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Obamacare: Clearing Away The Fog

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If Iraq had the starring role in Sunday night’s Democratic debate, health care was the key supporting actor. Sen. Hillary Clinton, Sen. Barack Obama, former Sen. John Edwards, Gov. Bill Richardson, and Rep. Dennis Kucinich all spoke with passion about the need to reform a health insurance framework that, in Edwards’s well-chosen words, “is completely dysfunctional.”

Unfortunately, while we have growing clarity of purpose in Democratic discussions, we have not always had clarity of vision. Few candidates have specified how they would achieve affordable quality health care for all. (Sen. Clinton is among those whose health plan remains TBA.) And last week, when [Obama released his long-awaited health plan](#), most of the health care commentariat appeared not relieved, but [completely flummoxed about what he was up to](#).

Obama’s speech presenting the plan didn’t resolve the confusion either: Even more general than the policy blueprint released by the campaign, it simply magnified the uncertainty, fueling initial reports that were either misleading or just plain wrong.

However, after Sunday’s debate and new statements from the campaign (including [a posting from Harvard economist David Cutler](#), a key Obama adviser, at the Campaign for America’s Future blog), the outlines of Obama’s plan are clearer.

And it’s much more sophisticated, bold, and far-reaching than initial reactions suggest.

Granted, I am not a detached observer. I have talked with Obama and his team, and I’m gratified that the proposal they adopted contains core elements of the proposal I’ve been advocating, “[Health Care for America](#).” Still, I have no affiliation with the Obama campaign, and I have talked with other candidates and officeholders, including, most notably, Edwards.

I also have differences with the Obama approach, and I’ll present some in a moment. But first we should understand what his approach is, and how it would dramatically transform American health insurance for the better.

Obama’s proposal is best understood as a new framework to provide automatic coverage for everyone who works (or lives in the family of a worker). In the Obama plan, if you work (or someone in your family works), you are entitled to good insurance, either from your employer or through a new public plan.

Notice what I said: a new public plan. Obama believes that a new Medicare-style public plan for those younger than 65 will deliver big savings and better coverage, and that this plan should be the default source of coverage for anyone whose employer doesn’t provide good insurance. Indeed, he

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takes a major step beyond Edwards by envisioning a national Medicare-like plan (Edwards would make a plan similar to Medicare available on a regional basis) and by clearly stating that this plan will have generous, guaranteed benefits.

No less important, Obama, like Edwards, is insisting on shared responsibility. Employers have to either provide benefits at least as good as the new public plan or make a payroll-based contribution to the public plan, in which their workers will be automatically enrolled. This is a massive change. Today, employers have no obligation to sponsor or help fund their employees' health coverage. If Obama's plan is implemented, paying at least a minimal amount for coverage will become a basic requirement of operating a business in the United States.

The Obama plan also calls for a "National Insurance Exchange" that allows those automatically enrolled in the public plan to obtain private insurance instead. Some progressive activists have called this a sell-out to the private insurance industry, but they should take note of two features of Obama's plan.

First, the Obama camp is committed to making the public plan a highly affordable option and ensuring it has generous benefits. They will do this by leveraging the huge economies of scale and bargaining power of a national plan, as well as capitalizing on its capacity for quality improvement and for the provision of preventive and primary care that will keep people healthier.

Second, Obama has also made clear that he is completely opposed to the huge giveaways for private insurers that are currently being provided by Medicare to entice private plans to enroll Medicare beneficiaries. Whether the private plan option will work well remains to be seen. But if it's appropriately regulated and placed on a level playing field with the public plan, there is a real potential for healthy competition, rather than a race to the bottom.

A lot of blog space is being devoted to the Obama plan's lack of a so-called "individual mandate"—a requirement that everyone have coverage. The plan does require coverage of kids, but not of adults. I would prefer an individual mandate; I have one in my plan. Edwards, who also backs a mandate, rightly says this is a key difference between him and Obama.

Nonetheless, the role of the individual mandate in plans like Obama's and Edwards's (and mine) can easily be overstated. The real work of covering Americans in these plans is done by guaranteeing automatic coverage for everyone with some tie to the workforce. Indeed, according to calculations done by Elise Gould of the Economic Policy Institute during the preparation of my proposal, 90 to 95 percent of non-elderly Americans will be automatically covered by such a guarantee. Moreover, many of those without ties to the workforce are covered by public insurance through Medicaid and the State Children's Health Insurance Program.

Of course, many are eligible but not covered, and this brings us to what Obama can do to strengthen his plan. Obama should be talking much more about how he intends to sign people up for coverage who don't have a tie to the workforce. He should also be pressed to say whether he really believes that having a separate insurance system for low-income Americans and children—in the form of Medicaid and S-CHIP—makes sense once such an effective national framework for secure coverage is created. And Obama needs to be much clearer about how he will cover the self-employed and early retirees.

Most of all, however, Obama should be reminded of a pithy lesson he no doubt learned in law school: Keep it simple. It shouldn't take health policy wonks a week to figure out that Obama has actually proposed a bold break with present arrangements. And it shouldn't require frenzied after-the-fact statements to make clear that Obama's plan is based on an attractive bedrock principle: If you work or someone in your family works, you should have guaranteed coverage.

Obama is known for the lyrical simplicity of his language and prose. Let's hope he can bring a bit of that lyricism and simplicity to articulating—and improving—a health plan of which he should be proud.