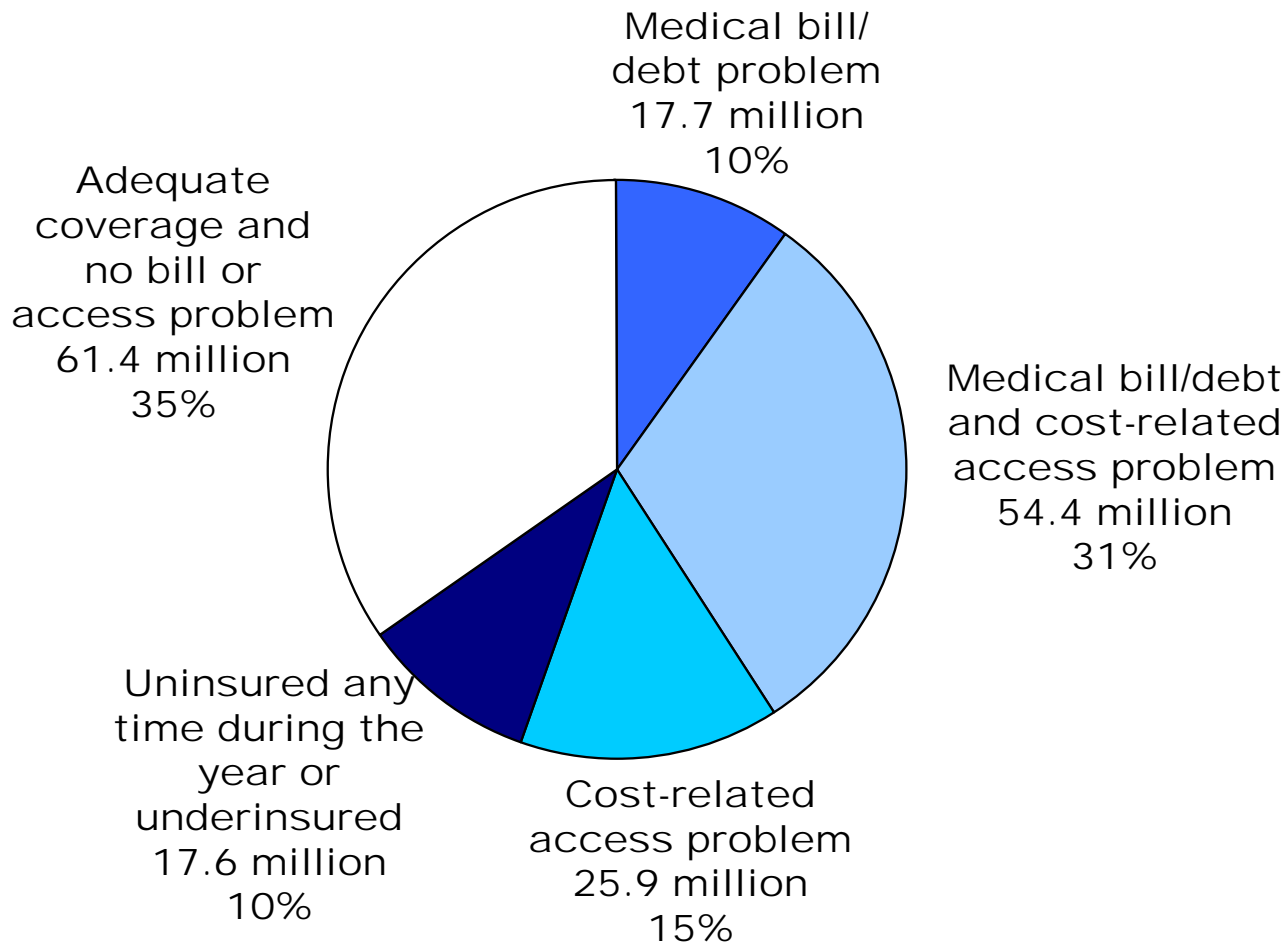




*The 2008 Presidential  
Candidates' Health Reform  
Proposals: Choices for America*

The Commonwealth Fund  
Media Teleconference  
October 1, 2008

# Estimated 116 Million Adults Were Uninsured, Underinsured, Reported a Medical Bill Problem, and/or Did Not Access Needed Health Care Because of Cost, 2007

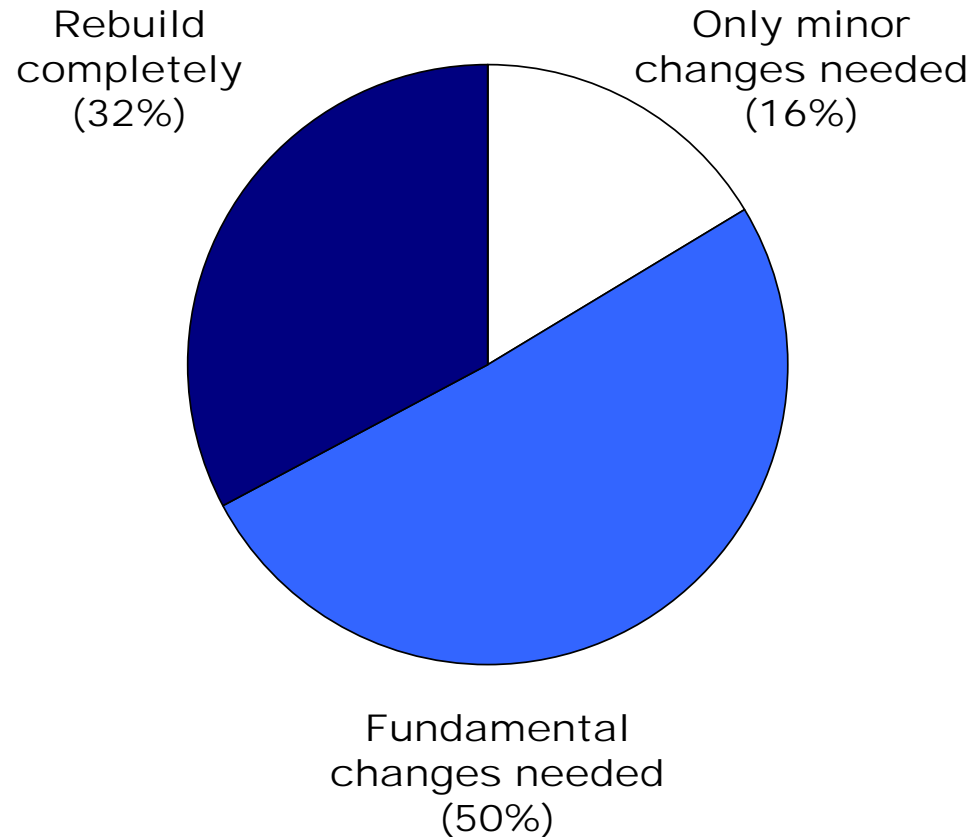


177 million adults, ages 19-64

Note: Percentages may not sum to 100 due to rounding.

Source: The Commonwealth Fund Biennial Health Insurance Survey (2007).

# Which of the Following Comes Closest to Expressing Your Overall View of the Health Care System in this Country?



# Health Insurance Reform and the Presidential Candidates: Two Distinct Approaches

Both candidates seek to expand health insurance with fundamentally different approaches:

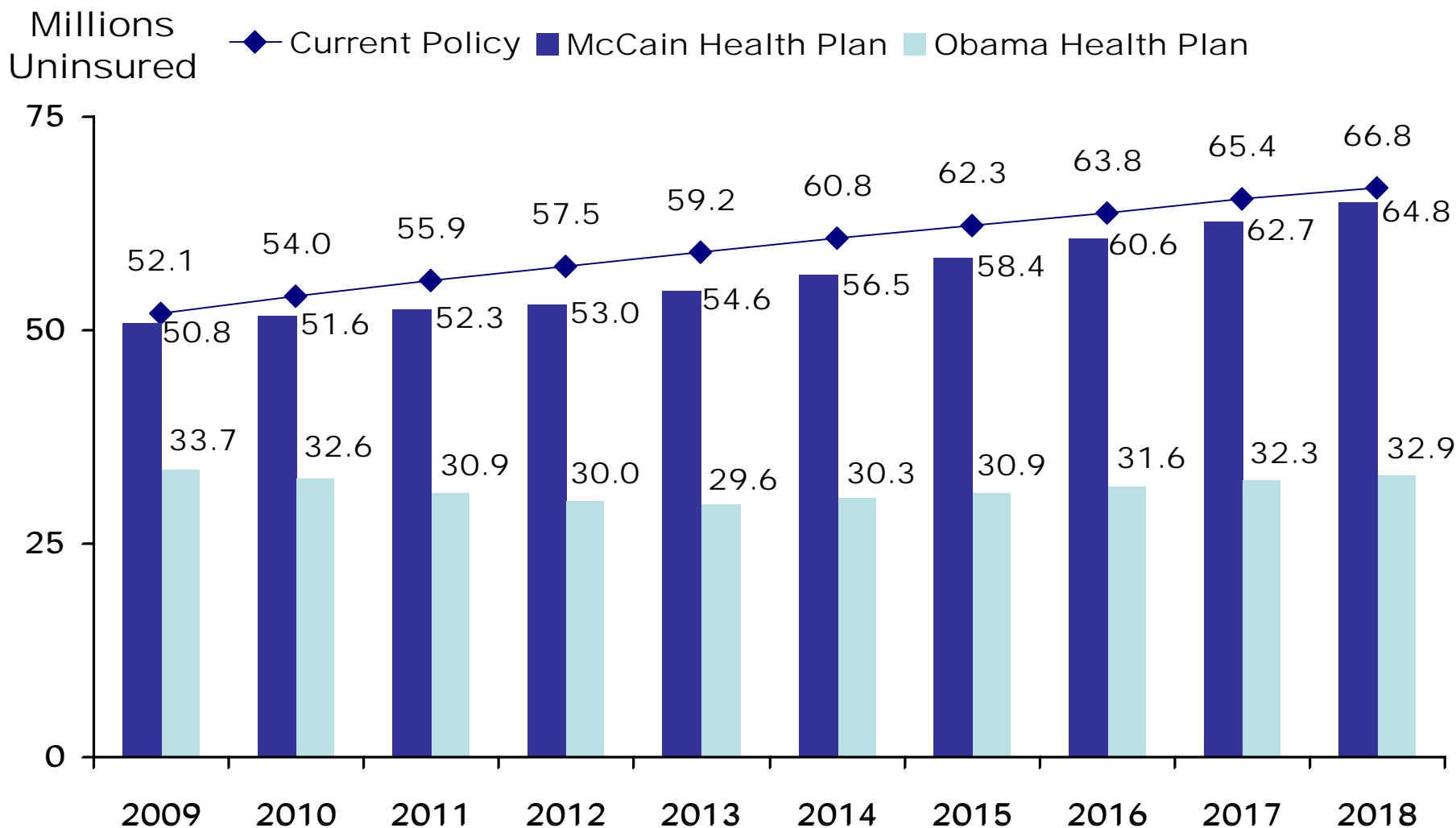
- Senator McCain: Would use tax credits to encourage people to buy coverage in the individual insurance market. Employer premium contributions would become taxable income. Allow purchase of health insurance across state lines and expand high risk pools.
- Senator Obama: Would strengthen employer coverage and public insurance programs by requiring employers, except small businesses, to offer coverage or contribute to cost and expand eligibility for Medicaid/SCHIP. New National Health Insurance Exchange offer choice of private and public plans, with underwriting restrictions, premium subsidies for families without employer/public coverage and tax credits for small business.

# Key Differences Between the Presidential Candidates' Health Reform Plans

	McCain	Obama
Aims to Cover Everyone	Not a Goal	Goal
Rules for Individual Insurance Market	Minimum State Rules	Uniform National Rules
Employer Role in Providing Health Benefits	Reduce	Expand
Medicaid/SCHIP	Reduce	Expand
Families' Exposure to Health Care Costs	More	Less
Requirements to Have Coverage	None	Children Only
Leverage to Stimulate Improvement in Quality and Efficiency	No change from current system	More
Uninsured Covered After 10 Years*	2 million	34 million

\*Estimates of uninsured covered from Burman et al., *An Updated Analysis of the 2008 Presidential Candidates' Tax Plans*, Urban Institute–Brookings Institution Tax Policy Center, Updated September 12, 2008.

# Estimated Number of Uninsured People Under Current Policy, McCain<sup>6</sup> Health Plan, and Obama Health Plan



Source: Burman et al., *An Updated Analysis of the 2008 Presidential Candidates' Tax Plans*, Urban Institute–Brookings Institution Tax Policy Center, Updated September 12, 2008.

# Tax Policy Center Estimates of Coverage and Costs of Candidates' Plans

	McCain*		Obama*	
	Change in Uninsured (millions)	Federal Costs (\$ billions)	Change in Uninsured (millions)	Federal Costs (\$ billions)
2009	(1.3 m)	\$185 b	(18.4 m)	\$86 b
2013	(4.6 m)	\$141 b	(29.6 m)	\$160 b
2018	(2.0 m)	\$64 b	(33.9 m)	\$237 b
Total Cost (2009–2018)	--	\$1,311 b	--	\$1,630 b
Total Uninsured <u>Not Covered</u> , 2018 (Out of an Estimated 66.8 m)	64.8 m	--	32.9 m	--

\* Estimates based on assumptions made by the Tax Policy Center about key details of the proposals that have not yet been made clear.  
Source: Burman et al., *An Updated Analysis of the 2008 Presidential Candidates' Tax Plans*, Urban Institute–Brookings Institution Tax Policy Center, Updated September 12, 2008.

# Policy Options and Distribution of 10-Year Impact on Spending Across Payer Groups (in billions)

	Total NHE*	Federal Government	State/Local Government	Private Payer	Households
<b>Producing and Using Better Information</b>					
1. Promoting Health Information Technology	-\$88	-\$41	-\$19	\$0	-\$27
2. Center for Medical Effectiveness and Health Care Decision-Making	-\$368	-\$114	-\$49	-\$98	-\$107
3. Patient Shared Decision-Making	-\$9	-\$8	\$0	\$0	-\$1
<b>Promoting Health and Disease Prevention</b>					
4. Public Health: Reducing Tobacco Use	-\$191	-\$68	-\$35	-\$39	-\$49
5. Public Health: Reducing Obesity	-\$283	-\$101	-\$52	-\$57	-\$73
6. Positive Incentives for Health	-\$19	\$2	-\$12	-\$4	-\$5
<b>Aligning Incentives with Quality and Efficiency</b>					
7. Hospital Pay-for-Performance	-\$34	-\$27	-\$1	-\$2	-\$4
8. Episode-of-Care Payment	-\$229	-\$377	\$18	\$90	\$40
9. Strengthening Primary Care and Care Coordination	-\$194	-\$157	-\$4	-\$9	-\$23
10. Limit Federal Tax Exemptions for Premium Contributions	-\$131	-\$186	-\$19	-\$55	\$130
<b>Correcting Price Signals in the Health Market</b>					
11. Reset Benchmark Rates for Medicare Advantage Plans	-\$50	-\$124	\$0	\$0	\$74
12. Competitive Bidding	-\$104	-\$283	\$0	\$0	\$178
13. Negotiated Prescription Drug Prices	-\$43	-\$72	\$4	\$17	\$8
14. All-Payer Provider Payment Methods and Rates	-\$122	\$0	\$0	-\$105	-\$18
15. Limit Payment Updates in High-Cost Areas	-\$158	-\$260	\$13	\$62	\$27

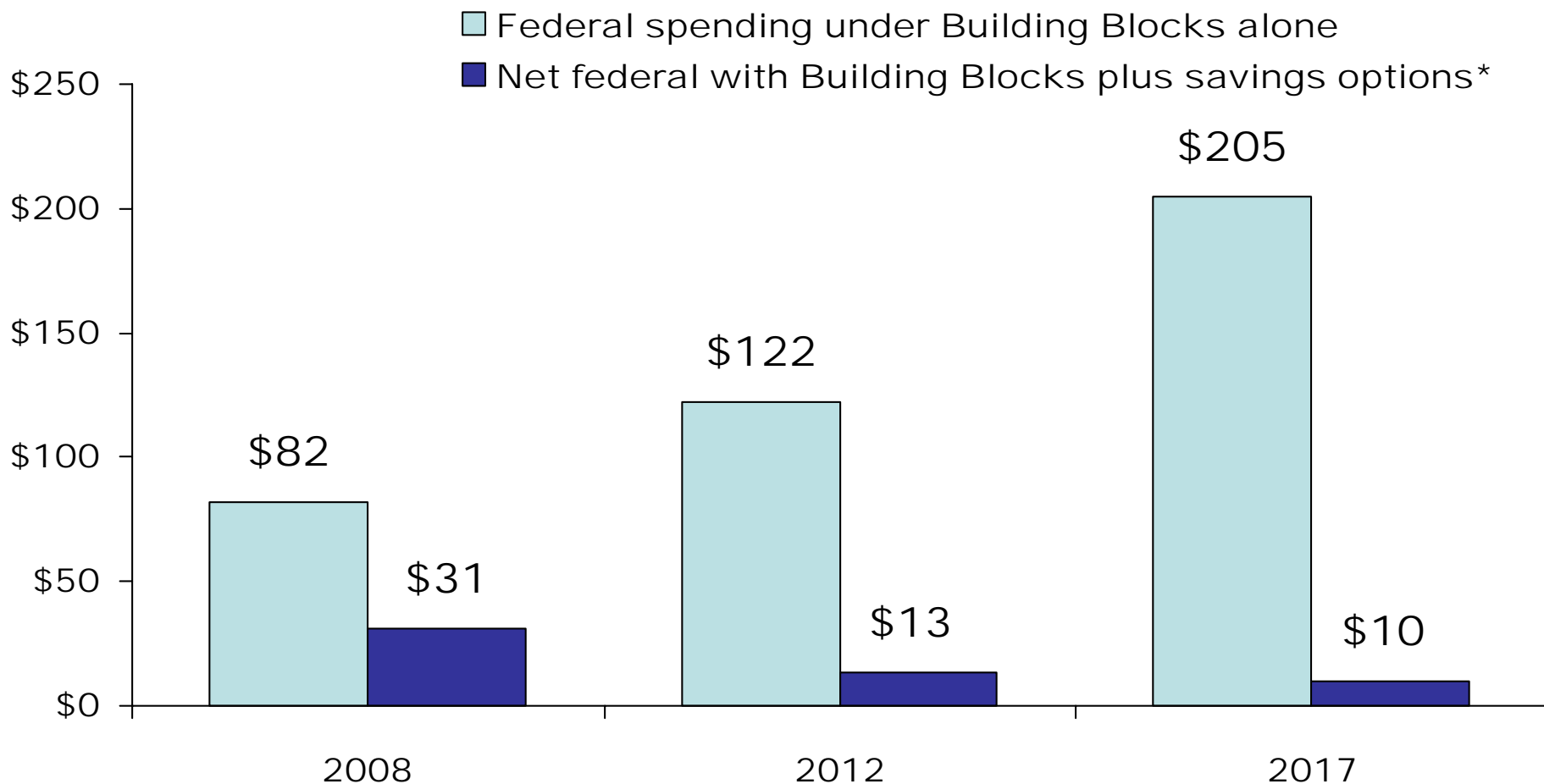
Note: A negative number indicates spending decreases compared with projected expenditures (i.e., savings); a positive indicates spending increases.

\* In some cases, because of rounding, the sum of the payer group impact does not add up to the national health expenditures total.

Source: C. Schoen, S. Guterman, A. Shih et al., *Bending the Curve: Options for Achieving Savings and Improving Value in U.S. Health Spending* (New York: The Commonwealth Fund, December 2007).

# Savings Can Offset Federal Costs of Insurance for All: Federal Spending Under Two Scenarios<sup>9</sup>

Dollars in billions



\* Selected options include improved information, payment reform, and public health.

Data: Lewin Group estimates of combination options compared with projected federal spending under current policy.

Source: Schoen et al., *Bending the Curve: Options for Achieving Savings and Improving Value in U.S. Health Spending* (New York: The Commonwealth Fund, December 2007).

# Political Support for Change: Majority Think Next President Should Address Health Care Quality, Costs, and Coverage<sup>10</sup>

Percent reporting very important/ important presidential candidates include measures to:	Improve the quality of health care	Ensure care and insurance are affordable	Decrease the number of uninsured
Total	90	93	88
Annual income			
Less than \$35,000	94	97	95
\$35,000–\$49,999	95	95	90
\$50,000–\$74,999	90	91	90
\$75,000 or more	84	89	80
U.S. region			
Northeast	91	95	90
North Central	89	93	84
South	91	94	90
West	87	91	86
Political affiliation:			
Democrat	96	98	97
Independent	87	91	85
Republican	84	90	76

Source: S.K.H. How, et al., *Public Views on U.S. Health System Organization: A Call for New Directions*, The Commonwealth Fund Commission on a High Performance Health System, August 2008.