

McCain Opposes Mandatory Health Insurance

BY JOYCE FRIEDEN
Senior Editor

For Sen. John McCain (R-Ariz.), having health insurance is desirable but not mandatory.

"I don't think there should be a mandate for every American to have health insurance," the Republican presidential hopeful said at a forum on health care policy sponsored by Families USA and the Federation of American Hospitals. "I think one of our goals should be that every American own their own home, but I'm not going to mandate that. ... I feel the same way about health care. If it's affordable and available, then it seems to me it's a matter of choice amongst Americans," he said.



role of government," he said. "But if we can bring down costs, as I believe we can ... I'm absolutely convinced more and more people will take advantage of [health insurance]. The panacea isn't all just health care costs, but unless you address health care costs, you're never going to solve the other aspects of the health care crisis."

One way to control costs at the federal level is to not pay for medical errors involving Medicare patients, Sen. McCain said in an interview after the forum. "Right now we pay for every single procedure—the MRI, the CT scan, the transfusion, whatever it is. [Instead], we should be paying the provider and the doctor a certain set amount of money directly related to overall care and results.

SEN. MCCAIN

That way we remove the incentives now in place for overmedicating, overtaxing, and overindulging in unnecessary procedures. I also think it rewards good performance by the providers."

To expand access to health insurance, Sen. McCain is proposing a refundable tax credit of \$2,500 per individual and \$5,000 per family to help the uninsured buy health insurance policies. To pay for the tax credits—which would cost the government an estimated \$3.5 trillion over 10 years—he proposes abolishing the tax deduction that employees currently take when they pay premiums on their employer-sponsored health plans. He would, however, leave intact the deduction that employers currently take on their portion of the premiums as an incentive for employers to continue offering coverage.

"The important thing about the ... refundable tax credit for employees is for them to go out and make choices," Sen.

McCain said during the forum. "When it's their money and their decision, I think they make much wiser decisions than when it's provided by somebody else." And because the tax credit is refundable, low-income Americans who currently pay no taxes will receive a check for the amount of the credit, he noted.

When a reporter pointed out that the average cost of a family health insurance policy is more than \$12,000 per year—far higher than the amount of the proposed family tax credit—Sen. McCain said the credit still would be beneficial. "One thing it does is if someone has a gold-plated health insurance policy, they'll start to pay taxes [on those premiums] and it may make them make different decisions about the extent and coverage of their health insurance plan," he said. "Another thing it does that I think is very important is that for low-income people who have no health insurance today, at least now they've got \$2,500, or \$5,000 in the case of a family, to go out and at least start beginning to have [it]."

Sen. McCain admitted that the tax credit plan "is not a perfect solution, and if not for the price tag involved, I'd make it even higher. But according to the Congressional Budget Office, by shifting the employee tax aspect of it, you save \$3.5 trillion over a 10-year period, and I think that would have some beneficial effect at reducing the overall health care cost burden that we're laying on future generations." The senator said he did not have an estimate of how many uninsured people would be able to buy health insurance coverage because of the tax credit.

Sen. McCain said he does not support outlawing the "cherry-picking" that some health plans do to make certain they insure mostly healthy people. Outlawing cherry-picking "would be mandating

what the free enterprise system does and that would be obviously something that I would not approve of." Instead, he favored broadening the high-risk pools that states use to provide coverage for some of their uninsured residents. "I would rather go that route than mandate that health insurance companies under any condition would have to accept a certain level of patients. ... One reason is that we have seen in the past that [insurance companies] have a great ability to game the system."

Sen. McCain also said he hoped the tax credit plan would encourage more people to open health savings accounts (HSAs). "I think they are a good idea; I don't think they've been publicized nearly as much as they should be," he said. "Rightly or wrongly, HSAs are viewed by most Americans as something for rich people. But if you can only use that refundable tax credit for purchasing health insurance or HSAs, I think you may see a stimulus in that; at least, I believe that's a strong possibility."

On another front, the senator said in an interview that he favors reforms to the malpractice system. "I would like to see that any medical provider or doctor who stayed within medical guidelines would then not be sued. Right now, it's a lottery for trial lawyers." He is in favor of damage caps, "but more importantly, I've opposed punitive damages. ... Punitive damages are something that I have not supported in anything."

Sen. McCain also noted that although he is against abortion, "after a lot of agonizing thought and consultation, I believe in stem cell research. I think stem cell research holds great promise in addressing some of these terrible afflictions that face our nation and the world, such as Alzheimer's and Parkinson's." ■

Election
2008

In Stopgap Move, Congress Extends SCHIP Until 2009

BY ALICIA AULT
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After months of debate and two presidential vetoes, Congress has voted to extend the State Children's Health Insurance Program to April 2009.

President Bush signed the legislation on December 29th. The SCHIP extension is included in a bill that also addressed Medicare physician reimbursement, payments for Part B drugs, lab tests used by diabetics, and long-term care hospitals.

Authorization for SCHIP expired Sept. 30. The program continued to operate through two continuing resolutions that kept the entire federal government funded until mid-December while lawmakers and the President wrangled over a 5-year reauthorization.

The showdown ended in late December when the Senate and House both agreed to a stripped-down version of the Democrats' wish list. Congress voted to allocate enough federal funds to keep SCHIP enrollment at 2007 levels—or about 6 million children and adults—through March 31, 2009. Democrats had sought to broaden SCHIP to cover 10 million children.

And the bill provided enough funding to keep programs afloat in a handful of states that were facing budgetary shortfalls.

Democrats and child advocates were relieved that the program was at least extended temporarily, but many expressed concern about SCHIP's future.

"Today we passed a package that puts a band-aid on Medicare

and buys just a little more time for families currently relying on SCHIP to keep their children healthy," Rep. Charles B. Rangel (D-N.Y.) said in a statement. "My concern with this legislation is not what's in it, but what's not in it."

Speaker Pelosi noted that the bill 'does not make headway in reducing the number of uninsured.' Some Republicans weren't happy, either.

House Speaker Nancy Pelosi issued a statement noting that the bill "does not make headway in reducing the number of uninsured."

Some Republicans weren't happy, either. Sen. Charles Grassley (R-Iowa) said that although the original bill was passed unanimously in the Senate, he knew that the bill fell short of what

many in Congress were hoping for. "I do hope we can do more when we come back next year," he said in a statement.

The SCHIP package that was passed did not—as Democrats had preferred—reverse a directive issued by the Centers for Medicare and Medicaid Services last August. States were notified that if they were raising eligibility for children whose family

incomes were equal to or above 250% of the federal poverty level, they would have to meet stringent new requirements. Primarily, states would have to prove that 95% of eligible children—those at 250% of poverty—were enrolled. The goal: to ensure that these families are not opting for SCHIP instead of private insurance.

States must meet that target by

August 2008. In a briefing with reporters, Acting CMS Administrator Kerry Weems said that at least two states, Vermont and Massachusetts, will soon meet the goal. Currently, there is no set enforcement plan, he said. The CMS would likely look at each state individually to determine whether it was meeting the directive, Mr. Weems said.

In a conference call with reporters, Robert Greenstein, executive director of the Center on Budget and Policy Priorities, a Washington think tank, said the directive could have a huge impact on enrollment. Fourteen states cover children above 250% of poverty, and 10 more had plans to expand eligibility above that level. Thus, the SCHIP bill "was not a maintenance of the current situation but backwards progress," he said. ■