

House Health Care Reform Bill

July 14, 2009

Unfortunately, the bill proposed by House Democrats has all the bad ideas from previous versions, plus a trillion dollars in new spending and no long-term solutions that will actually solve our health care problems. Following is a brief summary of the bill:

New Taxes — The New House Bill Will Raise Taxes for Everyone

- The bill includes a new tax on wealth, starting at \$280,000 income levels. If that tax doesn't generate enough revenue to cover the government's costs by 2013, the tax automatically doubles.
- This new tax will adversely impact thousands of small businesses, whose personal income is their business income. Higher taxes will force small businesses to lay off workers, delay economic investments, or even close their doors.
- Even if you don't own a small business or you make less than \$280,000 per year, section 401 of the bill includes a "tax on individuals without acceptable health care coverage." In other words, if your health insurance isn't approved by the government, you will be taxed.
- The bill also includes a new "fair share" tax imposed on everyone's health insurance to pay for a new federal health board. The new federal health board is a group of government bureaucrats who will decide whether your health care is effective or not, which could endanger your ability to receive the health care you need.

Require Americans to Buy Affordable Insurance — Individual Mandate

- The bill will require individuals to buy health insurance, under penalty of law, even before buying groceries, gas, or paying rent. Of course, the government (not you) will decide what type of health insurance you will be forced to buy.

- This will be a magnet to special interests wanting to ensure their respective services are required by the mandate.

Penalize Large Companies that Don't Provide Insurance to their Employees — Pay-or-Play

- The government will require employers to purchase government-approved insurance for their employees. At \$12,000 per year, the average health insurance policy would dramatically increase costs for employers, who will likely be forced to lay off workers to make up for the cost of providing health insurance.
- Employers who don't comply will be forced to pay a tax to the government. The employees will be sent over to a government-run "exchange" to buy health insurance.

Government-run Public Option — Medicare for All

- The bill creates a new government-run health plan that will undercut the private market and force people to lose their private health insurance.
- A government-run "Medicare-for-All" plan will likely pay below-market rates and avoid most of the regulations that the private market must obey.
- Many employers will be pressed to drop their insurance benefits and send their employees over to the new government plan, which (according to the Lewin Group) will cause 119 million Americans to lose their private coverage. All told, more than three-quarters of Americans would be in a government-run plan.

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- This provision doesn't apply to members of Congress, who will be able to keep their health plan.

Subsidies for Low Income Families — New Government Entitlement

- Middle class families earning up to \$88,000 per year (for a family of four) will receive new taxpayer subsidies, making health care a new government entitlement — even if you can pay for it on your own.
- A better way to achieve this would be through a uniform tax credit similar to ideas in the proposals offered by Sen. Tom Coburn (R-OK) and Rep. Paul Ryan (R-WI).

NEW Regulations — Government Will Regulate What Kind of Insurance You Can Buy

- The bill would add a host of new insurance regulations requiring insurers to accept everyone that applies for insurance at rates that are not

allowed to adjust for risk. In states that have similar regulations the premiums are between two to three time higher than those states that do not require this.

- There are many, many new federal regulations contained in the bill — including new rules about renting power-driven wheelchairs (section 1141), new government rules on how providers are supposed to treat patients with dementia (section 1431), new regulations on smoking cessation (section 1712), and everything in between. There are literally hundreds of pages of new regulations — too many to even summarize here.

Cost of Legislation

- The CBO has issued a preliminary estimate that this bill will cost \$1.2 trillion over ten years. Even so, it will only cover 37 million of those without insurance, leaving 17 million people uninsured (even after spending \$1.2 trillion!). Of course, the government has a history of underestimating the cost of health care entitlements.