



BARACK OBAMA'S PLAN FOR A HEALTHY AMERICA:

Lowering health care costs and ensuring affordable, high-quality health care for all

The U.S. spends \$2 trillion on health care every year, and offers the best medical technology and scientific research in the world. Yet, the benefits of the American health care system come at a price that an increasing number of individuals and families, employers and employees, and public and private providers cannot afford.

Millions of Americans are uninsured or underinsured because of rising medical costs.

Nearly 45 million Americans—including 9 million children—lack health insurance with no signs of this trend slowing down. Eight percent of them are from working families

Health care costs are skyrocketing. Health insurance premiums have risen 4 times faster than wages over the past 6 years. Lack of affordable health care is compounded by serious flaws in our health care delivery system. About 100,000 Americans die from medical errors in hospitals every year.

Too little is spent on prevention and public health. The nation faces epidemics of obesity and chronic diseases as well as new threats of pandemic flu and bioterrorism. Yet despite all of this less than 4 cents of every health care dollar is spent on prevention and public health.

Barack Obama believes we live in the greatest country in the world and that when it comes to health care America can and must do better. Obama has a three part plan to build upon the strengths of the U.S. health care system, including innovative state efforts, and address its glaring weaknesses, such as affordability. The Obama plan will save a typical American family up to \$2,500 every year on medical expenditures by:

- (1) Providing affordable, comprehensive and portable health coverage for every American;
- (2) Modernizing the U.S. health care system to contain spiraling health care costs and improve the quality of patient care; and
- (3) Promoting prevention and strengthening public health to prevent disease and protect against natural and man-made disasters.

Under the Obama plan, the typical family will save up to \$2,500 every year through:

- Health IT investment, which will reduce unnecessary and wasteful spending in the health care system that results from preventable medical errors and inefficient paper billing systems.
- Improving prevention and management of chronic conditions;
- Increasing insurance industry competition and reducing underwriting costs and profits, which will reduce insurance overhead;
- Providing reinsurance for catastrophic coverage that will reduce insurance premiums; and
- Making health insurance universal, which will reduce spending on uncompensated care.

QUALITY, AFFORDABLE & PORTABLE HEALTH COVERAGE FOR ALL

The Obama plan both builds upon and improves our current insurance system, upon which most Americans continue to rely, and leaves Medicare intact for older and disabled Americans. The Obama plan also addresses the large gaps in coverage that leave 45 million Americans uninsured. Specifically, the Obama plan will: (1) establish a new public insurance program available to Americans who neither qualify for Medicaid or SCHIP nor have access to insurance through their employers, as well as to small businesses that want to offer insurance to their employees; (2) make available the National Health Insurance Exchange to help Americans and businesses that want to purchase private health insurance directly; (3) require all employers to contribute towards health coverage for their employees; (4) mandate all children have health care coverage; (5) expand Medicaid and SCHIP to cover more of the least well-off among us; and (6) allow state flexibility for state health reform plans.

(1) OBAMA'S PLAN TO COVER UNINSURED. Obama will make available a new national health plan that will allow individuals without access to affordable insurance coverage, including the self-employed and small businesses, to buy affordable health coverage that is similar to the plan available to members of Congress.

The Obama plan will have the following features:

- **Guaranteed eligibility.** No American will be turned away because of illness or pre-existing conditions.
- **Comprehensive benefits.** The benefit package will be similar to that offered through Federal Employees Health Benefits Program (FEHBP). The plan will cover all essential medical services, including preventive, maternity and mental health care.
- **Affordable premiums, co-pays and deductibles.**
- **Subsidies.** Individuals and families who do not qualify for Medicaid or SCHIP but still need assistance will receive an income-related federal subsidy to buy into the new public plan or purchase a private health care plan.
- **Simplifying paperwork and reining in health costs.**
- **Easy enrollment.** The new public plan will be simple to enroll in and provide ready access to coverage.
- **Portability and choice.** Participating hospitals and providers in the new public plan will be able to move from job to job without changing or jeopardizing their health care coverage.
- **Quality and efficiency.** Participating insurance companies in the new public program will be required to collect and report data to ensure that standards for health care quality, health information technology and administration are being met.

(2) NATIONAL HEALTH INSURANCE EXCHANGE. The Obama plan will create a National Health Insurance Exchange to help individuals who wish to purchase a private insurance plan. The Exchange will act as a watchdog group and help reform the private insurance market by creating rules and standards for participating insurance plans to ensure fairness and to make individual coverage more affordable and accessible. Through the Exchange, any American will be able to enroll in the new public plan or purchase an approved private plan, and income-based subsidies will be provided for people and families who need it. Insurers would have to issue every applicant a policy, and charge fair and stable premiums that will not depend upon health status. The Exchange will require that all the plans offered are at least as generous as the new public plan and the same standards for quality and efficiency. Insurers would be required to justify an above-average premium increase to the Exchange. The Exchange would evaluate plans and make the differences among the plans, including cost of services, transparent.

(3) EMPLOYER CONTRIBUTION. Employers that do not offer or make a meaningful contribution to the cost of quality health coverage for their employees will be required to contribute a percentage of payroll toward the costs of the national plan. Small employers that meet certain revenue thresholds will be exempt.

(4) MANDATORY COVERAGE OF CHILDREN. Obama will require that all children have health care coverage. Obama will expand the number of options for young adults to get coverage, including by allowing young people up to age 25 to continue coverage through their parents' plans.

(5) EXPANSION OF MEDICAID AND SCHIP. Obama will expand eligibility for the Medicaid and SCHIP programs and ensure that these programs continue to serve their critical safety net function.

(6) FLEXIBILITY FOR STATE PLANS. Due to federal inaction, some states have taken the lead in health care reform. The Obama plan builds on these efforts and does not replace what states are doing. States can continue to experiment, provided they meet the minimum standards of the national plan.

<p style="text-align: center;">MODERNIZING THE U.S. HEALTH CARE SYSTEM TO LOWER COSTS & IMPROVE QUALITY</p>

The Obama plan will lower costs and improve efficiency in the health care system by: (1) offering federal reinsurance to employers to help ensure that unexpected or catastrophic illnesses do not make health insurance unaffordable or out of reach for businesses and their employees; (2) ensuring that patients receive and providers deliver the best possible care; (3) adopting state-of-the-art health information technology systems; (4) reforming our market structure to ensure fairness and increase competition.

(1) REDUCING COSTS OF CATASTROPHIC ILLNESSES FOR EMPLOYERS AND THEIR EMPLOYEES. Catastrophic health expenditures account for a high percentage of medical expenses for private insurers. The Obama plan would reimburse employer health plans for a

portion of the catastrophic costs they incur above a threshold if they guarantee such savings are used to reduce the cost of workers' premiums.

(2) LOWERING COSTS BY ENSURING PATIENTS RECEIVE AND PROVIDERS DELIVER QUALITY CARE.

HELPING PATIENTS

- **Support disease management programs.** Seventy five percent of total health care dollars are spent on patients with one or more chronic conditions, such as diabetes, heart disease, and high blood pressure. Obama will require that providers that participate in the new public plan, Medicare or the Federal Employee Health Benefits Program (FEHBP) utilize proven disease management programs. This will improve quality of care, give doctors better information and lower costs.
- **Coordinate and integrate care.** Over 133 million Americans have at least one chronic disease and these chronic conditions cost a staggering \$1.7 trillion yearly. More than half of Americans with serious chronic conditions have 3 or more different physicians, leading to duplicate testing, conflicting treatment advice and prescription drugs that may be contraindicated. Obama will support implementation of programs and encourage team care that will improve coordination and integration of care of those with chronic conditions.
- **Require full transparency about quality and costs.** Obama will require hospitals and providers 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. Health plans will also be required to disclose the percentage of premiums that goes to patient care as opposed to administrative costs.

ENSURING PROVIDERS DELIVER QUALITY CARE

- **Promoting patient safety.** Obama will require providers to report preventable medical errors, and support hospital and physician practice improvement to prevent future occurrences.
- **Aligning incentives for excellence.** Both public and private insurers tend to pay providers based on the volume of services provided, rather than the quality or effectiveness of care. Providers who see patients enrolled in the new public plan, the National Health Insurance Exchange, Medicare and FEHBP will be rewarded for achieving performance thresholds on outcome measures.
- **Comparative effectiveness research.** The U.S. provides some of the best health care and most sophisticated medical technologies in the world, but at a cost that is making the effort to expand access to care ever more difficult. Obama will establish an independent institute to guide reviews and research on comparative effectiveness, so that Americans and their doctors will have the accurate and objective information they need to make the best decisions for their health and well-being.
- **Tackling disparities in health care.** Obama will tackle the root causes of health disparities by addressing differences in access to health coverage and promoting

prevention and public health, both of which play a major role in addressing disparities. He will also challenge the medical system to eliminate inequities in health care through quality measurement and reporting, implementation of effective interventions such as patient navigation programs, and diversification of the health workforce.

- **Reforming medical malpractice.** Obama will strengthen antitrust laws to prevent insurers from overcharging physicians for their malpractice insurance, and will promote new models for addressing physician errors that improve patient safety, strengthen the doctor-patient relationship, and reduce the need for malpractice suits.

(3) LOWERING COSTS THROUGH INVESTMENT IN ELECTRONIC HEALTH INFORMATION TECHNOLOGY SYSTEMS. Most medical records are still stored on paper, which makes it hard to coordinate care, measure quality, or reduce medical errors and which costs twice as much as electronic claims. Obama will invest \$10 billion over the next five years to move the U.S. health care system to broad adoption of standards-based electronic health information systems, including electronic health records and will phase in requirements for full implementation of health IT. Obama will ensure that patients' privacy is protected.

(4) LOWERING COSTS BY INCREASING COMPETITION IN THE INSURANCE AND DRUG MARKETS.

- **Increasing competition.** The insurance business today is dominated by a small group of large companies that has been gobbling up their rivals. There have been over 400 health care mergers in the last 10 years, and just two companies dominate a full third of the national market. These changes were supposed to make the industry more efficient, but instead premiums have skyrocketed, increasing over 87 percent.

Barack Obama will prevent companies from abusing their monopoly power through unjustified price increases. His plan will force insurers to pay out a reasonable share of their premiums for patient care instead of keeping exorbitant amounts for profits and administration. His new National Health Exchange will help increase competition by insurers.

Lowering prescription drug costs. The second-fastest growing type of health expenses is prescription drugs. Pharmaceutical companies are selling the exact same drugs in Europe and Canada but charging Americans more than double the price. Obama will allow Americans to buy their medicines from other developed countries if the drugs are safe and prices are lower outside the U.S. Obama will also repeal the ban that prevents the government from negotiating with drug companies, which could result in savings as high as \$30 billion. Finally, Obama will work to increase the use of generic drugs in Medicare, Medicaid, FEHBP and prohibit big name drug companies from keeping generics out of markets.

<p style="text-align: center;">PROMOTING PREVENTION & STRENGTHENING PUBLIC HEALTH</p>

Barack Obama believes that protecting and promoting health and wellness in this nation is a shared responsibility among individuals and families, school systems, employers, the medical and public health workforce, and federal and state and local governments. Each must do their

part, as well as collaborate with one another, to create the conditions and opportunities that will allow and encourage Americans to adopt healthy lifestyles.

(1) EMPLOYERS. An increasing number of employers are offering worksite health promotion programs and many employers choose insurance plans that cover preventive services for their employees. Obama believes that worksite interventions hold tremendous potential to influence health and will expand and reward these efforts.

(2) SCHOOL SYSTEMS. Obama will work with schools to create more healthful environments for children. He will work to get junk food out of vending machines in schools and improve nutritional content of lunches through financial incentives, increase grant support for physical education, expand federal reimbursement for school-based health services, and provide grants for health educational programs for students.

(3) WORKFORCE. Obama will expand funding – including loan repayment, adequate reimbursement, grants for training curricula, and infrastructure support to improve working conditions – to ensure a strong workforce that will champion prevention and public health activities.

(4) INDIVIDUALS AND FAMILIES. The way Americans live, eat, work and play have real implications for their health and wellness. The Obama health plan will require coverage of essential clinical preventive services such as cancer screenings and smoking cessation programs in all federally supported health plans, including Medicare, Medicaid, SCHIP and the new public plan. In addition, Obama will increase funding to expand community based preventive interventions to help Americans make better choices that can help ward off chronic and preventable diseases and improve their health.

(5) FEDERAL, STATE, AND LOCAL GOVERNMENTS. The federal government and state and local governments play critical roles in disease prevention and health promotion activities. First, working together, governments at all levels should develop a national and regional strategy for public health that includes funding mechanisms for implementation. Second, the field of public health would benefit from greater research to optimize organization of the 3,000 health departments in this nation, collaborative arrangements between levels of government and its private partners, performance and accountability indicators, integrated and interoperable communication networks, and disaster preparedness and response. Third, the government must invest in workforce recruitment as well as modernizing our physical structures. And finally, the government must examine its own policies, including agricultural, educational, environmental and health policies, to assess and improve their effect on public health in this nation. As President, Barack Obama will prioritize all of these activities to strengthen prevention and public health.