

U.S. Chamber of Commerce

Health Reform: Can Congress Cure Our System's Ailments?

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U.S. Chamber of Commerce

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Broad consensus for practical health reform

- Increasing coverage and access
- Strengthening wellness and prevention
- Ensuring quality and value

Enacting meaningful health reform requires a careful and balanced approach of fiscal prudence, accompanied by efforts to contain costs, increase savings, and enhance efficiencies.

Such investments will enable transformational changes to be achieved – and those transformational changes will ultimately place the United States on a path toward greater financial and health care security.



Who are the uninsured?

8.1 million – undocumented or illegals

11 million – currently eligible for gov't programs (SCHIP, Medicaid) but not enrolled (5-9 million – children).

8 million - make between \$50-75K but are opting out of the system.

9.7 million – make over \$75K but are opting out of the system.

9-10 million – really need help – lower income, don't qualify for govt. help and may not get employer coverage (part time, etc).

BOTTOM LINE

Each group demands different solutions
– one size does NOT fit all.



Chamber View on Health Care

- **What we want in reform:**

- ✓ A new focus on wellness and prevention, disease management
- ✓ Small business subsidies and insurance market reforms
- ✓ Research into the comparative effectiveness of drugs and therapies
- ✓ Payment reforms, rewarding quality and efficiency.
- ✓ Medical Liability Reform
- ✓ Health IT

- **Major Concerns:**

- Employer mandate
- Public (Government) plan
- Minimum coverage requirements
- How to pay for reform

What is the “Public Option?”

- Government-run insurance plan to compete directly with private insurers.
- The option would pay Medicare rates for first 3 years with set rates after
- Rates would be negotiated between HHS Secretary and insurers (Ed & Labor/Ways & Means/Senate HELP)
- Likely to result in cost shift to private insurer
- Alternative under discussion is “co-op”



House Leadership



Nancy Pelosi (D-CA)
Speaker of the House



John Boehner (R-OH)
Minority Leader

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House Committees

Ways & Means



Charlie Rangel (D-NY)
Chairman



Dave Camp (R-MI)
Ranking Member

Education & Labor



George Miller (D-CA)
Chairman



John Kline (R-MN)
Ranking Member

Energy & Commerce



Henry Waxman (D-CA)
Chairman



Joe Barton (R-TX)
Ranking Member

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New Burdens On Employers In H.R. 3200

- Employers with total payroll over \$250,000 will be required to provide “Qualified Health Benefits” or pay a pay-roll tax of up to 8%.
- Employers will be required to pay 72.5% of premiums.
- Also required to provide dependent coverage (pay 65% of premiums).
- No annual or lifetime limits on coverage.
- New minimum actuarial value requirements on all health coverage.
- After 5 years all plans will also be required to meet the “qualified health plan” definition – ERISA plans will no longer have design flexibility (2018).
- FSAs, HSAs & HRAs will no longer be eligible for over-the-counter medical purchases.
- Mental health parity required for ALL employers (including 50 and under which were carved out).
- Maintenance of effort mandate for retiree health benefits (added in E&L).
- Expansion of COBRA coverage until insurance exchanges are implemented (added in E&L).
- Premium tax on all participants in fully-insured and self-insured plans to fund comparative effectiveness research program. (new tax).

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Minimum Coverage Requirements

- **Individual mandate** requires all to have “acceptable health coverage”. Those without pay a penalty of 2.5% of modified adjusted gross income.
- Creates “**essential benefits package**” - provides a comprehensive set of services, covers 70% of the actuarial value, limits annual cost-sharing to \$5,000/ind./\$10,000/family and no annual or lifetime limits on coverage.
- The **Health Benefits Advisory Council**, chaired by the Surgeon General, will make recommendations on specific services to be covered by the essential benefits package as well as cost-sharing levels.
- All **qualified health benefits plans (QHBP)**, including those offered through the Exchange and those offered outside of the Exchange must provide an essential benefits package.
- Employer sponsored plans will be grandfathered until **2018**, when all plans will have to meet the “QHBP.”



House Pay-Fors

- 1. Cuts to hospitals - (\$155 Billion/10 years)**
- 2. Cuts to Medicare Advantage - (\$177 Billion/10 years)**
- 3. Penalties to individual/employer mandates (8% of payroll) – (\$163 Billion/10 years)**
- 4. Surtax (5.4% surtax on federal income) – (\$543.9 Billion/10 years)**

Senate Leadership



Harry Reid (D-NV)
Majority Leader



Mitch McConnell (R-KY)
Minority Leader



Senate Health, Education, Labor & Pensions Committee "Affordable Healthy Choices Act"



Tom Harkin (D-IA)
Chairman



Mike Enzi (R-WY)
Ranking Member





"Affordable Healthy Choices Act"

- Employer mandate
- Individual mandate
- Public option
- Purchasing subsidies
- *Did not address Medicare/Medicaid (jurisdiction)*
- *Silent on payfors (jurisdiction)*

Senate Finance Committee – “Gang of Six”



Max Baucus (D-MT)
Chairman



Jeff Bingaman (D-NM)



Kent Conrad (D-ND)



Chuck Grassley (R-IA)
Ranking Member



Mike Enzi (R-WY)



Olympia Snowe (R-ME)



Senate Finance Bill “America’s Healthy Future Act”

- Reducing the uninsured through Medicaid expansion and subsidies for up to 300% FPL
- Individual mandate
- Establishes state based “exchanges”
- Insurance reforms – individual and small group market
- Establishes co-ops rather than public plan

Employer Responsibility

- Free rider penalty
- Extensive firewall
- Small business tax credits
- Affordability waiver

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Senate Finance Pay-Fors

- Excise tax on “Cadillac” health plans
- Excise tax on industries
- Higher penalties for HSAs/FSAAs
- Reporting requirements
- Medicare/Medicaid Quality
- Hospital/Physician value-based purchasing

Senate Finance Amendments

Bad

- Rockefeller Public Option – *Defeated (8 to 15)*
- Schumer Public Option – *Defeated (10 to 13)*
- Kerry Employer Mandate – *Withdrawn*
- Wyden Free Choice – *Withdrawn*
- Rockefeller Insurance Reforms to Large Groups & Self Insurers – *Withdrawn*

Good

- Enzi Protections from Wage Cuts and Job Loss - *Approved*
- Carper/Ensign Wellness Programs - *Approved*
- Excluding HIPPA Excepted Benefits - *Accepted*



Congressional Budget Office (CBO)

How much will health reform cost?

- CBO Estimates
 - House
 - \$1.6 Trillion/10 years
 - Senate
 - HELP - \$611 Billion/10 years
 - Medicaid expansion was not included
 - Finance - Approximately \$900 Billion/10 years
- Deficit spending → \$239 Billion/10 years (House)
- Doug Elmendorf, CBO *Director* - *"the legislation significantly expands the federal responsibility for health care costs."*

Challenges Ahead

- Combining 3 versions of Tri-Committee bill into one bill for floor vote
 - Dems vs. Dems:
 - Blue Dogs/New Dems vs. Progressives
 - » 53 members of Progressive caucus won't support bill without public plan.
 - » 62 Blue Dogs and New Dems have expressed concerns about the House bill.
 - » House breakdown – 256 D 178 R. If 40 D's vote against, they will lose the vote.
- Senate Finance/HELP Bill Merging
- Budget Reconciliation remains a possibility

Challenges Ahead

BUDGET RECONCILIATION:

- What is it?
- What can they do?

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Challenges Ahead

Splitting the Bill

Senate Democrats are weighing whether to split health legislation into two parts. Here's how it might work:

1st part

Under 'reconciliation' process for budget items, requires 51 votes to pass.

- Federal subsidies to buy insurance
- Expansion of Medicaid
- New taxes to pay for these items

2nd part

Requires 60 votes to overcome filibuster

- Require most Americans to have health insurance or pay fine
- Prohibit insurers from rejecting customers over pre-existing conditions
- Cap out-of-pocket expenses

Gray area

Unclear whether in first or second part

- Establish public health-insurance plan or nonprofit co-operatives to compete with private insurers
- Set up 'exchanges' where people can comparison-shop for insurance.

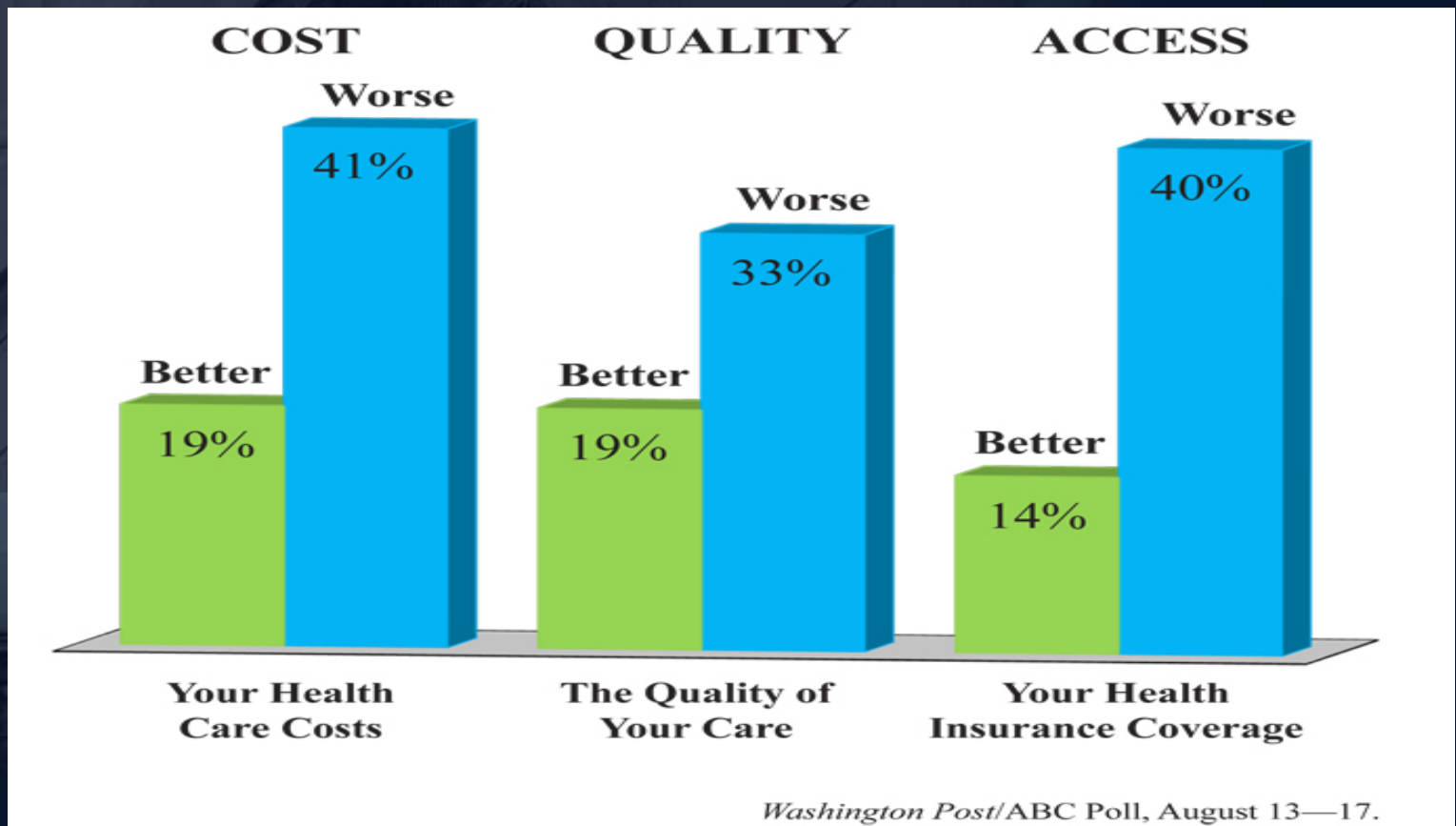
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Polling Data

Q: If the health care system is changed, do you think will get better, worse, or remain the same?



What are we doing?

- Over 260,000 letters have been sent to Members of Congress voicing concerns over current bills.
- U.S. Chamber toolkit online (visit our website).
- National letters signed by over 3,100 chambers, associations, and small businesses (sign on at our site).
- Print, Radio, and Online ads running in targeted districts during recess.
- What you can do? www.voteforbusiness.com
- Write and call your congressmen and senators, meet with them when they are home.



Chamber Advocacy



Let's not throw the baby out with the bath water.

Our nation needs health care reform that lowers costs, increases quality, and expands coverage, but current proposals would harm businesses who voluntarily provide health benefits to over 160 million Americans.

- A "pay-or-play" employer mandate would force employers to accommodate the new costs of providing health insurance by cutting jobs.
- A government-run plan would eventually limit Americans' choices of health plans and crowd employers out of the health care business – despite the fact that, as polls show, Americans are satisfied with their employer-provided coverage.

Congress, let's not throw the baby out with the bath water.

Health care reform that punishes employers would be bad for the economy and jobs.

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The government already gets the shirt off your back ...

If Congress passes new tax increases, then hold on to your pants!

America's small businesses create two out of every three jobs during a recovery. But newly proposed reforms would burden the small business community by robbing them of the resources they need to create jobs that will lead us out of the recession.

The latest culprit is the health care surtax that supposedly targets high-income households. In reality, it would victimize small business owners by pushing the top marginal tax rate over 50% in 39 states*. On July 14, *The Wall Street Journal* said that this surtax "would hit job creators especially hard because more than six of every 10 who earn that much are small business owners, operators or investors."

Congress: These tax increases are below the belt. Help, don't hurt, America's job creators. Vote no on policies that would kill jobs and slow economic growth.

* According to a recent study by the Tax Foundation



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HEALTH CARE TOOLKIT



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[Health Care Reform Overview](#)

[Tools to Take Action](#)

[Report Back Using the Grassroots Report](#)

[Latest U.S. Chamber Actions](#) (including press releases, ads, and testimonies)

Health Care Reform Overview

- **NEW:** Health Care Reforms the Chamber Supports (PDF)
- U.S. Chamber's Health Care Reform Agenda (PDF)
- Congressional Budget Office Report on Health Care Proposals (PDF)
- Side-by-Side Comparison of Major Health Care Reform Proposals
- New Burdens on Employers in H.R. 3200 (PDF)
- Government Regulation of Health Plans in House Healthcare Reform Bill - Before & After Flow Chart (PDF)

Take Action

Use these templates and samples to communicate with your members

- **NEW:** Sign-on Letter
Add your name to the our letter for health care reform.
- Sample Local Press Release (Word)
Draft press release that can be personalized for your organization regarding the 7/28/09 Sign-On Letter to the Hill

Who are the Uninsured?

9.7 million are illegal or undocumented

11 million are eligible for government programs (SCHIP, Medicaid) but not enrolled

9 million make over \$75K

8-10 million really need help - lower income, but do not qualify for government programs or employer coverage (part-time etc.)

Helpful Web sites and Links

[VoteForBusiness](#)

[U.S. Chamber Health Care Page](#)

[U.S. Chamber Issues Health Care Page](#)

[Campaign to Protect Workers' Employer-Sponsored Health Care](#)

www.voteforbusiness.com

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A Project of the US Chamber of Commerce

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ACTION ALERT Oppose Flawed Health Care Proposals

TAKE ACTION NOW!

IMPROVING HEALTH CARE QUALITY, COVERAGE & AFFORDABILITY... WITHOUT A GOVERNMENT TAKEOVER



Get Involved

Join VoteForBusiness and make your voice heard on Capitol Hill!

[Get Started Now](#)

KEY ISSUES

Discover How We're Addressing Our Nation's Energy Crisis

Join the Fight Against Drastic Tax Increases

Learn About Affordable Health Care for Every American

Read How We're Challenging the Unions' Agenda

Find Out How We're Rebuilding Our Highways

Learn How Free Trade Creates New Jobs and Opportunities

IN THE SPOTLIGHT



ObamaCare's Real Price Tag

Aug 6, 2009 — Wall Street Journal

Democrats will return in the fall with various budget tweaks that will claim to make ObamaCare "deficit neutral" over 10 years. But that won't begin to account for the budget abyss it will create in the decades to come.

[Continue Reading](#)

- Write Congress Now About Health Care
- Summary of Health Care Reform Efforts
- Learn More About Health Care Reform

LATEST NEWS

- ObamaCare's Real Price Tag
Aug 6, 2009 — Wall Street Journal
- Second mission in Iraq: Invest
Aug 6, 2009 — The Washington Times
- Obama promises health overhaul with or without GOP
Aug 6, 2009 — The Associated Press

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VFB Toolkit

Use the VFB Toolkit to fight for the future of American business and the future of the American economy. Send a letter to Congress, forward to friends, or find more legislative tools below.

- Write Your Legislator
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To Contact the VoteForBusiness Team: Cal: 202-463-5604, or E-mail: vfb@uschamber.com



CAMPAIGN FOR Responsible Health Reform

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Say no to government-run health care

Sign up now and be counted.
Don't let the government take over your health care.

First Name: *

Last Name: *

E-mail: *

Zip Code: *

[Sign up!](#)

Your health is on the line

Act now to protect health care.

- > Don't let Congress destroy the health coverage that 160 million Americans depend upon.
- > Government-run care would take away your choices and create long waits for needed treatments.
- > Higher taxes and increased costs would mire the U.S. in record-breaking debt.

[Learn more](#)

Issue Spotlight

ANNOUNCEMENT: The Campaign for Responsible Health Reform launches new advertising campaign.

Television Ad:



[Watch in Quicktime](#)

Radio Ad:

[Listen to MP3](#)

Headlines

[Snowe takes to the street, talks health care](#) | Lewiston Sun-Journal | August 19, 2009

[Views Unchanged on Obama's Healthcare Plans: Poll](#) | The New York Times | August 18, 2009

[Health care concession riles left; right unmoved](#) | The Associated Press | August 18, 2009

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