



The High Stakes for Health Care in Election 2012

OCTOBER 2, 2012

Should the United States expand health coverage and prod the system toward greater efficiency? Or should government retrench and unleash market forces? As SSN scholars explain, in the 2012 elections the choices are stark – for Medicare, Medicaid, and the fulfillment of Obama's health reforms.

A STARK CHOICE

Nowhere is 2012 more of a "choice election" than in the realm of health care, because the two presidential candidates and their parties want America to go in opposite directions – as [Theda Skocpol](#) explains in her overview brief on the [high stakes for health care in election 2012](#). Democrats want to use federal powers to expand health coverage and prod insurance companies and health-care providers into more efficient forms of care delivery, while Republicans call for sharp reductions in federal funding for health care and would count on expanded market competition to reduce future costs.

President Obama would move forward with the implementation of the 2010 Affordable Care Act; and he would seek cost-reductions in Medicare and Medicaid while preserving their basic goals and structure. A Romney administration, by contrast, is committed to the repeal of health reform, and it would sharply reduce and limit federal funding for Medicaid and gradually turn Medicare into voucher subsidies for private insurance companies. SSN experts offer clear and factual analyses of what is at stake for Affordable Care, Medicaid, and Medicare.

IMPLEMENT OR SCRAP THE AFFORDABLE CARE ACT?

The full scope and likely future of the Affordable Care ("ObamaCare") legislation upheld by the Supreme Court last June is explained in the newly released second edition of *Health Care Reform and American Politics: What Everyone Needs to Know*, by SSN scholars [Lawrence R. Jacobs](#) and Theda Skocpol. They are also co-authors of SSN briefs on the content and politics of the 2010 health reforms – namely [Health Reform: What Does It Do for Americans?](#) and [What Americans Really Think about Health Reform](#).

The most controversial part of Obama's health reform has always been the "individual mandate," but the political fireworks rest on deliberately fostered misconceptions. As SSN scholars lay out with calm arguments and compelling evidence, the mandate provision in Affordable Care is not unprecedented and will not hit very many people at all. As University of Maine scholar [Jennifer Wiggins](#) explains, the [auto insurance mandate is a clear precedent for a mandate in health insurance](#). Her brief shows why both make sense. Theda Skocpol pulls together empirical evidence to reveal another [truth about the individual mandate](#) – very few Americans will be affected in the end, because more than nine of ten will already be insured through Medicare, Medicaid, employer plans, or policies they have bought with help from subsidies provided after 2013 through Affordable Care. Even Americans who are eventually subject to the mandate can choose not to buy insurance and just pay a small fine instead. No one will be coerced to buy insurance.

Misleading claims about the mandate are just some of the mischaracterizations that cloud public understanding what Affordable Care will do – and what it will not do. [Katherine Swartz](#) of the Harvard School of Public Health provides vital correctives to [debunk the most important myths about health reform](#).

Key parts of Affordable Care are not so much mischaracterized as invisible. New resources to expand the reach of community health clinics amount to a [hidden health revolution](#), explains Lawrence Jacobs in his enlightening SSN brief. New resources are going to hundreds of community clinics operating in impoverished rural and urban areas all across the country. These clinics use teamwork to deliver affordable care to millions of low-income Americans, so they may also show the way toward cost-effective quality primary medical care.

WILL MEDICAID STILL BE A VITAL LIFELINE?

As former President Bill Clinton explained in his speech at the Democratic National Convention in early September, the survival and future of Medicaid is also a big issue in the upcoming election. If Democrats hold at least a toehold in Washington DC after 2012, Medicaid is slated to expand as part of the Affordable Care Act's provisions for extending health insurance coverage to millions of additional low-income Americans. But if Republicans gain control of the White House and both chambers of Congress, they plan radical cutbacks for Medicaid. In fact, as [Frank Thompson](#) of Rutgers University-Newark explains in a thought-provoking brief, even without Republican majorities in Congress, [a newly installed President Mitt Romney could stall ObamaCare and roll back Medicaid](#).

SSN scholar [Colleen Grogan](#) is one of the nation's leading experts on Medicaid, and she lays out the key facts and issues in two important SSN briefs. In Grogan's brief on the [vital role of Medicaid in U.S. health care](#), she explains that half of all Americans have either benefitted from Medicaid in its current form or know someone who has been helped. Medicaid provides health care for poor families and children and helps fund nursing home care for the elderly and specialized services for many disabled people of all ages. Another highly informative Grogan brief details the [Republican plans for Medicaid and what they would mean for fiscally hard-pressed U.S. states](#). According to blueprints already spelled out by Congressman Paul Ryan and endorsed by most Congressional Republicans as well as presidential contender Mitt Romney, funding for Medicaid would be reduced by more than a third over the next decade. What is more, the federal government would leave each state on its own to pay for health care for the poor, elderly, and disabled, even during national economic downturns when state revenues sharply decline. State governments would face draconian choices about which vulnerable groups should be deprived of essential services.

THE FUTURE OF MEDICARE

Once Paul Ryan was elevated to become the GOP nominee for Vice President, his budget plans – largely endorsed by Republican presidential contender Mitt Romney – gained new national visibility. Ryan's plan to restructure Medicare for Americans retiring a decade from now gets the most attention, as Democrats and Republicans clash on the future of this very popular health care program for the elderly.

A number of SSN experts weigh in on the human and fiscal implications of the new GOP intention to remove Medicare's universal guarantee of basic health care for older Americans and replace it with vouchers of restricted value. The vouchers would apply to part of the cost of either private health insurance plans or a redefined, residual public program. [Judy Feder](#) of Georgetown University explains [why private insurance vouchers cannot replace Medicare](#). [Larry Polivka](#) of Florida State University lays out why the [Ryan budget heads the wrong way for Medicare](#). And a nationally renowned expert on Medicare, [Theodore Marmor](#) of Yale University, spells out [why turning Medicare into vouchers](#) will not work – for either beneficiaries or the national health care budget.

Indeed, few experts think the GOP voucher approach would save money. Analysts find that this approach would reduce the federal government's commitment only slightly, yet also shift high additional costs and risks onto future retirees and make it harder to limit overall cost increases in national health care spending. The reason is clear: by breaking up Medicare to create insurance company subsidies, the bargaining capacity of the system would be reduced, making it hard to limit price increases for health care services, equipment, and prescription drugs.

The bottom line is clear: the Obama administration plans to make Medicare more cost effective and use its bargaining power to help reduce costs in the system as a whole, while the GOP wants to break up Medicare (and Medicaid) and hope that market competition would limit future cost increases. In 2012, therefore, the two parties have contrasting plans not just for health insurance coverage but also for how to make American health care more cost-effective in future decades. Empirical evidence suggests that only one party's approach has much chance of success.