2008 Presidential Candidates Respond to Ten Questions About Their Health Care Reform Proposals

A key objective of the American Medical Association's (AMA) "Voice for the Uninsured" campaign has been to bring national attention to the issue of the uninsured. The AMA is pleased that each of the 2008 presidential candidates have made health care a top priority in their respective campaigns. In response to a set of ten questions posed to the candidates about their health care reform proposals, listed below are the verbatim responses received from the campaigns of Senators John McCain (R-AZ) and Barack Obama (D-IL). We encourage readers to review these questions and answers as they evaluate the proposals and platforms of the presidential candidates.

Disclaimer: The American Medical Association does not endorse presidential candidates. Inclusion of the responses by the candidates to these questions on the AMA Web site is not intended to imply endorsement of nor opposition to any candidate, nor support for a specific candidate's health care reform proposal. We have alternated the order of responses to avoid giving any special prominence to one candidate's responses.

1. How would your Administration address rising health care costs?

Senator McCain's response:

I believe that the root cause of our nation's health care problem is rising costs, and bringing them under control must be the first step in any meaningful health care reform. I will do so by transforming the practice of medicine in America, making sure that consumers are offered more choice, that there is pricing transparency, that payment is focused on quality outcomes, and that they are empowered by giving them a more direct role in the decision-making process regarding their own health.

Senator Obama's response:

My plan will allow the typical family to save up to $2,500 every year on medical expenditures.

The savings in costs will be achieved through:
Investing in health care information technology, which will reduce unnecessary spending in the health care system that results from preventable errors and inefficient paper billing systems;
Improving prevention and management of chronic conditions;
Increasing insurance industry competition and reducing underwriting costs and profits, which will reduce insurance overhead;
Providing reinsurance for catastrophic coverage, which will reduce insurance premiums; and
Making health insurance universal, which will reduce spending on uncompensated care.

2. **How many Americans would have health care coverage under your proposal, and what are the total costs and sources of financing for your proposal?**

Senator Obama's response:

My plan will provide affordable, high-quality and portable health insurance to all Americans, and ensure that all children, American citizens and legal immigrants have coverage. My plan will cost approximately $50 - 65 billion per year when fully phased in. I will ensure that this plan is revenue neutral by rolling back the Bush tax cuts for those earning above $250,000 per year and retaining the estate tax at its 2009 level, which has a $7 million exemption for couples.

Senator McCain's response:

With the reforms that I am proposing, tens of millions of Americans who are currently uninsured would have access to coverage – which is a significant step toward making sure that all Americans ultimately have access to meaningful and affordable coverage. My plan is an approach to address the rising cost of care through competition, tort reform, a focus on preventative care, and reforms to Medicare payments. Accordingly, my plan will reduce costs to the federal government and the American taxpayer.

3. **What are the roles and responsibilities of individuals, employers, or other relevant stakeholders under your proposal?**

Senator McCain's response:

I believe that every participant in the health care system – doctors, hospitals, insurance companies, patients, drug companies, medical device makers, state governments, and the federal government – must be prepared to change to make the system more responsive to the needs of American families. The most important players in health care; however, are the patient and their health care provider – as everyone else merely plays a support role. Patients and their families will have the opportunity to manage their health care dollars and will benefit from taking an active role in their own health care – understanding the state of their health and their risks, engaging in prevention and being an active participant in the management of their health. Health care providers must be accountable to their patients by educating their patients regarding their health status and steps they can take to maintain their health, practice evidenced-based medicine, and provide transparency regarding their costs and the options for treating illnesses. The health care systems and practices in which providers serve patients must remain vigilant in their focus on quality, efficiency and transparency.

Senator Obama's response:

I believe that protecting and promoting health and wellness in this nation is a shared responsibility among individuals and families, school systems, employers, the medical and public health workforce, and federal and state and local governments. I also believe that insurance companies have a critical role to play by reducing administrative costs, focusing more on preventative care, issuing all Americans fair insurance policies no matter any "pre-existing" conditions, and charging all Americans fair and reasonable premiums. All of these parties must do their part, as well as collaborate with one another, to create the conditions and opportunities that will allow and encourage Americans to adopt healthy lifestyles.

(1) Employers. I believe that employers, except for small businesses, have a responsibility to contribute to their employee's health insurance coverage. Employers that do not offer or make a meaningful contribution to the cost of quality health coverage for their employees will be required to contribute a percentage of payroll toward the costs of the national plan. Small employers that meet certain revenue thresholds will be exempt.

An increasing number of employers are also offering worksite health promotion programs and many employers choose insurance plans that cover preventive services for their employees. I believe that worksite interventions hold tremendous potential to influence health and will expand and reward these efforts.

(2) School systems. I will work with schools to create more healthful environments for children. I will work to get junk food out of vending machines in schools and improve nutritional content of lunches through financial incentives, increase grant support for physical education, expand federal reimbursement for school-based health services, and provide grants for health educational programs for students.

(3) Workforce. I will expand funding – including loan repayment, adequate reimbursement, grants for training curricula, and infrastructure support to improve working conditions – to ensure a strong workforce that will champion prevention and public health activities.

(4) Individuals and families. I will require all parents to provide health insurance coverage to their children. I will also require insurance plans to include coverage of essential clinical preventive services such as cancer screenings and smoking cessation programs in all federally supported health plans, including Medicare, Medicaid, SCHIP and the new public plan.

In addition, I will increase funding to expand community based preventive interventions to help Americans make better choices that can help ward off chronic and preventable diseases and improve their health.

(5) Federal, state, and local governments. The federal government and state and local governments play critical roles in disease prevention and health promotion activities. First, working together, governments at all levels should develop a national and regional strategy for public health that includes funding mechanisms for implementation. Second, the field of public health would benefit from greater research to optimize organization of the 3,000 health departments in this nation, collaborative arrangements between levels of government and its private partners, performance and accountability indicators, integrated and interoperable communication networks, and disaster preparedness and response. Third, the government must invest in workforce recruitment as well as modernizing our physical structures. And finally, the government must examine its own policies, including agricultural, educational, environmental and health policies, to assess and improve their effect on public health in this nation. As president, I will prioritize all of these activities to strengthen prevention and public health.

4. What is the role of public programs under your proposal, and how would you assure adequate payment levels within these programs to maintain sufficient patient access to care?

Senator Obama's response:

I will make available a new national health plan that will allow individuals without access to affordable insurance coverage, including the self-employed and small businesses, to buy affordable health coverage that is similar to the plan available to members of Congress. I will also expand the Medicaid and SCHIP programs to ensure that more low-income Americans have access to affordable health insurance coverage. My plan will also seek to align reimbursement with provision of high quality health care. Providers who see patients enrolled in the new public plan, the National Health Insurance Exchange, Medicare and FEHB will be rewarded for achieving performance thresholds on physician-validated outcome measures.

Senator McCain's response:

Public programs have been and remain an important vehicle for ensuring access to care and coverage for a number of populations, including the elderly, those who are or who have served our country in the military or the public sector, Native Americans, and the poor. It is certainly important that there is fair

payment for the delivery of services; however, just like the rest of the health care system, there is work to be done to provide adequate transparency and a focus on pay for high quality and superior outcomes. My proposal would accelerate the use of information technology to achieve real time measurement of adherence to best practices then link payment to a higher bar of medical care quality.

5. If your proposal incorporates the use of public subsidies, how are they designed or administered? Are they based on income, health status, employment status or some other measure?

Senator McCain's response:

A tax subsidy has long-supported private health insurance. I will provide universal and fairer provision of the tax-subsidy in the form of a $5,000 refundable tax credit ($2,500 for an individual) that will be available to every American, in the same amount for rich and poor, and regardless of the source of their private insurance coverage. To qualify for the tax credit, an individual consumer must purchase a health care plan or take an employer sponsored health plan.

Senator Obama's response:

Individuals and families who do not qualify for Medicaid or SCHIP but still need assistance will receive income-related federal subsidies to keep health insurance premiums affordable. They can use the subsidy to buy into the new public plan or purchase a private health care plan. Co-pays and deductibles for preventive care will be minimal in both the public and private plans. In addition, all plans will be required to use state-of-the-art disease management programs that help people manage their chronic diseases.

6. How would your proposal impact health insurance coverage portability, so that individuals would be able to maintain the same coverage regardless of factors such as employment status and geographic location?

Senator Obama's response:

Both the new public plan and the National Health Insurance Exchange will have fully portable plans so that individuals do not need to worry about losing their insurance when they switch a job or move residences.

Senator McCain's response:

By providing the tax subsidy regardless of the source of coverage, my reform permits the option of applying it to individual coverage. Permitting families to purchase health insurance across state lines makes health insurance even more portable. This would allow an individual to maintain the same coverage regardless of factors such as employment status or geographic location. It may be that a family who moved from Omaha, Nebraska to New York City will need to pay a higher premium because the market price for medical care in NYC is higher the same way car insurance and home owners insurance would be higher, but the coverage would still be the same. By restructuring the tax treatment of health care, my proposal would empower individuals and families with the ability to select for the policy that is right for them, allowing them to choose policies that would follow them from job to job. Moreover, I would allow non-traditional groups, including churches and professional organizations, to sponsor health insurance plans in which Americans could participate, irrespective of their employment status.

7. **What choice of benefit coverage options, including covered services, cost-sharing requirements, and premium levels, would be available under your proposal, and how would these decisions be made?**

Senator McCain's response:

The array of private insurance contracts today is quite varied, and will expand when the market is operating at a greater degree of innovation and choice. I look forward to products that are tailored to the needs of families. It makes sense to ensure that the tax subsidy is reserved for policies that meet standards for creditable coverage, including policies offered with no-cost sharing for preventive care for clearly best practices and demonstrated effective treatments like childhood immunizations or a periodic physical exam for adults.

Senator Obama's response:

Under my plan, the benefit package will be similar to that offered by the Federal Employees Health Benefit Program (FEHBP), the program through which Members of Congress get their own health care. The new public plan will include coverage of all essential medical services, including preventative, maternity and mental health care. Moreover, coverage will include disease management programs, self-management training and care coordination for appropriate individuals. I will also ensure that administrative costs are accurately reported and minimized so that government, business and patient money goes directly to improving health care outcomes, not bureaucratic processes.

Individuals will also be able to purchase separate private insurance as an alternative to, or as a supplement to, my plan's public component. There is no limit on what services these private plans will provide for, but the National Health Insurance Exchange will assure that every participating insurer provides a common baseline level of benefits that equals those provided by my new public plan.

8. **What, if any, provisions are included in your proposal for changing the health insurance market, and how would they improve the market, especially for people with predictably high medical costs?**

Senator Obama's response:

My plan would ensure that all insurance companies issue fair policies with reasonable premiums to all individuals who apply, regardless of any "pre-existing conditions". Additionally, my plan will reduce administrative costs across the health industry by investing $10 billion a year over the next five years to adopt standards-based electronic health information systems, including electronic health records and billing systems. This transition should save our economy up to $77 billion dollars, which can and should be used to help guarantee that health insurance is available to all Americans who seek it.

Additionally, competition between insurance companies within my new National Health Insurance Exchange will lower administration costs. I will also require full transparency about costs to insurance companies. Under my plan, health insurers will be required to disclose the percentage of premiums that actually goes to paying for patient care as opposed to administrative costs. Finally, the exchange will look to the loss ratio as a guide for deciding if premiums are appropriate.

My plan will also offer federal reinsurance to employer health plans to help ensure that unexpected or catastrophic illnesses do not price health insurance out of reach for businesses and their employees. For many small businesses in particular, having a single employee with catastrophic expenditures can make insurance unaffordable for all of the workers in the firm. My plan will reimburse employer health plans for a portion of the catastrophic costs they incur above a certain threshold – if they guarantee that such

savings will be used to reduce the cost of workers' premiums. Providing reinsurance for catastrophic coverage will also reduce premiums.

Senator McCain's response:

We live in a highly mobile society. We need health insurance that is portable from job-to-job and job-to-home. Allowing someone to buy insurance across state lines and keep it as they move would not only be more convenient, it could lead to lower premium prices that could reduce the number of uninsured. A family with a husband, wife and two kids would pay twice as much for a health insurance policy in New Jersey than they would for an identical policy one mile across the Delaware River in Pennsylvania. Letting residents buy insurance across state lines would reduce the uninsured. In addition, policies that are fair for those with chronic illnesses are a must as well. I will encourage the development of multi-year insurance contracts to encourage insurers to design benefits that maintain or enhance the quality of life of those with chronic illnesses as well as manage their costs in a competitive environment.

9. What is the role of health information technology (HIT) under your proposal, and how would the purchase and maintenance of HIT tools by financed?

Senator McCain's response:

HIT is essential to the success of my proposal. It amazes me a health economy of over two trillion dollars that epitomizes advanced technology has an underdeveloped HIT infrastructure. Any national or global retail chain has invested in and reaped enormous rewards from IT investment. What needs to be done to take health care to the next level? We need to transform the practice of medicine to reward coordination that supports the use of available health IT wherever possible, and that gives patients and providers the data they need to get the best possible value of care delivered. Today, much of medical records data is being recorded digitally. My proposal provides payment reforms for federal health programs and others to integrate medical, pharmacy, and service data on as near a real time basis for a given patient at any location. Physicians and patients need access to previous drug histories, medical test results and surgical notes to know how to proceed on treatment pathway to ensure the best possible outcome. There will be a role for government in developing standards and supportive regulation, but the bulk of ongoing investment will remain a private sector activity, as it is in the remainder of the economy.

Senator Obama's response:

I will invest $10 billion per year for five years to transition our health care system into the electronic age. These funds will be used to move the U.S. health care system to broad adoption of standards-based electronic health information systems, including electronic health records and will phase in requirements for full implementation of health IT. I will also phase in requirements for full implementation of health information technology and commit the necessary federal resources to make this change happen. My plan will provide for maximum integration by ensuring that these systems are developed in coordination with providers and frontline workers, including those in rural and underserved areas.

10. How would your Administration address quality reporting in the delivery of health care?

Senator Obama's response:

Health care quality and costs can vary tremendously among providers; however, patients have limited access to this information. My plan will require hospitals to collect and publicly report measures of health care costs and quality, including data on preventable medical errors, nurse staffing ratios, hospital-acquired infections, disparities in care, and costs. This effort builds on my successful effort in the Illinois State Senate to make hospital "report cards" mandatory. My plan will also implement initiatives to

improve quality of care by accelerating efforts to develop and disseminate best practices, and aligning reimbursement with physician-validated outcome measures.

Senator McCain's response:

Better HIT will enable quality reporting. By using the federal health programs as a catalyst, we will provide incentives to showcase effective and substantial quality reporting at the provider and regional levels. We will work with provider communities to establish a list of critical quality benchmarks and rapidly place incentives for their use.