



GENERAL CLARK'S PLAN FOR HEALTH CARE FOR AMERICAN FAMILIES

General Clark's health plan would improve health care for those that have it by emphasizing preventive, medically-justifiable and cost-effective services and guaranteeing universal coverage for children, access for all Americans, and making health care more affordable for tens of millions of families currently struggling to pay their premiums. Based on the principles of value, responsibility and fairness, the plan would reorient expensive, often-inadequate health coverage towards preventive and diagnostic benefits, services proven to be medically sound, an emphasis on disease management, and proven competitive purchasing techniques that ensure Americans get the greatest value for their investment. Second, the plan ensures that health care is more affordable for all families and that no child goes without health insurance by guaranteeing affordable coverage and concurrently requiring families to purchase it for their children. It also guarantees that Americans without job-based coverage have access to the same guaranteed, stable health options provided to members of Congress. Finally, the plan provides additional financial assistance to lower-income Americans, workers in between jobs, and other vulnerable populations. General Clark's health plan shifts the focus of the health care debate by insisting that any investment on health insurance be accompanied by a commitment to improve as well as expand coverage.

HIGHLIGHTS OF WES CLARK'S PLAN FOR HEALTH CARE

- Wes Clark's plan is the only plan that improves care while expanding coverage and making it more affordable for American families.
- Provides health insurance for 31.8 million Americans who are currently uninsured, including all 13.1 million children and college-age Americans who currently lack health insurance.
- Provides tax credits to reduce premiums for millions of Americans who currently have health insurance but are struggling to pay their premiums. In addition, Wes Clark's groundbreaking emphasis on improving quality and constraining cost growth would provide better medical outcomes at a lower cost for all Americans.
- The plan would cost a net \$695 billion over the ten years from 2004-13. This conservative estimate does not include the likely savings from Wes Clark's emphasis on improved preventive care.
 - \$772 billion for expanding coverage and making it more affordable
 - \$48 billion in investments for other health care improvements
 - \$125 billion in savings from a series of prudent purchasing initiatives and from modernizing the health care delivery system.

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PRINCIPLES OF WES CLARK'S PLAN

Wes Clark's health plan, built on the principles of value, responsibility and fairness, would:

- ***Value: Improve the Value of Health Coverage for All Americans.*** The Clark plan would ensure that the health coverage purchased by American workers and businesses is worth it. It would prioritize prevention, evidence-based medicine, disease management, and sensible cost sharing. It would promote the use of information technology and comparative information, improving quality and reducing costs. These efforts complement the plan's federal health savings of \$125 billion over 10 years.
- ***Responsibility: Guarantee Universal Coverage for Children, Universal Access to Health Insurance for All Americans, and More Affordable Care for Families.*** Wes Clark would put in place a system that ensures that no child in America lacks health insurance, linking new, affordable options with the responsibility of parents to insure children age 22 and younger. This would cover 13.1 million uninsured children (22 and younger) and lower health coverage costs for millions more families. The Clark plan also would allow Americans without access to job-based insurance to purchase coverage through the same system that insures members of Congress. In addition, it would provide tax credits for working families, with or without children, to help pay for their health insurance. This would cover an estimated 6.0 million uninsured and reduce costs for millions more, many of whom are older and pay exorbitant premiums for individual plans.
- ***Fairness: Provide Extra Assistance to Vulnerable Americans.*** To make coverage affordable, the plan would extend assistance to low-income adults, covering 11.3 million uninsured Americans. It would also assist workers between jobs, about 1.4 million of whom could gain coverage. In addition it would set aside resources to address health priorities for Veterans, military reservists, mental health parity issues, minority health disparities, and other issues.

DESCRIPTION OF THE PLAN FOR HEALTH CARE FOR AMERICAN FAMILIES

I. Grounding Health Care in Prevention, Management, and Value

The United States spends more on health care than any other nation in the world, yet ranks 19th in life expectancy at birth and 28th in infant mortality. One reason for this discrepancy is the failure of our current health system to detect, prevent, and manage disease. The Clark plan reorients the health system towards health services with proven value, assuring American workers, businesses and taxpayers that their investment in health coverage is worth it. Specifically, the plan would:

- ***Establish an Independent Commission to Determine the Value of Health Services/Benefits.*** A new commission would use the best scientific and clinical research to provide comparative information about therapeutic interventions to consumers, health providers, businesses, federal, state and local governments, and health plans. It would focus on three priorities:

- *Promoting Prevention, Diagnosis and Management of Health and Disease.* Early diagnosis and management of conditions like high blood pressure and diabetes can reduce health complications and costs. The Commission would work with the U.S. Preventive Services Task Force to identify specific, effective preventive services, evaluate their cost effectiveness, and develop recommendations for increasing their use.
 - *Promoting Comparative Information and Evidence-Based Medicine.* The plan would trust health clinicians rather than HMO executives or pharmaceutical company marketers to recommend what works best and what should be covered. The Commission would work with the Agency for Healthcare Research and Quality, the NIH and others to develop measures of relative value for alternative physical and mental health interventions.
 - *Developing Model Benefit and Cost Sharing Coverage Designs.* The Commission would evaluate benefit designs and determine appropriate levels of cost sharing to both reduce expensive over-utilization and prevent “under-insurance” due to excessive co-payments.
- The Commission would publish guidance on comparative effectiveness of alternative therapies and preventive services to help both public and private purchasers design their coverage policies. All Federal health programs (including Medicare, Federal Employees Benefit Plan, and safety net providers) would be required to ensure that their benefits are consistent with the Commission’s recommendations. If private coverage falls short, adopting these benefits could become a prerequisite for receiving any type of tax subsidy.
 - ***Immediately Implementing Medicare Preventive Service Expansions and Demonstrations on Incentives for Increased Prevention Use.*** The plan would implement consensus recommendations on prevention for immediate Medicare coverage, including cholesterol screening, medical nutrition therapy, screening for visual acuity, tobacco cessation counseling and other counseling services. It would also encourage Medicare demonstrations that would give incentives to both physicians and beneficiaries to increase use (e.g., lower Medicare premium for use of preventive and disease management services).
 - ***Promoting Information Technology to Reduce Medical Errors and Administrative Costs.*** Unlike most other industries, health care has been slow to adopt information technology. This not only yields high administrative costs but results in medical errors. The Clark plan would promote, through financial incentives and requirements, the use of electronic medical records, computer-aided decision tools for providers, reminder systems for patients and other systems that could streamline health care.
 - ***Reducing Excess Health Spending.*** The Clark plan eliminates excessive health care costs in the system through policies like: competitive bidding for Medicare services, initiatives to remove legal loopholes that block high quality, more affordable generic drugs from coming to the market, aggressive use of chronic and disease management services, and responsible

malpractice reform. These, and the above mentioned policies, would reduce Federal health spending by \$125 billion over 10 years.

II. Universal Coverage for Children, Access for All Americans, and More Affordable Care for Families

The number of uninsured Americans has climbed by almost four million since 2000, to 44 million. The lack of health insurance in the United States not only reduces our nation's health but drains our economy. Uninsured Americans have less access to needed care, are less likely to attend school or work, and generally reduce our nation's productivity. The Clark plan would take a significant stride towards universal coverage by guaranteeing health insurance for all children and increasing access to affordable coverage for those lacking it now. Specifically, the plan would:

- ***Guarantee that Every Child Has Health Insurance.*** The plan would provide health insurance to every American child through age 22. A new, progressive tax credit would begin where public program eligibility ends and extend to 500 percent of the poverty limit (about \$40,000 for an individual, \$90,000 for a family of four). Families could use this assistance for Medicaid or State Children's Health Insurance Program (CHIP), employer coverage, or the new Congressional Health Plan option, described below. In return for this assistance and the new set of options, it would become the responsibility of young adults to enroll and parents to enroll their children in a health insurance plan.
- ***Guarantee that Every American Has Access to Coverage.*** The plan would allow Americans without access to job-based health insurance to purchase coverage through the same system that insures members of Congress. The government would ensure that the premiums paid by individuals are fairly priced and available to all eligible people. This policy would especially help older adults who have diminished access to job-based coverage, increased need for services, and great difficulty in finding affordable, accessible insurance in the private, individual market.

III. Provide Extra Assistance to Vulnerable Populations.

In addition to ensuring coverage for children and access for all, the plan would target financial assistance to several groups of people facing specific challenges in affording health care:

- ***Reduced Premiums for Low-Income Adults.*** The federal government would fully fund state-based programs to extend full coverage to adults with income below 150 percent of the poverty threshold. It would also provide a tax credit for those with income below 275 percent of poverty. This credit could apply towards job-based coverage or the new Congressional Health Plan. This assistance could help cover 11 million uninsured people.
- ***Tax Credit for Workers between Jobs.*** In addition to the general assistance for low-income families, a 70 percent tax credit would be available to fund COBRA or Congressional

coverage for workers in between jobs. This would help about 1.4 million uninsured gain coverage.

- ***Expanding Health Options for Reservists and their Families.*** To allow them to afford their current coverage, families of military reservists would receive a tax credit for COBRA costs.
- ***Improved Access to Services for Veterans.*** The plan would increase funding to the Veterans Administration system to reduce waiting times and prevent the system from having to turn veterans away.
- ***Providing Seed Money for Small Business Purchasing Groups.*** A grant program would be created to allow states to work with small businesses, private insurers and consumer groups to develop pooling arrangements for insurance.
- ***Targeted Public Health Initiatives.*** Several years of financial neglect have made it difficult for critical public health programs to achieve their goals. This plan would specifically increase funding for public health programs to reduce racial and ethnic health disparities and improve prevention and treatment of HIV/AIDS.

PRESIDENT BUSH'S RECORD: RISING HEALTH COSTS AND FALLING COVERAGE

Reversal on Progress

During the 1990s, health care costs grew at record-low rates and, for the first time in 12 years, the number of uninsured declined. However, trends are now moving in the wrong direction, and the gains of the 1990s have been virtually wiped out.

- ***Over 40 percent Increase in Workers' Health Insurance Premiums.*** Compared to 2000, health insurance premiums in 2003 are 40 percent higher – \$2,700 more, on average, for family coverage. This growth is about four times higher than wage growth during this time.
 - About two-thirds of large firms reduced their own costs in 2003 by increasing the amount that employees pay for job-based health insurance.
 - Workers have faced increasing deductibles and copayments. Between 2000 and 2003, preferred provider deductibles have increased by more than 50 percent.
- ***Nearly Four Million More Uninsured Since 2000.*** In 2002, 43.6 million Americans were uninsured, up significantly from the 39.8 million uninsured in 2000. The rate of uninsured Americans increased from 14.2 to 15.2 percent in this period.
 - The increase would have been worse without Medicaid and the State Children's Health Insurance Program (CHIP). Still, 8.5 million children remain uninsured.

▪ **Weak Leadership and Flawed Plans**

- Despite the growing crisis in health care, the President has barely acknowledged, let alone acted, on these important issues. Moreover, his health care proposals could make matters worse. His plan:
- ***Falls Short of Making Coverage Affordable.*** The tax credit that the President proposed is now -- as it was in 2000 -- \$1,000 for an individual. This covers less than 30 percent of an average single policy in the employer sector. Since only those with income below \$15,000 get this full \$1,000, it is unlikely to make health insurance affordable for many uninsured.
- ***Undermines Employer-Based Coverage.*** The tax credit proposal could draw healthier workers out of employer-based coverage and into the individual market that offers discounts to young and healthy people. This makes job-based coverage more expensive for those left behind. A similar effect could occur with the tax-shelter Medical Savings Account and similar policies supported by the President that disproportionately benefit the wealthy.
- ***Threatens Medicaid/CHIP Coverage.*** The President initially opposed the temporary increase in Medicaid funding enacted in 2003, which was designed to prevent coverage losses due to state budget crises. Instead, he supported providing assistance only if states accept a fiscal straightjacket, in the form of a Medicaid block grant. Although rejected by Congress, the block grant could have caused millions of low-income people to become uninsured.
- ***Has Weakened Public Health System.*** With a few exceptions, funding for critical health programs, like the Ryan White Act, has not kept up with needs and in some cases has declined.