

CED POLICY BRIEF: WHAT TO EXPECT: THE BIDEN HEALTH CARE PROGRAM

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Likely, President-elect Joe Biden on Tuesday (11.10.2020) [laid out his case](#) for expanding the Affordable Care Act, saying the coronavirus pandemic has made clear the urgent need to give more Americans access to health insurance. In the speech he promised that beginning on January 20th, that he is going to do “everything in our power to ease the burden of health care” by “building on the Affordable Care Act with a dramatic expansion of health coverage and bold steps to lower health care costs”. He also said that his transition team would start its work to flesh out the details “so that we can hit the ground running tackling costs, increasing access, and lowering the price of prescription drugs”.

During the primary campaign, Biden engaged in a lively debate over the future of the US health care system with the other Democratic contenders. No candidate for the Democratic nomination expressed satisfaction with the current system; the differences among the candidates centered on the degree of change that they advocated. The dissatisfactions of all of the candidates included the cost of and access to care, as well as the quality of care that Americans receive. Several of candidate Biden’s opponents advocated a fundamental shift to a “Medicare for All” program, which would abolish private insurance outright and instead put every American onto an administered-price, fee-for-service system like today’s traditional Medicare, with broad coverage of services (adding vision, dental and long-term care coverage) and no (or very low) deductibles and copayments. (Even the current popular Medicare Advantage program would be abolished, and all of its senior enrollees would be forced onto Medicare for All.) Then in the general election campaign, President Donald Trump tried to associate former Vice President Biden with the Medicare for All proposal, but the Vice President countered aggressively that he had campaigned and won against Medicare for All in the primaries.

Instead, President-elect Biden advocated building on the Affordable Care Act that was enacted during the Obama-Biden Administration. His [program](#) would include the following:

- A “public option” that would allow any consumer to enroll in a Medicare-for-All-like plan, but would not make it mandatory. The Biden website claims that the public-option plan would negotiate lower prices from providers; some might say that the federal government would squeeze private providers (as do very low Medicare and Medicaid reimbursement rates—much lower than rates paid by private insurers, and arguably lower than the cost of providing care—today). The public option would eliminate copays for primary care. The Biden website claims that the public option would better coordinate care among a patient’s providers, which is hard to believe from a fee-for-service system, and does not comport with existing traditional Medicare.
- Higher premium subsidies and lower out-of-pocket costs for households eligible to buy coverage from the ACA exchanges, extending to higher levels of income than under the current law.
- Coverage provided to low-income households that would be eligible for the ACA’s Medicaid expansion, but whose states have not participated.
- An end to “surprise billing” for out-of-network services when the patient does not have control over the choice of the provider.
- Use of antitrust tools against market concentration.
- Medicare negotiation of prescription drug prices.
- An independent review board to assess the launch prices of pharmaceuticals.

- Limiting price increases for generic drugs to inflation as a condition of participating in Medicare and the public option.
- Importation of prescription drugs.
- Termination of the tax deduction for advertising of prescription drugs.
- Steps to facilitate the availability of generic drugs.
- A number of steps relating to gender and sexual orientation, and racial disparities in child-bearing outcomes.
- Investment in community health centers.
- Mental health parity in insurance.

The Biden program would be financed by taxing realized capital gains at a higher rate (39.6 percent, versus the current law's 20 percent) for taxpayers with incomes over \$1 million.

Although the Biden program stops well short of Medicare for All, numerous elements are quite controversial, and would be highly unlikely to be enacted under a divided government, because they would not be approved in a Republican-controlled Senate. Some components would be difficult to pass through the Senate even if the two remaining undecided seats (both in Georgia, to be determined in a January 5 runoff) were to go to the Democrats, leaving the chamber in a 50-50 tie (with the new Vice-President deciding any party-line tie votes) because any individual member of the President's party caucus would hold the balance of power. The cost of the full program would be considerable, and even if the specified revenue-raising offset could be enacted, it might be put to use to finance other initiatives that Candidate Biden put forward. This is not to deny that many members of the Congress (of both parties) could be willing to use higher budget deficits to finance these or any other initiatives, but the President-elect has certainly left the impression that he would pay for any of his programs that are not directly related to COVID-19 response, and the list of campaign ideas is long.