

policy points

The Next President's Health-Care Policy

Al Gore and George W. Bush have staked out their positions on health-care policy, but their differences probably won't be deciding factors in the November election.

BY JEFF ATKINSON



The apparent Republican and Democratic candidates for president in the 2000 election have made scores of speeches and issued dozens of press releases on health-care policy. It is an issue that affects virtually everyone, but it is unlikely that voters will cast their ballots on the basis of the candidates' positions on health-care policy. Deciding factors probably will be other issues or the voters' perceptions of the candidates' characters.

Bush's and Gore's policies on health care have similar

objectives, differing in the details for implementation. Both candidates favor easier access to health insurance, a strong Medicare system (of course), increased funding for community health centers, and a federal Patient's Bill of Rights.

The differences are in the details, particularly regarding the degree to which patients will be encouraged to shop

around for health plans rather than rely on the government for the direct payment of services. Generally, Bush favors more reliance on the private sector; Gore favors more direct government payments.

Access to insurance

Forty-four million people in the United States lack health insurance. Gore, continuing

the Clinton administration's incremental approach to covering the uninsured, would expand existing programs for both children and for older Americans. He would expand the Children's Health Insurance Program (CHIP) to cover children in families whose income is 250 percent of the poverty level—approximately \$41,000 for a family of four. The current CHIP program covers children from families with incomes up to 200 percent of the poverty level. Gore estimates his proposal would add coverage for one million children who are currently not insured.

In addition, he would allow the parents of CHIP-eligible

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children to enroll in the program. This would cover an additional seven million uninsured people. Like the current CHIP program, the proposed expansion of the program would depend on the willingness of states to make payments which would be matched by the federal government.

Gore supports the Clinton administration's proposal to allow persons ages 55 to 64 to buy into the Medicare program and receive a tax credit of 25 percent of the cost of premiums.

Gore also would use a 25 percent tax credit to encourage small businesses (those with fewer than 50 employees) to join purchasing coalitions to obtain health insurance for their employees. Through the use of coalitions, Gore hopes to hold down administrative costs, although like Clinton's 1994 plan of Managed Competition, there would be added costs involved in establishing new purchasing coalitions and regulating them. Individuals who do not have access to health insurance through employers, CHIP, or Medicare also would be eligible for a 25 percent tax credit.

Bush's tax credits

Like Gore, Bush would utilize tax credits to help persons without coverage get it. He also favors small businesses banding together, including across state lines, to take advantage of economies of scale for purchasing insurance. For persons without access to employer-sponsored coverage, Bush would provide a maximum tax credit of \$1,000 per individual and \$2,000 per family.

The difficulty with both Bush's and Gore's proposals regarding tax credits (as well as Gore's proposal for a Medicare buy-in) is that for families that are short on funds, a \$2,000 or 25 percent tax credit probably will not be

enough to buy insurance. A typical family policy in the U.S. costs between \$5,000 and \$6,000 per year. With the \$2,000 tax credit, a family will need to come up with about \$4,000 of its own funds for health insurance. Some families above the poverty level will be able to do that, others will not.

Bush's preference for using the private sector also is reflected in his proposal to expand the current Medical Savings Account (MSA) program. Under the program, Americans, through their employers or on their own, purchase an insurance policy with a large deductible and utilize medical savings accounts to pay expenses not covered by the policy. Bush would eliminate the current 750,000 limit on the number of MSAs that the government allows at one time, make the experimental MSA program permanent, and lower the minimum deductibles to \$1,000 for individuals and \$2,000 for families.

Gore does not favor expansion of MSAs, stating MSAs help wealthier Americans more than typical Americans. "By luring the healthiest and wealthiest persons out of the health-care system, MSAs will drive up premium costs for everyone else," Gore said.

Bush also wants to encourage people to purchase long-term care policies by providing a tax deduction of 100 percent of the cost of the insurance. Bush estimates the deduction will reduce tax revenue by \$5.1 billion over five years. Gore questions how Bush would pay for the program if Bush follows through on his plans for tax cuts.

Medicare reforms

The issue of whether health-care bills should be paid directly by the government or through health-care plans chosen by the patient is reflected in the candidates' proposals for Medicare.

Bush would like more Medicare recipients to enroll in private-sector programs, such as HMOs. Gore does not emphasize that option and seems content with the Medicare system paying providers directly as it does for most patients now.

Both candidates favor coverage of prescription drugs under Medicare. Bush would have patients select private plans to pay for the drugs, with the government paying the premium for drug coverage for seniors who cannot afford it. Gore would have Medicare pay for the drugs directly, with seniors who can afford it perhaps paying a premium for the coverage.

Patients' Bill of Rights

An area in which the candidates are in agreement (or close agreement) is passage of a federal Patients' Bill of Rights. The Bill of Rights would apply to patients whose health-care bills are paid by federally-regulated insurance plans provided by employers, which are the majority of insurance plans in the country.

The proposed federal Bill of Rights, like the existing laws of many states, has several elements:

- Allowing patients to appeal decisions to deny care to an independent panel outside the insurance company or HMO;
- Requiring payment of emergency medical expenses (in true emergencies) even if the provider is not part of the HMO or insurance company's network;
- Prohibiting gag clauses that discourage doctors from discussing treatment options that are expensive or that are not covered by the policy;
- Providing coverage so that cancer patients and pregnant women do not have to change doctors in the middle of treatment; and
- Requiring report cards on the performance of HMOs.

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As part of a sound health policy, or as part of a desire not to leave any potential constituency behind, both candidates also would increase federal funding for community health centers and migrant health centers.

Effect on voters



The differences between Al Gore and George W. Bush on health-care policies are not so striking that health-care policies, by themselves, are likely to sway many voters. Voters, for the most part, want to know if they will have insurance that will work for them and, if so, how much it will cost.

Economists, more than the average citizen, will ponder whether it is more efficient to have the government pay health-care expenses directly to providers or have the government make payments to private sector plans that will then pay the providers. The theory behind the latter approach is that the private sector will be more likely than the government to promote competition and efficiencies in the marketplace.

That theory may be correct, but in determining efficiency, one needs to take into account the cost of having an additional layer of administrators, as well as additional government regulators to monitor the administrators.

Regardless of who wins the election, the new President cannot implement major reforms by himself. Congress, of course, will weigh in on the issues and slow down the pace of change. For many years to come, health-care providers still will be dealing with a medley of public and private payers. This election may only somewhat affect the ratio. ■

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The Main Issues		
	George W. Bush 	Al Gore 
COVERING THE UNINSURED	Tax credits to small businesses and individuals to make it easier to buy private insurance; government pays the cost of insurance for poor; more use of medical savings accounts.	Expand current children's insurance plan; let people age 55-64 buy into Medicare; tax credits for small businesses and individuals.
MEDICARE	More use of HMOs; Coverage of prescription drugs by use of private insurance plans.	Coverage of prescription drugs (paid directly by Medicare)
PATIENTS' BILL OF RIGHTS	Favors	Favors