



John McCain's Health Care Plan:

Making a Bad Problem Worse



JOHN MCCAIN: WRONG ON HEALTH CARE

Every American family struggling to keep up with the rising cost of health care knows that the current system isn't working – it's time to build a new, American health care system in which every man, woman and child in this country has quality, affordable coverage they can count on.

We can no longer sit back and do nothing. But John McCain's plan is worse than doing nothing -- his plan would actually make it harder for Americans to get coverage, it would jeopardize quality by eroding regulations that protect patients, and it would do little to prevent the continuing escalation of costs.

McCain's Plan Would Make it Harder to Get Health Insurance

Most Americans get their health care coverage through their employer. But, as costs have steadily increased, more and more businesses are declining to offer health coverage to their workers, or setting premiums too high for employees to afford it. In 2006, fewer than half of all small businesses offered health care coverage to their employees; and overall, the percentage of all employers who offer coverage to employees dropped more than 9 percent, from 69% in 2000 to 59.7 in 2006. [<http://www.kff.org/insurance/7672/upload/Summary-of-Findings-EHBS-2007.pdf>]

John McCain's plan would make this problem even worse by discouraging employers from providing coverage and leaving workers to fend for themselves on the individual market.

- Under McCain's plan "The existing tax break for employer sponsored insurance would be eliminated, taking a step away from the work-based model in place for the last half century and toward an individual market." [Wall Street Journal, 10/11/2007]
- The New York Times reported that McCain "would end the long-standing tax exemption on health benefits paid by employers." [New York Times, 3/02/2008]
- Millions of workers could be worse off under McCain's plan to replace tax-free employer-based coverage with tax credits. McCain's tax credit would be worth \$2,500 to individuals and \$5,000 to families, but the average cost of an individual policy offered through employers was \$4,479, and the average cost of a family policy was \$12,106 in 2007. [www.kff.org] Millions of people with adequate coverage today would be forced into inferior coverage, forced to pay more, or denied coverage altogether if their health status makes them unattractive to insurers in the open market.

Health policy experts say this will make it harder for people to get coverage – resulting in more uninsured Americans.

- When President Bush proposed a similar policy in 2007, many feared the plan would "prompt more employers to drop health coverage and offer employees an immediate increase in wages to buy coverage on the individual market. But those plans tend to be more expensive, less comprehensive and harder to get for consumers who are already sick." [Washington Post. 1/25/2007]

- A recent study showed that “nearly 9 of 10 people who explored obtaining coverage through the individual market never bought a plan, citing difficulties finding affordable coverage or being turned down.” [Commonwealth Fund, 9/14/2006]
- M.I.T. economist Jonathan Gruber estimated that the number of uninsured would increase because fewer people could afford to buy coverage in the individual market than the number who would lose coverage due to employers who stop offering it due to changes in the tax treatment of employer-paid coverage. [Center for Budget and Policy Priorities, 2/16/2006]
- “...McCain’s plan has no guarantee that people could get insurance, and no requirement for people to do so. McCain believes his plan would make insurance more affordable, which would bring it within reach of many more families. But many critics say that failing to require insurance companies to provide coverage could leave millions of people without affordable medical care.” [The Boston Globe, 4/03/2008]

What’s more, those people who need coverage most – seniors and people with pre-existing conditions – would find it even more difficult to get coverage.

- In a plan like McCain’s for individual coverage, it would be “difficult for older, sicker people to find affordable coverage or, in some cases, any coverage at all.” [Wall Street Journal, 6/7/07]
- Among the central criticisms of moving away from an employer-based system “is the concern that insurance companies would ‘cherry pick’ by insuring only healthier people, or by charging much higher rates to more vulnerable people – like those with chronic diseases.” [New York Times, 8/1/07]
- The Boston Globe: “When Senator John McCain unveiled his health care proposal last fall, a journalist asked whether the Arizona senator’s battle against skin cancer would make him sympathetic to the idea of requiring that insurance companies provide coverage to people with preexisting conditions. McCain flatly rejected the idea. ‘That would be mandating what the free enterprise system does,’ McCain said.” [The Boston Globe, 4/03/2008]
- Under the McCain proposal, health insurers “wouldn’t have to cover pre-existing conditions like melanoma and breast cancer,” Elizabeth Edwards said at the annual meeting of the Association of Health Care Journalists in Arlington, Va. Edwards, who has breast cancer, said that, under the McCain proposal, health insurers could deny coverage to both her and McCain, who has received treatment for melanoma. [Los Angeles Times, 3/30/08]

McCain’s plan forces older, sicker people into state high-risk pools where they will STILL have trouble getting coverage.

On April 28, McCain proposed giving states \$7 billion to encourage the creation of high-risk insurance pools for sicker people who are turned down for insurance.

- But 33 states already have high risk pools, and insurers are permitted to impose long waiting lists and exclude pre-existing conditions in 30 of them. Instead of spreading the cost of covering the sick and elderly across a broad pool, high-risk pools fail to attract healthy people – so premiums are extremely volatile and remain unaffordable for many people. [www.kff.org]

- In contrast to the plans offered by Senators Obama and Clinton, McCain's plan would let insurance companies refuse coverage to people with preexisting conditions. [Wall Street Journal, 6/7/07; New York Times, 8/1/07; The Boston Globe, 4/03/2008]

McCain's Plan Would Jeopardize Quality Care Standards

John McCain has consistently said he wants to bypass state regulations that make sure that patients receive the best quality care possible. McCain's plan would allow insurance companies to bypass patient protections passed by other states, including emergency care, which is required by 44 states.

State protections that would be overridden include:

- Emergency Room Care (currently required by 44 states)
- Direct Access to OB/GYN (44 states)
- Diabetes (47 States)
- Colorectal Cancer Screening (23 States)
- Mental Health Parity (45 States)
- Post-Mastectomy Breast Reconstruction (33 States)
- Off-Label Prescription Drug Use (36 States)
- Chiropractors (46 states)
- Clinical Trials (20 States) [US Newswire, 10/11/2007]

By allowing insurance to be sold across state lines, McCain would deregulate state insurance consumer protection laws; insurers would be free to reduce coverage and raise rates with little worry.

[http://www.health08.org/sidebyside_results.cfm?c=5]

This provision to allow residents to purchase health insurance across state lines would allow companies to shift operations to states with weaker consumer protection laws. McCain has said that the provision would increase competition among health insurers and reduce costs. However, as Elizabeth Edwards has pointed out, "Hard-fought state-by-state protections would be lost" under it. She added, "They mask this proposal as a cost-saving technique. This is giving insurance companies a pass." [Los Angeles Times, 3/30/08]

McCain's Plan Does Nothing to Control Escalating Health Care Costs – and Could Make Costs Increase

According to the Kaiser Family Foundation, insurance premiums rose 78 percent between 2000 and 2006. During that same time period, wages only rose 19 percent. But John McCain's plan does nothing to stop the cost of health care from continuing to rise out of control. [Kaiser Family Foundation/Health Research and Educational Trust, Employer Health Benefits 2007 Annual Survey]

McCain's plan includes no cost-control mechanisms, and instead would shift more costs onto families.

- With regard to a similar plan that would provide tax deductions "for families who use the money to buy insurance in the marketplace instead of getting it through employers ... health-care policy experts were skeptical ... saying it will be hard to entice people to leave employer-based programs and also

difficult to push marketplace prices down so much that the uninsured can jump in.” [Newsday, 8/01/2007]

- People with private coverage bought in the individual market are most at risk for high financial burden—more than half spent 10% or more of their income on health care in 2005. Nearly three in five people who sought coverage in the individual market had difficulty finding a plan they could afford, and one in five were denied coverage, charged a higher premium, or had a specific health condition excluded from coverage. [Testimony of Diana Rowland of the Kaiser Family Foundation before the House Ways and Means Subcommittee on Health, 4/15/08]
- Leaving tens of millions of Americans uninsured perpetuates cost shifting, contributing to higher premiums for the insured. One analysis estimated that each family pays an extra \$922 in premiums to fund uncompensated care. This creates a vicious cycle that results in more uninsured Americans. It also limits the potential of policies that could lower the cost trajectory, such as widespread use of effective prevention and management of chronic disease. [http://www.americanprogressaction.org/issues/2008/conservative_critique.html]
- According to the nonpartisan Commonwealth Fund, McCain’s proposals to deregulate insurance markets could actually drive up health insurance administrative costs as insurers spend more on marketing and underwriting to attract healthy risks and avoid those with pre-existing conditions. [http://www.commonwealthfund.org/usr_doc/Collins_envisioningfuture2008candplans_1092.pdf?section=4039]
- Currently, Americans pay nearly six times as much per capita on administrative health costs as residents of peer nations. This would likely increase with a shift to the individual market, where administrative costs range from 25 percent to 40 percent compared to 10 percent for group coverage. Shifting funds from self-insured to fully-insured plans would increase insurers’ power and most likely their profits. New administrative costs would be generated in the banking industry to manage health savings accounts (HSAs) opened in conjunction with high-deductible health plans: One analysis estimated that the cost of financial fees could be over \$5 billion over the next five years. [http://www.americanprogressaction.org/issues/2008/conservative_critique.html]

John McCain: A Record of Apathy, Ignorance, and Health Care Cuts

It should come as no surprise that John McCain’s health care plan would make the health care crisis worse. After all, McCain has a long record of opposing the health care programs that have provided needed health care coverage to seniors, children, and low-income families.

As a candidate for President, McCain has largely ignored health care for much of his campaign.

- The New York Times reported, “John McCain, running largely on Iraq and national security, has not said anything substantial about health care, nor has he even included it among issues listed on his campaign Web site.” [New York Times, 9/23/2007]

McCain admitted having a poor understanding of health care policy.

- In 2006, McCain said that while he has a good handle on foreign policy, he intends to learn more on domestic issues, including economics, tax policy,

and health care. “I’m going to have to be smarter on some issues than I am now.” [New York Sun, 3/07/2006]

McCain opposed health care coverage for nearly 10 million children.

- McCain voted against SCHIP legislation, which would have provided health coverage to nearly 10 million children whose parents can’t afford insurance. [US Senate LIS, S. Amdt. 510 to S. Con. Res. 21, Roll Call 105, 3/23/2007]
- When the SCHIP bill passed Congress, McCain urged President Bush to veto the legislation: “another one he should veto is the SCHIP program...” [CNN, 10/17/2007]

**“I want to keep health-care costs down until I get sick,
and then I don’t give a goddamn!”
- John McCain in *Vanity Fair*, February 2007**

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