

# What to Do on Health Care?



**David Kendall**

Senior Fellow for Health and Fiscal Policy

[@DavidBKendall](#)



**Gabe Horwitz**

Senior Vice President for the Economic Program

[@HorwitzGabe](#)

The 2020 elections may be decided on health care. Democrats can win on that issue or lose our strong advantage. Voters trust Democrats over Republicans on health care by 17%.<sup>1</sup>

Democrats can keep that advantage, or they can squander it by going beyond where people are comfortable.

Democrats earned that advantage in the midterms when health care was the most important issue for voters, according to post-election polling.<sup>2</sup> Democrats won decisively by focusing on protecting Obamacare (also known as the Affordable Care Act, or ACA), going after Republican sabotage of the law, and addressing health care costs.<sup>3</sup> Of the 967 campaign ads run by House Democrats in red-to-blue districts between Labor Day and Election Day 2018, health care topped the list as the most mentioned issue in those ads. It is also notable that only 2 of those 967 ads mentioned support for Medicare for All and both of those candidates lost.

And as we enter the 2020 cycle, each Party has given the other Party a gift. President Trump has once again promised to repeal Obamacare, this time through the Courts. This did not make Republican congressional leaders happy. But

Medicare-for-All, as defined by Senator Sanders' legislation, does. They know that despite initial support, the legislation craters when people hear the most basic critiques.

With their own record of failure on health care, Republicans may not be able to chalk up a victory on the issue. But they relish the chance to take advantage of any Democratic overreach. While the goals of Medicare for All are rooted in shared Democratic values, Republicans could easily use it to discredit Democrats' credentials on health care.

With that as context, this memo is about what candidates should do on health care. Even after the historic success of Obamacare, 29 million Americans still lack coverage, 41 million have inadequate insurance where they have to pay unsustainable deductibles, and there is widespread worry about costs.<sup>4</sup>

Our advice to candidates running in all but the bluest places is to: 1) defend Obamacare from GOP sabotage, 2) aggressively confront out-of-pocket costs, and 3) support a universal coverage proposal that unequivocally preserves people's employer provided coverage and deals with people's costs.

## **The Problem: Health Care Angst**

**Health care costs are eating into paychecks.** Bonuses and wage increases have been an afterthought for too many workers as more of their paycheck has gone to support the health care system. Between 1999 and 2015, a married worker with earnings just above the median saw their wages rise by \$7,920 in terms of annual income. But during that time, their share and their employer's share of health insurance premiums increased by \$9,540. So thanks to health care, they saw their compensation actually decline by \$1,620.<sup>5</sup>

**41 million Americans have unaffordable coverage.** Just because 90% of the people are covered doesn't mean those families can afford their coverage. The number of people who are underinsured—meaning they have out of pockets costs

that are too high and unsustainable—has risen dramatically. Deductibles for health care coverage at work have exploded by over 500% since 1999.<sup>6</sup> Fifteen years ago, 12% of adults were underinsured; today, it's almost one in three.<sup>7</sup> Many of these individuals are forced to avoid care they need because they just cannot afford it—even with insurance.

**29 million Americans lack coverage.** Obamacare made incredible strides bringing down the number of uninsured. A decade ago, before the ACA, 17.3% didn't have protection. Today that number has shrunk to 10.2%.<sup>8</sup> That's great news, but the fact is that 29 million people still lack coverage. Of that number, 4.5 million are black, 9.5 million are Latino, and 4.2 million are children of all races.<sup>9</sup>

**US health care is full of waste.** The US spends more on health care than any other developed country and yet we have poorer performance—including access to care and health outcomes.<sup>10</sup> The root cause of that poor performance is our fee-for-every-service payment system which incentivizes more services over better care. For example, one study uncovered duplicative tests in 1/3 of the records they examined and unnecessary tests in 1/5.<sup>11</sup> One in five visits to the emergency room result in a surprise bill.<sup>12</sup>

Health care defined the midterms and could define 2020. According to Pew, 69% of voters said health care costs should be a top priority for Congress this year, finishing second just behind the economy. Among Democrats, it was 77%—the top issue among those on the left.<sup>13</sup> This is also a shift for Democrats. A decade ago, health care was the fifth most important issue.

## **Health Care Answers**

There are numerous policy ideas to 1) protect Obamacare from GOP sabotage, 2) reduce out-of-pocket costs, and 3) cover all Americans without upending the entire system. Here are a select few:

### **Cost Caps and Coverage for All**

Third Way builds on Obamacare to make health care universal, stable, and affordable for everyone without disrupting anyone's existing coverage. First, to address costs, it caps out-of-pocket expenses (premiums, deductibles and copays) for everyone based on income. It also ends surprise billing once and for all. Second, it ensures health care is a basic right by automatically covering everyone not currently insured in an affordable plan.<sup>14</sup> For those over age 55, a new Medicare Early Start would be a public option.

### **Automatic Enrollment**

Rep. Ami Bera's (D-CA) Pathway to Universal Coverage Act would encourage states to use automatic enrollment to enroll the millions of Americans who qualify for affordable coverage and are not enrolled.<sup>15</sup> Designing and testing new enrollment procedures with consumers will be critical to making automatic coverage successful.

### **Restore Pre-existing Condition Protections and Strengthen Obamacare**

The Protecting Pre-Existing Conditions & Making Health Care More Affordable Act of 2019 by Reps. Frank Pallone, Jr. (D-NJ), Richard Neal (D-MA), and Bobby Scott (D-VA) would reverse sabotage by the Trump Administration to pre-existing condition protections in the ACA.<sup>16</sup> It would also reduce deductibles and premiums for individuals in the ACA exchanges.

### **Ban Surprise Bills**

Legislation by Sen. Elizabeth Warren (D-MA) would ban surprise bills for emergency care by out-of-network providers at in-network hospitals.<sup>17</sup> It would also strengthen consumer protections from premium hikes, limited health plan competition, and unaffordable deductibles.

### **Price Caps**

Prices for health care services are out of control, and employees are feeling it their paychecks. Congress should use Medicare prices as a benchmark to cap what employer-based

and individual market health plans have to pay to out-of-network providers as Third Way has proposed.<sup>18</sup> Health policy experts, Paul Hewitt and Phillip Longman, have proposed a similar approach.<sup>19</sup>

## **Lower Drug Prices**

Congress should protect patients from excessive drug prices. One way is by ensuring they only pay for value. The high cost of innovative drugs and biological therapy can be worth it, but only if prices reflect the value to patients. Drug prices today depend on whatever the market will bear. Instead, payments for drugs should be tied to explicit performance metrics that measure the value of drugs and enable health plans, clinicians, and patients to make affordable choices about drugs.<sup>20</sup>

## **Remove Obstacles to Value-based Health Care**

Even when health care providers and manufacturers want to move away from payments based on the volume of care toward the value of care, they are thwarted by obstacles from outdated regulations.<sup>21</sup> Sens. Bill Cassidy (R-LA) and Mark Warner (D-VA) have proposed legislation to update important laws to permit value-based payments to become commonplace.<sup>22</sup>

## **Other Proposal to Expand Coverage**

Many progressive proposals would achieve universal coverage or move the country in that direction. The best ones do not require everyone to enroll in Medicare and unnecessarily disrupt existing coverage. Although expanding Medicare as an option has the danger of disrupting coverage, many progressive proposals have very positive features like automatic enrollment and caps on deductibles like the Center for American Progress's Medicare Extra for All.<sup>23</sup> Senators Michael Bennet (D-CO) and Tim Kaine (D-VA) have proposed Medicare X, which would extend a limited cap on premiums to everyone in the ACA exchanges and would improve the

affordability of coverage for people with low-to-moderate incomes.<sup>24</sup>

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