



## President-Elect Barack Obama's Health Care Reform Proposal

During the 2008 Presidential campaign now President-Elect Obama announced a comprehensive health care reform proposal. This summary of his health care reform plan was prepared by the Kaiser Family Foundation with the assistance of Health Policy Alternatives, Inc. and is based on information appearing on Obama's campaign website as supplemented by information from his speeches, the campaign debates and news reports.

<b>Overall approach to expanding access to coverage</b>	Require all children to have health insurance, and employers to offer employee health benefits or contribute to the cost of the new public program. Expand Medicaid and SCHIP and create the National Health Insurance Exchange through which small businesses and individuals without access to other public programs or employer-based coverage could enroll in a new public plan, like Medicare, or in a range of approved private plans.
<b>Requirement to obtain or offer coverage</b>	<ul style="list-style-type: none"> <li>• Require all children to have health insurance.</li> <li>• Require large employers to offer "meaningful" coverage or contribute a percentage of payroll toward the costs of the public plan; small businesses will be exempt from this requirement.</li> </ul>
<b>Expansion of public programs</b>	<ul style="list-style-type: none"> <li>• Expand Medicaid and SCHIP.</li> <li>• Create a new public plan that small businesses and individuals without access to other public programs or employer-based coverage could purchase. The public plan would offer comprehensive benefits similar to those available through FEHBP and coverage under the new plan would be portable.</li> </ul>
<b>Premium subsidies to individuals</b>	<ul style="list-style-type: none"> <li>• Make federal income-related subsidies available to help individuals buy the new public plan or other qualified insurance.</li> </ul>
<b>Premium subsidies to employers</b>	<ul style="list-style-type: none"> <li>• Provide small businesses with a refundable tax credit of up to 50 percent of premiums paid on behalf of their employees if the employer pays a "meaningful share" of the cost of a "quality health plan".</li> <li>• Provide federal subsidies to partially reimburse employers for their catastrophic health care costs if the employers guaranteed that premium savings would be used to reduce employee premiums.</li> </ul>
<b>Tax changes related to health insurance</b>	<ul style="list-style-type: none"> <li>• No provision.</li> </ul>
<b>Creation of insurance pooling mechanisms</b>	<ul style="list-style-type: none"> <li>• Create a National Health Insurance Exchange through which individuals could purchase the public plan or qualified private insurance plans.</li> <li>• Require participating insurers to: offer coverage on a guaranteed issue basis; charge a fair and stable premium that is not rated on the basis of health status; and meet standards for quality and efficiency.</li> <li>• Require plans of participating insurers to offer coverage at least as generous as the new public plan.</li> <li>• Exchange would evaluate plans and make differences among them transparent.</li> </ul>
<b>Changes to private insurance</b>	<ul style="list-style-type: none"> <li>• Prohibit insurers from denying coverage based on pre-existing conditions.</li> <li>• Children up to age 25 could continue family coverage through their parents' plan.</li> <li>• In market areas where there is not enough competition, require insurers to pay out a "reasonable share" of premiums on patient care benefits.</li> <li>• Prevent insurers from abusing monopoly power through unjustified price increases.</li> <li>• Require health plans to disclose the percentage of their premiums that actually goes to paying for patient care as opposed to administrative costs.</li> </ul>
<b>State flexibility</b>	<ul style="list-style-type: none"> <li>• Maintain existing state health reform plans if they meet minimum standards of the national plan.</li> </ul>

<b>Cost containment</b>	<ul style="list-style-type: none"> <li>• Invest \$50 billion toward adoption of electronic medical records and other health information technology.</li> <li>• Promote insurer competition through the National Health Insurance Exchange and by regulating the portion of health plan premiums that must be paid out in benefits.</li> <li>• Improve prevention and management of chronic conditions.</li> <li>• Initiate policies to promote generic drugs, allow drug reimportation, and repeal the ban on direct price negotiation between Medicare and drug companies.</li> <li>• Pay Medicare Advantage plans the same as traditional Medicare.</li> <li>• Require hospitals and providers to publicly report measures of health care costs and quality.</li> <li>• Promote and strengthen public health and prevention.</li> <li>• Reform medical malpractice while preserving patient rights by strengthening antitrust laws and promoting new models for addressing physician errors.</li> </ul>
<b>Improving quality/health system performance</b>	<ul style="list-style-type: none"> <li>• Support an independent institute to guide comparative effectiveness reviews and required reporting of preventable errors and other patient safety efforts.</li> <li>• Reward provider performance through the National Health Insurance Exchange and other public programs.</li> <li>• Address health disparities, promote preventive care and chronic disease management, and require quality and price transparency from providers and health plans.</li> <li>• Require health plans to collect, analyze and report health care quality data for disparity populations, and hold plans accountable.</li> </ul>
<b>Other investments</b>	<ul style="list-style-type: none"> <li>• Expand funding to improve the primary care provider and public health practitioner workforce, including loan repayments, improved reimbursement, and training grants.</li> <li>• Support preventive health strategies including initiatives in the workplace, schools, and communities.</li> <li>• Support strategies to improve the public health infrastructure and disaster preparedness at the state and local level.</li> </ul>
<b>Financing</b>	<p>Cost of plan estimated to be between \$50 to \$65 billion a year when fully phased in. Expects much of the financing to come from savings within the health care system. Additional revenue to come from discontinuing tax cuts for those with incomes over \$250,000.</p>
<b>Sources of information</b>	<p> <a href="http://www.barackobama.com/issues/healthcare/">www.barackobama.com/issues/healthcare/</a>  <a href="http://www.health08.org/candidates/obama.cfm">www.health08.org/candidates/obama.cfm</a>  <a href="http://www.barackobama.com/pdf/Obama08_HealthcareFAQ.pdf">http://www.barackobama.com/pdf/Obama08_HealthcareFAQ.pdf</a> </p>