



## Health Care Hooey

Student Handout #4: **McCain-Palin 2008, “The Facts about the McCain-Palin Health Care Plan”**

**Barack Obama And Joe Biden Have Consistently Lied To Americans About John McCain's Plan.** Their claims have failed every fact-check – from CBS to the Washington Post. John McCain is not going to raise taxes on middle class families. Barack Obama and Joe Biden are the only ones in this race that plan to raise taxes.

**Transforming The Tax Code To Create Greater Equity:** The McCain plan transforms the current tax code to provide all American families – including the self-employed and the uninsured – the same tax benefit, a \$5,000 refundable tax credit (\$2,500 for individuals) that was previously only available to those with employer coverage. Families can use this credit to purchase insurance of their choice, including keeping their current coverage. ***This is an approach supported by Barack Obama's own Senior Economic Advisor Jason Furman who wrote that "we could scrap the current deduction altogether and replace it with progressive tax credits that, together with other changes, would ensure that every American has affordable health insurance."***

**Better Than "Members of Congress":** Under the McCain Plan, your employer can provide you with health insurance as good as a "Member of Congress", and you would pay no more in taxes – regardless of your tax bracket. In fact, you would have some additional money left over from the McCain tax credit to put in a health savings account.

**On The Issue Of Congressional Plan – There Are Options, But All Are Under The FEHB Program:** A good example is the Blue Cross and Blue Shield Service Benefit Plan, which has combined monthly premiums for family coverage of \$1027.95, for an annual cost of \$12,335.40.

	<b>Income Tax Liability</b>	<b>McCain-Palin Tax Credit</b>	<b>Total Tax Savings</b>
<b>10% Bracket (Up to \$15,000)</b>	\$1,200 (\$12,000 x 10%)	\$5,000	+\$3,800
<b>15% Bracket (\$15,650 - \$63,700)</b>	\$1,800 (\$12,000 x 15%)	\$5,000	+\$3,200
<b>25% Bracket (\$63,700 - \$128,500)</b>	\$3,000 (\$12,000 x 25%)	\$5,000	+\$2,000
<b>28% Bracket (\$128,500 - \$195,850)</b>	\$3,360 (\$12,000 x 28%)	\$5,000	+\$1,640
<b>33% Bracket (\$195,850 - \$349,700)</b>	\$3,960 (\$12,000 x 33%)	\$5,000	+\$1,040
<b>35% Bracket (\$349,700 and Over)</b>	\$4,200 (\$12,000 x 35%)	\$5,000	+\$800

**Where Is The Middle-Class "Tax Increase"?** If you or your family is in the 28% bracket, with an income of \$180,000, you could receive employer provided health insurance even better than a Member of Congress, with a cost of almost \$18,000, with no increase in taxes. Even the liberal leaning Tax Policy Center, agrees that the McCain proposals will result in a "net tax benefit" of more than \$1,200 for an average tax payer.

**Helping Those Without Employer Coverage:** If you are a middle-class American today without employer provided health care, the McCain plan would give you a tax credit of \$2,500 as an individual, or \$5,000 for a family, to help you buy your own health insurance coverage, including across state lines. American families – not government bureaucrats or insurance companies – will choose the coverage that best meets their needs. Today, the government does nothing to help you. Why does Barack Obama oppose this?

**McCain Health Plan Puts Families in Charge:** In another desperate attack, Barack Obama and Joe Biden have said that McCain health care tax credits to help families

buy coverage "will go straight to the insurance company." Here is what they fail to mention – the credit goes to the insurance company that the American family chooses to get coverage from, anywhere in the nation. The power of choice lies with the family – not government bureaucrats or insurance companies. Ridiculing this line of strange attack, The Associated Press stated, "Of course it would, because it's meant to pay for insurance. That's like saying money for a car loan will go straight to the car dealer." Furthermore, any additional money left over after purchasing coverage will be controlled by the family in a portable health savings account.

**McCain Health Care Plan Protects Our Vulnerable Population:** John McCain believes that no American should be denied access to quality and affordable coverage simply because of a pre-existing condition. As President, John McCain will work with governors to develop a best practice model that states can follow – a Guaranteed Access Plan or GAP – that would reflect the best experience of the states to ensure these patients have access to health coverage. There would be reasonable limits on premiums, and assistance would be available for Americans below a certain income level.

**McCain Health Care Plan Gives American Families More Choices:** John McCain believes that American families should be given more choices by allowing them to purchase policies across state lines. In a move derided by fact checking organizations including Fact Check, the Obama campaign used this as an opportunity to falsely accuse John McCain of deregulating health care markets akin to Wall Street. A recent study showed that simply allowing Americans to purchase across state lines would reduce the number of uninsured by almost 12 million.

**McCain Health Care Plan Preserves Employer Coverage:** The McCain health plan builds on the employer-based system. Employers will have the same incentive to provide health insurance as they do today since they will continue to deduct the cost of health insurance they provide to employees. Nothing will change. In addition, payroll taxes will be protected from taxes under the McCain plan. Millions of American families with employer sponsored coverage in all tax brackets with the same coverage as a "Members of Congress" will now come out ahead with additional funds going into a portable health savings account. Importantly, younger and healthier employees with the McCain health care tax credit will have a bigger incentive to stay with the employers. ***For example, a 25-year-old employee in the 25 percent tax bracket with a \$2,500 tax credit could either purchase a policy in the individual market for the same amount or stay with his employer plan and receive a \$5,000 policy with an additional \$1,250 to invest in a portable health savings account. Why would people choose worse insurance and less money?*** Finally, the McCain plan through comprehensive cost-containment policies addresses the single biggest threat to employer coverage – rising costs.

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