



National Association of Health Underwriters

Overview of the Presidential Candidates

On the Health Care Issue

| Issues in Health Care Reform | President Barack Obama | Governor Mitt Romney |
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| Overall Vision | Full PPACA implementation. Achievement universal coverage through a mix of private and public insurance. | Repeal and replace PPACA. Keep some effective components but achieve health reform through state-based efforts. |
| The Employer-Based System | Individuals could keep their traditional group coverage. A new public insurance program would be made available to small employers who want to provide coverage to their employees. Additionally, it provides for federal reinsurance to employers so that unexpected or catastrophic illnesses do not make health insurance too expensive for businesses and their employees. | Individual could buy insurance through purchasing pools: employers, individual purchases, churches or professional associations. |
| Tax Incentives and Subsidies for the Purchase of Health Insurance | Subsidies for low-income individuals who do not qualify for either Medicaid or SCHIP available for the purchase of either the public coverage plan or private-market coverage through health insurance exchange market. | Equalize the way the tax code treats people who buy health insurance for themselves and those who get coverage through their employers. Subsidized coverage decision would be left to states to determine. |
| Employer Mandate to Provide Coverage | Would mandate that all employers make meaningful contribution to the cost of quality health coverage for their employees. Coverage must meet affordability and minimum value requirements for employers to avoid penalty for non-compliance. | Opposed. |

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| Individual Mandate to Obtain Coverage | Yes. | Opposed. |
| Government Program Expansion | <p>Health insurance exchanges to provide an avenue to insurance coverage for uninsured Americans who do not have access to employer coverage. Low income individuals can access Medicaid eligibility and subsidized coverage information. Exchanges will also have coverage option for small employers through the SHOP.</p> <p>Expansion of Medicaid eligibility to 133% of the federal poverty level is optional for states. Subsidized coverage available on a sliding scale for Americans with a family income less than 400% of the federal poverty level.</p> <p>Qualified health plans containing essential health benefits will be offered through the exchange on a guarantee issue basis.</p> | <p>Constrict entitlement program spending.</p> <p>Medicaid will become a block grant program.</p> <p>Medicare will transition to a defined contribution or “premium support” model. Allow seniors to choose between private plans and traditional Medicare.</p> |
| Health Insurance Market Reforms | <p>Medical loss ratios in place to reduce the amount of money insurers spend on administrative costs.</p> <p>Guaranteed issue coverage no individual could be turned down for any coverage due to an illness or other preexisting condition.</p> <p>Rating only allowed on the basis of age, geographic location, and tobacco use. Rating age bands 1 to 3.</p> <p>No lifetime or annual limits.</p> <p>Creation of Pre-existing Condition Insurance Plan available to provide coverage option to those individuals who have been denied coverage based on a pre-existing condition and without</p> | <p>Allow individuals and small businesses to form purchasing pools for the purpose of economies of scale when purchasing coverage.</p> <p>Limit federal standards and requirements on health insurance plans in the private insurance and Medicaid market.</p> <p>Prevent discrimination against individuals with pre-existing conditions who maintain continuous health insurance coverage</p> <p>Allow for flexibility to assist the uninsured with public-private partnerships, exchanges, and subsidies.</p> <p>Allow flexibility to help the chronically ill, with high-risk pools, reinsurance, and risk adjustment.</p> |

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| <p>Health Insurance Market Reforms (Continued)</p> | <p>coverage for over 6 months.</p> <p>Dependant coverage eligibility expanded to young adults up to age 26.</p> | |
| <p>Access to Coverage</p> | <p>Guaranteed access to coverage through the health insurance exchanges. All Americans will be required to have insurance or be subject to tax.</p> <p>Employers with over 50 full time equivalents would have to contribute towards health coverage in a way that meets affordability and minimum value requirements.</p> <p>Medicaid will have expanded income eligibility up to 133% of the Federal Poverty Level.</p> <p>Subsidized coverage will be available on a sliding scale based on income for Americans with a family income up to 400% of the Federal Poverty Level.</p> | <p>Ensure states the flexibility to help the uninsured, including public-private partnerships, exchanges, and subsidies. Guaranteed access to coverage for those with preexisting conditions who have not gone without coverage for a significant period of time. Assist the chronically ill through high risk pools, reinsurance, and risk adjustment mechanisms.</p> <p>Allow for the sale of health plans across state lines.</p> <p>The Medicaid would be turned into a federal block grant program to states with undefined eligibility.</p> |
| <p>Health Care Cost Containment</p> | <p>Modernization of the health care system through disease management, health information technology and electronic medical records, and requiring hospitals and providers to collect and publicly report measures of health care costs and quality. Health plans would also be required to disclose the percentage of premiums that go to patient care as opposed to administrative costs.</p> <p>Providers will need to report preventable medical errors and support hospital and physician practice improvement to prevent future occurrences.</p> <p>Medicare Accountable Care Organizations incentivized to reach</p> | <p>Address health care cost containment through competition. Allow competitive markets to drive improvements in efficiency and effectiveness, offering consumers higher quality care and services at lower cost.</p> <p>Cap non-economic damages in medical malpractice lawsuits.</p> <p>Facilitate IT interoperability.</p> <p>Allow consumers to purchase insurance across state lines.</p> <p>Allow for HSA funds to be used for insurance premiums.</p> |

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| <p>Health Care Cost Containment (Continued)</p> | <p>shared savings.</p> <p>Focus on wellness and preventative care.</p> | <p>Promote "co-insurance" products.</p> <p>Promote alternatives to "fee for service" payment systems.</p> <p>Encourage "Consumer Reports"-type ratings of alternative insurance plans.</p> |
| <p>Medicare</p> | <p>PPACA allows for preventative care and wellness checks for seniors.</p> <p>PPACA closes the doughnut hole for seniors paying out of pocket for prescription drugs and incentivizes providers to achieve shared savings.</p> | <p>Medicare is reformed as a premium support program where existing spending is repackaged as a fixed-amount benefit for each senior to use to purchase an insurance plan. All insurance plans must offer coverage at least comparable to what Medicare provides today.</p> <p>"Traditional" fee-for-service Medicare will be offered by the government as an insurance plan option that will compete on cost and benefit design with private plans. Seniors who choose traditional Medicare could potentially pay the difference to enroll in the option if the price exceeds premium support.</p> <p>Premium support will be on a tied-system with lower income seniors receiving more generous support and wealthier seniors will receive less support.</p> |
| <p>Long-Term Care</p> | <p>PPACA has two other long-term care programs focused on state efforts to bolster home and community based care.</p> <p>Community First Choice allocates a total of \$3.7 billion in funding by 2014 for states that provide attendant services for people with disabilities who are eligible for Medicaid and are living outside of facilities.</p> <p>There is also funding to pay for state efforts to remove barriers to providing home and community-based services.</p> <p>The CLASS Act another long-term care program was included in PPACA but was deemed unsustainable and no longer being implemented by the Administration.</p> | <p>Medicaid block grant funding will likely impact the long-term care component of the program on a state-by-state basis.</p> |

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| <p>Financing Health Care Reform</p> | <p>PPACA is funded by a variety of taxes and offsets. Major sources of new revenue include a much-broadened Medicare tax on incomes over \$200,000 and \$250,000, for individual and joint filers respectively, an annual fee on insurance providers, and a 40% excise tax on "Cadillac" insurance policies.</p> <p>There are also taxes on pharmaceuticals, high-cost diagnostic equipment, and a 10% federal sales tax on indoor tanning services.</p> <p>Offsets are from intended cost savings such as changes in the Medicare Advantage program relative to traditional Medicare.</p> | <p>Governor Romney mentions no financing mechanism. Belief that transitioning PPACA into a state-based effort with entitlement caps will reduce federal spending.</p> |
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