



BCM
Baylor College of Medicine

Campaign 2008: What Can the Next President Do to Reform Health Care?

Vivian Ho

James A. Baker III Institute for Public Policy &
Department of Economics, Rice University
Department of Medicine, Baylor College of Medicine

Tuesday, February 26, 2008

The background of the slide is a close-up, slightly blurred image of the American flag, showing the blue field with white stars and the red and white stripes. The text is overlaid on this background.

The Goals of Health Care Reform

- Access to Health Insurance and Health Care
- Controlling Rising Health Care Costs
- Improving the Quality of Health Care
- Financing – How Do We Pay for It?

Which presidential candidate would require all children to have health insurance?

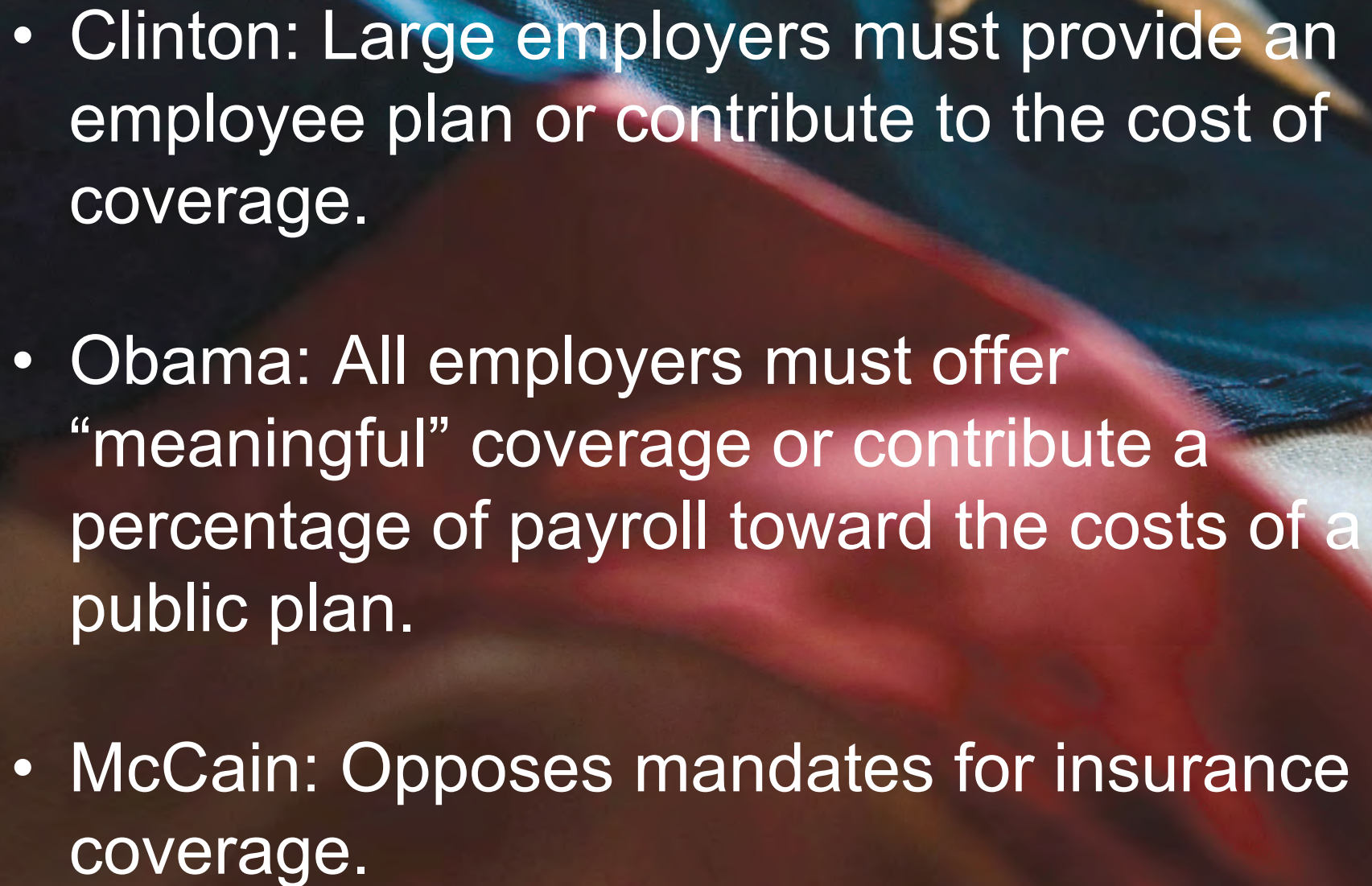
Clinton

McCain

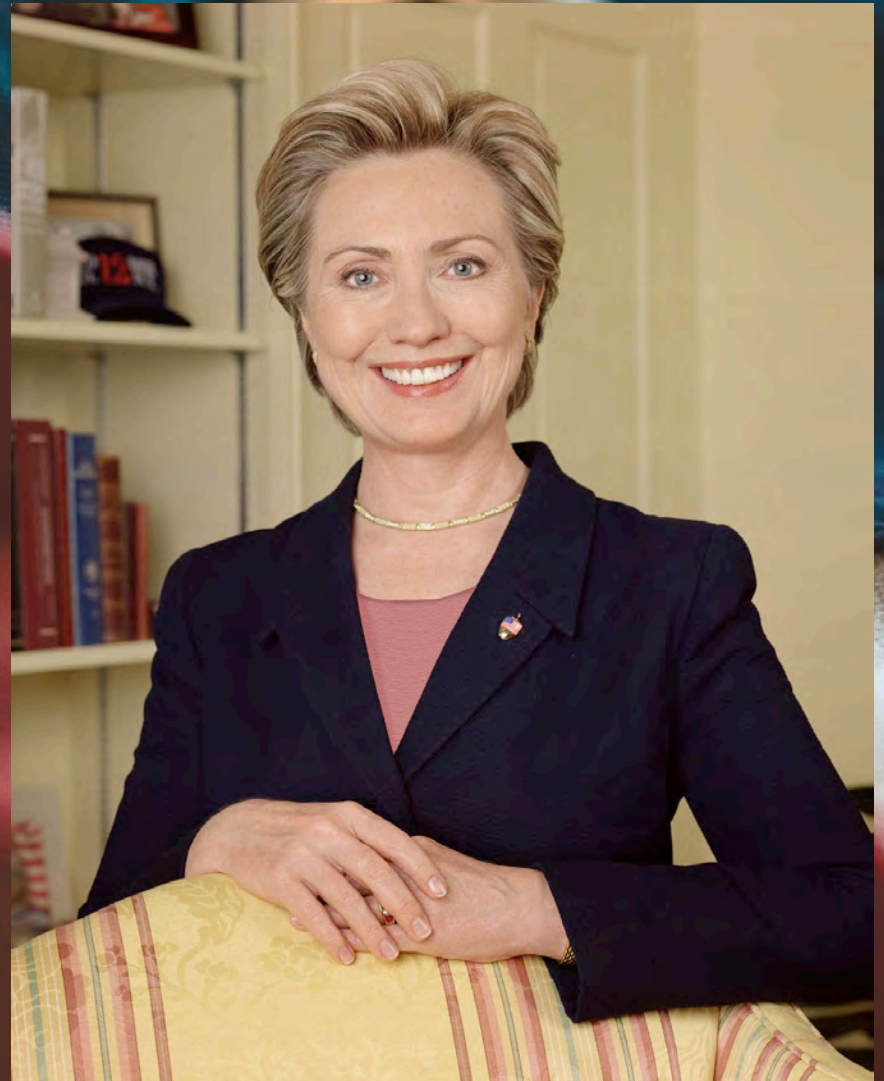
Obama



Clinton would require every American to have coverage.

- 
- Clinton: Large employers must provide an employee plan or contribute to the cost of coverage.
 - Obama: All employers must offer “meaningful” coverage or contribute a percentage of payroll toward the costs of a public plan.
 - McCain: Opposes mandates for insurance coverage.

- In addition to existing private and public options, all individuals may purchase insurance from the new Health Choices Menu
- The Menu will be part of the Federal Employee Health Benefit Program (FEHBP)
- Includes many high-quality private health insurance options
 - The same set of options that Members of Congress choose from.



- The National Health Insurance Exchange
- Small businesses and individuals without access to insurance can enroll in the new public plan or in approved private plans.



All 3 proposals face a problem with adverse selection

- Adverse Selection: An insurer that calculates one price for a health insurance policy based on the expected costs of the entire population is more likely to attract the higher-risk higher-cost patients.
- Consequences:
 - Escalating premiums for those who buy insurance.
 - Uncovered costs for those who don't buy coverage and end up needing care.

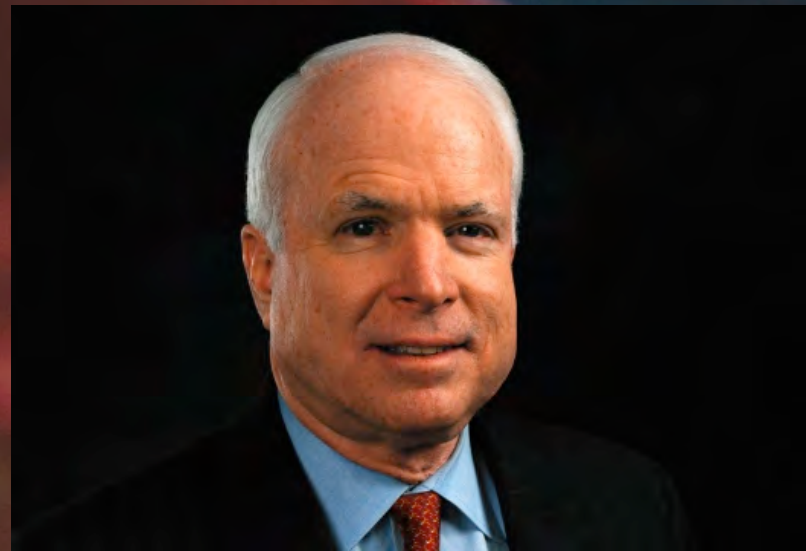
Helping Americans Pay for Health Insurance

Which candidate would provide a tax credit of \$2,500 to all individuals and \$5,000 to all families for the purchase of health insurance?

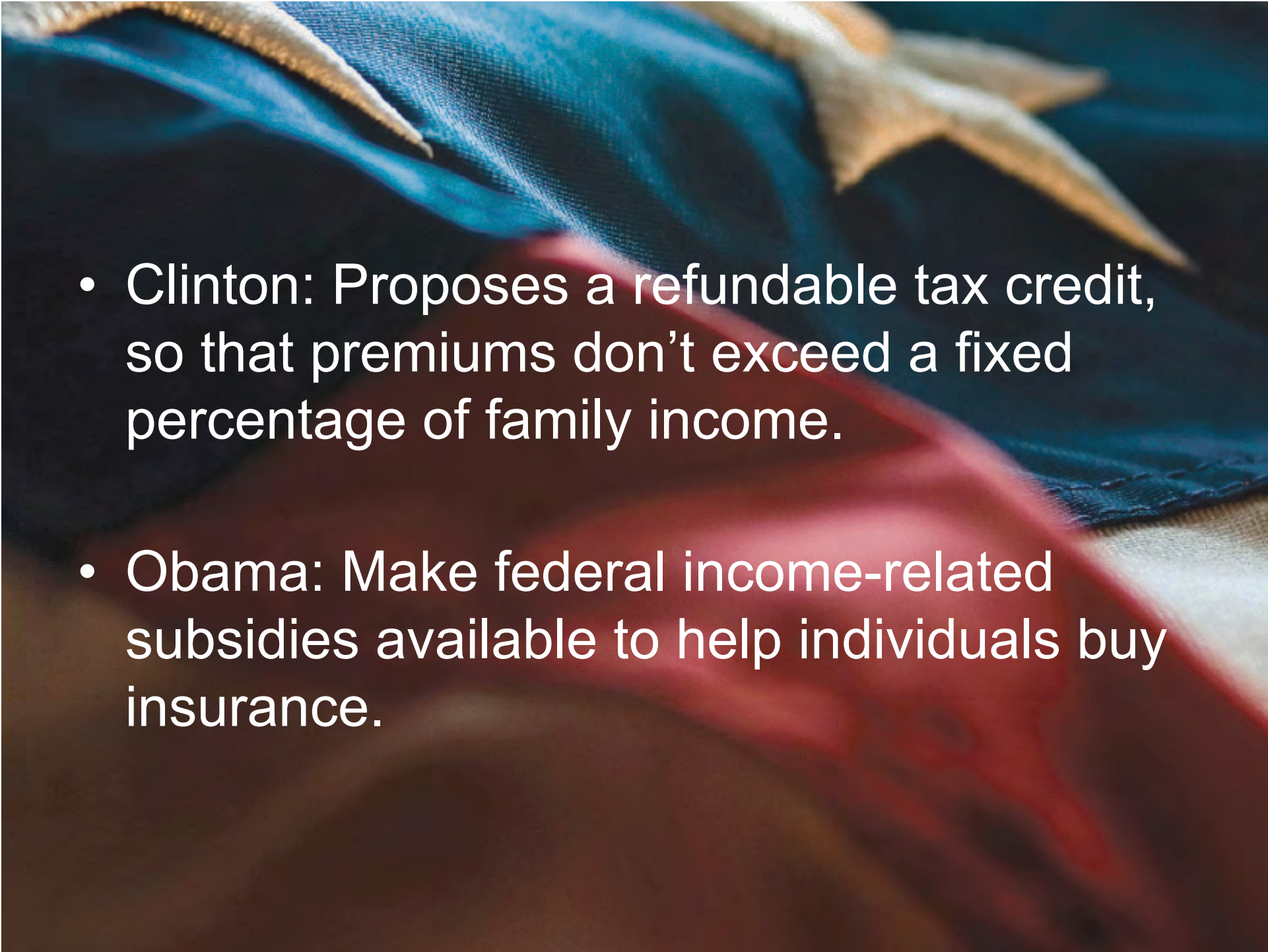
Clinton

McCain

Obama



To guarantee that insurers don't capture the bulk of the tax credit, he would promote competition among insurers by allowing insurance to be sold across state lines.

- 
- Clinton: Proposes a refundable tax credit, so that premiums don't exceed a fixed percentage of family income.
 - Obama: Make federal income-related subsidies available to help individuals buy insurance.

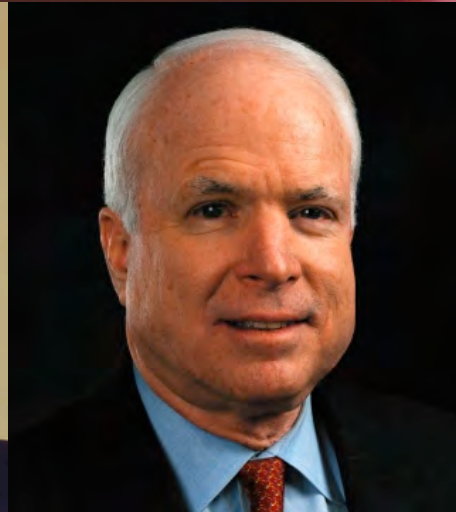
Controlling Health Care Costs and Improving Quality

Which candidate supports the prevention and care of chronic illnesses?

Clinton

McCain

Obama



10 Medical Conditions Explain 66% of Rise in Medicare Costs for 1987-2002

% of 1987-2002 spending increase

Heart Disease	12.39
Mental Disorders	9.65
Trauma	7.50
Arthritis	6.83
Hypertension	6.76
Cancer	6.08
Diabetes	5.46
Pulmonary Conditions	4.28
Hyperlipidemia	3.86
Cerebrovascular Disease	3.40

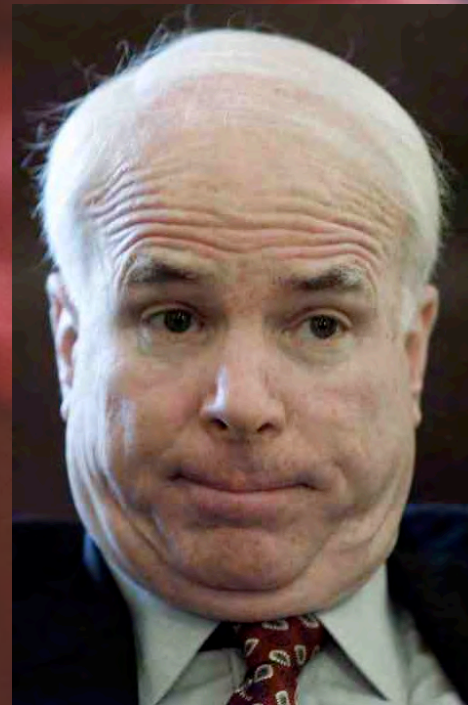
Source: KE Thorpe, DH Howard Health Affairs 2006

Which candidate would promote competition among providers by paying them only for quality and promote use of alternative providers (e.g. nurse practitioners) and treatment settings (e.g. walk-in clinics in retail outlets)?

Clinton

McCain

Obama



Which candidate would require health insurance plans to disclose the percentage of their premiums that actually goes to paying for patient care as opposed to administrative costs?

Clinton

McCain

Obama



Which candidate would establish an independent “Best Practices Institute” to help consumers and other purchasers and plans make the right care choices?

- Clinton
- McCain
- Obama



How Do We Pay for All of This?

Which candidate would no longer allow a deduction for employer-provided health insurance?

Clinton

McCain

Obama



Clinton would limit the tax exclusion for households earning $> \$250,000$.
The average cost of employer-provided family health insurance is now \$12,000 a year..

Which candidate has the highest projected costs for health care reform?

Clinton

McCain

Obama



Price tag for health care reform is \$110b a year.

Half will be financed by savings from quality and modernization initiatives, Medicare & Medicaid changes, and constraining prescription drug costs.

Which candidate would pay for health care reform by discontinuing tax cuts for those with incomes over \$250,000?


Clinton

McCain

Obama



Every 1% increase in tax rates for the wealthiest only raises \$6 billion.

A close-up photograph of a blue and red fabric with a white lace-like pattern. The blue fabric is on top, and the red fabric is on the bottom. The white pattern is visible on the blue fabric. The text "What happens if we fail at health care reform?" is overlaid in white on the blue fabric.

What happens if we fail at health
care reform?