Health Care Reform Proposals of the 2008 Presidential Election

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Why Does the Current Health Insurance System Fail to Promote High Performance?

• Access to care is unequal
• Poor access to care is linked to poor quality
• Care delivery is inefficient
• Fragmented health insurance system makes it difficult to control costs
• Financing of care for uninsured and underinsured families is inefficient
• Positive incentives in benefit design and insurance markets are lacking
Employers Provide Health Benefits to More than 160 Million Working Americans and Family Members

Numbers in millions, 2006

**Total population = 296.7**

- Uninsured: 47.0 (16%)
- Employer: 163.3 (55%)
- Medicaid: 27.9 (9%)
- Medicare: 39.1 (13%)
- Individual: 16.0 (5%)
- Military: 3.4 (1%)

**Under-65 population = 260.7**

- Uninsured: 46.4 (18%)
- Employer: 160.8 (62%)
- Medicaid: 27.9 (11%)
- Medicare: 6.4 (2%)
- Individual: 15.8 (6%)
- Military: 3.4 (1%)


Employer-Provided Health Insurance, by Income Quintile, 2000–2006

Percent of population under age 65 with health benefits from employer

States’ Medicaid/SCHIP eligibility levels for children (% of federal poverty level)

States’ Income Eligibility Levels for Medicaid/SCHIP for Parents

States’* Medicaid/SCHIP eligibility levels for parents (% of federal poverty level)

States’ Income Eligibility Levels for Medicaid/SCHIP for Non-Parent Adults

States’* Medicaid/SCHIP eligibility levels for non-parent adults (% of federal poverty level)

Source: State Coverage Initiatives, current as of October 2006.
## Individual Market Is Not an Affordable Option for Many People

<table>
<thead>
<tr>
<th>Adults ages 19–64 with individual coverage or who thought about or tried to buy it in past 3 years who:</th>
<th>Total</th>
<th>Health Problem</th>
<th>No Health Problem</th>
<th>&lt;200% Poverty</th>
<th>200%+ Poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Found it very difficult or impossible to find coverage they needed</td>
<td>34%</td>
<td>48%</td>
<td>24%</td>
<td>43%</td>
<td>29%</td>
</tr>
<tr>
<td>Found it very difficult or impossible to find affordable coverage</td>
<td>58</td>
<td>71</td>
<td>48</td>
<td>72</td>
<td>50</td>
</tr>
<tr>
<td>Were turned down or charged a higher price because of a pre-existing condition</td>
<td>21</td>
<td>33</td>
<td>12</td>
<td>26</td>
<td>18</td>
</tr>
<tr>
<td>Never bought a plan</td>
<td>89</td>
<td>92</td>
<td>86</td>
<td>93</td>
<td>86</td>
</tr>
</tbody>
</table>

47 Million Uninsured in 2006, Increase of 8.6 Million Since 2000, Adults Under-65 Accounted for Most of the Increase


Percent of Uninsured Children Declined Since Implementation of SCHIP, But Gaps Remain

1999–2000
U.S. Average: 12.0%

2005–2006
U.S. Average: 11.3%


State Ranking on Access and Quality Dimensions

Source: Commonwealth Fund State Scorecard on Health System Performance, 2007
Adults Without Insurance Are Less Likely to Be Able to Manage Chronic Conditions

Percent of adults ages 19–64 with at least one chronic condition*

- **Insured all year**
- **Insured now, time uninsured in past year**
- **Uninsured now**

<table>
<thead>
<tr>
<th>Condition</th>
<th>Insured All Year</th>
<th>Insured Now</th>
<th>Uninsured Now</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skipped doses or did not fill prescription for chronic condition because of cost</td>
<td>18</td>
<td>58</td>
<td>59</td>
</tr>
<tr>
<td>Visited ER, hospital, or both for chronic condition</td>
<td>16</td>
<td>27</td>
<td>35</td>
</tr>
</tbody>
</table>

*Hypertension, high blood pressure, or stroke; heart attack or heart disease; diabetes; asthma, emphysema, or lung disease.

Previously Uninsured Medicare Beneficiaries With History of Cardiovascular Disease or Diabetes Have Much Higher Self-Reported Hospital Admissions After Entering Medicare Than Previously Insured

Number of hospital admissions per 2-year period

- Uninsured before age 65
- Continuously insured before age 65

Cost-Related Access Problems, by Deductible

Percent of adults ages 19–64 insured all year with private insurance

- Did not fill a prescription
- Did not see specialist when needed
- Skipped recommended test, treatment, or follow-up
- Had medical problem, did not see doctor or clinic
- Any of the four access problems

Many Americans Have Problems Paying Medical Bills or Are Paying Off Medical Debt

Percent of adults ages 19–64 who had the following problems in past year:

- Not able to pay medical bills
- Contacted by collection agency*
- Had to change way of life to pay medical bills
- Medical bills/debt being paid off over time
- Any medical bill problem or outstanding debt

*Includes only those who had a bill sent to a collection agency when they were unable to pay it.

### One-Quarter of Adults With Medical Bill Burdens and Debt Were Unable to Pay for Basic Necessities

Percent of adults ages 19–64 with medical bill problems or accrued medical debt:

<table>
<thead>
<tr>
<th>Percent of adults reporting:</th>
<th>Total</th>
<th>Insured all year</th>
<th>Insured now, time uninsured during year</th>
<th>Uninsured now</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unable to pay for basic necessities (food, heat or rent) because of medical bills</td>
<td>26%</td>
<td>19%</td>
<td>28%</td>
<td>40%</td>
</tr>
<tr>
<td>Used up all of savings</td>
<td>39</td>
<td>33</td>
<td>42</td>
<td>49</td>
</tr>
<tr>
<td>Took out a mortgage against your home or took out a loan</td>
<td>11</td>
<td>10</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>Took on credit card debt</td>
<td>26</td>
<td>27</td>
<td>31</td>
<td>23</td>
</tr>
</tbody>
</table>

Americans Spend More Out-of-Pocket on Health Care Expenses

Total health care spending per capita

Out-of-pocket spending per capita

Source: The Commonwealth Fund, calculated from OECD Health Data 2006.

Note: a2003
b2003 Total Health Care Spending, 2002 OOP Spending
16 Million Adults Under Age 65 Were Underinsured in 2005

- Uninsured during the year: 47.8 (28%)
- Underinsured: 16.1 (9%)
- Insured, not underinsured: 108.6 (63%)

Adults 19–64

Note: Underinsured defined as having any of three conditions: 1) annual out-of-pocket medical expenses are 10% or more of income; 2) among low-income adults, out-of-pocket medical expenses are 5% or more of income; 3) health plan deductibles are 5% or more of income.

Roadmap to Health Insurance for All: Principles for Reform

• Builds an essential foundation for quality and efficiency as well as access
• Benefits cover essential services with financial protection
• Premiums/deductibles/out of pocket costs affordable
• Coverage is automatic, stable, seamless
• Choice of health plans or care systems
• Broad health risk pools; competition based on performance, not risk or cost shift
• Simple to administer: lowers overhead costs providers/payers
• Minimizes dislocation
• Financing adequate/fair/shared across stakeholders
Health Reform and the Presidential Candidates

• Leading Democrats:
  – Mixed private-public group insurance
  – Shared financial responsibility (government, employers, households), employer & individual mandate
  – Medicaid/SCHIP expansion
  – New group insurance “connectors” with private & public plan options like Medicare
  – Insurance market regulations against risk selection
  – HIT, prevention, chronic care management, comparative effectiveness, pay for performance, transparency
  – Finance with repeal/expiration of high-income tax breaks and system reforms

• Leading Republicans:
  – Tax incentives for purchase of individual insurance
  – Make employer health insurance contributions taxable income to employee
  – Buy insurance from any state
  – Greater state flexibility to reallocate Medicaid/SCHIP dollars
  – Tort reform, transparency, IT, pay for performance, prevention
<table>
<thead>
<tr>
<th>Features of Candidates’ Approaches to Health Care Reform</th>
<th>Senator Clinton</th>
<th>Senator Edwards</th>
<th>Senator Obama</th>
<th>Mayor Giuliani</th>
<th>Senator McCain</th>
<th>Governor Romney</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Mandate</td>
<td>X</td>
<td>X</td>
<td>Children up to age 25 only</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Employer Shared Responsibility</td>
<td>TK% of payroll, small businesses exempt</td>
<td>6% of payroll</td>
<td>TK% of payroll</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Subsidies for Low-income Uninsured</td>
<td>Tax credit for premium &gt;TK% of income</td>
<td>Refundable tax credit on sliding scale</td>
<td>Sliding scale premium subsidies</td>
<td>Health insurance credit for low-income</td>
<td>Tax credit $2,500 for individuals, $5,000 for families</td>
<td>Premium subsidies</td>
</tr>
<tr>
<td>Medicaid/ SCHIP expansion</td>
<td>X</td>
<td>Parents/ children up to 250% FPL; childless adults up to 100% FPL</td>
<td>X</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Risk pooling</td>
<td>Private Health Choices Menu through FEHBP &amp; public insurance plan option modeled after Medicare</td>
<td>Regional health markets with private &amp; public plan options</td>
<td>National Health Insurance Exchange with private &amp; public plan options</td>
<td>Purchase private insurance in any state</td>
<td>Purchase private insurance in any state</td>
<td>Incentives to states to deregulate private insurance markets</td>
</tr>
<tr>
<td>Quality and Efficiency Measures</td>
<td>HIT, Transparency, P4P, Prevention, Comparative effectiveness, Chronic disease management, Disparities, Malpractice reform</td>
<td>HIT, Transparency, P4P, Prevention, Comparative effectiveness, Chronic disease management, Disparities, Malpractice reform</td>
<td>HIT, Transparency, P4P, Prevention, Comparative effectiveness, Chronic disease management, Disparities, Malpractice reform</td>
<td>HIT, Transparency, Prevention, Malpractice reform</td>
<td>HIT, Transparency, P4P, Prevention, Chronic disease management, Malpractice reform</td>
<td>HIT, Transparency, Malpractice reform</td>
</tr>
</tbody>
</table>
## Candidates’ Agreement on Health Care Reform Features

<table>
<thead>
<tr>
<th>Features</th>
<th>Senator Clinton</th>
<th>Senator Edwards</th>
<th>Senator Obama</th>
<th>Mayor Giuliani</th>
<th>Senator McCain</th>
<th>Governor Romney</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Candidates From Both Parties Agree</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expanding coverage</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Health IT</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Transparency</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Malpractice reform</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td><strong>Some Candidates Agree</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pay for performance</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>No</td>
<td>X</td>
<td>No</td>
</tr>
<tr>
<td>Prevention</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>No</td>
</tr>
<tr>
<td><strong>Candidates Differ</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Universal coverage</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Individual mandate</td>
<td>X</td>
<td>X</td>
<td>All children</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Employer pay or play</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Changes to employer benefit tax exemption</td>
<td>X</td>
<td>No</td>
<td>No</td>
<td>X</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Regulation of insurance markets</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
## Design Matters: How Well Do Different Strategies Meet Principles for Health Insurance Reform?

<table>
<thead>
<tr>
<th>Principles for Reform</th>
<th>Tax Incentives and Individual Insurance Markets</th>
<th>Mixed Private-Public Group Insurance with Shared Responsibility for Financing</th>
<th>Public Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covers Everyone</td>
<td>0</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Minimum Standard Benefit Floor</td>
<td>−</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Premium/Deductible/Out-of-Pocket Costs Affordable Relative to Income</td>
<td>−</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Easy, Seamless Enrollment</td>
<td>0</td>
<td>+</td>
<td>++</td>
</tr>
<tr>
<td>Choice</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Pool Health Care Risks Broadly</td>
<td>−</td>
<td>+</td>
<td>++</td>
</tr>
<tr>
<td>Minimize Dislocation, Ability to Keep Current Coverage</td>
<td>+</td>
<td>++</td>
<td>−</td>
</tr>
<tr>
<td>Administratively Simple</td>
<td>−</td>
<td>+</td>
<td>++</td>
</tr>
<tr>
<td>Work to Improve Health Care Quality and Efficiency</td>
<td>0</td>
<td>+</td>
<td>+</td>
</tr>
</tbody>
</table>

0 = Minimal or no change from current system; − = Worse than current system; + = Better than current system; ++ = Much better than current system

Why Not the Best?

• Current directions absent policy change:
  – Costs expected to go to 20% of GDP and uninsured to move up the economic ladder

• Aiming higher: Why not the best?
  – U.S. has the resources and technology
  – Facing facts can help build consensus
Related Commonwealth Fund Reports


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