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Health care at a crossroads

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By Amy Fagan

President Bush and his Democratic challenger, Sen. John Kerry, both have plans to lower rising health care costs and broaden health insurance coverage for Americans, but their visions would take health care in two different directions.

When it comes to health care as an issue, proposed plans often overlap or are similar, said David Gratzer, senior fellow at the Manhattan Institute.

But "Bush-Kerry is the exception," he said. "They are very far apart."

Mr. Bush stresses individual choice and responsibility, and his plan would use tax incentives to broaden the private market, encourage consumer-driven health care and move people towards buying their own health insurance. Mr. Kerry's plan includes tax incentives as well, but it's bigger and more expensive, and would rely more on the government to solve health care problems.

"The Kerry folks often say the biggest difference between us is health care, and I couldn't agree more," said Megan Hauck, deputy director of policy for the Bush campaign.

While health care has taken a back seat this election season to issues like Iraq and homeland security, the public is concerned over rising health care costs, and the latest census numbers estimate 45 million, or 15.6 percent of the population, were uninsured in 2003 — up from 43.6 million, or 15.2 percent, in 2002.

As a result, the two candidates consider health care to be a key issue and have taken swipes at each other's plans in ads and campaign appearances, as well as in Friday night's presidential debate.

"That's what liberals do," Mr. Bush said during the debate in describing Mr. Kerry's plan as the "largest increase in federal government health care ever."

The president said his own plan, by contrast, is "health care policy that does not empower the federal government, but empowers the individual."

Estimates of the costs of the plans vary. Mr. Kerry's plan would cost anywhere from \$953 billion over nine years, estimated by the Kerry camp, to \$1.5 trillion over 10 years. Most agree it would newly insure about 25 million to 27 million

Americans. Estimates of Mr. Bush's plan range from \$130 billion to \$227 billion over the same time frame, and it would insure about 6 million to 8 million people. The Bush camp estimates it would cost \$145 billion and insure 11 million to 17 million people.

The bulk of Mr. Bush's plan would provide a new tax credit for low-income people to purchase health insurance — \$1,000 for individuals, and \$3,000 for families. They could choose to use that money to purchase health savings accounts (HSAs), which enable people who buy high-deductible health insurance to set up tax-free savings accounts to use for their out-of-pocket medical costs.

Mr. Bush first made HSAs available to the general population as part of the Medicare prescription-drug bill last year, but he wants to expand their use.

So he would make health care premiums tax-deductible for those who elect to have an account, and he would give small businesses a tax credit of \$200 for individuals and \$500 for families, for contributing to their employees' HSAs.

John C. Goodman,
founder of the National

Center for Policy

Analysis and the man credited with developing the HSA concept, said the thinking behind the accounts is that "instead of letting employers and insurance companies have all the money, [Mr. Bush] would like to see patients manage some of their own healthcare dollars."

The president also would allow professional and trade associations to form association health plans (AHPs), which would pool the purchasing power of small businesses to negotiate for better health-insurance rates. AHPs would be federally licensed and exempt from most state insurance laws.

Mr. Kerry and other critics charge Mr. Bush's plan is simply too limited and would not help everyone.

"We choose health care that works for all Americans — that lowers the cost to businesses, lowers the premiums for families, and makes health care affordable and accessible to everyone," Mr. Kerry said in Orlando, Fla., on Oct. 2.

And during Friday night's debate, Mr. Kerry added that Mr. Bush "doesn't have a plan to lower the cost of health care."

Mr. Kerry's plan would boost existing structures. "The idea is: Let's not reinvent the wheel here. We did that 10 years ago with the Clinton plan," said Kenneth E. Thorpe, a health-policy professor at Emory University who helped craft the Kerry

plan. "Let's build on the current system."

Mr. Kerry would expand Medicaid and the State Children's Health Insurance Program (SCHIP) to cover virtually all children, including uninsured minors whose families make less than \$56,550 per year, as well as uninsured working parents under 200 percent of the poverty level (\$37,700 for a family of four) and other uninsured adults below the poverty line (\$12,490 for a couple).

Under the Kerry plan, the government would assist those who have health insurance by subsidizing employers for 75 percent of their costliest employees — those whose medical costs exceed \$30,000 per year. In exchange, businesses would have to agree to provide health care to all employees.

And he would create the Congressional Health Plan (CHP), a new pool within the Federal Employees Health Benefits Plan, for anyone to join. Tax credits would be given to small businesses and some individuals to join.

Mr. Kerry would pay for these benefits by employing some cost-saving measures in health care, and by rolling back the Bush tax cuts for those who make more than \$200,000 annually.

Mr. Goodman said large numbers of middle-income families would be brought into Medicaid and SCHIP. He also said the CHP is problematic because once large numbers of people

start being enrolled in federally funded health care, it is a "slippery slope" that will lead to the same problems that then-first lady Hillary Clinton's health plan faced in 1993 and 1994, with government having to make more health care decisions for people.

"It's an artificial market, supervised by the government," he said.

Mr. Thorpe disagrees, insisting the Kerry plan is designed to allow private health plans to continue making the health decisions, not the government.

"There's no question that the federal government is providing the funding," he said. "But the coverage they're getting is not federal-government run. ... In terms of the actual decisions, control, those are always done by the private health plans."

The two candidates sparred specifically during Friday's debate over medical-liability reform, which Mr. Bush touts as a key way to lower health care costs.

Mr. Kerry said he will address this by reducing the number of frivolous lawsuits, but Mr. Bush doubted his opponent's commitment, noting that Mr. Kerry chose a trial lawyer as his running mate and he missed a key Senate vote on the issue. Mr. Kerry says he'll lower drug prices by allowing people to buy cheaper drugs from Canada, and allowing the government to

negotiate with drug companies for lower drug prices in Medicare.

The two sides clearly disagree, but whether the political will exists for either approach is an entirely different question, Mr. Gratzner said.

"It'll be hard" to get something done, no matter who is president, said Sen. Christopher J. Dodd, Connecticut Democrat. But he and other Democrats

say Mr. Kerry is the better choice because he places a higher priority on health care than does Mr. Bush.

"If you have a president insisting on it, then Congress has to pay attention. This president hasn't paid attention to it, except on the prescription-drug issue, which turned out to be a big mess," Mr. Dodd said.

Senate Majority Leader Bill Frist, Tennessee

Republican, said he's committed to pushing key pieces of Mr. Bush's health care plan through the Senate in the next few years.

But all of that — like the overall direction of health care in the country — depends largely on what happens at the ballot box in a few short weeks.