McCain Favors Credits, Cost Cutting to Bolster Coverage

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For Sen. John McCain (R-Ariz.), having health insurance is desirable but not mandatory.

"I don't think there should be a mandate for every American to have health insurance," the Republican presidential hopeful said at a forum on health care policy sponsored by Families USA and the Federation of American Hospitals. "One of our goals should be that every American own their own home, but I'm not going to mandate that. … I feel the same way about health care. If it's affordable and available, then it seems to me it's a matter of choice amongst Americans."

As Sen. McCain sees it, health insurance is something many people decide they don't want. "The 47 million Americans that are without health insurance today, a very large portion of them are healthy young Americans who simply choose not to" sign up for it, he said at the forum, which was underwritten by the California Endowment and the Ewing Marion Kauffman Foundation. He added, however, that some people with chronic illnesses and other preexisting conditions do have problems accessing insurance, "and we have to make special provisions for them, including additional trust funds for Medicaid payments [for people] who need this kind of coverage."

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Instead of mandating that people have health insurance, Sen. McCain, who is serving his fourth term in Congress, said his priority as president would be to rein in health care costs. "If we can bring down costs, as I believe we can … I'm absolutely convinced more and more people will take advantage of [health insurance]."

One way to control costs at the federal level is to not pay for medical errors involving Medicare patients, Sen. McCain said in an interview after the forum. "Right now we pay for every single procedure—the MRI, the CT scan, the transfusion, whatever it is. [Instead], we should be paying the provider and the doctor a certain set amount of money directly related to overall care and results. That way we remove the incentives now in place for overmedicating, overtaxing, and overindulging in unnecessary procedures. I also think it rewards good performance by the providers."

To expand access to health insurance, Sen. McCain is proposing a refundable tax credit of $2,500 per individual and $5,000 per family to help the uninsured buy health insurance policies. To pay for the tax credits—which would cost the government an estimated $3.5 trillion over 10 years—he proposes abolishing the tax deduction that employees currently take when they pay premiums on their employer-sponsored health plans. He would, however, leave intact the deduction that employers currently take on their portion of the premiums as an incentive for employers to continue offering coverage.

When it's the employee's money and their decision, "I think they make much wiser decisions than when it's provided by somebody else." And because the tax credit is refundable, low-income Americans who currently pay no taxes will receive a check for the amount of the credit, he noted.

When a reporter pointed out that the average cost of a family health insurance policy is more than $12,000 per year—far higher than the amount of the proposed family tax credit—Sen. McCain said the credit still would be beneficial. "One thing it does is if someone has a gold-plated health insurance policy, they'll start to pay taxes [on those premiums] and it may make them make different decisions about the extent and coverage of their health insurance plan," he said. "Another thing it does that I think is very important is that for low-income people who have no health insurance today, at least now they've got $2,500, or $5,000 in the case of a family, to go out and at least start beginning to have [it]."

Sen. McCain admitted that the tax credit plan "is not a perfect solution, and if not for the price tag involved, I'd make it even higher. But according to the Congressional Budget Office, by shifting the employee tax aspect of it, you save $3.5 trillion over a 10-year period, and I think that would have some beneficial effect at reducing the overall health care cost burden that we're laying on future generations." The senator said he did not have an estimate of how many uninsured people would be able to buy health insurance coverage because of the tax credit.

Sen. McCain said he does not support outlawing the "cherry-picking" that some health plans do to make certain they insure mostly healthy people. Outlawing cherry-picking "would be mandating what the free enterprise system does and that would be obviously something that I would not approve of." Instead, he favored broadening the high-risk pools that states use to provide coverage for some of their uninsured residents. "I would rather go that route than mandate that health insurance companies under any condition would have to accept a certain level of patients. … One reason is that we have seen in the past that [insurance companies] have a great ability to game the system."

Sen. McCain also said he hoped the tax credit plan would encourage more people to open health savings accounts (HSAs).■

POLICY & PRACTICE

Concern Over Medical Home Bill

The American Academy of Family Physicians has raised concerns about a bill that would provide federal funding for patient-centered medical home demonstration projects within Medicaid and the State Children's Health Insurance Program, saying that the bill's language does not provide enough guidance for setting the care management fee to be paid to physicians. The legislation, introduced by Sen. Richard Durbin (D-Ill.) and Sen. Richard Burr (R-N.C.), also would create local medical management committees to establish standards and measures for patient-centered medical homes. It would require Medicaid and SCHIP to pay participating physician practices a minimum management fee of $2.50 per member per month. AAFP Board Chair Rick Kellerman noted in a letter to the senators that the legislation "does not provide the states or CMS with guidance for determining how much this fee should be. As a result, states are likely to use this floor as the payment amount." Instead, Dr. Kellerman said, the fee should be set in each state based on a recommendation from a team that includes primary care physician organization representatives.

More Action Needed on MRSA

U.S. health care facilities are not doing enough to protect patients from methicillin-resistant *Staphylococcus aureus* (MRSA) infections, according to an online poll conducted by the Association for Professionals in Infection Control. A majority of infection control professionals (59%) responded that their health care facilities have stepped up efforts to curb MRSA in the past 6 months. But half said their facilities were "not doing as much as [they] could or should" to stop the transmission of MRSA. "MRSA could be beaten if the leadership at hospitals moved more aggressively to adopt strategies proven to protect patients from these virulent infections," said Lisa McGiffert, director of Consumers Union's Stop Hospital Infections campaign. "We need to require hospitals to report their infection rates so the public can see if they are achieving results." Consumers Union has worked to help pass laws in 20 states requiring hospitals to report their patient infection rates, and it supports a federal infection reporting law. The Centers for Disease Control and Prevention estimates that nearly 95,000 patients developed MRSA infections in 2005—most of which were acquired in health care facilities—and almost 19,000 people died.

Generics Could Save States Money

Increasing access to generic medicines would help states lower health care costs, which are putting pressure on state government budgets, according to the Generic Pharmaceutical Association (GPhA). The National Governors Association and the National Association of State Budget Officers said in December that "steadily rising health care costs" are contributing to deteriorating state fiscal conditions, and that states face numerous challenges in providing health care in Medicaid and other state programs. The GPhA noted in its own report that a 1% increase in the use of generics could shave $4 billion annually off the total U.S. health care bill. The group advocates creating a workable pathway to approving generic biopharmaceutical medicines and preventing state governments from barring generic substitution for various therapeutic classes of medicines.

Part D Plans Not Tracking Costs

Medicare drug plans have not met all requirements for tracking out-of-pocket spending by beneficiaries in the Medicare Part D prescription drug program, according to a report from the Health and Human Services Department Office of Inspector General. Tracking out-of-pocket costs is necessary to determine when each beneficiary has reached the required spending threshold at which Medicare's catastrophic drug coverage starts. "Implementing the program has been a large undertaking for [the Centers for Medicare and Medicaid Services], its contractors, and the private Part D plans," HHS Inspector General Daniel Levinson said in a statement. "[Medicare] should place more emphasis on conducting Part D oversight." The report found that 29% of Part D plans did not submit required information to the CMS on enrollees' additional drug coverage data. And 34% of Part D plans—covering nearly half of Part D enrollees—did not submit prescription drug event data to CMS in the required time frames. In addition, the limited oversight the CMS has conducted so far on Part D plans' tracking of out-of-pocket costs relied on plans' self-reported data. And even then, about half of the plans were not in compliance with one or more of four CMS requirements in this area. The full report is available at www.oig.hhs.gov.

FDA Sets User Fees for DTC Ads

The Food and Drug Administration is charging pharmaceutical companies about $40,000 to review each of their direct-to-consumer television advertisements, according to a notice issued by the agency in December. Last September, Congress authorized the FDA to create a user-fee program for the advisory review of DTC prescription-drug television advertisements. The program is voluntary; drug sponsors can choose whether to seek FDA advisory review of their ads before broadcast. However, if they seek review by the agency, they must pay the fee. The $41,390 fee established for fiscal year 2008 is based on the number of ads slated for review and is expected to generate $6.25 million in total revenues during the first year of the program.

—Jane Anderson