



# NEW AMERICA FOUNDATION

## HEALTH POLICY PROGRAM

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### GROWING SUPPORT FOR SHARED RESPONSIBILITY IN HEALTH CARE

By Peter Harbage and Cristy Gallagher\*

Fear is a powerful force. Families fear the disappearance of affordable health insurance, employers fear international competition while financing high and rising health care costs at home, and providers fear that they will not be able to deliver needed care for lack of funding. In short, just about everyone fears that our system will fall apart. Instead of taking action, many politicians remain fearful of tackling health care reform, since it crushed the Clintons and others before them.

But hope is an equally powerful force. And the hope is that there is growing bipartisan support for a health system based on shared responsibility--with the individual, employers, and government all doing their fair share.

Shared responsibility with an individual requirement to purchase coverage is not a new idea. Leading academics and 16 Republican senators proposed an individual mandate approach to universal coverage during the Clinton era. But renewed interest has intensified since Ted Halstead and Michael Lind published their ideas about how it could be done in *The Radical Center* in 2001. Since then, an impressive array of thinkers and analysts has shared quite similar visions. We collect and publish their statements and provide references in this paper.

While a variety of specific approaches can be taken, most policymakers call for health care to be affordable and accessible as the needed groundwork before all individuals should be required to purchase insurance. This will require market reform to make insurance cheaper and accessible for all, as well as subsidies (perhaps substantial) for low income persons, before purchase requirements can be enforced. In addition, some shared responsibility approaches mandate that business continue their support to the health care system.

Massachusetts was the first state to take a shared responsibility approach. There, state law will require individuals to purchase insurance if an affordable package is available within a well-defined insurance marketplace. Employers who do not offer insurance will also be required to make payments towards health care. The law is still in the implementation stage; however, several states are considering legislation similar to the Massachusetts law including Michigan, New York, and Wisconsin. In California, legislation (AB 1952, Nation) has passed out of committee, which would require shared responsibility in health care among the government, employers, and individuals.

Shared responsibility is a viable possibility for health reform. While some reform concepts can be highly polarizing, the growing support for a shared responsibility approach is astonishing. Former presidential candidates, several Governors, current and former U.S. Senators, a former Speaker of the House of Representatives, and the American Medical Association, along with some of the top nonpartisan think tanks, journalists and newspapers, have all said that they support some type of shared responsibility approach that relies on the individual to purchase insurance.

In its ideal form, a shared responsibility approach with an individual approach offers comprehensive, accessible, and affordable coverage. The vast majority of the health leaders discuss an individual requirement to purchase insurance in that context, including the New America Foundation. Below are quotes from many of them.

#### BIPARTISAN LEADERSHIP SUPPORTING THE MASSACHUSETTS PLAN

##### Governor Mitt Romney (R-Mass.)

“We’re no longer going to allow people a free ride. Everyone pays their own fair share [in health care].”

*From: Kate Schuler, CQ Healthbeat News, April 25, 2006*

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**Senator Ted Kennedy (D-Mass.)**

“At long last, the impossible dream of health care for all will finally become a reality in our Commonwealth, and quality care will truly be available and affordable for each and every man, woman and child in our state.”

*From: Statement of Senator Kennedy on the signing of the Massachusetts Health Reform Legislation, April 12, 2006*

**Senator Hillary Clinton (D-N.Y.)**

“The [Massachusetts] proposal...won Romney cautious praise from Democrats, including a longtime champion of health care overhaul: Sen. Hillary Rodham Clinton of New York...[who] embraced the Massachusetts measure’s most striking aspect requiring people to purchase health insurance...‘To come up with a bipartisan plan in this polarized environment is commendable,’ said the former first lady.”

*From: Ron Fournier, “Clinton Praises Romney Health Care Plan,” Associated Press, April 5, 2006*

**Senator Tom Daschle, former U.S. Senator and Senate Majority Leader, (D-S.D.)**

“[Massachusetts] starts with as you say an individual responsibility but they also say the employer has a role too and that we are all in this together and that we are going to try to work through the financing of this; the government has a little bit of responsibility, the private sector has a responsibility, and so does the individual. And so I think the way they fashion it with everyone having a part to play to meet the obligation of universal coverage is exactly the way we are going to solve this problem. Not putting all of the burden on government, all of the burden on the employer or all of the burden on the individual, but sharing that responsibility in a way that allows the burden not be so burdensome that it becomes impractical.”

*From: Transcript of CeaseFire on Health Care event, June 29, 2006*

**Former HHS Secretaries Donna Shalala and Tommy Thompson**

At a recent forum sponsored by Senator Breaux, “Republican Thompson and Democrat Shalala quickly agreed on one thing: The most interesting and potentially promising innovation in health policy in recent years is the law enacted by the Democratic Legislature in Massachusetts and signed this month by Republican Gov. Mitt Romney. That law aims at requiring every Massachusetts resident to have health insurance by mid-2007 and provides subsidies for those who need help paying the premiums.”

*From: David Broder, “A promising innovation: Romney’s health plan,” The Washington Post, April 30, 2006*

“Shalala said she would expand health care coverage for all workers by moving toward a model like a new program in Massachusetts that mandates health insurance. She said coverage could be broadened in a variety of ways: with an employer mandate or individual mandate or a state-run insurance pool.”

*From: Katherine M. Skiba, “Thompson, Shalala trade ideas on health care, insurance,” Milwaukee Journal Sentinel, April 17, 2006*

**DEMOCRATIC LEADERS SUPPORTING AN INDIVIDUAL-CENTERED SHARED RESPONSIBILITY APPROACH**

**Senator John Kerry (D-Mass.)**

“Experts—some of them here today—believe that my plan will provide coverage for all Americans by 2012. But if we’re not there by 2012, we will require that all Americans have health insurance, with the federal government guaranteeing they have the means to afford it.

Here in Massachusetts, we are trying out a new universal health plan built on individual and shared responsibility. If you want to drive in this state, you need auto insurance. And very soon, if you want to live in Massachusetts, you’ll have to have

health insurance. So long as all Americans can afford coverage, it's reasonable to ask them to take advantage of it, instead of asking the government to cover them when they show up in hospital emergency rooms."

*From: Excerpt from John Kerry speech, "Health Care for All Americans," July 21, 2006*

**Senator John Breaux, Former U.S. Senator, (D-La.)**

"The centerpiece of Breaux's scheme is an individual coverage mandate, on the model of auto insurance, coupled with access to group coverage for individuals in an [Federal Employees Health Benefits Program] FEHBP-like consumer choice environment, built around state-run coverage pools, with standardized supplemental benefits and low-income subsidies...The solution is not a government-run system or a fend-for-yourself marketplace, but instead a middle path 'that combines the best public and private capacities with increased individual responsibility,' Breaux said."

*From: Summary of Senator John Breaux's speech to Academy Health Annual Policy Conference, January 23, 2003*

**Congressman Jim Langevin (D-R.I.)**

"Congressman Langevin proposes an [Federal Employees Health Benefits Program] FEHBP-style program for all Americans. All Americans not participating in existing federal or certified programs will be required to participate."

"Under this plan, all Americans must demonstrate coverage through a federal program... Those who do not sign up for a plan will be enrolled in a basic...plan by default (with premiums of below average in their region), should they fail to select one."

*From: Short Summary and White Paper describing the "American Health Benefits Program" (H.R. 4256), Introduced by Rep. Langevin in the 109<sup>th</sup> Congress, 1<sup>st</sup> session, November 11, 2005*

**Senator John Edwards, Former U.S. Senator and Presidential Candidate, (D-N.C.)**

"Honor Our Responsibility to Cover Every Child: Edwards will make it affordable and easy for parents to get health insurance with refundable tax credits and automatic enrollment. In return, parents will have a responsibility to insure their children."

*From: "Fact Sheet: A Responsible Plan to Cover Every Child, Cut Costs for All, and Strengthen the Safety Net," John Edwards for President, July 2003*

**Governor Rod Blagojevich (D-Ill.)**

"Our plan is based on a very simple principle: everyone needs health care and every child should have a way to get the care they need. It's an accepted fact that every child has a right to attend school. Why shouldn't it be the same for health care?"

*From: Governor Blagojevich press release to unveil proposal to provide comprehensive health coverage for every child in Illinois, October 6, 2005*

**REPUBLICAN LEADERS SUPPORTING AN INDIVIDUAL-CENTERED SHARED RESPONSIBILITY APPROACH**

**Governor Arnold Schwarzenegger (R-Calif.)**

"We have to really address this once and for all, and figure out a way if we do it, like with car insurance, where we make it law that people carry insurance."

*From: Jordan Rau, "Individual Mandate for Health Insurance Advocated by Some in California," Los Angeles Times, December 15, 2004*

## **Newt Gingrich, Former U.S. Speaker of the House of Representatives, (R-G.A.)**

“In his keynote speech during the Greater Detroit Area Health Council’s annual Health Trends Conference on Monday in Dearborn, Gingrich called for...a free-market system that encourages Americans to take more responsibility for their health care. He would require Americans over a certain income level to buy health insurance or post a bond.”

*From: Katie Merx, “Health cost savings backed: Gingrich calls for national reform,” Detroit Free Press, April 4, 2006*

## **Paul H. O’Neill, former Bush Administration Treasury Secretary**

“I would pass a law mandating every American to purchase a base level of health care coverage. Those that have a certain level of income and wealth must not only carry coverage, but through a simplified, fundamentally reformed tax system, provide financial support to help those who don’t have the means to fully finance their own coverage.”

“If we enacted my approach, the resources to pay for health care stay attached to the people who generate them, insurance assumes its proper role as a spreader of the financial risk associated with uneven distribution of illness and incidents, and society can succeed in ensuring equal access to health care services for every American, which is the entire point.”

*From: Invited Testimony before the U.S. Senate Finance Committee Hearing, “Taking a checkup on the nation’s health care tax policy: a prognosis,” March 8, 2006*

## **HEALTH CARE PROVIDERS AND INSURERS ON AN INDIVIDUAL-CENTERED SHARED RESPONSIBILITY APPROACH**

### **American Medical Association**

“The erosion of coverage under the current, voluntary system suggests that some level of a mandatory approach may be needed to guarantee health insurance coverage for all Americans, and to ensure that risk pools include low-risk individuals.”

“As noted in previous reports of the Council, the key reasons for requiring individuals to purchase coverage include: (a) achieving universal coverage; (b) avoiding the “free-rider” problem, whereby care for the uninsured is ultimately paid for by the rest of society through higher taxes and higher premiums; and (c) avoiding adverse selection, whereby low-risk individuals opt out of insurance, driving up average costs and premiums for those who are insured.”

“Many policy analysts believe that under a voluntary system, a significant number of people would not purchase coverage, particularly those with low incomes, the young, and the healthy.”

*From: American Medical Association, “Report of the Council on Medical Service: Individual Responsibility to Obtain Health Insurance,” CMS Report 3-A-06, June 2006*

### **California Medical Association**

“These two realities—the inherent limits in participation associated with voluntary approaches, plus the inability to address marketplace discrimination—have led CMA to conclude that there will be no significant improvement in healthcare coverage without some type of mandate...[and] that an individual mandate would be the most viable approach to expanding healthcare coverage.”

*From: “The Individual Healthcare Mandate: The Best First Step to Expanding Healthcare Coverage and Solving the Crisis of the Uninsured,” California Medical Association, July 2005*

### **Mayo Clinic National Symposium on Health Care Reform**

“Symposium participants agreed that all Americans have a right to health insurance, which should be adopted through these actions:

- Universal coverage all at once, rather than incrementally expanding coverage through pre-planned stages or through groups;

- Health insurance should be mandated, similar to how home and car insurance is mandated; and
- Health benefits should transition from employer-based to individual-based, with government subsidizing individuals who can not afford health insurance”

*From: Executive Summary, Mayo Clinic National Symposium on Health Care Reform, May 2006*

**Bruce Bodaken, President and CEO of Blue Shield of California**

“First, Massachusetts mandated shared responsibility. Borrowing a concept from laws mandating auto insurance, it requires everyone to obtain health coverage. This appeals to conservatives’ preference for policy solutions that stress personal responsibility. The law also expands government insurance programs, subsidizes private coverage for the near-poor and imposes a fee on larger employers that don’t offer coverage, all of which appeals to liberals.

This hybrid approach makes sense not only as political strategy but as a practical way of getting everyone covered. Even in Massachusetts, the costs of expanding coverage to all are considerable - more than \$1 billion annually in a state with a \$27 billion budget. The only way to ensure the sustainability of that expense over the long term is through universal responsibility, spreading the cost broadly among all sectors of society: individuals, government, and employers.”

*From: Bruce Bodaken op-ed, Los Angeles Times, April 29, 2006.*

**THINK TANKS SUPPORTING AN INDIVIDUAL-CENTERED SHARED RESPONSIBILITY APPROACH**

**Center for American Progress on their “Plan for a Healthy America”**

“Another dominant theme in American culture, embedded in the [P]lan [for a Healthy America], is responsibility. ...At the individual level, in exchange for a seamless, affordable health system, people are expected to obtain coverage or pay into the system that they will inevitably use.”

“Under the [Healthy America] plan, all people would have access to affordable coverage through their employer, the Healthy America pool, and/or Medicaid. In exchange for this guarantee, people would be expected to enroll in a health insurance plan. Those who did not do so would pay an income-related assessment to contribute to the cost of care that they will inevitably use.”

*From: Jeanne M. Lambrew, John D. Podesta, and Teresa L. Shaw, “Change In Challenging Times: A Plan For Extending And Improving Health Coverage,” Health Affairs, March 23, 2005.*

**John Holahan, Principal Researcher at the Urban Institute, et. al, on drafting the Massachusetts Plan**

“Implementing universal coverage requires an individual mandate, which may or may not be combined with an employer mandate.”

“Implementing them would make insurance accessible and affordable, and reduce the number of uninsured by about one-third. Covering the remaining two-thirds is only achievable if health insurance is made mandatory in the state. An employer mandate alone cannot do the job because it cannot reach those who decline the offer of coverage or are without a job. An individual mandate alone can achieve universal coverage, but there are reasons why some might prefer the two types of mandate combined.”

*From: John Holahan, Linda J. Blumberg, Alan Weil, Lisa Clemans-Cope, Matthew Buettgens, Fredric Blavin, and Stephen Zuckerman, “Roadmap to Coverage: Synthesis of Findings,” Report for the Blue Cross Blue Shield of Massachusetts Foundation, October 2005*

**New America Foundation on Covering Everyone**

“...just as we are required to enroll our vaccinated children in school, to buy our own auto insurance, and to pay the taxes that we the people decide we owe, obtaining private or public coverage through appropriate means will be the norm in the 21<sup>st</sup> Century health system.”

*From: Len Nichols, “Outline of the New America Vision for a 21<sup>st</sup> Century Health Care System,” New America Foundation, January 2006*

“The responsibility to avoid imposing uncompensated health costs on society must be elevated from a voluntary to a mandatory duty of [all].”

*From: Michael Calabrese, “Covering America: Real Remedies for the Uninsured, Volume III,” Economic and Social Research Institute, December 2003*

### **California HealthCare Foundation**

“There’s no such thing as universal voluntary anything...That’s why the bank makes you get insurance on their house...Let’s accept the fact that if you are truly universal you will need to compel individuals and employers to buy it [health coverage].”

*From: Dr. Mark Smith, California HealthCare Foundation, Governor Arnold Schwarzenegger’s Summit on Health Care Affordability, July 24, 2006*

### **David Kendall, Progressive Policy Institute**

“Once subsidies to needy families are fully funded, we can in good conscience require everyone to obtain coverage. An individual mandate would add more young and healthy individuals to the insurance pool, thereby lowering everyone’s premiums and reducing cost shifting. Those who cannot show proof of coverage (either on their tax forms or when they show up for treatment) would face a stiff sanction of one year’s premium plus a 20 percent penalty.”

*From: David Kendall, “Breaking the Health Reform Deadlock: The Competitive Path to Universal Coverage,” Progressive Policy Institute, June 1994*

### **Academics Mark Pauly and Patricia Danzon of the Wharton School at the University of Pennsylvania**

“The plan we propose properly recognizes both the responsibilities of citizens to have adequate medical insurance and the need of some to receive financial assistance to make this insurance affordable.”

“All citizens should be required to obtain a basic level of health insurance. Not having health insurance imposes a risk of delaying medical care; it also may impose costs on others, because we as a society provide care to the uninsured. The risk of shifting costs to others has led many states to mandate that all drivers have liability insurance. The same logic applies to health insurance. Currently, those who obtain insurance, usually by taking a job that comes with health insurance benefits in lieu of cash wages, subsidize those who remain uninsured, whether or not by choice. Permitting individuals to remain uninsured results in inefficient use of medical care, inequity in the incidence of costs of uncompensated care, and tax-related distortions.”

*From: Mark V. Pauly, Patricia Danzon, Paul Feldstein, and John Hoff, “A Plan for Responsible National Health Insurance,” Health Affairs, Spring 1991(10(1):5-25)*

## **COMMENTATORS WRITE ABOUT AN INDIVIDUAL-CENTERED SHARED RESPONSIBILITY APPROACH**

### **Morton Kondracke, Roll Call Contributing Writer**

“Trailing Democrats by more than 20 points on the issue, Republicans ought to think boldly about health care and recommend truly universal insurance coverage—by making it mandatory and paying for it by capping tax deductibility of insurance premiums...For that matter, it’s an idea that Democrats could also support. And, after the two parties finished fighting about details during the election year, they actually could pass it into law some year soon. The insurance crisis demands it.”

*From: Morton Kondracke, “Mandatory Insurance Could Solve Health Crisis, Aid Politicians,” Roll Call, March 15, 2004*

### **Ronald Brownstein, Columnist**

“The [Massachusetts] plan’s foundation, originally proposed by Romney, defines an important principle of joint responsibility between individuals and government to ensure coverage. ...The package advances many ideas dear to

conservatives. It enshrines the conservative value of individual responsibility by requiring everyone but the poor to contribute to their own coverage.”

“But the plan advances just as many priorities of the left. It includes a significant government role through the subsidies to poor and working-poor families. Though the initial payment would be modest (\$295 a year), the legislation would require employers not currently providing insurance to contribute to care for their workers. Most important, through the new state exchange it would protect the idea that insurance should share risk between the young and old, the healthy and sick.”

*From: Ronald Brownstein, “Healthcare Bill Is a Vital Sign of Bipartisan Progress,” Los Angeles Times, April 9, 2006*

## **TOP U.S. NEWSPAPERS URGE POSITIVE CONSIDERATION FOR MASSACHUSETTS PLAN**

### ***The New York Times***

“By forcing all residents to assume responsibility for their own health coverage, Massachusetts should largely solve” the “free-rider” problem, in which the uninsured “get very expensive care without paying.”

*From: The New York Times editorial page, April 15, 2006*

### ***Los Angeles Times***

“The Massachusetts proposal takes a novel approach. Just as most states force drivers to carry auto insurance, under the plan, all Massachusetts adults would have to carry health insurance. If they don’t, they would have to pay a penalty...The plan is ambitious and inventive...”

*From: Los Angeles Times editorial page, April 10, 2006*

### ***The Atlanta Journal-Constitution***

“The [Massachusetts] measure, passed with bipartisan support in the state Legislature this week, is a crafty combination of liberal and conservative proposals for how to deal with the thorny issue of the medically uninsured. It may or may not work, but at first glance it looks promising. It also demonstrates the importance of using states as laboratories for finding solutions to tough political problems...”

“...short of a comprehensive health care reform plan on the federal level that won't be coming soon, Massachusetts has taken a reasonable approach that bears watching.”

*From: The Atlanta Journal-Constitution editorial page, April 7, 2006*

### ***The Philadelphia Inquirer***

“The initiative’s basic premise is intriguing, both politically and from a policy standpoint: namely, that individuals have a legal duty to provide for their own health care, just as they must provide liability coverage to drive.”

*From: The Philadelphia Inquirer editorial page, April 10, 2006*

### ***Houston Chronicle***

“With Lone Star health care experts casting about for solutions to the uninsured crisis here, a plan just passed by the Massachusetts legislature provides a road map worth considering. The compromise hashed out between Democratic legislators and Republican Gov. Mitt Romney creates a unique blend of public subsidies and employer-based insurance that aims to implement near-universal health care coverage in the state within three years.”

*From: Houston Chronicle editorial page, April 6, 2006*

### ***San Francisco Chronicle***

“The most revolutionary aspect of the plan is mandating that individuals acquire health insurance, in the same way as the state requires them to buy car insurance. In addition, it requires employers with more than 10 employees to pay an annual fee of \$295 for each uninsured employee.”

*From: San Francisco Chronicle editorial page, April 6, 2006*

### ***Sacramento Bee***

“The underlying responsibilities in this Massachusetts model are quite clear: Both companies and individuals have to do something about health care. Nobody escapes. Everyone, as a result, gets a doctor.”

*From: Sacramento Bee editorial page, April 6, 2006.*

### ***The Dallas Morning News***

“Yet Massachusetts’ law is an excellent example of what can be accomplished when political agendas don’t trump the public interest...It also mixed conservative principles of individual responsibility with liberal principles of government and business responsibility.”

“Massachusetts’ approach is not the answer for Texas. Nonetheless, it’s an excellent example of where innovative thinking can get politicians. Texas simply must do better.”

*From: The Dallas Morning News editorial page, April 10, 2006.*

### ***Chicago Tribune***

“The Massachusetts experiment, which took years of political arm-twisting, is compelling: Force all residents to buy health insurance—or else. The poor who can’t afford it get subsidies. Those of modest means get affordable choices. Those who refuse get slapped with penalties.

In other words, Massachusetts plans to attack the problem of the uninsured by treating patients the same way it does cars. As Republican Gov. Mitt Romney, a potential 2008 presidential candidate, told a reporter: ‘We insist that everybody who drives a car has insurance. And cars are a lot less expensive than people.’

There’s a lot to like in this law. Which isn’t the same as saying it will work. No one knows that yet. But it’s ambitious and creative.”

*From: Chicago Tribune editorial page, April 9, 2006*

### ***The Washington Post***

“...Massachusetts would be the first state to impose a mandate on individuals.

The mandate is good policy. Individuals who don’t buy insurance forgo routine and preventive care, but they still get free access to emergency rooms, which they may use to seek treatment for non-emergency ailments. Forgoing preventive care is bad for an individual’s health, but it’s also harmful to others. The cost of “free” emergency-room treatment is passed on to insured patients via higher premiums.”

*From: The Washington Post editorial page, April 6, 2006.*

### ***Akron Beacon Journal***

“Massachusetts has stepped up as a model of innovation for a problem federal and state lawmakers have found intractable...Massachusetts has taken a bold approach to a critical national issue, a costly health-care system that leaves millions with no insurance. The plan is noteworthy for its substance and for collaboration and compromise as well.”

*From: Akron Beacon Journal editorial page, April 10, 2006.*