The Devil is in the Details of President-Elect Obama's Plan for a Healthy America

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During his campaign, President-elect Barack Obama made some ambitious promises related to health care and health insurance in the U.S. Among other things, he promised to lower health care costs, ensure affordable coverage, and guarantee high-quality health care for all. These promises, as well as his overall plan, are quite vague, so now that he has been elected as our next President, it's time he firm up his *Plan for a Healthy America* and get to work.

Currently, there are more than 45 million Americans who lack health insurance, a number that includes about 8 million children. Much of the reason so many Americans are uninsured is that health care costs have increased annually at three to four times the general rate of inflation. While it would seem obvious that reigning in health care <u>costs</u> would be a large part of any solution to the health care crisis in the U.S., this element is surprisingly (and disappointingly) deficient in President-elect Obama's plan. Instead, his health care plan focuses on three general areas: (1) Providing affordable, comprehensive and portable health <u>coverage</u> for all Americans by reforming the health insurance system; (2) Reducing administrative and medical costs by an amount that would save a typical American family about $200 per month; and (3) Promoting public health.

<u>Affordable, Accessible Coverage Options for All</u>

A key element of President-elect Obama's plan is that it will leave employers the option of continuing their current health insurance if they so choose. Alternatively, the plan will also create a "National Health Insurance Exchange" which will help individuals and small businesses purchase health insurance from the private insurance market that is similar to the coverage carried by federal employees. The idea of the Exchange is that any American will be able to obtain comprehensive benefits at a fair and stable premium regardless of whether they have a preexisting condition. Under Obama's plan, no one will be turned away or charged more due to a preexisting condition or an illness, and everyone who needs it will receive a premium subsidy. It should be noted, however, that Obama's plan does not require that everyone carry insurance, so it would not completely eliminate the uninsured problem in the U.S.

To encourage small businesses to offer coverage, they would receive a refundable tax credit of up to 50% of the premium costs they pay for their workers (although it is unclear what constitutes a small employer under the plan). His plan would also require employers to make a "meaningful" contribution to their employees' health coverage or pay a fee based on a percentage of payroll to offset the federal government's costs of providing coverage to those who do not obtain employer-based insurance. This payroll surcharge would not apply to "small employers." To help individuals obtain coverage, President-elect Obama plans to require all parents to obtain health insurance for their children and to expand government programs for low and moderate-income people to help them with this requirement.

<u>Reduce Costs</u>

The biggest way President-elect Obama plans to reduce systemwide health care costs is to adopt a state-of-the-art health information technology system, including a $50 billion investment in computer-based medical records. It is his expectation and belief that if most hospitals and doctors' offices adopted electronic health records, up to $77 billion of savings would be realized annually. He also wants to improve disease management programs, coordinate and integrate care of chronic diseases, and create transparency regarding quality and costs. In other words, under Obama's plan, hospitals and doctors will be required to collect and publicly report measures of health care costs and quality, including data on preventable medical errors, nurse staffing ratios, hospital-acquired infections, and disparities in care and costs. Additionally, health insurance companies will be required to disclose the percentage of premiums that actually go toward the payment of patient care as opposed to administrative costs and government will be directed to take action against "anticompetitive actions" by drug and insurance companies. The plan also calls for the reduction of the cost of catastrophic illnesses for employers and employees and for their families since data shows the top five percent of Americans with the greatest health care expenses account for 49% of the overall health care dollar.

Promote Public Health

While President-elect Obama believes that covering the uninsured and modernizing America's health care system are urgent priorities, they are not enough. He also believes a true reform of the health care system will require improvements in disease prevention and overall improvements to public health. The Obama plan calls for increased coverage of preventive services, such as cancer screenings, and the control of epidemic diseases such as obesity, diabetes, heart disease, asthma and HIV/AIDS. Obama's health advisers are also considering increased involvement of primary care doctors who would help oversee and coordinate care and be rewarded for improved patient outcomes.

My Two Cents

Of course, we all know that whenever we look at a program as enormous and far-reaching as President-elect Obama's *Plan for a Health America*, the devil is in the details. The first question one might ask is, "What's it going to cost and how can we afford it?" According to President-elect Obama, his plan will cost $50-$65 billion and he plans to fund it by rolling back the Bush Administration's tax cuts for Americans earning more than $250,000 per year and retaining the estate tax at its 2009 level. According to the Lewin Group, a health care policy research and management consulting firm, the Obama plan will raise federal spending by $1.17 trillion from 2010-2019. This difference is far from insignificant. In words that are often attributed to the late American Senator, Everett M. Dirkson, "A billion here, a billion there, and pretty soon, you're talkin' real money."

While there are some laudable elements of President-elect Obama's plan (*e.g.*, affordability of coverage for everyone, improved administrative efficiency, universal coverage of all children, and improvement of the overall health of our country), I just don't see how it's going to be possible for him to deliver on all these promises without first controlling the driving force (*i.e.* the cost) of health care. In fact, if the Obama plan doesn't require that all individuals maintain coverage, and it allows those with preexisting conditions to obtain insurance coverage only after a health need has arisen simply so they can get someone else to pay their medical bill, it is quite likely that this type of antiselection will increase costs for a large segment of the currently insured population who may ultimately drop their existing coverage. This is akin to requiring insurance companies to insure a burning building which would be ludicrous and certainly unsustainable for any length of time.

At the end of the day, it's hard to argue the health care system in the United States is not in dire need of reform, but we can only hope that any reform effort produces the positive results envisioned, and not unintended negative consequences. It is my sincere hope that President-elect Obama's plan will succeed in guaranteeing all Americans meaningful and affordable access to health care while maintaining the high quality of care we have all come to expect. I realize this is no easy task, but these basic principles must be tantamount in any true and meaningful reform of the American health care system.

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