

## **A Battle over Healthcare (Monday 3/30-Tues 3/31)**

**Objective:** Assess the role of democratic politics in making health care and the effect of those policies on the scope of government.

**Please read the (2) parts to this article and complete the (4) Discussion Q's at the end. Definitions to help in this process are below.**

### **Definitions**

Health insurance is a complicated issue - especially in this country. But the decisions we make as a society about healthcare are about life and death, so it's worth the effort to understand. We'll begin by defining some of the words that get thrown around a lot during the healthcare debate.

**Premium:** The purchase price of health insurance, typically paid every month.

**Co-payment:** The amount an insured person pays for each doctor's visit or procedure. (In the U.S., insurance plans typically do not pay 100% of the cost).

**Deductible:** Many insurance plans require you to pay an initial set amount of your healthcare costs before the insurance kicks in. Deductibles can range from \$100 to \$2,000 or more.

**Health savings account:** Money you are allowed to save in a special account that is not taxed as income. This is helpful for middle or upper income people who have a lot of income to tax.

**Tax credit:** An amount you are allowed to subtract from the total income tax you owe. Sometimes tax credits can be provided in advance, before taxes are due.

**Medicare:** The federal health insurance program that pays health expenses for those over 65 years old. It is paid for by employees and employers through a payroll tax.

**Medicaid:** A health insurance program for low-income people that is administered by states.

**Single-payer:** A health insurance system in which the government provides or administers health insurance for everyone.

## The Healthcare Debate

Please read each the following parts and complete the (4) discussion questions.

### Reading: Part One

The U.S. system for providing people with healthcare and health insurance has been under fire for decades.

Unlike most other industrialized nations, the U.S. government does not provide or manage a national health insurance system with the aim of guaranteeing all its citizens with some form of health insurance. Instead, we have a mixed system:

- Just under half of Americans get their health insurance through their employers.
- About 20% of Americans are insured under Medicaid, a mostly state-run program that provides private health insurance for low income people.
- About 14% of Americans are insured through Medicare, a federal public insurance plan for seniors and the disabled.
- About 2% of Americans are covered by other public plans, including the Veterans Health Administration and the Indian Health Service.
- About 7% of Americans purchase insurance independently (not through a group or central plan).
- About 9% of Americans had no insurance, as of 2015.

The system is complex, involving hundreds of health insurance companies and multiple government agencies. Partly for this reason, it is extremely expensive.

- Americans spend far more on healthcare than people in any other country in the world.
- And yet, more Americans are uninsured than in most other countries.
- And we have worse health outcomes than many other countries.

All this has led to repeated calls for reform. In 2010, President Obama proposed, and Congress passed, the Affordable Care Act, or ACA. It's also known unofficially as Obamacare. The aim of the legislation was to increase the number of Americans who are insured.

Under the ACA, the government provides tax credits and subsidies to enable more people to buy private health insurance. People must pay a penalty if they do not purchase insurance. Large employers who don't provide their workers with some kind of health insurance also have to pay a penalty. The ACA is partly paid for by taxes on the very wealthy.

The ACA requires private insurance companies to stop denying people coverage because of "pre-existing conditions" - that is, because they have health issues and need insurance. It also requires insurance companies to cover some basic preventive healthcare. Despite this, the politically powerful health insurance industry largely supported ACA, because the plan required millions more Americans to buy their insurance products.

About 17 million Americans gained health insurance of some kind under Obamacare. However, many people balked at the program because:

- It is complex.
- It requires people to buy private insurance.
- The premiums (monthly payments) and deductibles people and employers pay for insurance in this country, already high, continued to rise under the ACA. These costs often prevent people from going to the doctor, which defeats the whole purpose of insurance.

Among Republicans, the call went up to "repeal and replace" Obamacare. During the Obama administration, Congressional Republicans voted repeatedly to repeal the ACA, but didn't succeed.

## **Reading: Part Two**

Throughout the 2016 presidential campaign, Donald Trump promised repeatedly that he would "repeal and replace Obamacare."

Democratic candidate Hillary Clinton promised to protect Obamacare.

Clinton's primary opponent, Bernie Sanders, called for an overhaul of the system by expanding and improving Medicare (public insurance) to cover everyone. This proposal is also called a "single payer" plan, because there would be only one payer of insurance - the federal government.

Of course, Trump won the election, and Republicans took control of both houses of Congress. After the election, Republicans scrambled to come up with a plan to replace Obamacare. In March, Republicans in the House of Representatives introduced a bill they call the "American Health Care Act," or AHCA. The legislation would reduce the amount of support low-income people get to pay for health insurance, and would make deep cuts in funding to Medicaid over time. It eliminates the mandate that individuals and employers purchase insurance. However, the bill retains some of the rules imposed on insurance companies under Obamacare, including the rule that they can't deny people care because of pre-existing conditions, must cover certain preventive care, and must allow parents to keep children on their insurance plans until age 26.

The Republican bill eliminates the tax on high earners that helped pay for the expansion of insurance coverage for low-income people. For this reason, Edward Kleinbard, a professor at the University of Southern California law school, called the bill "a gigantic transfer of wealth from the lowest-income Americans to the highest-income Americans."

To pass AHCA, almost every Republican will need to vote for it. But this will be difficult, especially since all Democrats say they will oppose it.

Some conservative Republicans may not vote for the plan because they think it doesn't go far enough in dismantling Obamacare. But other Republicans are worried that the AHCA goes too far: the plan is projected to cause millions of Americans to lose their health insurance, and this has caused a huge uproar.

Angry, worried voters across the country have packed their Congress members' "town hall meetings" and deluged their offices with phone calls and emails. The pressure only grew when the nonpartisan Congressional

Budget Office came out with [an analysis](#) showing that the AHCA would increase the number of uninsured in the U.S. by 24 million people.

Underlying the fight over healthcare and health insurance are different moral beliefs and competing ideas about the economy and government.

Some people believe that healthcare is a human right and that no one should go without care because they cannot afford it. This is the philosophy that guides the health policies of most developed countries, including those with a "single-payer" plan.

At the other end of the continuum is the idea that individuals are responsible for their own healthcare and that the government (especially the federal government) has no role in providing healthcare to anyone, regardless of their ability to pay for that care. Many people who believe this also argue that people's need for healthcare can be addressed through "market competition." They say that if we stop regulating companies and stop providing public alternatives for health insurance, competition among these companies will produce affordable insurance options for the American people - while allowing businesses to profit.

However, the Congressional Budget Office analysis found that, at least under the plan proposed by the Republicans, "market competition" would not keep millions of people from losing their health insurance.

## **How do Obamacare, the American Health Care Act, and single payer compare?**

Please review:

### **Affordable Care Act (also known as Obamacare)**

- Requires people who are uninsured to buy it, or else pay a penalty
- Requires large companies to provide insurance for their employees, or else pay a penalty

- Provides tax credits and subsidies to help lower-income people pay for insurance. The lower your income, the more support you receive.
- Requires insurance plans to cover children up to age 26
- Requires insurance companies to cover people with pre-existing conditions
- Uses taxes on the wealthy to help finance coverage for low-income people

### **American Health Care Act (also known by some as Trumpcare)**

- Repeals requirements for individuals and companies to purchase health insurance
- Reduces the amount of support people get to pay for health insurance
- Eliminates (by 2020) federal funding to help states expand eligibility for Medicaid
- Increases the amount that people may contribute to health savings accounts
- Eliminates taxes on the wealthy that helped finance coverage for low-income people under Obamacare
- Retains requirements that insurers cover people with pre-existing conditions, children up to age 26 and certain preventive care.

### **Single-Payer (Medicare for All Act)**

Seventy House Democrats are sponsoring the Medicare For All Act (H.R. 676), which is similar to the single-payer plan that Bernie Sanders proposed during the presidential campaign. Instead of building on our current patchwork insurance system, under this bill the U.S. would transition to a new system of federal, universal insurance. Although the plan would require significant tax increases, people and employers would no longer have to pay premiums, deductibles, or many of the out-of-pocket expenses they currently pay. And all Americans would be automatically covered. Evidence from other countries suggests that despite this broad, universal coverage, a single-payer plan would ultimately save Americans money.

H.R. 676 would:

- Provide all residents of the U.S. with free healthcare, including primary care, emergency care, long-term care, prescription drugs, mental health and substance abuse services, dental and vision care.
- Limit participation to public and non-profit facilities and institutions (that is, public funds would not be used to pay for for-profit healthcare)
- Pay for the plan by imposing taxes on the top 5% wealthiest in the U.S., and increased payroll and self-employment taxes - and by redirecting current healthcare revenues
- Provide funds to help insurance industry workers who have lost their jobs make the transition to other employment

## **For Discussion**

**1.** Is healthcare a human right? If yes, should the U.S. provide free healthcare? If no, do we let those with limited incomes suffer the consequences of their poverty?

**2.** Providing free healthcare to all means that some people will be paying for the care of others, at least at some points in their lives. Is that fair?

**3.** A single-payer system would eliminate or greatly reduce the role of private health insurance companies in the U.S. This would simplify our healthcare system and reduce costs. But it would also lead to job loss in insurance companies. What do you think about this?

4. Each plan seems to have its winners and losers. Who wins and who loses with each plan?

## Sources

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