

Ideas in Action

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How Do the Democratic Presidential Candidates' Health Care Plans Stack Up?

All the Democratic presidential candidates have made detail-laden speeches explaining how they would provide health coverage for uninsured Americans and revamp the Bush administration's tax policies. While the media has called the plans "big and ambitious" (*Houston Chronicle*, May 28, 2003), George Bush's 1992 health care proposal would have covered a larger percentage of the uninsured than most of the plans offered by today's Democrats. Still, the proposals from the Democratic candidates represent an abandonment of the incremental steps in political favor since the Clinton plan was quashed in 1994 and promise to dramatically reduce the number of uninsured. With the exception of long-shot candidate Kucinich, all the plans build upon the existing public and private health insurance system.

It is unusual for presidential candidates to provide detailed, specific proposals so early in the campaign season because it opens them up to attack. And, pollster Celinda Lake points out that voters generally can't tell the difference in candidate's plans anyway (*National Journal*, July 19, 2003). But, the detailed plans indicate a desire and competitiveness on the part of the presidential candidates to demonstrate their commitment to health care, a central issue for primary voters. Candidates seem to have taken to heart SEIU's public message campaign splashed on billboards and placards that asks: "Running for President? Health Care better be your priority."

Howard Dean

Overview of proposal

Expand public programs

Dean aims to cover 31 million people through a mixture of public health insurance expansions and tax credits. He proposes to expand CHIP to cover all children (age 0 to 24) up to 300 percent of the federal poverty line and open the program up to adults 25 and older who earn less than 185 percent of the federal poverty line. The federal government would assume all of the additional cost of CHIP expansion, and "crowd out" provisions would be removed. People would automatically be enrolled in CHIP, Medicaid, or Medicare through their tax returns.

Allow individuals to buy the federal employees plan with tax credits

For those not eligible for CHIP, Medicaid, or Medicare, Dean proposes making available for purchase a new universal benefits insurance program identical to the Federal Employees Health Benefits Program. People without insurance for six months would be eligible for a refundable tax credit to buy the universal benefits insurance plan if the premium is more than 7.5 percent of the person's income. The tax credit would equal the difference between the plan's premium and 7.5 percent of the person's income.

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Require employers to provide insurance for two months after job ends

The only employer mandate in the plan would require employers to pay their share of an employee's premiums for two months after he or she leaves a job. The federal government would pay 70 percent of the premium cost to continue health care coverage under COBRA for an unspecified period of time. Dean also proposes tax incentives to encourage businesses to offer health insurance and penalties for business that do not provide coverage, including the loss of deductibility for executive pension plans and for executive salaries.

Key messages

Dean describes the universal health care coverage as "the great moral imperative of our generation." He cuts the issue as one of right and wrong: it is wrong for people to be without health care in the richest nation in the world.

Dean credentializes his plan by frequently noting that he is a medical doctor and pointing to his health care initiatives in Vermont that have resulted in coverage of nearly every child and nine out of ten adults. "The advantage I have is I have done it," Dean told the United Food and Commercial Workers International Union at their July 31 convention. "Our plan is designed to pass...If you can't pass it, it doesn't make a difference how good a plan appears." (*The San Francisco Chronicle*, August 1, 2003)

Dean says reform of the health care delivery system will have to take a back seat to expanding health insurance coverage. (*Business Insurance*, September 1, 2003)

"We don't have to have a complicated government-run system," he said at a town-hall style meeting in Spokane. "I'd love to go after the insurance companies and the pharmaceutical companies. It makes you feel good, but you'll never get the plan passed. We'll have the big fight about how to reform the system after everyone is covered." (*Business Insurance*, September 1, 2003)

"You won't find significant mandates in my plan because that's going to lead to another decade with 41 million Americans going without health insurance," Dean said. "We can't pass a mandate." (*The Record*, Bergen County, NJ, May 14, 2003)

"You can do this for half the president's tax cut," Dean said. "It's not a Cadillac. Everyone has to pay something. But it'll work." (*The New Republic*, July 28, 2003)

Supporters/Opponents

Gephardt has attacked Dean's plan as undermining the employer-based health care system. He also said that Dean's plan is not universal and will simply "nibble around the edges" of the country's health care problem (*Knight Ridder*, May 13, 2003). "To effectively resolve this crisis we must treat the whole problem and not the symptoms," said Gephardt.

A *Providence Journal* editorial in June critiqued the Dean plan for its "meekness" and because it builds upon "today's messy system." (June 2, 2003)

Newsweek called Dean's plan to target the uninsured a "non-starter" because "it's too much like welfare." (May 5, 2003)

"Dean is more aggressive when it comes to the working poor [than is Kerry]...The problem is Dean's and Kerry's plans could be tough sells politically. For starters, the Dean-Kerry approach does a lot less for people who already have insurance: Under Gephardt's scheme, somebody who already has employer-provided health insurance would probably see his paycheck increase; under Dean's or Kerry's plan, [he or she would] probably

see no immediate change. Indeed, since most of the money in the Dean and Kerry plans is spent providing insurance to those who don't already have it, many voters might see it as welfare — a charge that hurt Clinton's plan.” (*The New Republic*, June 9, 2003).

Financing

Dean proposes to pay for his \$88.3 billion plan by eliminating the 2002 Bush tax cuts.

How the proposal measures up

● Good (Medicaid or better) ▲ Okay, but needs improvement ⊗ Poor, unacceptable

Comprehensive benefits	▲ People under 25 and those earning less than 185 percent FPL would be eligible for CHIP or Medicaid benefits. However, the Federal Employees Health Benefits Program does not have a prescribed minimum benefit package and different insurers offer different benefits. It is unclear if the Dean plan will require participating insurers to offer minimum benefits.
Equal benefits	▲ No — those over 24 year of age and those earning more than 185 percent of the federal poverty level will likely receive a weaker benefit package.
Affordability	▲ Those eligible for CHIP or Medicaid will enjoy the cost-protections available in the plans, but cost-sharing in plans participating in the Federal Employees Plan vary greatly.
Continuous	● Benefits are continuous until age 25, then people can buy into the federal employees plan until they are eligible for Medicare.
Universal	▲ The program aims to cover 31 million out of 41 million uninsured.

Richard Gephardt

Summary of the plan

Gephardt's plan would double the tax credit (to 60 percent) available to employers who offer health insurance to their employees (including state and local government) and then require all employers to accept the credit, offer coverage, and pass on the full value of the credit to their employees. No employer would be required to contribute to the cost of health care coverage beyond the cost of administration, because employees could be required to pay up to 40 percent of the premium cost. This results in a \$316 billion tax cut for businesses currently providing coverage over a three-year period.

Gephardt would provide refundable tax credits to low-income workers to help them pay for the employer-based insurance. He would expand Medicare to allow individuals ages 55 to 64 to buy into the program. He proposes providing federal subsidies to help the unemployed purchase health insurance through COBRA for up to 18 months. In addition, the plan calls for an expansion of the CHIP program to cover parents of covered children. Gephardt would pay for his plan by eliminating Bush's tax cuts.

All told, Gephardt estimates his plan will cover 97 percent of the uninsured.

Key messages

Gephardt describes health care as “the moral issue of our time.” (*USA Today*, June 2, 2003). He says his plan is the only one that is “comprehensive, universal, and guarantees every American health care that can never be

taken away.” He promises that his health care program would be the first bill he would send to Congress as president. (*Managed Care Weekly Digest*, May 12, 2003)

Gephardt often personalizes the issue when discussing his health care plan. He describes the experience he faced when his son was diagnosed with cancer as a child. Gephardt was covered through insurance from work that allowed his son to try an experimental treatment that worked. He sometimes refers to his plan as “Matt’s plan” in honor of his son. (*The Atlanta Journal and Constitution*, July 31, 2003)

By providing the tax benefit both to employers who provide insurance now and to those who don’t, Gephardt says that his plan deals with everyone in an equal and fair way, avoiding the criticism leveled at the Clinton plan for placing new demands on employers who already provided health insurance. (*The National Journal*, July 19, 2003)

Gephardt explicitly rejects the incremental approach that he had “bought into” for years, and realized that a bold new plan was necessary. But, at the same time, he sells his plan as very practical: “You’ve got to have something that can pass.” (*The New Republic*, June 9, 2003)

Gephardt describes his plan as an economic stimulus, saying that it will pump more than \$280 billion into the economy over the first three years. “This is the right way to stimulate the economy — not knee-jerk tax cuts that do nothing but pay off George Bush’s weekly campaign contributions while killing economic growth.” (*Managed Care Weekly Digest*, May 12, 2003)

Asked if paying for the plan through a repeal of tax cuts amounted to a tax increase, Gephardt said: “It’s a different kind of tax cut.” He explained that the average tax payer would receive \$1,800 a year “in terms of added healthcare benefits or added wage benefits,” which is “a better tax cut.”

Reaction

The biggest complaint about Gephardt’s plan is its cost: \$212 billion in the first year alone. He proposes to pay for the plan by repealing all of Bush’s tax cuts, including those that went to the middle class. Bruce Reed, president of the Democratic Leadership Council, doubts that Gephardt will be able to sell his plan because it depends on tax dollars from working-and middle-class families. “He’s not going to win that argument,” said Reed. (*The National Journal*, July 19, 2003)

Joe Lieberman has put Gephardt’s plan in his crosshairs as a way to distinguish himself as the most conservative Democrat running. He lambasted the plan as like “big-spending Democratic ideas of the past” during the Democratic presidential candidates’ South Carolina debate. (*USA Today*, June 2, 2003). He faulted Gephardt’s health care plan as “a break-the-bank \$2 trillion program” that would leave no money for other programs.

In the same debate, Edwards argued that Gephardt’s plan is like saying, “you’re in good hands with Enron,” because it gives big corporations tax breaks to finance health care coverage. (*USA Today*, June 2, 2003). Dean has also challenged Gephardt’s plan for giving tax breaks to corporations that are already providing health insurance, which the Dean camp says provides no gain in terms of people who are covered.

Republican party spokeswoman Lindsay Taylor attacked Gephardt’s plan saying, “American families do not want big government to run health care.”

The Providence *Journal* applauded the plan for its boldness, but argued that it reduces the health care obligations of companies already offering benefits. (June 2, 2003)

Newsweek was “amazed” at how conservative the proposal was considering how “liberal” the candidate is. “It acknowledges that the private health-care system we’ve got is here to stay...At bottom, the whole thing essentially just swaps one kind of tax relief for another. Business wins a mammoth new tax cut (or credit, if the company’s not making profits) instead of affluent individuals getting it.” (May 5, 2003)

Families USA President Ron Pollack called Gephardt’s plan “sensible” because it builds off the current system. (St. Louis *Post-Dispatch*, April 24, 2003)

A spokesperson for the Health Insurance Association of America says that Gephardt’s plan is “encouraging because he builds on the foundation of the current employer-sponsored health insurance system, rather than tearing it down and starting anew.” (St. Louis *Post-Dispatch*, April 24, 2003)

Financing

The plan will cost \$214 billion in 2005, \$231 billion in 2006, and \$247 billion in 2007. Gephardt plans to pay for it by repealing all of the tax cuts President Bush has signed into law.

How the proposal measures up

● Good (Medicaid or better) ▲ Okay, but needs improvement ⊗ Poor, unacceptable

Comprehensive benefits	▲ It is not clear what minimum benefits Gephardt will require employers to offer in the plans to be eligible for the tax creditsIt is not clear what minimum benefits.
Equal benefits	▲ No — different employers would offer different plans, and lower-income families would receive coverage through CHIP.
Affordability	▲ Those eligible for CHIP or Medicaid would enjoy the cost-protections available in these plans. Employers would be expected to pay 80 percent of the health care premium and co-payments and deductibles would vary by plan. The plan will subsidize the premium costs for workers at or near the poverty level.
Continuous	▲ If a family's income dropped to CHIP-eligible levels, they would move into CHIP. As in our current system, a worker's plan would change when they changed employers or become unemployed.
Universal	● The program aims to 97 percent of the uninsured.

John Kerry

Plan summary

Controlling costs

Kerry’s plan would create a new “premium rebate pool” that reimburses employer health plans for 75 percent of the catastrophic costs they incur above \$50,000 if they guarantee that the savings be used to hold down the costs of workers’ premiums. Essentially, the government would be financially responsible for the most expensive patients, who are a small minority but drive up premium costs for all. To be eligible for this rebate, employers must provide affordable insurance to all of their workers and adopt disease management programs.

Kerry would require pharmacy benefit managers to disclose the value of the rebates they receive from pharmaceutical companies, eliminate patent loopholes that allow companies to keep generic drugs off the market, and encourage bulk buying of prescription drugs.

Expand public programs

Kerry proposes to have the federal government pay for the full cost of children's Medicaid if states expand CHIP for children up to 300 percent of the federal poverty line, provide coverage to parents up to 200 percent of the federal poverty line, and assure childless adults below poverty have access to "some coverage."

Allow individuals to purchase the federal employees plan

Kerry would use the same "premium rebate" program to try and make coverage more affordable. He would provide assistance for costs above six percent of income.

Tax credits for small businesses, the unemployed, and those between ages 55 and 64

Kerry would provide refundable tax credits up to 50 percent of the cost of coverage to small businesses, which would have access to the federal employees plan. He would provide a 75 percent tax credit for workers who have lost their jobs. He plans to offer an unspecified tax credit to those between the ages of 55 and 64 to help them afford the premiums for the federal employees plan.

Ultimately, Kerry estimates that his plan will provide coverage to 27 million uninsured.

Key message

Kerry emphasizes that his plan is not just about the uninsured, it is about the health care crisis of rising cost and poor quality that the insured face as well. He distinguishes his plan as one that focuses on controlling costs. He begins most statements about his health care plan not with a moral message as Dean and Gephardt do, but with observations about the increasing expense of health insurance and the need to control rising costs.

"This is not just about covering the uninsured, but about giving all Americans coverage they can afford," Kerry said. "Focusing on coverage without reducing the costs of health care for all Americans is treating the symptoms and ignoring the disease, the cause." (Knight Ridder, May 16, 2003)

Kerry used his recent bout with prostate cancer and the expensive treatment he got for the disease as an example of why the system needs to be changed. "We will be a lesser nation if we continue to be the only advanced society that does not secure access to health care for all our people," he said. "Early this year, I was diagnosed with prostate cancer. I was cured because I was lucky to have some of the best medical care in the world, but millions of Americans are not so lucky," Kerry told an Iowa crowd when he officially entered the race on Sept. 2.

He also appeals to a sense of fairness by saying that, "There's no reason that all Americans can't be able to have the same coverage the president and members of Congress get. If it's good enough for us at your expense, it's good enough for every single American." (Hartford *Courant*, August 15, 2003)

Kerry, taking a page from the playbook of the centrist Democratic Leadership Council, said the middle class should be allowed to keep the Bush tax cuts. Taking them away, he said, "is bad economics, it's bad social policy and it's bad politics. The last time I looked, the problem in America is not that the middle class has too much money." (New York *Times*, September 3, 2003)

“In my plan, every American would have health care, but we’re not going to do it by raising taxes on middle-class, average Americans.” (The National Journal, August 9, 2003)

Reaction

Dean criticizes Kerry’s plan because it “does nothing for low-income childless adults” and offers assistance only to adults who earn up to the poverty line. He said that Kerry’s plan is more expensive, and out-of-pocket costs could be as high as \$6,600 under the Kerry plan. (Dean fact sheet comparing his plan to Kerry’s and Gephardt’s)

Gephardt says that Kerry’s plan “is not comprehensive. [It is] not universal, and [it doesn’t] guarantee every American health care that can never be taken away.” (Charlotte *Observer*, May 20, 2003) Gephardt’s campaign materials say that “Kerry’s plan is not only piecemeal, it is incremental — meaning no solution to the health care crisis in this country for years.”

USA Today called Kerry’s plan “more fiscally responsible,” and less expensive but less comprehensive. The paper noted that Kerry’s plan is the first to include significant cost controls, including steps aimed at reducing premiums and prescription-drug costs. (May 13, 2003)

Financing

Kerry’s plan will cost about \$72 billion a year, which he intends to pay for by repealing Bush’s tax cuts aimed at the wealthiest Americans.

How the proposal measures up

● Good (Medicaid or better) ▲ Okay, but needs improvement ⊖ Poor, unacceptable

Comprehensive benefits	▲ Lower-income families would be eligible for CHIP or Medicaid benefits. Others would be eligible to buy into the Federal Employees Health Benefits Program, which does not have a prescribed minimum benefit package and different insurers offer different benefits. It is unclear if the Kerry plan would require participating insurers to offer minimum benefits.
Equal benefits	▲ Lower-income families would receive different benefits through CHIP than would those buying into the Federal Employees Health Benefits Program.
Affordability	▲ Those eligible for CHIP or Medicaid would enjoy the cost-protections available in the plans, but cost-sharing in plans participating in the Federal Employees Plan vary greatly.
Continuous	▲ If a family’s income dropped to CHIP-eligible levels, the family would move into CHIP.
Universal	● The plan aims to cover 27 million uninsured.

Dennis Kucinich

Summary

Kucinich proposes a Medicare for All plan that provides coverage for all children within three years, all seniors by 2008, and the rest of the population by 2013 by expanding Medicare Part E. The proposal will be funded with a 7.7 percent tax on public and private employers that would produce \$917 billion per year. Kucinich would also repeal the \$245 billion in tax deductions employers currently receive for providing health insurance.

Key messages

Kucinich directly confronts the capitalist health care system by calling for an end to profits in health care. He wants private insurance companies out of health care entirely. He describes his plan as “Medicare for all.” He says his plan would do away with private insurance companies altogether, “along with their waste, duplicative paperwork, profits, excessive executive salaries, advertising, sales commissions, etc.”

“We have to get the profit out of health care, and that means get the private insurance companies out of health care.” (*USA Today*, June 2, 2003)

He responds to the allegation that his plan would result in the closure of small businesses by saying that the cost to private business of providing insurance is much more than the tax he would levy.

Kucinich insisted that “health care is the fundamental reason and cause for the existence of government itself, because healthcare is something that is a basic right in a democratic society. So my plan responds not only to that hope, but it responds to the fact that our system of healthcare is failing the American people.”

“I think every person who’s listening to this understands that health care for profit has been a disaster in this country, that so many people have been deprived of the health care they need because they simply can’t afford it,” Kucinich said. (“Morning Edition,” NPR, May 14, 2003)

He said he supports a single-payer universal health care system that would provide coverage for various procedures, such as alternative medicines, vision care, and long-term health. Kucinich said the money Americans spend on health care annually is already enough to subsidize a universal health care system.

Reaction

Kucinich’s plan has “drawn little attention because others don’t believe he has a serious chance of winning the Democratic nomination.” (*Hartford Courant*, May 25, 2003)

“Kucinich backs a government-run, Canadian-style system to cover everyone, a fundamental change in the American approach to health coverage. Even advocates of action on Capitol Hill give that idea no chance in the foreseeable future.” (*USA Today*, June 2, 2003)

Financing

Kucinich’s plan is estimated to cost \$2 trillion when fully funded in 2013. He plans to pay for it with a payroll tax of 7.7 percent.

How the proposal measures

● Good (Medicaid or better) ▲ Okay, but needs improvement ⊖ Poor, unacceptable

Comprehensive benefits	● Yes.
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Equal benefits	● Yes — everyone would receive the same benefits.
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Affordability	● Kucinich has not described specific cost-sharing, but says that the coverage would be affordable and that there would be no deductibles or premiums.
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Continuous	● Yes.
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Universal	● Yes.
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