

## Health Care and the Obama Plan

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- 47 million Americans lack health insurance
  - o 9 million of those are children
  - o 80% are in working families
- Premiums have risen 4x faster than wages in past 6 years
- Nearly 11 million insured individuals spent more than ¼ of their salary on health care last year
- Less than 4 cents of every health care dollar is spent on prevention and public health.

### The Obama Plan:

- Providing affordable, comprehensive and portable health coverage for every American
- Modernizing the U.S. health care system to contain spiraling health care costs and improve the quality of patient care
- Promoting prevention and strengthening public health, to prevent disease and protect against natural and man-made disasters

### Universal coverage:

- establish a new public insurance program, available to Americans who neither qualify for Medicaid or SCHIP nor have access to insurance through their employers, as well as to small businesses that want to offer insurance to their employees
- create a National Health Insurance Exchange to help Americans and businesses that want to purchase private health insurance directly
- require all employers to contribute towards health coverage for their employees or towards the cost of the public plan
- mandate all children have health care coverage
- expand eligibility for the Medicaid and SCHIP programs
- allow flexibility for state health reform plans.
- guaranteed eligibility: no pre-existing condition exclusions
- Fair premiums and minimal co-pays for deductibles for preventive services
- Subsidies for those who do not qualify for Medicaid or SCHIP but still need financial assistance
- Portability: participants in new public plan or NHIE will be able to move from job to job without losing their coverage
- Quality control: participating hospitals and providers will have to collect and report data to ensure standards for health care quality, health IT, and administration are met

### National Health Insurance Exchange

- Creates rules and standards for private insurance to ensure fairness and make coverage more affordable and accessible
- Any American is eligible to enroll in either the new public plan or an approved private plan
- Income-based sliding scale subsidies will be provided
- Requires that all plans are at least as generous as the public plan and meet same standards for quality and efficiency
- Insurers would be required to justify above-average premium increases
- Would evaluate plans and make differences transparent

#### Modernizing the Health Care System and Improve Quality

- Offers federal reinsurance to employers for catastrophic illnesses
- Adopt state-of-the-art health IT systems
- Reform the market structure to increase competition
- Support disease management programs for chronic conditions
- Reform medical malpractice by strengthening antitrust laws to prevent overcharging physicians for insurance and promote new models for addressing physician errors.
- Invest \$10billion a year for next 5 years to move toward adoption of standards-based EMR.

#### Increase Competition

- Drug reimportation: Americans pay 67% premium for the exact same drug sold in Europe and Canada. Obama's plan will allow Americans to buy medicines from other developed countries
- Increase use of generics and prohibit large drug companies from keeping generics out of the market
- Repeal ban preventing government from negotiating down prices of prescription drug (ban enacted by 2003 Medicare Prescription Drug Improvement and Modernization Act)

#### Analysis:

If payroll tax is too low, businesses would choose to pay rather than offer coverage.

Assumes that substantial savings will be achieved by increasing the use of EMR's, improving the management of chronic conditions, and strengthening prevention.

\$50-65billion in upfront spending to come from expiration of tax cuts for families making over \$250000, but the Congressional Budget Office already assumes in its projections that these will end, so their expiration does not generate new revenues to satisfy congressional budget rules.

Reinsurance is not a cost savings, it is a cost shift, and would water down incentive for insurers and employers to manage these claims since most of these costs would be transferred to the government