Nixon or Obama: Who Is the Real Radical Liberal on Health Care?

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Changes in health care policy, either proposed or enacted, often bring about heightened rhetoric and polarizing characterizations. Regardless of the potential availability of data to help guide policy deliberations, decisions regarding our health care system are almost always ultimately political. Such decisions often revolve around the philosophical debate regarding the appropriate role of government in our society and in the lives of the American people.

Over time, and swings of the political pendulum in the United States, the political labels assigned to similar policy initiatives may change. As most post–World War II presidents have promulgated some type of health care reform or plan, there are opportunities to examine these trends and to gain perspective on what might be seen as a modest attempt at reform in one political era, but may be viewed as extreme in another. Often, one of the major parties will reflexively view, judge, or label the other’s proposals as extreme for political advantage.

At different times, and in different eras, the political environment in the United States has resulted in similar plans being promulgated by presidents of different political parties. In the specific case of the Affordable Care Act (ACA), often termed “ObamaCare,” there are many similarities to the health care plans proposed by Richard Nixon in 1971 and 1974: the Nixon National Health Strategy.

Recently, the reforms associated with the ACA have been described by the speaker of the House of Representatives and other members of Congress as “radical liberalism” and “socialized medicine.” Speaker Boehner has opined that “ObamaCare is hurting our economy, it’s hurting middle-class workers, and it’s hurting the ability to create more jobs,” and that Republicans want to replace it with “common-sense reforms.”

Although many have strong opinions regarding Richard Nixon, few likely would characterize him or any of his policies as “radically liberal.” As such, the similarities between the health care proposals of Presidents Obama and Nixon described in this article raise a number of issues concerning the current political discourse regarding ObamaCare and how the major US political parties vary in their stated perspectives on the same issues over time.
Employer Mandate

One of the more contentious aspects of the Obama plan has been the employer mandate provision. This provision has been labeled as a “job killer” by several House and Senate Republicans. According to the ACA, employers with at least 50 full-time employees must offer health coverage that is “affordable” and provides a minimum level of benefits to at least 95% of their employees and dependents. Affordable coverage is defined as ≤9.5% of an employee’s annual household income.3

The Nixon plan had a similar employer mandate but went further in its requirements. There was no exception for small employers (<50 workers) and the plan required a ceiling of 35% of premium cost for employees in the first 2.5 years and then a 25% cap thereafter. The services required to be covered in the Nixon plan were similar to those mandated by the ACA, including inpatient and outpatient physician services, hospital services, maternity care, immunizations, laboratory services, and other expenses.4 Nixon went even further in his 1974 plan, which included federal subsidies to ease the initial burden on employers.5

Health Care for the Poor

Many state governors have expressed concern regarding the provision of the ACA surrounding Medicaid expansion. The ACA provides for federal funding to states to pay for expansion of Medicaid to cover non-Medicare-eligible individuals younger than 65 with incomes up to 133% of the federal poverty line. The federal government will fund 100% of the cost of the expansion until 2016, with a gradual decrease to 90% by 2020 and thereafter.6 Many governors have posited that this program is a “federal takeover of Medicaid.”

These governors view the funding as an unwelcome federal intrusion into their states and a violation of the powers granted to the states by the 10th Amendment to the US Constitution. Many also do not wish their states to be fiscally responsible for the 10% of health care costs not provided by the federal government.

<table>
<thead>
<tr>
<th>TABLE Components of Nixon Plans and the ACA</th>
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<tbody>
<tr>
<td>Nixon National Health Strategy 1971^4</td>
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<tr>
<td>National Health Insurance Partnership</td>
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<tr>
<td>(1) Require employers to provide basic health insurance coverage for their employees, with the minimum requirement being to pay for hospital services, inpatient and outpatient physician services, full maternity care, well-infant care, immunizations, laboratory services, certain other medical expenses, and minimum of $50,000 in catastrophic coverage</td>
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<tr>
<td>(2) The costs for this would be shared by employers and employees, with a 35% ceiling on employee contribution for the first 2.5 years, and 25% after that</td>
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<td>(3) Keep the range within which benefits can vary narrower than it has been, so competition between insurance companies will be more likely to compete on overall price of contracts</td>
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<td>(4) Require the establishment of special insurance pools in each state that would offer insurance at reasonable group rates to people who did not qualify for other programs: the self-employed or poor-risk individuals</td>
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<td>Medicaid</td>
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<tr>
<td>(1) Implement the Family Health Insurance Plan to meet the needs of poor families by eliminating the part of Medicaid that covers most welfare families. In its place, develop a new insurance plan that is fully financed and administered by the federal government. This federal health insurance plan would provide insurance to all poor families with children headed by self-employed or unemployed persons whose income is below a certain level. As family income increases, the cost-sharing would increase through a graduated schedule of premium charges, deductibles, and coinsurance payments</td>
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<tr>
<td>Nixon Comprehensive Health Insurance Plan 1974^5</td>
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<td>Employee Health Insurance</td>
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<tr>
<td>(1) Require all employers to offer all full-time employees health insurance, with employee contribution at 35% for 3 years, and then 25% subsequently</td>
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<td>(2) Use federal subsidies to ease initial burden on employers</td>
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<td>(3) Specific deductible, coinsurance, and out-of-pocket limits under this insurance plan</td>
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<tr>
<td>Assisted Health Insurance</td>
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<td>(1) Replace state-run Medicaid by implementing a federally administered insurance plan to cover anyone not offered coverage under the Employee Health Insurance or Medicare</td>
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<td>(2) Individuals could also get this if they cannot get coverage at reasonable rates from other options</td>
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Employer-Shared Responsibility

(1) Employers with at least 50 full-time employees must offer health coverage that is affordable and provides a minimum level of benefits to at least 95% of their employees and dependents. None of their employees can receive a premium tax credit to help pay for coverage on a marketplace, if so, the employer must make a shared responsibility payment

(2) Affordable coverage is defined as ≤9.5% of an employee’s annual household income

Medicaid Expansion

(1) Provide funding to states to expand their Medicaid programs to cover non-Medicare-eligible individuals younger than 65 with incomes up to 133% of the federal poverty line

(2) Guarantee all newly eligible individuals a benchmark insurance package that includes the minimum benefits for plans in the marketplace

(3) Finance the coverage for the newly eligible with federal dollars until 2016, and then gradually decrease the federal contribution to 80% by 2020

(4) Increase Medicaid payments in fee for service and managed care for primary care services to 100% of Medicare payment rates
government by 2020. To date, 16 governors have refused to accept federal funds to expand Medicaid coverage in their states.7

The Nixon Initiative contained the “Family Health Insurance Plan” to address the needs of poor families. This plan would have federalized the portion of the Medicaid program that covers most low-income families. In its place, the Nixon plan would have created a new insurance plan fully financed and administered by the federal government with no state involvement. This federal health insurance plan would have provided insurance to all poor families with children headed by self-employed or unemployed persons whose income was below a specific threshold. As family income increased, the cost-sharing would increase through a graduated schedule of premiums, deductibles, and coinsurance payments, all administered by the federal government.4

HEALTH CARE FOR THE UNINSURED

As noted previously, the ACA relies on Medicaid expansion to provide insurance coverage for many of the country’s poor. Those above the income threshold of Medicaid eligibility, who work for companies with <50 employees, or are self-employed may purchase insurance through state or federal exchanges. These policies must contain a federally defined package of coverage.6

The Nixon plan would have implemented a federally administered insurance plan to cover individuals and families who were not poor and not offered coverage by their employer (eg, the self-employed) or Medicare. Similar to the ACA, the Nixon plan would have provided an additional option for the public and required the establishment of special insurance pools in each state. These would offer insurance at reasonable group rates to people who did not meet income requirements to qualify for other programs, namely the self-employed or high-risk individuals. The Nixon plan also promoted the growth of health maintenance organizations and allowed Medicare beneficiaries to use the program to join health maintenance organizations.4,5

ISSUES FOR CHILDREN

Because of the expansion of children’s health insurance coverage through the Child Health Insurance Program, the proportion of children without insurance at the time President Obama took office, and thus impacted by the ACA, is relatively limited. The ability of children up to 26 years of age to remain covered under their parent’s policy is a notable provision. Increased Medicaid payments to providers under the ACA may have the benefit of expanding the pool of providers who will accept patients covered by Medicaid and thus improve access to care for children. Additionally, some have hypothesized that once all family members have insurance, the health care-seeking behaviors of the entire family may change.

The Nixon plan, through the federalization of Medicaid and expansion of eligibility, would have had a substantial impact on the large number of uninsured children in the early 1970s. The plan also would have mandated coverage in the private market for well-infant care and other preventive services for children.

OTHER TENETS OF REFORM

Both the ACA and the Nixon plans in 1971 and 1974 had other similarities, including the funding of medical malpractice research, increasing the supply of health care professionals, incentivizing physicians to provide care in resource-scarce areas, and providing coverage regardless of preexisting conditions.4,5

RHETORIC VERSUS REALITY

The purpose of comparing portions of the health care plans of Presidents Obama and Nixon is not to imply support for provisions of ACA or to rehabilitate the memory of Nixon. We seek only to demonstrate that federal health care policies promoted by a president aligned with one major party may be vilified when proposed by a president of a different party less than half a century later.

We do not believe the inflammatory rhetoric of the current debate in health care policy is productive or conducive to rational debate. In this case, we wonder whether those who describe the ACA as a “radical liberal plan” as proposed by President Obama, would also be willing to label President Nixon’s plan in the same manner. Certainly, it was not viewed as such in the early 1970s. The Nixon plan was defeated by Democratic forces in Congress at that time, led by Senator Edward Kennedy, who advocated for the development of a single payer system.

We believe the rationale stated by President Nixon for his health care proposal is worthy of consideration today in current health care policy deliberations: “Those who need care most often get care least. And even when the poor do get service, it is often second rate…This situation will be corrected only when the poor have sufficient purchasing power to enter the medical marketplace on equal terms with those who are more affluent.”

ABBREVIATION

ACA: Affordable Care Act

REFERENCES


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