



Health Care in Crosshairs of Democratic Presidential Race

Significant changes are likely, but not fundamental overhaul.



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The health care sector may face significant changes after the coming election cycle, particularly if a Democratic presidential candidate wins the general election.

Though several industries within health care face legislative and regulatory pressures, it's unclear which specific industries a Democratic administration would prioritize for targeting reforms. However, we don't expect the government under either party to try to lower the overall cost of health care.

Indeed, a fundamental overhaul to a single-payer health care system is unlikely in a Democratic administration, in our view. As political party margins are not likely to shift meaningfully in the Senate, more radical reform proposals would not garner enough political will to pass. Instead, we should expect that a Democratic president would focus on lowering out-of-pocket health care costs Americans regularly experience, which will focus scrutiny on drug prices. The two leading Democratic candidates—former Vice President Joe Biden and Senator Bernie Sanders—support drug price limits or caps, particularly for drugs that manage chronic conditions like diabetes and HIV/AIDS.

If President Donald Trump is reelected, we would expect the federal



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government to pursue some forms of transparency and pricing regulations on drug manufacturers. The president, like Biden, favors a plan to move domestic drug prices toward an international index of prices.

"Medicare for All" Unlikely

Sanders' Medicare for All plan would eliminate private health insurance and establish a single-payer system that would guarantee every American government-provided health care coverage. The plan would have no networks, premiums, deductibles, copays, or surprise bills. It would give the government more bargaining power in negotiating prices with drug manufacturers, hospitals, and physicians.

Because this plan would result in massive economic disruption, Medicare for All would take a tremendous amount of political support to pass—and a transition plan to stabilize the frictional

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unemployment that would occur. Given the recent strong Democratic primary performance of Biden, and the lack of political will in Congress, we believe such a significant change is not possible. In many districts, hospital systems are some of the largest employers; and the pharmaceutical lobby is one of the most powerful advocacy entities in the nation's capital. We believe lawmakers will be hesitant to propose reforms that could jeopardize their odds of reelection.

Though Medicare for All isn't likely within the next presidential term, we should expect the federal government, under either political party, to pursue some of its goals through regulatory action—like enhancing its negotiation power with drug manufacturers, broadening access to Medicare expansion, and creating more competitive pricing dynamics through generics.

More Likely: ACA Expansion. “Public Option” Possible, but Difficult

We should expect a Democratic president would fortify the Affordable Care Act (ACA) at a regulatory level and explore methods of extending access to Medicare coverage so that more uninsured and high-risk patients gain access to insurance. We could also see plans akin to Biden's “public option” proposal, in which the

federal government would provide a publicly available insurance plan to directly compete with other managed care organizations. There are many Democratic senators across the ideological spectrum who are deeply invested in getting a public option across the finish line. But health care reform is notoriously difficult. The bill would have to receive bipartisan support in an increasingly partisan Congress.

The Coronavirus Impact

The growing presence of the COVID-19 disease could also affect the political climate, as voters are being made aware in real time about their access to health care and the availability of treatment. The novel coronavirus has given the public another opportunity to consider how well our national health care system can respond to a crisis event, and many voters likely will conclude that our status quo is insufficient.

The outbreak also increases the political determination to pass legislation—or to at least consider substantial changes—to improve access to health care. Democrats running for office are expected to cite COVID-19 as further evidence of the need for a more robust health care system, one in which the government plays a larger role in managing health care as a public good.

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