Health Care Reform Navigator
What You Should Know When Voting for the Next President

By Jack Goldstein

INTRODUCTION

Health care reform will be a priority for the next President and Congress. What follows is an attempt to explain the issues and the positions of the candidates in the simplest possible terms.

Equity's official position regarding health care reform is to support a Single Payer system and steps to achieve that goal. Under Single Payer, the federal government taxes everyone and pays for all medical expenses. All private insurers, whether they cover individuals or a company's employees, would be removed from the equation.

Neither of the two Presidential candidates supports this kind of radical solution, and so this article will not go further into a discussion of the option. However, there is Single Payer legislation pending in Congress, HR 676. It enjoys considerable support across the Country and throughout the Labor movement. A period of intense public debate and interest group lobbying will follow the election as the new President begins to establish policy teams to deal with this issue.

What each candidate proposes now, the direction in which he promises to take the discussion, will have an impact on the viability of Single Payer. It also forecasts the kind of specific legislation we can expect from the new Administration over the coming months. The candidate's positions will make a meaningful difference to you and your future health care choices.

Every effort has been made to keep the language of this report simple, but inevitably some technical terms and acronyms are necessary. Please refer to the "DEFINITIONS" section for assistance. A list of web sources is also provided to help increase your understanding should you wish to explore the issues in greater detail.

Of greatest importance is that every Equity member vote in November. There is a substantial difference between the two candidates on this and on most issues. Exercise your right to affect the outcome of the next election.

EQUITY POSITION

"Actors' Equity Association supports affordable health insurance through a federal Single Payer system.

At the same time, the Association works with sister unions, advocacy groups and Government entities to improve the healthcare safety net at state and local levels and supports incremental steps leading to national health care for all." [1]

The Equity-League Pension and Health Fund

Equity members who qualify by working a minimum number of weeks per year receive health insurance from the Equity-League Pension, Health and 401(k) Trust Funds

When: Established in the early 1960s.

What: Taft-Hartley Trust Fund. Taft-Hartley or multi-employer plans were a breakthrough. Before them, workers such as Actors and the construction trades could be employed in the same industry for years, but never earn lifetime benefits because individual jobs wouldn't last long enough for people to vest. Taft-Hartley plans were created to permit credit to accumulate for every employment experience in the industry.

How: The Equity-League plan is self–insured. Monies that accumulate to the health fund are used to directly pay medical claims and associated expenses. Being self-insured avoids paying profits to outside health insurance companies. The Equity-League Fund does pay a flat yearly rate to an insurer to process claims and protect it against excessive losses due to catastrophic demands.

Why: The Equity-League health plan is an insurance pool. In an insurance pool sometimes you are paying for another's coverage, sometimes they are paying for you. All the money goes into the funds for the benefit of members. Illness and insurance needs aren't predictable. You may pay in and remain healthy during your period of coverage. You may pay in and not meet the minimum number of weeks for coverage. Without these contributions, the health fund would not be solvent.

Who: The Equity-League Trust Fund is an independent not-for profit organization. It is not run by the Union. Governance consists of 12 Trustees, six appointed by Equity and six appointed by the League, who cooperatively make decisions regarding benefits and eligibility. It employs a paid staff. This separate administrative structure is required by law. The Trust fund is not-for- profit. If revenues exceed costs in a given year, the surplus goes back into providing health benefits. Trustees are completely unpaid.

Primary Funding: Producers contribute on a weekly basis for each Actor they employ (amounts determined by negotiation - $150 average) and insured members contribute $100 per quarter. The Fund also receives a payment in lieu of NYC sales tax on Broadway theatre tickets.

Current Status: Actors must work for 12 weeks in a given year to qualify for six months of coverage and 20 weeks for a year's coverage. Because of rising costs, the Trustees have had to readjust eligibility several times over the course of the last few years.

THE HEALTH CARE SYSTEM TODAY

Health insurance coverage in America today is fragmented.

- 177 million Americans receive medical coverage from their employers.
- 27 million purchase their insurance as individuals,
- 50 million receive coverage under Medicaid,
- 40 million are enrolled in Medicare,
- 10 Million are enrolled in military medicine and,
- 47 million have no insurance at all.[2]

The insurance industry is regulated by State governments, with some States exercising greater control than their neighbors and maintaining higher standards of consumer disclosure and protection. In New York State, for instance, it is illegal for an insurance company to turn down someone because of a pre-existing condition. It is legal to do so in California. Individual States also have a level of discretion as to how they allocate federal programs meant to help the disadvantaged, such as Medicaid and SCHIP. Some spend more on prevention and others on reimbursing hospitals for unpaid emergency room care, the primary last resort for those without insurance.

Therefore, American health insurance is a patchwork of various Public and private insurance providers and regulations that vary substantially from state to state, with an overlay of national assistance programs. This system has grown up largely over the years since WWII, when companies and workers came to expect health coverage as a benefit of the booming economy while a simultaneous reliance on Federal government continued to address issues of poverty and discrimination.

There are numerous players in addition to private and government insurers in the health care system. These include drug companies, equipment manufacturers, researchers, teachers, doctors, nurses, hospitals and hospices. Most of these players are for profit businesses. It is more than a challenge to try to control costs across this network, and rising costs is one factor that confronts all insurance providers.

Medical advances have, while saving lives, created higher drug and treatment developments costs. Redundant administrative costs, duplicative testing and disconnected record keeping have all added enormously to the expense of maintaining the health care system nationwide.

PROBLEMS

American health care is facing serious problems and fixing the system will not be easy. Without some action, it is likely that things will continue to deteriorate. Americans with insurance will be paying higher premiums for fewer benefits. The uninsured will slip even further away from being able to find affordable coverage. The rising costs and diminishing returns of health care are everyone's problem.

Some disturbing trends in American health care and insurance follow.[3]

- Access to health care has significantly declined. As of 2007, more than 75 million adults—42 percent of all adults ages 19 to 64—were either *uninsured* during the year or *underinsured*, up from 35 percent in 2003.
- The U.S. now ranks last out of 19 countries on a measure of preventable mortality, falling from 15th as other countries raised the bar on performance.
- The U.S. spends twice per capita what other major industrialized countries spend on health care, and costs continue to rise faster than income. We are headed toward $1 of every $5 of national income going toward health care.
- In 2007 less than half of U.S. adults with health problems were able to get a rapid appointment with a physician when they were sick.
- More than one-third (37%) of all U.S. adults reported going without needed care because of costs in 2007.
- By 2007, two of five adults (41%) reported they had medical debt or problems with medical bills, up from 34 percent in 2005.
- U.S. health insurance administrative costs as a share of total health spending are 30 percent to 70 percent higher than in countries with mixed private/public insurance systems and three times higher than in countries with the lowest rates
- U.S. primary care physicians' use of electronic medical records increased from 17 percent to 28 percent from 2001 to 2006. Still, the U.S. lags far behind leading countries, where EMRs are now used by nearly all physicians (98%) to improve care.
- Compared with their white, higher-income, or insured counterparts, minorities, low-income, or uninsured adults and children were generally more likely to wait when sick, to encounter delays and poorly coordinated care, and to have untreated dental caries, uncontrolled chronic disease, avoidable hospitalizations, and worse outcomes. They were also less likely to receive preventive care or have an accessible source of primary care

RECENT HEALTH CARE REFORM ACTIVITY

Most recently, States faced with rising costs and the absence of a comprehensive national plan, have taken the lead in health care reform with varying degrees of success. Massachusetts, Maine, Vermont and Hawaii have been most notable. A number, including California, Illinois and New York, have had to delay implementation of their efforts due to budgetary restraints or political resistance. The most successful of the state plans have tended to rely on a common set of principles, a kind of "standard model" of reform, that are also reflected in the approaches of the Presidential candidates. These principles included:

- Trying to harness the private insurance industry.
- Enlisting precedents and public opinion in favor of reform.
- Enrolling as many people as possible in some form of insurance.
- Discouraging economic and medical discrimination in the issuance of insurance.
- Injecting competition into the marketplace as a means of controlling costs.

State reform efforts have also tended to rely on the same set of remedies. These include:

- Individual Mandates-Every person must carry insurance.
- Employer Mandates.-Every employer must provide insurance or pay into a public fund
- Guaranteed Issue- Every person has the right to be insured
- Public insurance Pools-Every person who cannot get private insurance should be able to get government coverage.
- Government Subsidy- Every person should have access to affordable insurance based on income.

States have been unable to solve the problems by themselves. They lack the financial resources. Many of the problems contributing to rising costs are national in scope. Federal labor legislation called ERISA prohibits State governments from interfering in employer-employee health and benefit agreements. There is general agreement that some form of comprehensive national policy will be necessary to solve problems.

TWO SCHOOLS OF THOUGHT

There are two basic philosophical approaches to health insurance and how to reform it.

1. Market, consumer or profit driven solutions: A belief that health insurance is a commodity, like an automobile, and that private industry, loosely regulated, will respond to consumer demand by offering a variety of insurance options (products) for persons of all income levels. Profit and marketing costs play a major part in pricing.

   Profit Driven insurance is typified by the following:

   - Many companies competing for the consumer
   - Regulated insurance industry
   - Health Savings Accounts
   - High Deductible policies
   - Individuals
   - Numerous insurance products
   - Individual tax credits to offset premium costs

2. Social, not profit-driven, insurance: The belief that health care is an ethical issue, like public education and safety, a quality of life requirement in which Government must be prepared to intervene on behalf of the disadvantaged. Profit and marketing costs play a lesser part in pricing.

   Not Profit Driven insurance is typified by the following:

   - Fewer companies attracting larger groups
   - Regulated insurance industry
   - Public Programs
   - Controlled Deductibles
   - Insurance Pools
   - Standardized insurance products
   - Tax supported to provide subsidy

McCAIN/OBAMA SIDE-BY-SIDE [4]

ISSUE	McCAIN	OBAMA
Basic Goals	Increased access to affordable health coverage = greater numbers able to buy insurance.	Universal coverage = health care for all.
Basic Approach	Market emphasizing personal responsibility: Tax incentives to encourage individuals to purchase coverage and deregulation of the insurance industry to encourage greater competition and more diverse insurance choices.	Social insurance emphasizing group responsibility: Expansion of existing Federal Program insurance pools for the poor and children, creation of a new insurance pool, modeled on the FEHBP, for small businesses and individuals without access to affordable Public programs or employer-based insurance.
Specific Actions	Would tax current health benefits offered by employers. Would offer tax credits of up to $2,500 (individuals) to $5,000 (families) for the purchase of private insurance. Would work with States to create Guaranteed Access Plan for those denied insurance because of existing conditions.	Would create National Health Insurance Exchange to evaluate and compare insurance options. Would create new Public health plan open to everyone based on the current FEHBP. Would open SCHIP and Medicaid to greater numbers.
Subsidies	Income related subsidies to individuals enrolled in Guaranteed Access Plan for people turned down by insurance companies because of pre-existing conditions. No subsidies to small businesses to help cover costs of offering insurance.	Federal income related subsidies to individuals who cannot afford new Public insurance plan or private insurance. Provide small businesses with tax credit of up to 50% of premiums paid on behalf of employees. Provide subsidies to reimburse employers for catastrophic care.
Guaranteed Issue	Would permit insurance companies to deny coverage based on existing conditions, age or family history.	Would prohibit insurers from denying coverage based on existing conditions, age or family history.
Cost Containment	Promote lower costs by competition among numerous insurance providers and policies	Promote competition by offering the FEHBP and regulating health care premiums.
Relations to Employer-based Insurance	Would discourage employer-based health plans and encourage movement of larger numbers into the individual market.	Would leave employer-based health plans in place and supplement them with a federal program for those not covered.
States	Would permit insurance companies to sell insurance across state lines increasing options in states currently underserved by private insurance companies, but enabling them to bypass restrictions of most highly regulated states.	Would leave state by state regulation of the insurance industry in place.
Paperwork reduction	Reduce overhead of private insurers by allowing sale of "national" insurance policies and bypassing states' regulations.	Invest $50 billion toward adoption of electronic medical records and other health information technology.

DEFINITIONS

Employer Mandates: Requiring employers to offer health insurance coverage

ERISA: The Employee Retirement Security Act of 1974. Legislation that sets minimum standards for the management of private industry pension plans, affects health plans as well and protects such plans from the intervention of State Governments.

FEHBP: Federal Employee Health Benefit Program, a choice of several insurance policies available to employees of the federal government.

Guaranteed Issue: A requirement that insurance companies must offer coverage to everyone regardless of age, family history or pre-existing condition.

Health Savings Accounts: Private tax-exempt accounts, like 401(k) s funded by individuals or employers to pay for the cost of health insurance

Healthcare Providers: Individuals, institutions or manufacturers that provide health services or products, such as doctors, nurses, hospitals, drugs and medical equipment.

Healthcare System: Healthcare providers + insurance providers + patients

Individual Mandate: Requiring all individuals to carry some form of health insurance

Insurance products: Health insurance policies

Insurance providers: Private companies or government programs that offer health insurance.

Medicaid: Federally subsidized, State administered insurance to the poor or disabled.

Medicare: Federal insurance coverage for those over the age of 65.

Pooling: The creation of large groups of individuals to spread the risk and share the cost of health insurance.

SCHIP: State Children's Health Insurance Program: Federally subsidized, State administered insurance for children from low-income families.

Web sources

This partial list of websites is provided to help you understand the issues better, to learn more about the positions of the Presidential candidates and to answer some of the personal questions you may have about your health care options.

The Commonwealth Fund
www.commonwealthfund.org

The Henry J. Kaiser Family Foundation
www.health08.org

National Conference of State Legislatures
www.NCSL.org

Equity/League Pension, Health, 401(k) Trust Funds
www.equityleague.org

The Actors Fund, Actors Health Insurance Resource Center *www.ahirc.org*

The National Coalition on Health Care
www.nchc.org

McCain Campaign *www.johnmccain.com*

Obama Campaign *www.barackobama.com*

CONCLUSION

Senators McCain and Obama offer distinctive approaches to health care reform that reflect both their thinking on this particular issue, their larger philosophical approaches to government and their visions for America. Senator Mc Cain would trust more completely to the insurance industry, motivated by profit and as freed as possible from regulation, to find the way to make insurance premiums more affordable to a larger number of Americans. Senator Obama draws on a different set of ethical beliefs and solutions, including a more active government presence to even the playing field for lower and moderate income Americans and mandate universal coverage. Each point of view has its advocates. Because the candidates have aired preliminary proposals, the choice for every Actor is deciding who they wish to trust in the future working out the very important details of a structured reform program.

If the information in this article doesn't answer all of your questions, continue to explore the issue until you gain the confidence you need to make that decision and cast an informed vote.

FOOTNOTES

1. Reaffirmed at Council Meeting 04/17/07
2. The United States Census, 2008. released 2007
3. *Why Not the Best?* - Results From The National Scorecard on U.S. Health System Performance, 2008. July 17, 2008/Vol.97. The Commonwealth Fund Commission on a High Performance Health System.
4. John McCain for President Website, Obama for America Website, Henry J. Kaiser Family Foundation

Equity captions – September

Page 4:

The NEAT negotiating team: (back, l to r) AEA Business Rep Melissa Colgan, Kippy Goldfarb, Bob Knapp, Peter Haydu, John Kooi; (front, l to r) Chair Julia Breanetta Simpson, Senior Business Rep/Chief Negotiator Lawrence Lorczak, James Bodge, Boston Area Liaison. Not pictured: Stephen Esspach.

Page 10:

The cast of Altar Boz (clockwise from top) Jonathan Hoover, Josh Blye, Dolanl Wolfe-Callanta, Damian Shembel, Daniel Armando.

Page 11

(left)

Michael Kostroff talks to members in the Audition Center.

(right)

Donna McKechnie with Russell Rhodes in No, No Nanette.

Page 12.

Marion Ross.

Dana Ivey accepts her Honorary Doctorate from Rollins College.

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Quote:

"If you really want to help the American theatre, don't be an actress, dahling. Be an audience."

Tallulah Bankhead