

A Presidential Healthcare Platform

KaiserEDU.org, an online health policy resource for faculty and students, recently sponsored a student essay contest. The contest required that contestants assume the role of senior advisor to an actual or fictitious 2008 presidential candidate and develop a memo proposing a healthcare platform and communication strategy for the candidate. Directions included discussing what the centerpiece of the candidate's health plan should be, explaining why this issue is important to the voters, considering potential challenges the candidate may face in promoting the plan, and suggesting how the plan should be communicated to the public.

After reading entries from about 250 graduate and undergraduate students interested in health policy, judges for the KaiserEDU.org 1st annual student essay contest chose this essay by Brad Wright of the University of North Carolina as the graduate-level winner.

■ Memorandum

To: Democratic Presidential Candidate
From: Health Policy Advisor
Re: AmeriChoice: The Right Choice for Health Care Reform
Date: March 30, 2007

Introduction

With several states already pursuing universal coverage programs, and presidential hopefuls touting national proposals, healthcare reform is fast becoming one of the top issues in the 2008 election. This is not surprising given that the private market is failing to control escalating healthcare spending or cover the uninsured. In this memo, I argue that the best way to address the problem is to introduce competition between government and the private sector. I outline a plan that overcomes the limitations of previous reform efforts and will garner you bipartisan support en route to the Presidency.

The US healthcare system now spends over \$2 trillion a year but compares unfavorably on health outcome measures to nations that spend far less.¹ Providing uncompensated care to the nation's 47 million uninsured has increased Americans' average annual insurance premiums by \$922 per family and \$341 per individual.^{2,3} Consequently, health insecurity, a risk once faced only by the poor, now faces the middle class as well. Even the wealthiest Americans

are watching their corporations' bottom lines be consumed by rising insurance premiums, leading fewer employers to offer coverage to their employees.⁴

AmeriChoice, a new federal health insurance program that relies on employers, individuals, and government to share responsibility for reforming the healthcare system, promises a way out. By building on existing elements of the system, and providing choices to both employers and individuals, AmeriChoice is a politically and technically feasible approach to cost containment and universal coverage.

General Approach

Under AmeriChoice, the Medicare, Medicaid, and SCHIP programs would be consolidated into one, and all individuals eligible for these programs would be automatically enrolled in AmeriChoice. All other Americans could choose to enroll in AmeriChoice or obtain coverage through their employers or the individual market. Employers could choose whether to offer private coverage with benefits equivalent to AmeriChoice or pay a 5% payroll tax for each employee enrolled in AmeriChoice.

AmeriChoice will provide all of the benefits available to Medicare and Medicaid beneficiaries including mental and oral health and long-term care. Furthermore, AmeriChoice will mandate private insurers to provide at least this level of benefits. All services will be delivered,

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as currently, through the system of private healthcare providers. The program will be financed by a combination of individual and employer taxes, premiums, and copayments.

Financing

First, the Medicare, Medicaid, and SCHIP programs and the taxes that support them will be folded into the AmeriChoice program. States will pay an inflation-adjusted annual contribution per resident equal to the state's per capita Medicaid expenditures using 2008 as baseline.

Second, AmeriChoice will rely on employers to provide coverage for their employees. Since there is no reason to believe that all employers would voluntarily offer health insurance benefits without a mandate, AmeriChoice would provide businesses with a choice: provide tax-deductible health insurance that meets the minimum benefit standard mandated by AmeriChoice or pay a 5% payroll tax to provide AmeriChoice coverage for employees. While business lobbies have fought such "pay or play" proposals in the past, the low cost and predictability of the AmeriChoice "pay" option will be attractive to employers. These low costs are possible because government administration of the plan will cost only one-tenth of the amount private insurance devotes to marketing, administration, and profits.⁵

Third, individuals without access to the employer-based market who earn 200% or more of the federal poverty level (FPL) could buy into AmeriChoice by paying an income-sensitive sliding-scale premium. The premium amount will be based on a nationwide community rating that reflects the average actuarial cost of coverage as determined by plan administrators, without adjustments based on an individual's age, health status, or geographic location.

Fourth, AmeriChoice will provide premium-free coverage to individuals without access to the employer-based market who earn less than 200% of FPL. Hacker's Health Care for America Plan suggests covering this expansion by increasing excise taxes on alcohol and tobacco. However, because persons of low socioeconomic status represent a disproportionate share of alcohol and tobacco use, such a tax would finance the system on the backs of those who can least afford it.^{6,7} By contrast, AmeriChoice will fund the coverage expansion through a 1% value-added tax on all purchases of \$100,000 or more, excluding primary residences.

To ensure that consumers remain judicious in their use of services, AmeriChoice will charge all users

modest copayments of \$5, \$10, or \$20, depending on the complexity of the service provided, up to a maximum annual limit of \$1000. So that consumers are not prevented from using services when they need them, copayments are adjusted on a sliding scale for individuals earning between 101% and 249% of FPL and waived for individuals earning at or below 100% of FPL.

Implementing AmeriChoice will come at a substantial cost to the federal government. While further independently commissioned studies of AmeriChoice are needed to determine precise cost estimates, preliminary analyses of two very similar proposals by the Lewin Group project costs to range between \$100 and \$160 billion annually. Yet, these analyses show that despite new federal outlays of \$154 billion to fund increases in utilization by the newly insured and those receiving better benefits, the health system as a whole will realize a net reduction in costs of \$61 billion by negotiating prices and reducing administrative costs.⁸ These cost savings could finance new developments in the healthcare system, such as the adoption of fully integrated health information technology. In this way, AmeriChoice is an investment in the future of the country.

Communicating AmeriChoice to the Public

Americans today believe that the rising costs of health care and the growing number of uninsured should be one of government's top two or three priorities.^{9,10} In fact, 86% of Americans blame rising costs on "insurance companies making too much money."¹¹ AmeriChoice provides consumers with the option of an attractive public program alternative. By playing to Americans' fears over rising healthcare costs and labeling the uninsured as the victims of a broken system, private insurers that drive up costs become the "enemy" that threatens to limit people's ability to obtain health care. Rather than appearing as yet another large bureaucratic government program for the needy, AmeriChoice then becomes a plan to defend Americans' access to health care, keep money in their pockets, and protect individuals' rights to make their own healthcare decisions.

Critics who argue that AmeriChoice may evolve into a single payer plan can rest assured that this will only happen if AmeriChoice becomes the preferred plan for most Americans by providing the most comprehensive, lowest-cost coverage available. As long as private insurers find creative ways to provide comprehensive benefits and remain profitable without shifting costs to the individual, the country will have more than one

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source of healthcare financing. Either way, the media will be quick to follow this fight between the public and private sectors, and you must be prepared to capitalize on this exposure.

AmeriChoice is easily communicated directly to the public in four short phrases:

- Better benefits for less than you currently pay
- The choice to keep your current coverage if you wish
- An attractive alternative for employers
- Government, businesses, and individuals working together so that all Americans can get care when they need it

Such concise talking points are easily understood and well suited for televised ads, allowing you to publicize the plan and your campaign to millions of voters.

Conclusion

Of course, no healthcare reform proposal can promise to be a panacea for all that ails America's health system. AmeriChoice does not provide coverage for undocumented immigrants or eliminate other noninsurance barriers to healthcare access. Still, these limitations do not justify abandoning the push for universal coverage. On the contrary, only after universal coverage has become a reality should policymakers begin addressing these subsequent issues. The strongest argument against healthcare reform from doctors, insurers, and businesses has been, and is likely to be, that the private sector can do it better. The beauty of AmeriChoice is that it provides the private sector the opportunity to prove itself. Whether the private sector succeeds or fails, every American can enjoy the peace of mind that comes from knowing that they have somewhere to turn for health insurance. The time to act is now. America needs AmeriChoice.

Brad Wright, MS, is currently pursuing his doctorate in health policy and administration with a minor in political

science and policy development at the University of North Carolina (UNC) at Chapel Hill. At present, Brad works part-time as the health policy and advocacy assistant for the Association of Clinicians for the Underserved, as a teaching assistant at UNC, and as a graduate research assistant at the Cecil G. Sheps Center for Health Services Research. His research focuses on barriers to healthcare access and the social determinants of health in underserved populations. He is also interested in Medicaid reform efforts and studies of community responsiveness in primary care organizations. Prior to attending UNC, Brad received a masters degree in health policy from George Washington University and an undergraduate degree in biology from the University of Georgia.

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The second place graduate-level winner of the essay contest was Ian Randall from the University of Michigan School of Public Health, Health Management & Policy. Two students tied for 1st place in the undergraduate division: Robert Nelb, Yale University, and Shane Spencer, University of Maryland, Baltimore County. Shwetha Cha-

gala from the University of Texas at Austin won 2nd place among the undergraduate students.

Kaiser President and CEO Drew Altman, who was one of the judges, said, "It's entirely possible that their [contestants'] health reform plans are better than those from us 'experts.'" Other judges were Scott McClellan, former White House

Press Secretary for President Bush; Michael McCurry, former White House Press Secretary for President Clinton; Judy Feder, Professor and Dean of the Georgetown Public Policy Institute; and Diane Rowland, Kaiser Executive Vice President.

All winning entries can be read at: www.kaiseredu.org/essayprizes2007.asp **MPM**