

How the presidential candidates' health care proposals contrast

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As we go to press, national polls indicate a tight race in the 2004 presidential election between President George W. Bush and his Democratic challenger, Senator John Kerry.¹ In polling done in late spring by the Kaiser Family Foundation, respondents said health care followed the economy, the war, and terrorism as the top concerns. Health care issues rated most important were costs and insurance, prescription drug costs, drug benefits for seniors, the uninsured, Medicare, bioterrorism, abortion, and health care quality; however, no single issue dominated.²

This article examines the health care proposals of President Bush and Senator Kerry in 4 main areas: health insurance coverage, malpractice reform, prescription drug costs, and stem cell research. The candidates' platforms differ significantly in all areas.

■ HEALTH INSURANCE PROPOSALS

Senator Kerry's proposal is by far the more expansive of the two.³

- Starting in 2006, enrolling uninsured children of families under 300% of the poverty line (about \$56,000 for a family of 4) into Medicaid and the State-Children's Health Insurance Program (SCHIP). Currently, this program covers

children in families under 200% of the poverty level. The SCHIP is a federally funded program administered by the states that has helped decrease the percentage of uninsured children.

- Starting in 2007, enrolling uninsured parents in families under 200% of the poverty level (about \$37,000 for a family of 4) into state Medicaid programs and the SCHIP. This is an innovative idea to expand the benefits of the SCHIP to adults as many parents of uninsured children are themselves uninsured. Several states have already begun experimenting with this strategy.

- Starting in 2008, enrolling single adults and childless couples in poverty into Medicaid. The poverty level for a single adult is \$9310.

- Allowing small businesses, workers from 55- to 64 years old, and workers between jobs to enroll new insurance pools with the same health plans offered by the Federal Employees Health Benefits Program (FEHB). This proposal would be financed by employer contributions and tax credits to employers and workers. The FEHB is often cited as an example of the kind of health insurance program to which all Americans should have access.

- A reinsurance proposal to make insurance more affordable. This fund would reimburse employer groups for an individual's health care expenses in excess of \$50,000. Eligible employer

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groups would have to provide insurance coverage to all of their workers, return health insurance savings to the workers in the form of reduced premiums, and introduce disease and care management programs into the worksite. Currently, while only a very small number of Americans have medical expenses in a given year that exceed this amount, their care accounts for a greater percentage of overall costs. This reinsurance proposal is designed to reduce the cost of employer funded health insurance by about 10%.

Commentary. Kenneth Thorpe, Chair of Health Policy at Emory University, estimates these proposals will provide health insurance for 27 million of the estimated 41 million Americans now uninsured. He estimates the net costs of Kerry's plan at \$653 billion from 2005 to 2014. In Thorpe's projections, the costs of the proposals are partially offset by savings in several areas—disease management programs, decreased reimbursements to hospitals for care of the uninsured (since there will be fewer uninsured persons), and savings due to expanded electronic filing and processing of claims.⁴ Kerry has proposed generating the revenue to fund this health care expansion by rolling back the tax cuts for taxpayers with incomes over \$200,000. The nonpartisan Tax Policy Center estimates the revenue from rescinding these cuts at \$632 billion over the same time period.⁵

President Bush proposes 3 strategies for reducing health insurance costs:⁶

- A refundable tax credit for those under 65 who lack employer-sponsored insurance and are not covered by Medicaid. The credit maximum is \$1000 for a single adult with less than \$15,000 in adjusted gross income (AGI) and phases out at \$30,000. It is up to \$3000 for 2 adults with 2 or more children with less than \$25,000 in AGI and phases out at an AGI of \$60,000. Because of the way in which the tax credit is calculated to grow between 2006 and 2014, it is likely that its economic value will decline over time, which will somewhat decrease the number of uninsured it covers.

- Individuals purchasing qualified high deductible policies (at least a \$1000 deductible for

TABLE

Comparing costs assumed in the Bush and Kerry proposals for reforming health insurance

	Bush	Kerry*
Federal cost of plan (billions)		
2005–2010	\$45.7	\$176.3
2005–2014	\$90.5	\$653.1
Newly insured (millions)		
2008*	2.4	26.7
2014*	2.1	26.7

Note: About 70% of the newly insured would claim the credit in the Bush plan expressed in 2003 figures.
*Net cost of plan including estimated federal savings.
Source: AAFP website: www.aafp.org/x22202.xml.

a single person; \$2000 for a family policy) will be able to take a deduction for the premium paid when the insurance is purchased in combination with a health savings account (HSA). Last year's Medicare drug bill allowed people setting up these accounts to save taxes on their contributions. This new proposal adds to this tax advantage. While HSAs are available to all, the tax benefits make them more likely to be used by healthier, more affluent people and could wind up having the perverse effect of increasing premiums for those families who do not choose or cannot afford to have them.⁶

- Allowing association health plans (these permit small businesses to purchase health insurance through large purchasing pools, which may reduce costs) to be regulated under federal law rather than state insurance law. Through this means, the plans would be exempt from certain benefit mandates and other state regulations.

Commentary. Thorpe estimates the Bush proposal will initially cover an additional 2.4 million uninsured Americans, but this number will decrease to 2.1 million by 2014 due to the decreasing value of the refundable tax credits. He projects the total cost at \$90.5 billion over the 10 years.⁷ The **Table** compares the Bush and Kerry health insurance proposals.

A survey of Medicare recipients showed that 47% had unfavorable views of the prescription drug bill

■ MALPRACTICE REFORM

President Bush made malpractice reform a priority issue in the current Congressional session. The key provision in his proposals is a \$250,000 cap on non-economic damages, a position strongly supported by most national medical organizations (eg, AMA, AAFP). In the current Congress, a bill including this provision has passed the House but has failed to gather sufficient support for approval in the Senate.

Senator Kerry reflects the prevailing Democrat view opposing a cap on non-economic damages. Instead, he proposes prohibiting individuals from filing a suit unless a qualified specialist determines a reasonable claim exists and requiring mandatory sanctions for frivolous lawsuits.

■ PRESCRIPTION DRUG COSTS

The Medicare prescription drug bill was reviewed in a recent issue of the *JOURNAL OF FAMILY PRACTICE*.⁸ Since the passage of that legislation, many Democrats continue to argue that not enough was done to provide recipients with affordable drug prices. A recent survey of Medicare recipients by the Kaiser Family Foundation showed 47% had unfavorable views of the law and 26% had favorable views, but a majority wanted Congress to fix the law, not repeal it. The survey found extensive support for allowing importation of drugs from Canada and allowing the government to negotiate the price of drugs with pharmaceutical companies.⁹

Senator Kerry has made these 2 proposals a prominent part of his campaign.

President Bush has resisted allowing importation of drugs from Canada on the basis of safety concerns and has opposed having the government directly involved in negotiating Medicare drug prices saying that competition among private plans would lead to similar savings. As of

September 2004, a handful of states had set up websites to allow residents to access information about buying medicines from Canada. The FDA has said this amounted to allowing importation of pharmaceuticals from other countries and was not allowed, but it had not moved to stop the activity.

■ STEM CELL RESEARCH

President Bush limited government funding of stem-cell research to those cell lines that were created before August 9, 2001. Research has continued in other countries and somewhat in this country through private funding, but many US medical organizations and scientists have argued that we are gradually losing ground in this field to foreign scientists.¹⁰

Senator Kerry has made the expansion of government funding of stem cell research a prominent part of his health care platform.

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