



Democrat Health Proposals
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The Democrat Proposal for a Government-Run Health Care System vs. Republican Solutions to Reform Health Care

The Issue:

Health care in this country **costs over \$2 trillion dollars** a year which is approximately **17% of the Nation's GDP**.¹ U.S. health care spending is expected to increase at similar levels for the next decade reaching **\$4.3 trillion in 2017, or 20 percent of GDP**.¹ There are over **46 million Americans** that are periodically uninsured throughout the year.²

Today, chronic diseases—such as cardiovascular disease (primarily heart disease and stroke), cancer, and diabetes—are among the **most prevalent, costly, and preventable** of all health problems. Seven of every 10 Americans who die each year, or **more than 1.7 million people**, die of a chronic disease.³ The costs of treating these chronic diseases accounts for **more than 75%** of the nation's overall \$2 trillion medical care costs.³

President Obama on June 2, 2009 sent a letter to Senators Baucus and Kennedy reinforcing his campaign promise for sweeping health care reform by October of this year.⁴

Lewin Group did a study on the Administration's campaign proposals on health reform and predicted **119 million people would be displaced from their private health insurance** and put on the "public option" or government run plan.⁵ Congressman Sessions and the Elected Leadership Committee sent a letter to President Obama requesting a meeting to talk about health reform and the need for bipartisanship with such an important issue.⁶

Provisions of the 1,990 page Bill:

- **Government-Run Public Plan:** This public plan would "compete" in an "Exchange" with "qualified" private insurers subsidized by taxpayer's dollars.
- **Federal Health Board:** Creates a public/private advisory committee that will determine the benefits package and cost-sharing arrangements for public, individual and employer plans that all Americans must be covered under.
- **Employer and Individual Mandate to purchase insurance:**
 - Requires all Americans to purchase "qualified" insurance defined by the government with a tax penalty for those who do not comply.

¹ Andrea Sisko et al., "Health Spending Projections Through 2018: Recession Effects Add Uncertainty to the Outlook," Health Affairs, March/April 2009, at <http://content.healthaffairs.org/cgi/reprint/28/2/w346> (May 14, 2009).

Ricardo Alonso-Zaldivar, "Health Care Costs Top \$2 Trillion, Los Angeles Times/Seattle Times, January 8, 2008

² http://www.census.gov/Press-Release/www/releases/archives/income_wealth/010583.html

³ Department of Health and Human Services, CDC Chronic Disease Overview: <http://www.cdc.gov/NCCdphp/overview.htm>

⁴ Letter from President Obama to Senator's Baucus and Kennedy (6.2.09)

⁵ Lewin Group Study: <http://www.lewin.com/content/publications/LewinCostandCoverageImpactsofPublicPlan-Alternative%20DesignOptions.pdf>

⁶ Letter from ELC regarding working together with President Obama (5.13.09)

- Requires businesses to “pay-or-play”, either pay for employee’s health insurance or pay an 8% payroll tax to the federal government.
- **Raises taxes \$730 billion over ten years.**
- According to a model developed by the Council of Economic Advisors Chair Christina Romer **4.7 – 5.5 million** jobs could be lost as a result of taxes on businesses that cannot afford to provide health insurance coverage.⁷
- **Provides for \$450 Billion in Medicare Cuts**
- **Tort Reform Provisions Favors Trial Lawyers:** (page 1,431) Does not allow any tort reform incentive payments to go to state’s that have or intend to implement caps on attorney fees or caps on non-economic damages.
- **Costs: \$1.2 Trillion over 10 Years**

Republican Health Care Solutions:

The Republican alternative will be considered as a substitute to the Democrat House proposal on the House floor this Saturday, November 7th. The Republican alternative provides for **NO tax increase, NO job loss, and NO Medicare cuts**. Additionally, the Republican solution actually **saves money** in the 10 year budget window. Below are some of the main themes addressed in the alternative:

- **Establishing Universal Access Programs that will guarantee access to affordable care for those with pre-existing conditions:** By expanding high risk pools and allowing reinsurance programs.
- **Institutes Real Tort Reform:** This plan would model successful tort reform after those instituted in California and Texas which saves \$54 billion.
- **Provides Common Sense Insurance Reforms:** Would eliminate an insurance company’s ability to drop individuals from their policy after they got sick, or put arbitrary caps on annual or lifetime spending.
- **Creation of Small Business Health Plans:** This would allow small businesses to band together to create a larger pool to bring down health care costs, and increase choice and options.
- **Rewarding States for Innovation:** This legislation provides incentive payments to States that come up with innovative and successful ways to cover their uninsured.
- **Creates Portability:** Allows individuals the ability to purchase health insurance across state lines to provide ownership to move from job to job or state to state without the threat of losing your health insurance.
- **Restricts Any Federal Dollars for the Use of Abortions:** Codifying the Hyde amendment.
- **Encourages Prevention and Wellness:** Allowing employers greater flexibility to encourage their employees to adopt healthier lifestyles.
- **Expands the Use of Health Savings Accounts:** Creates incentives for individuals of all ages to participate in HSA’s for future and long-term health care needs.
- **Keeps Young Adults on Parents Coverage:** To ensure there are no gaps in health insurance coverage this legislation would allow for dependents to remain on their parent’s health care coverage through age 25.

⁷ Christina Romer and Jared Bernstein, “The Job Impact of the American Recovery and Reinvestment Plan,” January 9, 2009 http://otrans.3cdn.net/45593e8ecbd339d074_13m6bt1te.pdf and Christina Romer and David Romer, “The Macroeconomic Effects of Tax Changes: Estimates Based on a New Measure of Fiscal Shocks” National Bureau of Economic Research, Working Paper 13264, July 2007, <http://elsa.berkeley.edu/~cromer/RomerDraft307.pdf> as compiled by the Committee on Ways & Means, Republican Staff.