

# **BUILDING A POLITICAL MOVEMENT**



## **John McCain's Health Care Plan**

### **Does the plan cover everyone? How?**

McCain's plan creates an "incentive" for more people to buy insurance – a tax credit of \$2,500 for individuals and \$5,000 for families. He pays for it with a new tax on workers – making their employer-provided health benefits subject to income taxes. The tax credit is less than half the cost of an average health insurance plan – \$4,500 per year for singles and more than \$12,000 per year for families. Those who are young and healthy may not have a problem getting a policy with a price tag within the limits of the tax credit. But families and people who are 55 or older, or have a serious, pre-existing health condition, will find it difficult to get an affordable plan.

There are no official estimates on the impact McCain's plan will have on the uninsured, but some analysts believe it would leave tens of millions without coverage because there is no requirement that employers or the government provide insurance. Many are concerned that his plan will encourage employers to drop coverage, forcing employees to buy their own insurance. At the same time, McCain takes a hands-off approach to regulating the insurance industry.

### **How does the plan control costs?**

McCain believes competition among health plans will control costs. He wants to expand the private insurance market by providing a larger customer base through the tax credits. He also wants to allow insurance companies to sell coverage across state lines, putting consumers at risk of buying insurance from companies based in states with weak protections. He also wants to expand the use of generic drugs and allow the re-importation of cheaper drugs from abroad.

### **What role does the government play?**

McCain's free-market approach to health care opposes the federal government putting conditions on the market to control costs, regulate insurance companies or mandate coverage. Instead, he will use the government to promote the deployment of information technology, promote walk-in clinics in retail outlets, fund research into better treatments for chronic conditions and develop a model plan that states could adopt so that people with costly pre-existing conditions that insurance companies will not cover could buy coverage at a higher but more affordable price than on the open market (so-called state risk pools).

### **How does the plan improve health quality?**

McCain will promote the use of health information technology to streamline administration, coordinated care to improve outcomes and save money, and research into better treatments for chronic conditions.

### **How is the plan financed?**

McCain will have workers pay taxes on the health benefits they now get tax-free from their employers. He asserts the new tax will yield \$3.6 trillion over the next 10 years to be used to pay for the new tax credit. McCain does not attempt to level the playing field between employers by requiring all of them to contribute to the cost of coverage. To help fund the state risk pools for those people that private insurance will not cover, he proposes to redirect federal funds that pay hospitals for uncompensated care.