

Faces of health reform: who will be hurt by this bill?

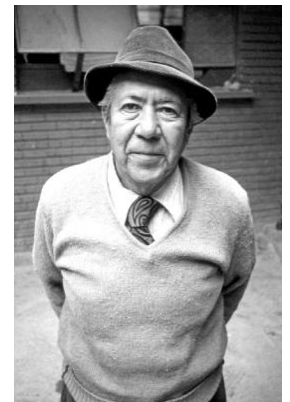
Small businesses

- According to the New York Times,ⁱ the President promised small business owner Patty Briguglio, shown at right, that “the tax credits would more than offset any tax increases.” Patty has 19 employees now and gives them an allowance to purchase health insurance. If she does well and her business expands to 50 or more employees, she will have to pay a \$2,000 per employee tax if even one of her employees gets a subsidy in the exchange, even if she continues to provide this allowance.
- Other small business owners such as a trucking company that employs more 150 workers and offers affordable health insurance today may not be able to afford government-approved health insurance in 2014 and will drop coverage and be forced to pay the mandate tax.
- This tax will raise \$52 billion to help pay for this bill.ⁱⁱ
- For two years, small businesses could receive a complicated and temporary credit to cover 50 percent of the premium costs of their workers. This credit is no longer available after 2016, but business owners like Patty would face the fine in perpetuity.
- CBO has said that costs associated with the employer mandate will be shifted to workers in the form of lower wages, fewer jobs, or more part-time jobs at the expense of full-time jobs.ⁱⁱⁱ



Seniors

- The single group that pays the most for this health care bill is America’s senior citizens, who will face \$529 billion in cuts to the Medicare program.
- These cuts are being made to finance an expansion of Medicaid and a brand new entitlement that goes directly from the federal treasury to insurance companies to help people buy mandated health insurance.
- \$120 billion in Medicare Advantage cuts will affect nearly 11 million seniors and cause enrollment to decline by 33 percent.^{iv}
- According to CBO, eliminating the Part D coverage gap, or “doughnut hole,” would cause a 50 percent spike in average Part D premiums.^v



Students

- In order to finance their unpopular health care proposals, Democrats have staged a government takeover of student loans that would turn the U.S. Department of Education into one of the nation’s largest banks.
- Approximately \$9 billion in education savings from this government takeover will be diverted from students to help pay for the cost of the Obama Administration’s health care proposal.^{vi}
- Health care reform is being financed on the backs of American students.



Wounded Warriors

- The bill imposes a 2.3 percent tax on medical devices with a narrow list of exceptions.
- Wheelchairs, crutches, hospital beds, MRI machines, and a long list of other devices would be taxed, resulting in job losses for manufacturers and higher costs for all Americans who use these devices.
- No exceptions were provided for America's veterans, who have sacrificed honorably. The costs of treating these wounded warriors will go up as all medical devices will be more expensive.
- American vets are also provided no assurance that their current coverage qualifies as government-approved coverage, meaning they could be forced to give up the coverage they currently have to comply with the mandate.



Children

- This picture of little Madeline was taken last year at a protest in Washington, D.C., when total gross federal debt was more than \$38,000 per American.
- If you take out the gimmicks used to hide the true cost of health reform, the bill adds another \$618 billion to the deficit over its first 10 years.^{vii}
- This debt will be financed by foreign nations and paid for by future generations of Americans.
- Madeline already owes \$38,375 of the national debt, but if the President's FY11 budget is enacted, by the time she is a teenager she will owe more than \$75,000 to China and other creditors.^{viii}



Americans with insurance

- Americans who are currently insured will pay higher indirect taxes on medical devices, pharmaceuticals, and their health insurance plans.
- The bill imposes a 40 percent excise tax on family health insurance plans that cost more than \$27,500 a year.
- CBO shows that premiums for Americans in the large group market will continue to rise \$1,000 a year under the health care bill, no different than the estimate without reform.^{ix}



Families

- Because the subsidy level for a two-person family is less than twice the level for a single person, getting married will mean that two people who previously received a subsidy will lose that subsidy simply by getting married.
- Two individuals earning \$130,000 separately would face higher taxes on their income and savings if they got married because their combined income would be more than the \$250,000 family threshold for the investment tax.
- These perverse, anti-family incentives punish people for getting married.
- This bill adds new indirect taxes on more than 73 million households earning less than \$200,000 a year, raising the prices of insurance, pharmaceuticals, and medical devices.^x



States

- By expanding eligibility standards for Medicaid, health reform imposes billions in new costs for states, which will be forced to expand their already over-burdened state Medicaid program. Tennessee Democratic Governor Phil Bredesen has called this the “mother of all unfunded mandates,”^{xi} and Democratic Arkansas Governor Mike Beebe said he would have voted against the bill because of its effect on states.^{xii}
- The head of Washington state’s Medicaid program believes that states facing severe financial distress may say, “I have to get out of the Medicaid program altogether.”^{xiii}
- California’s Governor said he believes health reform will impose \$3 billion in new costs on the state.^{xiv}
- Backroom deals to benefit certain states like Connecticut will be paid for by taxpayers in other states.

Young people

- Insurance carriers will not be able to vary premiums by age by more than 3 to 1 (i.e., charge older individuals no more than three times what younger, lower-risk applicants would pay). While this concept sounds appealing, it will push up prices for young people in order to cut premium rates for older Americans.
- Average premiums for individuals aged 18-24 are currently nearly one-quarter the average premiums paid by individuals aged 60-64.^{xv} As a result, the very narrow age variations allowed under the new law will function as a significant transfer of wealth from younger to older Americans—and by raising premiums for young and healthy individuals, may discourage their purchase of insurance.
- Harvard Professor Kate Baicker’s analysis demonstrates that at least 5.5 million low-wage workers would be “at substantial risk of unemployment” due to new mandates on employers—and that workers under age 35 are 50 percent more likely to be threatened with job loss than their older counterparts.^{xvi}



ⁱ “Obama Meets the Businesswoman: The Story Behind the Photo,” New York Times, July 30, 2009, <http://boss.blogs.nytimes.com/2009/07/30/mr-prez-meets-ms-biz-the-story-behind-the-photo/>

ⁱⁱ CBO, <http://cbo.gov/ftpdocs/113xx/doc11379/Manager%27sAmendmenttoReconciliationProposal.pdf>

ⁱⁱⁱ CBO, Effects of Changes to Health Insurance System to the Labor Market, <http://cbo.gov/ftpdocs/104xx/doc10435/07-13-HealthCareAndLaborMarkets.pdf>

^{iv} “Brief Summaries of Medicare and Medicaid,” November 1, 2009, Centers for Medicare and Medicaid Services, <http://www.cms.hhs.gov/MedicareProgramRatesStats/downloads/MedicareMedicaidSummaries2009.pdf>

^v CBO, Budget Health Options, <http://www.cbo.gov/ftpdocs/99xx/doc9925/12-18-HealthOptions.pdf>

^{vi} Congressional Budget Office, March 20, 2010, <http://cbo.gov/ftpdocs/113xx/doc11379/Manager%27sAmendmenttoReconciliationProposal.pdf>

^{vii} Senate Budget Committee, <http://budget.senate.gov/republican/pressarchive/2010-03-23BudgetPerspective.pdf>

^{viii} President’s Budget request, FY11.

^{ix} CBO letter to Evan Bayh, November 30, 2009, <http://cbo.gov/ftpdocs/107xx/doc10781/11-30-Premiums.pdf>

^x Senate Finance Committee analysis of Joint Committee on Taxation distributional data.

^{xi} “Governors Fear Medicaid Costs in Health Plan,” New York Times, July 19, 2009, <http://www.nytimes.com/2009/07/20/health/policy/20health.html?scp=2&sq=medicaid&st=cse>

^{xii} “Beebe: Wouldn’t have supported health reform overhaul because of cost to the state,” KFSM.com, March 22, 2010, <http://www.kfsm.com/news/sns-ap-ar--healthcare-beebe,0,4226531.story>

^{xiii} “Governor’s Fear Added Costs in Health Care Overhaul,” New York Times, August 6, 2009,
<http://www.nytimes.com/2009/08/07/business/07medicaid.html?scp=1&sq=krauss&st=cse>

^{xiv} “States Fight Medicaid Expansion,” Wall Street Journal, June 23, 2009,
<http://online.wsj.com/article/SB124571731912339159.html>

^{xv} America’s Health Insurance Plans, survey of individual health insurance products, December 2007,
http://www.ahipresearch.org/pdfs/Individual_Market_Survey_December_2007.pdf, Table 2, p. 7.

^{xvi} Kate Baicker and Helen Levy, “Employer Health Insurance Mandates and the Risk of Unemployment,” NBER Working Paper 13528, October 2007, <http://www.nber.org/papers/w13528.pdf>.