

## ***THE GOVERNMENT TAKEOVER OF HEALTH CARE – DON'T BE FOOLED***

November 3, 2009

On October 29, 2009, Speaker Nancy Pelosi and congressional Democrats released their latest version of a government takeover of America's health care system. Despite the claim that H.R. 3962 incorporates "moderate" Democrat ideas, don't be fooled. A closer look reveals that the Democrats are making dubious claims in a number of areas:

### **Fiscal Restraint**

- *Don't be fooled...* the Democrats claim that the cost of their government takeover is \$894 billion.
- *In reality...* according to CBO, the "cost of coverage" (not including various other provisions) is \$1.055 trillion. The total cost of the bill (as yet to be calculated by CBO) is closer to **\$1.5 trillion**, including the cost to states for mandated Medicaid expansion (\$34 billion), the "Doc Fix" (\$245 billion), and authorized discretionary spending for grants, public programs, changes and funding for a variety of agencies that would be responsible for implementing H.R. 3962.

### **Medical Liability Reform**

- *Don't be fooled...* the Democrats claim they have fulfilled President Obama's wish to include medical liability reforms by providing grants to states to implement "alternate" reforms.
- *In reality...* the bill protects trial lawyers. The bill gives money (authorized at "such sums") to states that enact "certificate of merit" (a document signed by a medical professional that says there is a probability that the standard of care was violated) and / or a certificate of "early offer" (an early, confidential apology) laws, as long as the states **don't limit attorneys' fees or impose caps on damages**.

### **Purchasing Across State Lines**

- *Don't be fooled...* the Democrats claim that their bill allows for the sale of health insurance across state lines.
- *In reality...* this bill would only provide for regional compacts that states can enter into if their state legislatures approve it. However, **these compacts can only exist after the federal government has established stringent national rules** for minimum benefits and what constitutes a "qualified plan," virtually eliminated the individual market, and created a national exchange, causing many to wonder how this would even be possible.

### **Health Insurance Cooperatives**

- *Don't be fooled...* the Democrats claim that they will establish a Consumer Operated and Oriented Plan Program (CO-OP) that will increase competition and choice.
- *In reality...* the Commissioner shall establish a "CO-OP Program" to help organizations and fund (\$5 billion for FY 2010-2014) the creation of even more not-for-profit insurance companies **alongside the government-run plan**. The CO-OPs would only have to pay back the loans or grants plus interest if they violate the terms of the program. Otherwise they, like the government-run insurance plan, are financed on the back of the taxpayer with **no prohibition on the CO-OP from receiving a bail-out if it fails**.

### **Anti-Trust Repeal**

- *Don't be fooled...* the Democrats claim they are the repealing anti-trust exemption, which they claim currently allows for price fixing or carving up markets by health insurers or malpractice carriers.
- *In reality...* the bill partially repeals the insurance anti-trust exemption for *only* health insurance and medical malpractice insurance to prohibit "price fixing, market allocation, or monopolization," which is **already regulated by states**. This appears to be a political move to intimidate insurers. **The repeal may in fact have a negative effect on competition** by prohibiting smaller insurance businesses from gaining access to enough information to accurately trend, forecast, or rate and by potentially keeping new entrants to the market from being able to accurately rate or price.