

THE DAY ONE
PATIENT FREEDOM PLAN

MY PLAN TO
REPEAL & REPLACE
OBAMACARE

— SCOTT WALKER —



HEALTH CARE REFORM



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THE URGENT NEED FOR REFORM

Washington’s failed approach to health care is hurting the American people. Big government created a health care system built around Washington, not hardworking families. This backwards approach drove up health care costs and reduced access to medical care for far too many of our neighbors, friends, and family members.

ObamaCare made an already broken system worse. It was written by lawmakers who believe the federal government always knows best. My plan will restore the full freedom to choose your own health care to the American people. My plan will once again put patients and their families in control.

The list of ObamaCare failures is long. Democrats have long promised affordability with their big-government health care plans, from HillaryCare to ObamaCare. But instead of lower costs and expanded coverage, ObamaCare has caused insurance premiums across the country to spike as the cost of Washington’s new regulations and taxes are passed to the American people. The Heritage Foundation found from 2014 to 2015, average premiums for young people increased by approximately 14 percent in Iowa and 19 percent in Ohio and Minnesota. Families in Kansas and Louisiana saw increases of almost 14 percent.^[1] We will likely see even higher premium increases in 2016 and beyond as ObamaCare’s insurance company bailouts phase out.

Probably the most cited ObamaCare failure, and Politifact’s 2013 ‘Lie of the Year,’ was President Obama’s repeated claim that if you liked your existing health care coverage, you could keep it.^[2] So while both Obama and Hillary Clinton made promises that their health plans would allow Americans to keep their existing coverage, millions of people were pushed out of their preferred health plans and restricted access to the doctors they wanted to see.^[3] ObamaCare has also punished employers with costly mandates and red tape, hurting growth and job creation.

Another ObamaCare failure is the way it went about expanding coverage. Where ObamaCare expanded the number of people with coverage who previously were not insured, it did so mostly by pushing people into Medicaid, a program that was already overburdened.^[4] And many of the people who received insurance through the ObamaCare exchanges had in fact been previously insured, but got knocked off their private health plans. Others switched coverage because federal subsidies only flowed if they signed up for ObamaCare’s prescriptive plans. As a result, billions of taxpayer dollars have been spent on downgraded health policies.

1 “2015 ACA-Exchange-Premiums Update: Premiums Still Rising,” by Drew Gonshorowski, Heritage Foundation, March 2015.

2 “Lie of the Year: ‘If you like your health care plan, you can keep it,’” PolitiFact, December 2013.

3 “How Many Nongroup Policies Were Canceled? Estimates from December 2013,” Health Affairs Blog, March 2014.

4 About 70% of the new ObamaCare coverage was through Medicaid in 2014. See “Obamacare’s Enrollment Increase: Mainly Due to Medicaid Expansion,” by Edmund Haislmaier and Drew Gonshorowski, Heritage Foundation, October 2014.

All Americans should be concerned about what lies ahead if Democrats are given the opportunity to further expand this anti-consumer health care agenda. ObamaCare is just the first part of a broader liberal agenda to remove control from the states and put federal regulators in charge of consumers' individual health care choices.

It should come as no surprise that many pillars of ObamaCare can be traced to "HillaryCare," Hillary Clinton's 1993 health care plan. And the proposals in Hillary's "American Health Choices Plan," released during her 2008 presidential campaign, provide a useful link between her 1993 plan and her present-day ideas.^[5]

If given the opportunity, Hillary Clinton will likely try to "fix" the flaws of ObamaCare by finishing the job the Democrats started when they took that fateful vote in 2010. Under a Hillary Clinton presidency, Americans could expect proposals similar to Europe's single-payer system, including federal price controls and further restrictions on private sector innovation in the health care industry.

ObamaCare cannot be fixed. It must be repealed and replaced with a plan that returns power to the American people and the states.

5 These ideas are written about in greater detail in "The Clintonian Roots of ObamaCare," by Scott Gottlieb, *National Affairs*, Summer 2015.



AN OUTLINE OF MY PLAN:

THE DAY ONE PATIENT FREEDOM PLAN

It's clear that we need to provide the American people with more options for how they get the health care they need, and we need to make those options more affordable. My plan would take the following steps to provide the American people with the health care options they need at prices they can afford:

- 1. Repeal ObamaCare in its entirety.**
- 2. Ensure affordable and accessible health insurance for everyone.**
- 3. Make health care more efficient, effective and accountable by empowering the states.**
- 4. Increase quality and choice through innovation.**
- 5. Provide financial stability for families and taxpayers.**

This is a plan to repeal and replace ObamaCare. It provides a comprehensive solution to help Americans get the health care they need. Given that 70 percent of new ObamaCare enrollees were covered through Medicaid in 2014,^[6] we must implement Medicaid reform when we replace ObamaCare.

My plan accounts for the disruptions, inconvenience, uncertainty and intrusion Americans have endured under ObamaCare. We aim for an easy transition. The plan's main objective is to lower costs, expand choices to individuals and families, and return power back to the individual.

More details are provided in the following pages.

6 "Obamacare's Enrollment Increase: Mainly Due to Medicaid Expansion," by Edmund Haislmaier and Drew Gonshorowski, Heritage Foundation, October 2014.

THE DAY ONE PATIENT FREEDOM PLAN

1. Repeal ObamaCare in its entirety.

ObamaCare must be repealed immediately.

2. Ensure affordable and accessible health insurance for everyone.

A. LOWER HEALTH INSURANCE PREMIUMS

Most Americans today get good health insurance through their employer, and they would like to keep what they have. I would let them, and I would get rid of ObamaCare's red tape that is driving up the costs of these plans. Under my plan, every American would have access to affordable health insurance. My replacement plan would lower the cost of health coverage for all Americans and increase options for both individuals and businesses. This could lower premiums by up to 25 percent by eliminating ObamaCare's regulations and by encouraging real competition among health insurers and providers.

B. PROVIDE TAX CREDITS TO ANYONE WITHOUT EMPLOYER-SPONSORED HEALTH INSURANCE

My plan would provide refundable tax credits to individuals who do not have employer-based coverage to make health insurance more affordable and more portable. This would strengthen health insurance markets by enabling individuals to use their tax credits to buy insurance outside the workplace.

For example, a 35-year-old woman who makes \$35,000 per year and has no children gets \$0 in ObamaCare subsidies^[7] – she's too young and too middle class. Under my plan, this same woman would receive a \$2,100 tax credit that she could use to shop for insurance in the open market and put any savings into a health savings account.

Tax credits will level the playing field between those who purchase coverage through an employer and those who purchase it on the open market, expanding options and lowering costs for health plans offered outside the workplace. This would ensure people are not locked into their current jobs just to maintain health insurance coverage and give people the flexibility to switch employers or even careers.

The value of the tax credit would depend on the age of the recipient, as shown in the table below. Tax credits would be available to anyone without employer-based coverage. And the credits would not be based on individual or family income,

7 Kaiser Family Foundation interactive subsidy calculator.

so there would be no intrusive oversight by the IRS and no accountant needed to determine the credit amount.

AGE	CREDIT VALUE
0-17	\$900
18-34	\$1,200
35-49	\$2,100
50-64	\$3,000

Unlike the disruption caused by ObamaCare, my plan would allow for a smooth, easy transition into a better health care system. The tax credits would put money directly in consumers' pockets to use as they shop for the health care plan that works best for them. Unlike ObamaCare policies that give subsidies to insurance companies, these tax credits belong to consumers. They would enable individuals and families to quickly and easily evaluate their options and make informed choices about their own health care.

C. GIVE ALL AMERICANS MORE CHOICES AND MORE ACCESS BY IMPROVING HEALTH SAVINGS ACCOUNTS (HSAs)

My plan would allow anyone who signs up for an HSA to receive a \$1,000 refundable tax credit. Existing limits on annual tax-free HSA contributions would be increased to \$6,250 for individuals and \$12,500 for families. Additionally, this plan would allow for HSA accounts to be rolled over to surviving children, parents, or grandparents – not just to spouses. These reforms would give individuals the opportunity to save, tax free, for health expenses – giving them more control of their health care spending.

D. ALLOW ALL AMERICANS TO SHOP FOR INSURANCE IN ANY STATE

Health insurance is one of the only products individuals are not allowed to shop for across state lines. My plan would allow individuals to shop in any state to find health insurance that covers the services they need at a price that fits the family budget. Opening the health insurance market across state lines would allow companies to compete and require states to scrutinize the costs of their regulations. This will also provide incentives to increase transparency and lower costs for consumers.

E. PROTECT ALL AMERICANS WITH PRE-EXISTING CONDITIONS

In addition to lowering the cost of health insurance, any plan to replace ObamaCare must address the issue of pre-existing and costly medical conditions.

No individual should fear being denied coverage, or face huge premium spikes when they get sick and then try to change jobs or insurance plans. My plan would address these concerns. It would make additional reforms to insurance coverage laws to ensure individuals with pre-existing conditions would be protected, not only when moving from employer-based plans to the individual market, but also when switching between plans. This would make insurance coverage more portable, permitting individuals to own their coverage, regardless of how or where they purchase it. Provided individuals maintain continuous, creditable coverage, no one would see their premiums jump because of a health issue or be shut out of access to affordable health insurance because of a new diagnosis or a pre-existing medical condition. Newborns, as well



as young adults leaving their parents' insurance plans and buying their own, would have these same protections.

Unlike the ObamaCare approach, my plan would protect those with pre-existing conditions without using costly mandates. By relying on incentives rather than penalties, individuals would be free to choose.

Under my plan, the federal government would provide funds to states to help provide coverage to those with pre-existing medical conditions who still do not have insurance coverage and who couldn't afford it before ObamaCare. My plan would provide states flexibility to close these existing coverage gaps. One way states could do this is by managing high-risk pools, something states have done for decades. My plan would make it easier for states to expand these pools, or pursue alternative approaches.

3. Make health care more efficient, effective and accountable by empowering the states.

In addition to putting Americans in charge of their own health care, my plan would shift power away from Washington and return it to the states. State and local leaders are better suited and better prepared to attend to the needs of their citizens than are Washington bureaucrats.

Additionally, Medicaid is at a breaking point and is in desperate need of reform. States must be empowered to reform Medicaid in innovative ways and to make it accountable to the people they serve. This plan would do the following to give states more control in providing affordable health care:

A. RETURN REGULATORY AUTHORITY OVER HEALTH CARE COVERAGE TO THE STATES

The past five years have clearly demonstrated that giving Washington top-down control over regulating health care coverage does not work – this power belongs to the states. Repealing ObamaCare's essential health benefits requirement would return regulatory authority to states. The fact remains that state and local leaders are better equipped than federal bureaucrats to make state and local decisions.

My plan would give states increased flexibility. For example, it is likely many states would choose to extend rules allowing young people to stay on their parents' plan. Some states, including Wisconsin, extended this option to young people before ObamaCare's federal mandate.

B. REFORM MEDICAID

Medicaid has grown to serve many different constituencies, including children, adults, individuals with disabilities, and the elderly. In this sense Medicaid is not "a" program, but several programs, serving distinct groups, each requiring its own approach and resources. Medicaid's current structure is an open-ended matching system, which acts as an incentive to classify any state and local service as Medicaid, regardless of the need that service aims to address. The more a state spends, the more money it receives from the federal government, creating a system where the main focus is not the needs of individuals and families. The current Medicaid structure is not working. If these flaws remain unaddressed, Medicaid is projected to cost a staggering \$786 billion (3.1 percent of GDP) in 2022 – up from \$25 billion (0.9 percent of GDP) in 1980.^[8]

8 2014 Actuarial Report on the Financial Outlook for Medicaid, Centers for Medicare & Medicaid Services. See Table 18, p. 64.

To make Medicaid work, my plan would give states the ability to run Medicaid and reorganize it into smaller, focused parts, including the following:

1) Medical Assistance for Needy Families (MANF):

Medical Assistance for Needy Families (MANF) would include capped allotments similar to the Children’s Health Insurance Program (CHIP) covering low-income children, their parents, and nondisabled adults. States would set eligibility requirements and rules for how services are delivered and costs are shared. MANF benefits would follow current CHIP and Medicaid benchmarks. Additionally, states would receive a guaranteed level of funding from the federal government and the states’ share would be converted from a match to a specified state contribution. Under this approach, states would keep any savings they achieve without forfeiting federal funds, encouraging efficiencies that could then be used to improve access to care.

2) Acute care for people with disabilities and low-income seniors:

Acute care medical services for people with disabilities and low-income seniors would be provided through a separate part of Medicaid. Federal grants would remain open-ended and would match state expenditures. There would be no change to eligibility or the current structure of mandatory and optional benefits. Children with disabilities and children in foster care would continue to receive all medically necessary services they currently get under the Early Periodic Screening, Diagnosis, and Treatment (EPSDT) program.

3) Long-term services and supports for people with disabilities and low-income seniors:

Long-term services and supports (LTSS) for low-income seniors and people with disabilities would be provided through a third Medicaid program. Each state would receive a capped allotment based on spending on LTSS in a base year, which would be indexed in future years. My plan would determine eligibility based on a three-part test, including a financial, functional, and needs assessment. Individuals could be eligible for both LTSS and acute care services or just LTSS, but eligibility would be determined separately for each.

States would receive a guaranteed level of funding from the federal government. The states’ share would be converted from a match to a specified state contribution. As with MANF, states would keep any savings they achieve without forfeiting federal funds, encouraging efficiencies that could then be used to improve access to care.

4. Increase quality and choice through innovation.

To consolidate power in Washington, ObamaCare took steps to limit the power and freedom of other participants in the health care market, such as states, businesses, individuals, doctors, and nurses. President Obama’s plan imposed costly regulations that pulled valuable resources away from investments in innovative health care and forced the consolidation of health care providers. These outcomes have contributed to increased costs and reduced options. For example, ObamaCare regulations have given Americans less freedom to pick what type of plan to buy, overregulated how doctors practice medicine by misaligning incentives and driving them to sell their individually owned medical practices, and utterly failed at addressing the concern of hardworking Americans about how to pay for long-term care if it becomes necessary.^[9] My plan would take steps to empower doctors, nurses, and other providers in the health care space with reforms that:

9 “Still No Relief in Sight for Long-Term needs, by Gardiner Harris and Robert Pear,” NYTimes, October 24, 2011.



A. EXPAND COVERAGE OPTIONS BY ALLOWING CONSUMERS TO POOL TOGETHER AND PURCHASE INSURANCE AS A GROUP

My plan would give more entities the freedom to compete to offer coverage, thereby expanding choices and lowering the cost of health care. ObamaCare hoards power at the federal level. It dictates to insurers what kind of coverage they have to provide and constrains consumers on where they can buy it. My plan would change the existing federal rules to allow for new purchasing arrangements so farmers, small businesses, religious groups, individual membership associations, and others could join together, pool members, and offer health insurance policies for the group. Allowing for other innovative group purchasing arrangements would reverse Washington's power grab and result in more flexibility and choices.

B. SUPPORT WELLNESS INCENTIVE PROGRAMS

This plan also supports commonsense methods to empower individuals and lower health care costs. One of the best examples is the adoption of wellness programs. These programs enable those who offer health care coverage to provide incentives for people to adopt healthy behaviors that help reduce the incidence of chronic health issues that can end up raising future costs.

C. REFORM LONG-TERM SERVICES & SUPPORTS (LTSS) PROTECTION

One of the greatest threats to middle-class American families is the obligation to pay for long-term services and supports (LTSS) for seniors who develop chronic or disabling medical problems. My plan would reform existing regulations to better protect middle-class families from financial hardship and to prepare for future LTSS. It would also deregulate the current Long-Term Care insurance market to allow the private sector, including health insurers, to offer products that reflect consumer demands for assistance at home. When LTSS and acute care services are coordinated, the cost of each can be lowered.

D. LIMIT EXCESSIVE LITIGATION THROUGH INNOVATIVE LAWSUIT REFORM

It is critical that patients have the ability to pursue legal action if there is wrongdoing during their treatment. However, our current legal system has become a lottery, giving outsize awards to a very few, while failing to punish legitimate wrongdoing and compensate people for harm. The unfairness of this system leaves the door open for excessive litigation that in turn leads to "defensive medicine," where doctors may over-treat some patients as a way to avoid frivolous lawsuits. My plan would encourage states to implement lawsuit reform to lower costs by limiting excessive litigation, while making sure consumers have opportunities to be compensated for harm and pursue legal recourse in instances of wrongdoing. My plan would incentivize states to pass meaningful lawsuit reform and encourage them to establish specialized expert reviews to determine if and when a doctor made a mistake, or commonsense legal defenses for doctors who demonstrate that they followed established clinical practice guidelines in a case.

5. Provide financial stability for families and taxpayers.

ObamaCare was more than a Washington power grab – it dramatically increased spending and taxes on hardworking families. At a time when we face a looming fiscal crisis, it is imperative that any ObamaCare replacement plan is paid for in a way that does not worsen the nation's fiscal condition.

The costs associated with my plan would not be funded through new taxes and mandates. In fact, my plan would repeal all of ObamaCare's \$1 trillion in new taxes and provide new tax cuts. To offset these improvements, we would simplify and reform how the federal government helps people access health insurance. We would empower states to run Medicaid in a

way that is more effective, efficient, and accountable, and work with Congress to reform the way the tax code treats gold-plated, employer-sponsored health care plans. This is what we did in Wisconsin. We rejected the false-choice narrative between raising taxes and austerity, and instead enacted bold reforms.

We must enact bold reforms in Washington that reduce costly federal government regulation and expand freedom if we are going to fix our health care system and ensure that all Americans can get access to affordable health insurance. This is what we did when we rejected ObamaCare. We rejected the efforts of Democrats to push big government problems onto people who didn't want them and instead implemented positive reforms closer to home. As a result, all of our citizens in poverty have gained access to health insurance through our state's Medicaid plan, BadgerCare – a first in Wisconsin history. And our reforms are providing everyone in the state access to health insurance, according to the non-partisan Kaiser Family Foundation. Under my plan, all Americans would have similar access.

My health care plan would reduce taxes, and unlike ObamaCare, it does not rely on budget gimmicks. My plan would roll back the damage done by ObamaCare and when compared to the realities that existed before ObamaCare, would not add to the deficit.

CONCLUSION

My plan fully repeals ObamaCare and replaces it with a system that puts patients and families back in charge of their health care. It provides more options and real assistance in covering the costs of health care.

ObamaCare has failed the American people. It has caused far too many of our neighbors, friends, and family members to lose access to their existing insurance coverage and preferred doctors, and it has increased the cost of medical care by expanding Washington's control. A top priority of the next president must be to repeal ObamaCare in its entirety – and to replace it with a plan that provides more health care options at an affordable price, giving individuals and families peace of mind.

The American people deserve better than the broken promises and failed policies of ObamaCare. It's time to repeal this law and replace it with a plan that puts patients and families first. That is exactly what a Walker administration would do.

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