

Kinloch Consulting Group

Legislative Alert

President-elect Barack Obama: Health Care Proposal Summary



The following summary reflects President-elect Barack Obama’s goals and initiatives in the area of health care, based on policy statements made during his presidential campaign. The overall goal of the Obama proposal is affordable and high-quality universal coverage provided through mix of private insurance and expanded public insurance.

Proposal Highlights	Kinloch Notes
Coverage	
Require all children to have health insurance (individual child mandate); expand access to Medicaid and State Children’s Health Insurance Program (SCHIP)	
Require employers to offer “meaningful” coverage (employer mandate) or else be required to contribute a percentage of payroll toward the costs of a new public plan <ul style="list-style-type: none"> ○ Small businesses are exempt 	“Meaningful” has yet to be defined. This requirement is similar to MA Health Reform. Although “small business” has not been defined either, there is some speculation that the Small Business Administration definition may be used (i.e., fewer than 500 employees).
Create <i>National Health Insurance Exchange</i> - a means for small businesses and individuals to purchase health insurance coverage <ul style="list-style-type: none"> ○ Any American could purchase coverage under a new public plan or “qualified” private insurance plans would be available for purchase (requirements would be in place for participating insurers) 	In concept, the function of the National Health Insurance Exchange is similar to the MA Connector. Unclear if existing MA health reform program would meet minimum standards of the national plan.

<ul style="list-style-type: none"> ○ The public plan’s benefits would be similar to the Federal Employees Health Benefits Program (FEHBP) – the plan offered to members of Congress ○ Coverage would be portable ○ Coverage would be guaranteed issue, with a fair and stable premium cost that is not dependent on an individual’s health status ○ Federal income-based tax credit for the premium cost would be available ○ Maintain existing state health reform plans if they meet minimum standards of the national plan 	
Create <i>Small Business Health Tax Credit</i> of up to 50% of the premium paid on behalf of employees to help small businesses provide affordable health coverage	
Federally fund catastrophic reinsurance for high-cost cases <ul style="list-style-type: none"> ○ Lower costs for businesses by covering a portion of the catastrophic health costs they pay in return for lower premiums for employees 	Employers would be reimbursed for a portion of catastrophic costs incurred above a threshold if employers guarantee the savings will be passed to employees via a reduction in premium costs
Require that children up to age 25 be covered through their parents’ plan	Dependent eligibility definitions may need to be changed (must include children up to age 25 regardless of student status)
Insurance Industry	
Require insurance companies to cover pre-existing conditions	
Promote greater transparency by requiring health plans to disclose the percentage of their premiums that goes to paying for patient care as opposed to administrative costs	
Prescription Drugs <ul style="list-style-type: none"> ○ Lower drug costs by promoting use of generic drugs ○ Allow safe drug reimportation ○ Hold pharmaceutical industries accountable for unfair and abusive practices ○ Allow Federal government to negotiate for lower drug prices for Medicare Part D ○ Eliminate Medicare Part D “doughnut hole” 	
Improve access to preventive care and management of chronic conditions <ul style="list-style-type: none"> ○ Cover preventive services, including cancer screenings 	
Strengthen antitrust laws to prevent insurance companies from overcharging physicians for malpractice insurance	

Public Health	
Support strategies to improve the public health infrastructure and disaster preparedness at the state and local level	
Executive Compensation	
Require companies to offer a non-binding shareholder vote on executive compensation to ensure greater transparency	
Retirees	
Allow withdrawals of up to 15% (maximum \$10K) from an IRA or 401(k) without a tax penalty	
Pre-65 retirees could purchase health coverage through the <i>National Health Insurance Exchange</i>	
Pay Medicare Advantage plans the same as traditional Medicare (fee for service)	Medicare Advantage was created to increase competition and reduce costs, however studies show these plans cost more than what it would cost to treat under traditional Medicare. Obama supports eliminating excessive subsidies to Medicare Advantage plans and paying them what it would cost to treat patients under traditional Medicare.
Create government-sponsored defined contribution plans for employees without access to retirement accounts (government would make matching contributions)	
Working Women and Families	
Changes to FMLA including adding leave for elder care, domestic violence, sexual assaults or to allow caregivers to attend children's academic activities	
Make the Child and Dependent Care Tax Credit refundable and allow low-income families to receive up to a 50% credit on the first \$6K of child care expenses	
Support of telecommuting and flexible work schedules	
Paid Leave	
Employers would have to provide 7 paid sick days per year	

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