

Universal Healthcare Coverage: Is it Inevitable?

BY COLIN LUKE

Universal health coverage has emerged as one of the most publicized issues in the current Presidential campaign. Last month, Hillary Clinton announced her "American Health Choices Plan" that would require all Americans to have health insurance. Previously, Barack Obama had unveiled his plan to implement mandatory coverage for children and a new optional public insurance program for all adults. The trade group of investor-owned hospitals, the Federation of American Hospitals, has also gone on record supporting a version of universal coverage. Contrary to traditional Republican doctrine, Health and Human Services Secretary Michael Leavitt recently announced that President Bush would like to implement universal health care before he leaves office.

In concept, universal health coverage is a policy that is appealing to most Americans and healthcare providers. There are currently 45 million American without health insurance. Many providers never collect more than a fraction of their charges for care provided to the uninsured and sustain real losses as a result. Some of these uninsured patients forego preventive and lower cost care that could avoid significant health care expenditures and more serious conditions in the future.

However, universal or mandated health insurance coverage requires closer consideration. Many healthcare policy analysts believe that nationwide government-sponsored universal coverage is likely to lead to a single payer system and a new massive federal healthcare bureaucracy. Any universal care initiative may create a slippery slope away from private insurers and independent providers to a monolith of a government-controlled national health

service like the British model. Most significantly, providers and voters must consider whether the United States can afford to implement even the most basic form of universal health coverage.

Hillary Clinton estimates that her American Health Choices Plan will cost \$110 Billion per year. To pay for her plan, she is proposing raising taxes for those families making \$250,000 or more annually. She also believes she can achieve \$56 billion in savings through computerized record keeping, prescription drug price reduction and cutting Medicare "overpayments" to hospitals to pay for her program. Many experts believe the costs of her plan will end up being significantly higher.

Her plan has a number of elements, including the "individual mandate," requiring every person to maintain health insurance and provide proof of such coverage. Her campaign has stated the mandate could be enforced in a several ways including the denial of certain tax deductions to anyone who refused to buy insurance. Sen. Clinton's plan also requires that businesses provide some form of basic insurance for employees but "allows" anyone who is happy with his or her current plan to keep existing coverage. Furthermore, Sen. Clinton proposes to prohibit insurance companies from denying coverage on account of pre-existing conditions or genetic predisposition to certain illnesses.

Sen. Obama's plan has some different elements. It proposes the creation of a National Insurance Exchange to allow individuals and businesses to buy coverage directly from the exchange. It would require all employers pay some portion of health insurance coverage for their employees or towards the cost of the public plan. Obama's proposal also mandates health insurance coverage for all children.

Cong. Pete Stark, the Chairman of the Health Subcommittee in the House has introduced the "AmeriCare Health Care Act" to go much further than any of the other proposals. It creates a Medicare-like system that would be available to anyone not covered by an employer-sponsored plan. In addition, he is proposing a Constitutional amendment to provide that healthcare is a basic right for every American. If ratified, this amendment would force Congress to make universal health care coverage available.

The Republican Presidential candidates generally oppose governmental mandates for healthcare insurance coverage or the expansion of a Medicare-like system for all Americans regardless of age. Rudy Giuliani, Mitt Romney and Fred Thompson have proposals to encourage the transition of employer-based health insurance into an individual marketplace where employees can spend their benefit allowances on plans that best fit their individual needs. Through tax credits and additional deductions, these candidates promote personal responsibility and marketplace solutions. These proposals are generally budget-neutral

and do not require additional taxes.

It may be difficult for Republicans to continue their opposition to mandated universal coverage. Even if their policies make sense from a policy and economic perspective, Republicans are facing increasing pressure to support a quick solution that deals with the needs of the uninsured. Providers that have historically supported Republicans are complaining about uncompensated care and bad collections.

If Democrats prevail in the Presidential election, there is little doubt that some version of universal coverage will receive serious consideration and support. How far-reaching this version will be and whether or not it incorporates a single payor system will be an interesting question. Healthcare providers must be at the forefront of this debate in order to maintain our current quality of care. Without a doubt, America's healthcare system will continue to evolve. Let's hope it is for the better.



Colin H. Luke is the Chairman of Baich & Bingham, LLP's Health Law Practice Group.