

September, 2008



WOULD YOU BUY HEALTH CARE INSURANCE FROM THIS MAN?

A Comparison of Health Care Plans of the Presidential Candidates and their Potential Impact on PMD Suppliers



Now that the political tickets have been set and the national conventions have come to a close, its time for the real campaign to begin. Regardless of which political party you support, this election will bring about major changes to our domestic agenda, including health care. But where do the major candidates' stand on this major issue, which, despite the focus on the economy in this election, consistently polls a top priority of the American people?

While both parties are promising change, in reality, both candidates' health care plans draw from existing proposals and ideas that have been kicking around Capitol Hill for a decade or more. Still, the way these proposals are cobbled together and how the plans try to achieve their goals of expanding coverage, increasing quality and containing costs mark very different approaches.

[The Obama Plan](#) expands on the current employer based insurance coverage while the McCain camp uses tax preferences and a private market approach to expand coverage.

The following lays out both the Obama and McCain plans to reform our health care system, and to note any impact on power mobility device (PMD) suppliers.

[The Obama Plan:](#)

The Obama plan seeks to provide universal coverage through a mix of private and an expanded public insurance program. The plan builds towards this goal by mandating that all children have coverage through expansion of Medicaid and SCHIP programs.

Additionally, all large employers will be required to offer "meaningful" coverage or contribute a percentage of payroll. Small business and individuals with no access to public plans or employee-based coverage could purchase plans similar to the benefits provided under the [Federal Employee Health Benefit Plan \(FHBP\)](#). Income related subsidies would be provided to individuals; small businesses will have access to a refundable tax credit of up to 50% of the premiums paid on behalf of their employees for health care.

Cost containment under the Obama plan would include:

1. Investing \$50 billion toward an adoption of electronic records and health information technology;
2. promoting insurer competition through a National Health Insurance Exchange by regulating health premiums;
3. improving prevention and management of chronic conditions;
4. initiating policies to promote generic drugs, allow drug reimportation and repeal the ban on direct negotiations between Medicare and pharmaceutical companies;
5. paying [Medicare Advantage](#) plans the same as regular Medicare;
6. requiring hospitals and providers to publicly report cost and quality; and
7. reforming medical malpractice law and promoting new measures for addressing physician errors.

The campaign estimates that the Obama health plan will cost between \$50 and \$60 billion a year when fully implemented. They expect much of the financing to come from the plan's cost containment provisions with additional revenues coming from discontinuing tax cuts for individuals with incomes over \$250,000.



[The McCain Plan:](#)

[The McCain health plan](#) calls for utilizing the tax code to provide access to affordable health care coverage for all through quality and diverse insurance choices and encouraging personal responsibility.

To encourage individual coverage, McCain's plan would tax health benefits of [employee-sponsored insurance](#) and provide tax credits to all individuals and families to increase incentive for health care coverage.



The refundable tax credit will be \$2500 for individuals and \$5000 for families for the purchase of qualified insurance policies. Moreover, if the credit exceeds the cost of the insurance, the McCain plan will allow you to keep the excess in expanded [Health Savings Accounts](#).

Income-related premium subsidies, along with the tax credit, will be provided to low-income individuals to allow them to enroll in the newly established "[Guaranteed Access Plan](#)" (GAP). The GAP will be a state-federal program for individuals who have been denied coverage because of pre-existing conditions or cost of premiums. Premiums in the GAP would be limited and subsidized.

In the areas of cost containment, the McCain plan:

1. adopts malpractice reforms;
2. promotes competition among insurance providers;
3. invests in prevention and chronic diseases;
4. reduces administrative overhead costs by permitting the sale of nationwide insurance policies;
5. requires drug companies to reveal the price of their drugs; allow re-importation of drugs; and encourage faster introduction of generics and biologicals; and
6. provides consumers with more information on treatment options and requires provider transparency regarding medical outcomes.

The McCain plan has not yet indicated the cost of the plan but highlighted that cost containment measures would make insurance premiums more affordable.

Pros and Cons

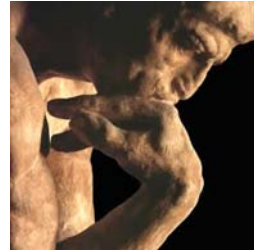
By building on the existing employer “pay or play” model, the Obama plan will most likely be easier to implement but be a harder sell politically. A big question mark is the tax penalty levied on those businesses that don’t provide health care



coverage to their employees. If the penalty is too small, many businesses may forgo providing health coverage and pay the tax. If too many employers choose to be taxed, the government sponsored health option may be over burdened and lack necessary funding to provide full coverage. Another open issue is the size

of the “small business” that would be exempt from providing health benefits.

It may be difficult to convince employees to move out of employer-based coverage to individual and family coverage subsidized by tax credits as in the McCain plan.



Moreover, individuals and families will have great incentive to purchase low-cost, catastrophic plans which may not provide adequate coverage and virtually no preventive benefits.

Impact on PMD Stakeholders

Any policy that expands access to health care and significantly reduces the number of uninsured Americans will be a benefit to PMD suppliers. PMD advocates must be diligent, however, to make sure that any qualified health plan includes comprehensive DME coverage.

It is interesting and a bit disappointing to note that neither candidate has made expansion of [Medicare](#) much of an issue. Including a comprehensive long-term care benefit based on home and community-based settings will ensure many Americans with disabilities or chronic illness will have access to the necessary care and technologies, including PMDs, to remain in their homes and not be relegated to a lifetime in an institutional setting. Such a policy would be both cost-effective and help keep families together.

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