



Why the House Health Care Bill is “the Worst Bill Ever”

The *Wall Street Journal* called the House health care plan “the worst bill ever,”^[i] and there are many reasons that the bill deserves this label. The bill pushed through by Speaker Pelosi will increase taxes on small businesses—the engines of job creation—as unemployment has soared above 10 percent. The bill’s new regulations and mandates will drive up the cost of insurance and make it less affordable for the vast majority of Americans—particularly the young and healthy. It will expand Medicaid and raid a Medicare program on its way to bankruptcy to pay for a new entitlement program. And the bill, which is projected to spend \$3 trillion over the first 10 years of implementation, will inevitably cost more than projected, leaving a government already drowning in red ink even deeper in the red.

A Half-Trillion Dollars in Higher Taxes on Small Businesses and Individuals: The bill imposes a 5.4-percentage-point surtax on individuals earning more than \$500,000 (or \$1 million if filing jointly)—this would include many small businesses organized as partnerships or subchapter S corporations. It also increases the payroll tax by eight percentage points on employers that don't offer government-approved health care to their workers. Imposing new taxes on small businesses and penalizing them for hiring workers will further weaken an economy struggling with high unemployment.

\$3 Trillion in Spending with Budget Gimmicks to Hide the Real Cost: Because the major provisions in the bill don't take effect until 2013, the CBO score is only a fraction of the real cost. When fully phased in over 10 years (2014-2023), the House bill will increase new federal spending by a staggering \$3 trillion at a time of record deficits.^[ii] The bill pretends to not make the deficit worse by leaving out the “Doc Fix” for doctors providing Medicare services, which is estimated to cost nearly \$250 billion.

Mandates a Government-Run Plan that Charges HIGHER Premiums than Private Insurers: CBO determined that the government-run plan in the bill – the centerpiece of the Democrats’ health care plan – will actually charge *higher* premiums because it will do a worse job managing utilization and delivering higher-value care. The only reason to include this government plan is to give it increased power over time in order to drive out private insurers.

Dramatically Expands Medicaid with an Unfunded Mandate on States: The bill would dramatically expand Medicaid to 150 percent of the Federal Poverty Level, leaving states with a \$34 billion unfunded mandate. Under the House bill, more than one quarter of the population will be on Medicaid in 10 years.^[iii] Democrats proposed this expansion even though Medicaid is already an unsustainable burden on states, the Government Accountability Office has determined that the program is plagued by fraud, and doctors increasingly refuse to provide coverage to Medicaid beneficiaries.

Mandates that Individuals Buy More Expensive Insurance: The bill would require that all Americans buy insurance or pay a fine, but it makes the minimum level of insurance more expensive than what many people currently choose. A new “Health Choices Commissioner” would determine the type of benefits Americans must buy.

Cuts Medicare without Reforming the Program or Making it Sustainable: The Democrats’ bill includes nearly \$500 billion in cuts to Medicare, but uses the money to pay for a new federal entitlement rather than protecting Medicare’s solvency.

^[i] *Wall Street Journal*, “The Worst Bill Ever,” November 2, 2009.

^[ii] Senate Republican Budget Committee Staff press release, November 6, 2009.

^[iii] *Wall Street Journal*, “The Worst Bill Ever,” November 2, 2009.