

DANGEROUS TO AMERICA'S HEALTH

THE REPUBLICAN PLAN
TO DISMANTLE AMERICA'S
HEALTH CARE

DECEMBER 2010

*Congressman Pete Stark, Chairman,
House Ways and Means Health Subcommittee*

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INTRODUCTION

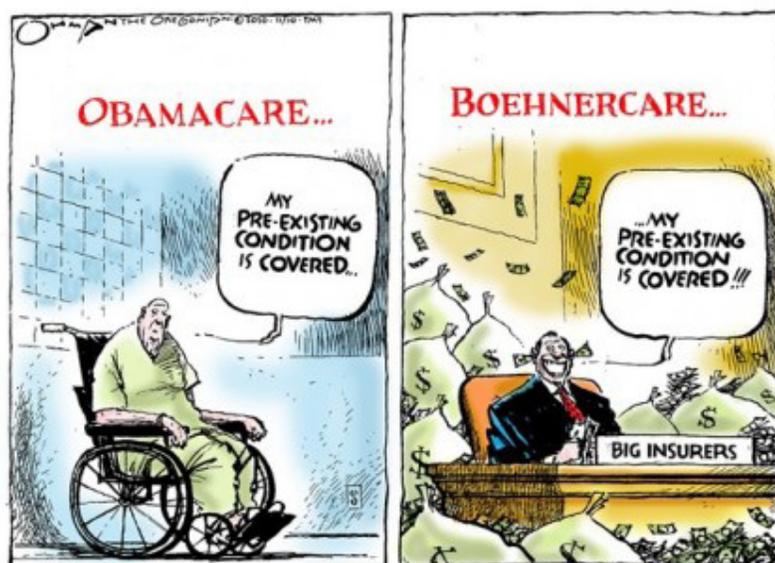
On March 23, 2010, President Barack Obama signed the Affordable Care Act into law. Democrats in Congress passed this historic health reform law to bring quality, affordable health care to all Americans and expand coverage to 32 million more people.

The law improves the entire health care system – from a revamped marketplace where individuals and small businesses can buy coverage; to Medicare improvements for seniors; to delivery system reforms that improve primary care and make most preventive care free.

Unfortunately, the health reform debate was marked by lies and distortions from its opponents. From “death panels” to lies about the government controlling people’s bank accounts, Republicans tried to make Americans afraid of this

legislation. However, as these improvements are implemented, Americans are seeing through the doomsday predictions. A recent McClatchy-Marist poll from late November 2010 found that the number of Americans who support repealing health reform has reduced to 33 percent.

Next year Republicans will control the U.S. House of Representatives. Their Leaders, incoming Chairmen, and rank and file Members have made repeal of health care reform their number one priority. To help prepare us for this debate, I’ve prepared this report — “Dangerous to America’s Health” — which outlines the consequences of the Republicans’ repeal strategy. The following pages detail different facets of the American health care system that would be harmed by the Republican agenda. I hope it is useful to you as we prepare for this vitally important debate in the new Congress.



Sincerely,

Pete Stark, Chairman

House Ways and Means Health Subcommittee

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REINSTATE DISCRIMINATION AGAINST PEOPLE WITH PRE-EXISTING CONDITIONS

Health reform created critical new protections for people with pre-existing conditions. For plan years beginning after September 23, 2010, insurers are no longer able to deny coverage to children with pre-existing conditions. When the new Health Insurance Exchanges open, insurance companies will no longer be able to deny coverage to anyone with pre-existing conditions. At that time, insurers will also be prohibited from charging higher premiums to people with pre-existing conditions or excluding benefits related to the person's condition.

Republicans want to repeal these vital consumer protections, and reinstate the power health insurers had to deny coverage to people with pre-existing conditions, charge higher premiums, and exclude benefits.

"The alternative health care reform bill being pitched by House Republicans will not prevent insurance providers from barring clients based on pre-existing conditions, House Minority Leader John Boehner (R-Ohio) said Monday."

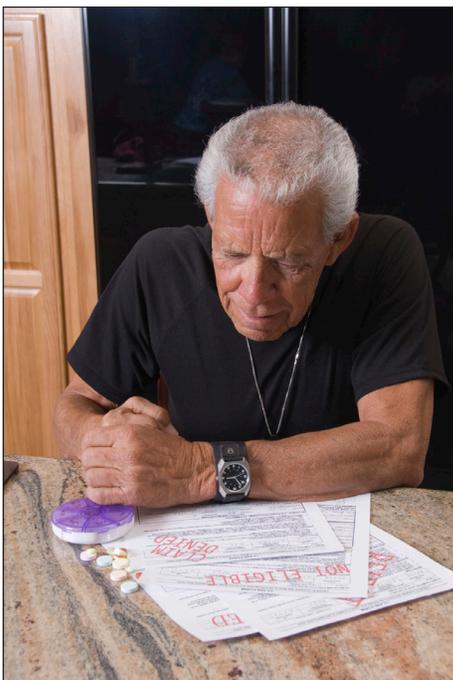
-Talk Radio News Service, 11/2/2009

LEAVE MILLIONS OF AMERICANS UNABLE TO AFFORD HEALTH INSURANCE

The health reform law includes half a trillion dollars in tax credits and cost-sharing assistance that will help tens of millions of Americans afford health care. For individuals and families who make up to 400 percent of the federal poverty level (in 2010, \$88,000 a year for a family of four), the law provides both tax credits to reduce the amount these families spend on health insurance premiums and cost-sharing assistance to make their benefits more affordable.

A report by FamiliesUSA found that nationally, 28.6 million Americans will be eligible for the premium tax credits in 2014. Of these, 95 percent will be in families where someone is employed full- or part-time, and 48 percent will have been previously uninsured. It also found that more than half of those eligible work for small businesses with fewer than 100 workers, and almost two-thirds (65.6 percent) are from families with annual incomes at or above 200 percent of the federal poverty level.

If Republicans repeal health reform, they will eliminate these new tax credits and the cost-sharing assistance, leaving tens of millions of people unable to afford coverage.



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BALLOON THE DEFICIT

According to the non-partisan Congressional Budget Office, the health reform law reduces the deficit by \$143 billion in the first ten years, and by more than a trillion dollars in the next decade. Reform ends taxpayer giveaways to private insurers and makes our health care system more efficient by cutting waste and fraud and implementing delivery system reforms to improve care.

Simply stated, by repealing health reform, Republicans would cause the deficit to skyrocket.



PUT MILLIONS AT RISK FOR BANKRUPTCY IF THEY GET SICK

A Harvard study last year found that the majority of personal bankruptcies in the country were caused by health costs -- and that 78 percent of these were among people who already had health insurance. To prevent working families from facing crippling medical costs, the health reform law limits what insurers can force enrollees to pay in out-of-pocket expenses and limits their ability to exclude coverage for pre-existing conditions.

Republicans would repeal these protections, putting millions of consumers back at risk for bankruptcy if someone gets sick.

RAISE DRUG COSTS FOR SENIORS

When Republicans wrote the Medicare prescription drug program, they created a “donut hole” or coverage gap in the benefit. Millions of seniors with high drug costs fall into this gap every year and are forced to pay full price for their prescription drugs while still paying their Part D drug plan premiums.

Democrats eliminate the donut hole as part of the health reform law. In 2010, millions of seniors who hit the donut hole received a \$250 rebate to help them afford prescription drugs. In 2011, they will receive a 50 percent discount on brand-name drugs in the donut hole. The donut hole is closed completely in coming years.

“Next year, people in the gap will see a 50 percent discount on brand-name and biologic drugs and a 7 percent discount on generics. After 2011 the discounts will grow larger until, by 2020, nobody will pay more than 25 percent of the cost of any drugs in what is now the doughnut hole.”

-AARP Bulletin, 7/9/2010

Republicans have promised to repeal the health reform law and thereby eliminate this key coverage improvement – forcing senior citizens and people with disabilities to again pay too much for their life-saving medications.

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INCREASE COSTS FOR SMALL BUSINESSES THAT PROVIDE HEALTH INSURANCE TO THEIR WORKERS

The health reform law put in place \$40 billion in tax credits for small businesses that provide health coverage for their employees. Companies are already taking advantage of these tax credits. Data from the nonprofit Kaiser Family Foundation found that six months after these tax credits took effect in 2010, the percentage of employers with three to nine workers offering insurance has increased from 46 percent to 59 percent.

In addition, once the Health insurance exchanges open up, small businesses will have access to a reformed marketplace where they can leverage their purchasing power across a broader risk pool – just like larger employers do today. A study by the Rand Corporation estimates that the percent of small business employees who are offered coverage will jump from 60.4 percent today to 85.9 percent once the exchanges are up and running.

“The number of small businesses offering health insurance to workers is projected to increase sharply this year, recent data show, a shift that researchers attribute to a tax credit in the health law.”

-Wall Street Journal, 11/2/2010

Republicans would repeal these small business tax credits – raising taxes on these small businesses which would likely result in them dropping health coverage for their workers.

REPEAL FREE PREVENTIVE CARE

Preventive care saves lives and money by aiding in early detection of serious and chronic diseases. However,

Americans today use preventive services at about half the recommended rate. This means many do not get the high-quality preventive care needed to stay healthy, avoid or delay the onset of disease, and lead the most productive lives.

To encourage utilization of preventive care, the health reform law requires private insurance companies and Medicare to fully cover without cost-sharing preventive services that receive high scores from the U.S. Preventive Services Health Task Force. These tests include: mammograms, colonoscopies, immunizations, and pre-natal and new baby care and more. Under the law, all of these services will be offered without charging deductibles, co-payments or co-insurance.



Republicans would repeal this reform and allow Medicare and insurance companies to charge patients for preventive screenings – reducing the likelihood that patients will benefit from these life-saving measures.

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KICK PEOPLE OUT OF NEW HEALTH INSURANCE PLANS

The health reform law created a new health insurance option for people with pre-existing conditions who cannot afford coverage today and have been uninsured for at least six months. These plans (called Pre-existing Condition Insurance Plans, or PCIPs) are already up and running in every state. These plans are a bridge until 2014 when all pre-existing condition limitations will be prohibited.

Republicans would repeal health reform, eliminate these new plans, and kick enrollees out of their only health insurance option – leaving them without coverage once again.

EMPERIL MEDICARE'S FUTURE

The Centers for Medicare and Medicaid Services Office of the Actuary found that the health reform law extends the solvency of the Medicare program by 12 years, from 2017 to 2029.

By repealing health reform, Republicans would reinstate Medicare giveaways to private insurers, cut measures that would fight waste and fraud, and eliminate critical delivery system reforms. These changes would shorten the life of the Medicare trust fund by 12 years.

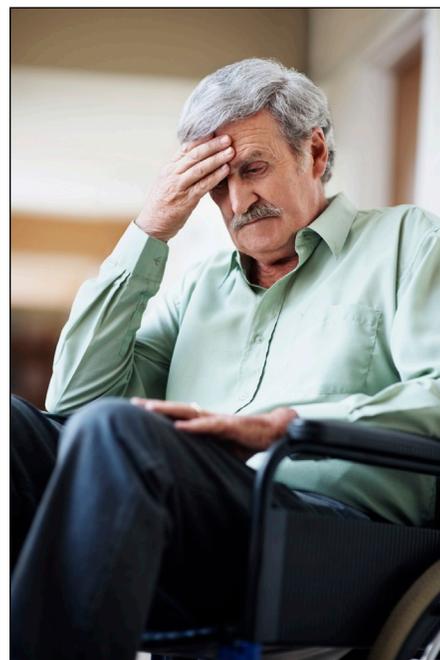
INCREASE THE NUMBER OF UNINSURED AMERICANS BY 29 MILLION

The health reform law creates a new health insurance marketplace, making coverage more affordable by creating “Exchanges” where insurers will compete, and providing tax credits and cost-sharing assistance to help working families afford coverage. According to the non-partisan Congressional Budget Office (CBO), these measures and others in the health reform law will ensure coverage for almost 95 percent of Americans.

“The [Republican] plan actually increases the number of uninsured over the next decade, according to the Congressional Budget Office. By 2019, the CBO estimates, we’d have no fewer than 52 million non-elderly people without health coverage.”

-Los Angeles Times, 11 / 8 / 2009

Republicans promise to repeal this coverage. While they haven't revealed their “replace” plans, the proposed Boehner substitute actually increases the number of uninsured over time – to 52 million people by the end of the decade. Under their plan, the number of uninsured Americans will increase by 29 million compared to the same projection under current law with health reform intact. That would also mean more people would be uninsured under their plan than the 50 million people who lacked health coverage in 2009.



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JEOPARDIZE RETIREE HEALTH BENEFITS

In recent years, as employers have looked to cut costs, early retirees have become extremely vulnerable to losing their health benefits. At the same time, older Americans are the least likely to find affordable coverage in the individual market today.

The health reform law ensures that early retirees have more security in their health insurance by helping employers maintain early retiree benefits through the new Early Retiree Reinsurance Program. Approximately 3,000 employers have already signed up to obtain this help.

Repealing health reform would eliminate this key program, putting health coverage for workers at thousands of firms in jeopardy for early retirees at thousands of firms.

"We estimate that ERRP [the Early Retiree Reinsurance Program] will provide premium savings of approximately \$200 million based on reimbursement related to more than 115,000 early retirees and their spouses, surviving spouses, and dependents."

-Letter from the California Public Employees' Retirement System (CalPERS), 12/10/2010

EMPOWER INSURERS TO INCREASE PROFITS AT THE EXPENSE OF PATIENTS' MEDICAL CARE

Under the health reform law, insurance companies are required to report the percent of an enrollee's premium dollars that is spent on items other than health care costs – such as profits, advertising and marketing, bureaucracy, and CEO pay. If this amount exceeds a certain percentage (15 percent of premiums dollars for large group plans, 20 percent for small group and individual plans), then enrollees will receive rebates. These rebates begin in 2011.

Repealing health reform would eliminate this protection and empower insurers to continue escalating their spending on profits, CEO compensation, and red tape, rather than enhancing the value of insurance for consumers.

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ROLL BACK THE GUARANTEE THAT INSURANCE COVER ESSENTIAL SERVICES

Many insured Americans don't realize how limited their benefits are until they get sick and the insurers stick them with the bill. When the new Health Insurance Exchanges open in 2014, all insurers in the exchange must provide a core set of benefits - some of which are set in the law and others that will be detailed by the Secretary of Health and Human Services. All plans must cover at least the following:

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance use disorder services, including behavioral health treatments
- Prescription drugs
- Rehabilitative and habilitative services and devices
- Laboratory services
- Preventive and wellness services
- Chronic disease management
- Pediatric services, including oral and vision care



Republicans would eliminate these guaranteed benefits for all Americans and allow insurers to continue selling junk plans.

ELIMINATE A NEW, FAIR HEALTH INSURANCE MARKETPLACE

A major problem with today's health care system is that people who don't have employer-sponsored coverage often cannot obtain coverage in the existing unfair individual health insurance market. Health reform creates new state-based Health Insurance Exchanges where working families and small business employees can comparison shop for coverage and obtain financial help with that coverage if they qualify.

These exchanges will make the marketplace more competitive by setting fair and consistent rules, such as eliminating discrimination against people with pre-existing conditions; establishing sets of guaranteed benefits for consumers; and improving transparency of health plans' benefits and rules. The exchanges will enable consumers to make informed decisions to choose the right plan, and allow individuals and small businesses to pool their buying power and share risks just like large businesses do today.

Republicans would repeal health reform, leaving small businesses and people without employer-sponsored insurance on their own to find health insurance in a discriminatory, unregulated market. By eliminating these Exchanges, Republicans would take funding away from states to invest in their insurance markets.

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ALLOW INSURERS TO CONTINUE UNJUSTIFIED PREMIUM INCREASES

The health reform law provides states with \$250 million in grants over the next five years to support “rate review” programs that examine proposed premium increases by health insurers to determine if they are justified. In August, the Department of Health and Human Services awarded \$46 million in grants to states to support these programs. This money is supporting 26 states that already had these programs, and is helping another 15 states create or expand rate review programs.

“The [Connecticut] insurance department started posting rate filings on the department’s website this fall after both public outcry about rising premiums and a \$1 million federal grant to increase transparency and scrutiny in the rate review process. The insurance department is also working to make the process more transparent with funds from the grant.”

-Hartford Courant, 12/3/2010

Republicans would take this money away from states and make it easier for insurance companies to impose unjustified premium increases on working families.

REINSTATE INSURANCE COMPANIES’ POWER TO PLACE ARBITRARY LIMITS ON COVERAGE

Financial limits on health insurance benefits are great for insurers because they don’t have to pay when enrollees get seriously ill. Unfortunately that means if you get sick, you’re stuck with the bill. The health reform law has begun phasing out these arbitrary limits on coverage:

- For plan years starting after September 23, 2010, all insurers are prohibited from imposing lifetime limits on coverage;
- New employer plans and new individual plans starting after September 2010 are prohibited from setting low annual limits on coverage for the next three years;
- When the health insurance exchanges open in 2014, annual limits on coverage are banned altogether, except in grandfathered plans in the individual market.



Republicans would repeal health care reform and reinstate these limits on coverage, which have devastating effects on very sick or injured people.

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INCREASE MEDICARE FRAUD

Health reform provides significant new tools to help the Centers for Medicare and Medicaid Services (CMS) combat fraud, waste, and abuse – tools that are projected to save taxpayers \$2.1 billion a year.

By repealing health reform, Republicans would:

- Eliminate provider screening and enrollment requirements that stop fraudsters before they've stolen a dime.
- Prohibit HHS from imposing a moratorium that would halt new providers from joining Medicare in areas of significant risk of fraud.
- Weaken penalties for corporations that defraud Medicare and Medicaid and for Medicare Advantage and Part D plans that mislead customers — increasing the likelihood that these schemes continue.



REPEAL INVESTMENT IN HEALTH IT THAT SAVES MONEY AND SAVES LIVES

The American Recovery and Reinvestment Act (H.R. 1) included a net investment of \$19 billion in Medicare and Medicaid incentives to encourage doctors and hospitals to adopt meaningful health IT systems. The nonpartisan Congressional Budget Office estimates that this investment will reduce federal spending on health care by more than \$12 billion over the next decade, and reduce private sector health spending by at least that amount.

“Leaders in the health industry must be willing to commit to and invest resources in the development of health IT systems. Health IT has been proven to have enormous potential to transform our health system into one marked by efficiency, quality, and safety. The bottom line is that better health is actually cheaper than poor health, and health IT can help get us there.”

*-Former Speaker Newt Gingrich
Healthcare Financial Management, September 2006*

This modernization of our health care system will save lives by eliminating preventable medical errors. The bulk of this money will start flowing in 2011.

Republicans have announced that they will repeal unspent stimulus funds – thereby repealing this critical investment in health IT.

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ELIMINATE GUARANTEED APPEALS PROCESSES FOR PATIENTS DENIED COVERAGE BY THEIR INSURANCE PLANS

Prior to health reform, many consumers had no right to an independent review of insurers' decisions to deny or delay care, leaving them without a meaningful way to appeal adverse decisions or stall tactics.

The health reform law requires new health plans to develop both internal and external appeals processes to better protect consumers against insurance company abuses. In addition, the new law requires that consumers be notified about their appeal options, including the right to an expedited review in the case of a medical emergency. According to the Departments of Health and Human Services, Labor and the Treasury, an estimated 88 million Americans in employer and individual plans will benefit from this reform over the next several years.

Republicans would repeal this provision, stripping away these protections from millions of Americans and returning control to the insurance companies to deny care without justification.

CUT PAYMENTS TO FAMILY DOCTORS

Primary care providers are the front line of health care in America. The health reform law makes key investments to increase the number of primary care providers to help meet America's health care needs:

- Implements a 10 percent Medicare bonus for primary care services provided by primary care physicians through 2015;
- Increases Medicaid reimbursements to match Medicare levels for primary care physicians in 2013 and 2014;
- Provides an additional \$1.5 billion in mandatory spending for the National Health Service Corps to get more primary care providers to areas that need them the most;
- Redistributes unused Medicare residency training slots to hospitals that will use them to train primary care and general surgery doctors.



Republicans would repeal these investments, stalling much needed growth in our health care workforce growth and endangering access to primary care for millions of Americans.

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FORCE WOMEN AND OLDER INDIVIDUALS TO PAY MORE FOR INSURANCE

Insurers typically charge older people and women of all ages higher premiums for the same coverage. According to a 2008 study by the National Women's Law Center, women pay up to 48 percent more in premiums for the same coverage than men. According to census data, in 2008 there were 11.4 million Americans between the age of 45 and 64 who were uninsured. This premium discrimination makes coverage unaffordable for many women of all ages and older individuals who are not yet Medicare-eligible.



The health reform law limits the extent to which insurers can vary premiums for the same coverage based on age and gender. In new plans offered in the exchanges starting in 2014, older individuals cannot be charged more than three times as much as younger individuals, and women cannot be charged more for the same policy.

Republicans would eliminate these consumer protections, guaranteeing the right for insurers to continue to discriminate and charge older people and women sky-high premiums for the same coverage as others.

GUT EFFORTS TO PROMOTE PREVENTION AND WELLNESS

The U.S. Centers for Disease Control and Prevention found that 7 out of 10 deaths among Americans each year are from chronic diseases – and health care costs for chronic disease treatment account for more than 75 percent of national health expenditures.

The health reform law is implementing a comprehensive strategy to promote prevention and wellness. Part of this strategy is the establishment of the Prevention and Public Health Fund, which supports community-based prevention programs that have been proven to work. The fund devotes \$15 billion toward prevention and public health over the next ten years, and \$2 billion each year thereafter. This fund has already been used for campaigns to help people quit smoking, prevent obesity, improve nutrition, and exercise more.

"For too long, we have focused spending on treating people once they are sick rather than preventing illness in the first place. The Prevention and Public Health Fund is urgently needed to address the many emerging health threats our country faces and the persistent chronic disease rates that we must begin to control."

-Letter from 160 public health groups, 8/27/2010

Republicans would eliminate the Prevention and Public Health Fund in its entirety ending this long overdue investment.

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JEOPARDIZE HEALTH CARE FOR RURAL AND URBAN AMERICANS WHO USE COMMUNITY HEALTH CENTERS

Community health centers are a lifeline for millions of Americans who otherwise would not have access to basic health care services. They currently provide health care to 19 million vulnerable Americans each year in underserved rural and urban areas.

The health reform bill includes \$11 billion over the next decade to expand existing community health centers and develop new centers. This assistance will make vital health care services available

to nearly twice as many people through community health centers, and create thousands of jobs in some of the country's most economically distressed areas.



Already, \$335 million has gone out to existing community health centers to expand their services and \$250 million has been disbursed to support 350 new sites. Republicans would repeal this assistance, jeopardizing access for millions of vulnerable Americans in underserved areas.

SHUT DOWN A NEW NATIONAL RESOURCE TO HELP CONSUMERS COMPARE THEIR HEALTH INSURANCE OPTIONS

Health reform required the government to recreate a new website to enable consumers to comparison shop for health coverage. Healthcare.gov was launched in July 2010. Consumers are now using this site to view their options for health insurance coverage. It includes information on private plans, Medicare, Medicaid, other state-based programs and the new Pre-existing Condition Insurance Plans (PCIP) in each state.

The site includes detailed cost and benefits information for private insurance plans at the local level. Employers are also using the site to obtain information about tax credits and the Early Retiree Reinsurance Program (ERRP) that will help them provide coverage to their employees.

Repealing health reform would shut down this important new resource for consumers and employers.

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CONCLUSION

These 24 reasons are just some of the critical consequences of what would happen if Republicans are able to repeal the Affordable Care Act. The stakes of this debate are high. If Republicans succeed in repealing reform they will force millions to go without health care and undermine the coverage of millions more.

