td>Supports expansion of Medicaid, SCHIP</td>
<td>No specific proposal is identified as comparative effectiveness, but supports “more public information” on medical outcomes, quality of care, costs, prices</td>
</tr>
<tr>
<td>Would require “full transparency” on prices, quality, costs</td>
<td><strong>Comparative Effectiveness</strong></td>
</tr>
<tr>
<td>Invest $10 billion annually over next 5 years for the “adoption of standards-based electronic” medical records</td>
<td>“Promote rapid deployment of 21st-century information systems,” including telemedicine in areas where access to providers is limited</td>
</tr>
</tbody>
</table>

SCHIP indicates State Children’s Health Insurance Program.
Areas of Agreement between the 2 Proposals

Despite the many differences, there are several areas where the 2 platforms seem aligned (Table 3), including (1) transparency and price reporting, (2) comparative effectiveness, and (3) health information technology (HIT).

With regard to transparency and price reporting, their public statements appear similar. However, it is unclear how this transparency could affect health plans, for example, or if it would be limited to prices for services and products (hospitals, physicians, pharmacy). Clearly, both candidates advocate for more access to such data, yet more details or specifics are needed from both to get to some conclusions.

Similarly, both candidates are likely to support new focus on comparative effectiveness as a resource to maximize the value of our healthcare expenditures and improve access to information on health outcomes and best practices. There appears to be bipartisan support to expand comparative effectiveness, as well as its eventual use in coverage and payment policies. This appears to be an area where the candidates are more aligned than not, and thus the creation of some form of mechanism to collect, analyze, and share health outcomes resources, including cost-effectiveness data, is likely. But integrating such data into coverage limitations and reductions is clearly more controversial.

HIT has been a hot topic in Washington, and again we see both candidates supportive of such technologies as a means to gain new long-term cost-efficiencies and potential quality improvements. Obama's plan has released more specific details regarding investments he would propose to support electronic medical records (EMRs), whereas McCain has talked more broadly to expand coverage for technologies such as telemedicine. Health policy analysts have expressed concern regarding the significant investment costs of HIT compared with realistic gains in quality or costs, particularly given the overall budget challenges the country faces in Washington, but there is bipartisan agreement that the government must create some form of incentives for providers to move more quickly toward HIT investments.

Other Healthcare Reform Proposals

With a high probability of some form of significant healthcare reform in the next 4 years, a wide range of health policy organizations have begun to develop their own proposals and recommendations. Some proposals reflect more of a bipartisan blend of healthcare reforms and therefore could be models of what types of programs would eventually be implemented.

One example that has received favorable attention is recommendations proposed by America's Health Insurance Plans (AHIP), which suggests incremental reforms that would provide cost savings to the existing system. AHIP has separately proposed a healthcare reform proposal to address the broader (and more costly) issues of the uninsured. AHIP proposes a 5-point strategy for reducing healthcare costs and insurance premiums that it estimates would save $145 billion by 2015. The plan's key recommendations are:

1. Create a national entity to compare the clinical and cost-effectiveness of new technologies
2. Facilitate leadership to encourage adoption of EMRs and other HIT
3. Create an independent administrative process to resolve medical liability disputes
4. Implement payment reforms to reward quality and value
5. Support the implementation of incentives and other strategies to promote healthy behavior and prevent disease.

It is useful to review these AHIP recommendations, because they appear aligned with both Obama's and McCain's proposals in these areas, and thus point to opportunities for bipartisan support.

Other proposals released from a variety of states and national associations and coalitions include:
- Federation of American Hospitals
- Health Coverage Coalition for the Uninsured
- National Federation of Independent Businesses
- American Academy of Family Physicians
- Service Employees International Union
- Healthcare Leadership Council
- Families USA
- American Medical Association
- AARP.

Based on a review of these proposals, core information has been collected on some of the key proposals; a summary of these plans appears in Table 4. Overall, most proposals appear to more closely advocate for health reforms that include components of both presidential candidates.

Private Health Plans’ Perspectives on Healthcare Reform

During a meeting of MCN in June 2008 and again in September 2008, more than 50 medical and pharmacy directors from a wide range of private health plans were surveyed about their perspectives regarding the presidential elections and the potential for health-
## Table 4 Health Reform Proposals by Various Organizations

<table>
<thead>
<tr>
<th>Health reform proposals</th>
<th>AHIP</th>
<th>AHA</th>
<th>AMA</th>
<th>BCBSA</th>
<th>HLC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Plan summary</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Not comprehensive, intended for overview purposes only, based on public statements)</td>
<td>• Increases eligibility for public programs to:</td>
<td>• Proposal is built on 5 goals</td>
<td>• Covers the uninsured by restructuring tax code to benefit lower-income people</td>
<td>• Lowers costs and improves access and quality via 5 goals:</td>
<td>• Covers all Americans primarily through private insurance with public programs as a safety net</td>
</tr>
<tr>
<td></td>
<td>• Facilitate consumer purchase of health insurance with pretax dollars</td>
<td>- Prevention</td>
<td>- Insurance market reforms to encourage individual choice and insurers to establish affordable coverage policies</td>
<td>- Encourage research on what works</td>
<td>- Improves quality and affordability</td>
</tr>
<tr>
<td></td>
<td>• Provide subsidies up to 400% FPL</td>
<td>- More efficient care</td>
<td>- Change incentives to promote better care</td>
<td>- More affordable care</td>
<td>- Fosters innovation</td>
</tr>
<tr>
<td></td>
<td>• Support states' proposals for access</td>
<td>- Access to health information</td>
<td>- Empower consumers and providers</td>
<td>- Universal coverage</td>
<td>through better coordinated care, HIT, patient literacy, coverage solutions and financial incentives and reimbursement</td>
</tr>
<tr>
<td><strong>Tax credit provisions</strong></td>
<td>For low-income people</td>
<td>Not clear; have assumed mandates to fund</td>
<td>Based on low income in tax code</td>
<td>4 specific tax code changes</td>
<td>Significant changes</td>
</tr>
<tr>
<td><strong>Some form of individual mandate?</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td><strong>Some form of employer mandates?</strong></td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td><strong>Public program expansion (eg, Medicaid, SCHIP)</strong></td>
<td>Increases SCHIP coverage to those kids in families &lt;200% FPL</td>
<td>Not specific, but assume that mandates are used to cover uninsured</td>
<td>Not specific, but assume that mandates are used to cover uninsured</td>
<td>Expand Medicaid eligibility to those &lt;100% FPL</td>
<td>Advocates use of SCHIP and Medicaid dollars to provide premium assistance for working individuals to purchase insurance through their employer</td>
</tr>
<tr>
<td></td>
<td>All adults &lt;100% FPL would become eligible for Medicaid</td>
<td></td>
<td></td>
<td>Enroll individuals currently eligible for coverage under a public plan but not to participating</td>
<td></td>
</tr>
</tbody>
</table>

Note: Summary analysis is based on published policy statements. AHA indicates American Hospital Association; AHIP, America’s Health Insurance Plans; AMA, American Medical Association; BCBSA, BlueCross BlueShield Association; HIT, health information technology; HLC, Healthcare Leadership Council; FPL, federal poverty level; SCHIP, State Children’s Health Insurance Program.
Presidential Candidates’ Healthcare Platforms

Figure 1 If the Elections Were Held Today, Who Do You Think Would Win?

June | September
----|----
Obama: 47% | 40%
McCain: 53% | 60%

Source: Managed Care Network Meeting on June 8, 2008, Washington, DC; September 13, 2008, Salt Lake City, UT.

Figure 2 Do You Expect to See Incremental Healthcare Reform or a Major Overhaul?

June | September
----|----
Incremental reform: 28% | 72%
Major overhaul: 72% | 93%

Source: Managed Care Network Meeting on June 8, 2008, Washington, DC; September 13, 2008, Salt Lake City, UT.

Figure 3 In What Timeframe Do You Anticipate Some Type of Reform?

June | September
----|----
1-2 yrs: 10% | 67%
2-5 yrs: 23% | 66%
Never: 67% | 66%

Source: Managed Care Network Meeting on June 8, 2008, Washington, DC; September 13, 2008, Salt Lake City, UT.

Figure 4 Assuming Democratic-Controlled Senate and Congress Continues, Which Candidate Would Lead to the Best Healthcare Reform for the Country?

September
Barack Obama: 28% | 43%
John McCain: 30% | 37%
No significant difference: 41% | 19%

Source: Managed Care Network Meeting, September 13, 2008, Salt Lake City, UT.

care reforms. Responses to 4 questions are shown in Figures 1-4.

The findings from this survey suggest that decision makers across private health plans and managed care organizations see a greater potential for major health-care reform than most other industry experts MCN has surveyed. These thought leaders are at the cutting edge of managed care, so they may also be more open to such reforms.

It is expected that any type of reform would occur during the second half of a new administration—whether incremental or a major overhaul.

Conclusions

Both presidential candidates have included health-care reform as core components of their campaigns. Their approaches overall are significantly different and will affect patients, employers, providers, and payers very differently. It is therefore essential for decision makers in healthcare to continue to monitor the details of health-care reform proposals by the candidates and by other organizations and to stay engaged in the process.

References

Stakeholder Perspective

Health Reform and the Next President

PAYERS: Senators Barack Obama and John McCain offer sharply different visions of health sector reform, but they share the same general policy objectives. Both presidential candidates support expanding government subsidies to increase the number of people who have health insurance. Both candidates argue that health insurance must become more affordable. Both candidates embrace changes, such as expanded use of health information technology and improved management of high-cost patients, which could improve efficiency in healthcare delivery. Both candidates avoid admitting that their visions can only be had at a price—requiring higher taxes to finance subsidies, substantial new investments to implement health system improvements, and changes in the way healthcare is practiced. This is the stuff of political campaigns, long on promises and short on implementation.

The differences between the candidates are worth examining. Senator Obama emphasizes business as usual, albeit with larger subsidies and more regulations. His 2 “big” ideas—organizing the nongroup insurance market along the lines of the Federal Employees Health Benefits program and requiring employers to contribute to worker health benefits or pay a new tax (“play or pay”)—focus on expanding coverage. At least in the near term, affordability means higher subsidies, not lower cost.

The centerpiece of Senator McCain’s reform is replacing the current income tax exclusion with a flat tax credit, which would eliminate the bias in favor of more expensive coverage. The tax proposal would make purchases in the nongroup market more attractive, but it does not spell the end of employer coverage. The McCain proposal would reshape federal subsidies to dampen the growth of health spending.

Which strategy would be more effective in reaching the goals shared by both candidates? Unfortunately, we may never know. Prospects for major health reform have declined sharply with the unprecedented disruption of financial markets whose potential impact is only beginning to be realized. Faced with a nearly $500-billion budget deficit and demands for federal investments in energy, education, infrastructure development, and defense, the next president will have little ability to mount a major health reform.

Incremental reforms are possible but they will largely be financed by reducing other health outlays. Congressional attention will focus first on extending (and probably expanding) the State Children’s Health Insurance Program. By the end of 2009, Congress must also find a face-saving way to delay a scheduled 20% reduction in Medicare physician fees. Those 2 priorities will cut into the money left to be redirected to reform.

We are likely to see the imposition of “best price” discounts on Medicare Part D drugs purchased by dual-eligibles, and payments to Medicare Advantage plans will be reduced. Congress will intensify its interest in “follow-on” biologics, but safety concerns (heightened by recent reports of tainted milk products from China and possible contamination of generic drugs produced by Ranbaxy) have deflated interest in drug importation as a way to reduce the cost of pharmaceuticals.

Although health reform will not take center stage next year, progress will be possible. Decisions made over the next 4 years will lay the foundation for major reforms in the future. The next president can make a difference in healthcare, although the credit (or blame) might well go to his successor.

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