



House Democrat Draft Health “Reform” Legislation: A Government Takeover of Health Care

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BACKGROUND

On June 19, 2009, the Chairmen of the three House Committees with jurisdiction over health care legislation—Education and Labor Chairman George Miller (D-CA), Energy and Commerce Chairman Henry Waxman (D-CA), and Ways and Means Committee Chairman Charlie Rangel (D-NY)—introduced a joint “discussion draft” of health reform legislation. The Chairmen announced their intent to commence hearings in their respective Committees beginning June 23; mark-ups and floor action are likely for the July work period.

EXECUTIVE SUMMARY

At 852 pages, the released discussion draft sets the tone for a Washington takeover of the health care system—one defined by federal regulation, mandates, myriad new programs, and higher federal spending. The bill would ensure the heavy hand of federal bureaucrats over the United States health care system, levying costly new taxes on individuals and businesses who do not comply. Many Members may question how additional federal mandates and bureaucratic diktats raising costs appreciably for all Americans would make health care more “affordable.” Members may also note that while the bill’s provisions could cost as much as \$2 trillion, few provisions in the draft would finance this bureaucrat-run program.

Highlights of major provisions likely to cause Member concern include:

- Creation of a government-run health plan that experts say could lead to as many as 120 million Americans losing their current coverage—a clear violation of any pledge to allow individuals to keep their current health plan;
- Insurance regulations that would raise costs for nearly all Americans, particularly young Americans, and confine choice of plans to those approved by a board of bureaucrats;
- New price controls on health insurance companies that provide perverse incentives to keep individuals sick rather than managing chronic disease, while impeding patient access to important services just because those services do not provide a direct clinical benefit;
- Additional federal mandates that would significantly erode the flexibility currently provided to employers—and could result in firms dropping coverage;
- Massive expansion of Medicaid—fully paid for by the federal government—to all individuals with incomes below 133 percent of the Federal Poverty Level (\$29,326 for a family of four), replacing the existing private health coverage of millions of Americans with taxpayer-funded health care;
- Language opening employers operating group health plans to State law remedies and private causes of action—subjecting employers to review by 50 different State court rulings, thereby raising costs and encouraging more employers to drop their current health plans;
- Establishment of bureaucrat-run health Exchange that would *de facto* eliminate the private health insurance market outside the Exchange—and could evolve into a single-payer approach due to the Exchange’s ability to cannibalize existing employer plans;

- Creation of a new government board, the “Health Benefits Advisory Council,” that would empower federal bureaucrats to impose new mandates—including a mandate to obtain and provide abortion coverage—on individuals and insurance carriers;
- Taxation of individuals who do not purchase a level of health coverage that meets the diktats of a board of bureaucrats—including those who cannot afford the coverage options provided;
- New, job-killing taxes on employers who cannot afford to provide their workers health insurance, which could result in as many as 4.7 million employees losing their jobs;
- Penalties as high as \$500,000 on employers who make honest mistakes when filing paperwork with the government health board—which would likely dissuade businesses from continuing to provide coverage, increasing the amount of health care provided through the bureaucrat-run Exchange;
- “Low-income” health insurance subsidies to a family of four making up to \$88,200;
- Arbitrary and harmful cuts to popular Medicare Advantage plans that CBO estimates will result in more than 2 million seniors losing their current health coverage;
- New taxes on companies who exercise their First Amendment rights to advertise products; and
- Expanded price controls on pharmaceutical products that would discourage companies from producing life-saving breakthrough treatments.

COST

A formal CBO score is not yet available. However, one of the bill’s central provisions—“low-income” subsidies for families making more than \$88,000 per year—echoes the initial proposal prepared by Senate Finance Committee Chairman Baucus, which press coverage widely reported was estimated by CBO to cost \$1.6 trillion over ten years. Coupled with a more generous Medicaid expansion and physician reimbursement provisions—which the Democrat majority reportedly does not intend to pay for—and the cost of the bill should easily exceed the \$1 trillion estimate publicly cited by Ways and Means Committee Chairman Rangel—and likely could double that number.

STAFF CONTACT

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