

# Guide to Health Care Reform



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## YOUR GUIDE TO HEALTH CARE REFORM

Americans, facing record levels of unemployment, debt surpassing twelve trillion dollars, unprecedented government takeovers of industries - and engaged in a deadly global war on terrorism, even at home - understandably balk at plans to impose sweeping new taxes and government regulation of their health care.

The American economy has been the envy of the world - American know-how, technology, spirit, prosperity and charity - were unparalleled in modern times. Americans were admired as risk-takers, pioneers, inventors and entrepreneurs. Yet today, America's position is imperiled by reckless deficit spending and ever-higher taxation which can stifle private sector job creation. Without a job, *any* bill is hard to pay, let alone health insurance premiums.

America needs health care reform and both political parties agree to this. The question is... what kind of reforms are best? The current health care reform bill was stalled because it was not what we citizens wanted. It was hugely expensive, tarnished by the corruption of secret deals and influence of special interest groups and it was so gargantuan that few in government had even read it, and fewer comprehended the ramifications of its passage.

Recent elections, national polls and protests around the country demonstrate that many Americans are in an all-out war with what the bill represented: federal excess - with government that seems increasingly out of touch with voters while pointing America towards a path of self-destruction, including putting in jeopardy the world's greatest health care system, if not America's system of government itself.

How can we implement health care reform to broaden health care coverage while controlling costs and, at the same time, re-enforce the Constitutional framework for limited government that brought unprecedented prosperity to our land? It starts with understanding how expanding government control over health care can threaten our freedoms, potentially harm our health and possibly lead to government control over the entire U.S. health care infrastructure.

Why do the majority of Americans want Congress to drop the current health care reform plan and start over? It may have something to do with how such plans have fared in other countries. For instance, U.S. survival rates are considerably higher than the European average for 13 of 16 types of cancer reported, according to *Lancet Oncology* (<http://www.ncpa.org/pub/ba596>). This is apparently due to long waiting periods where European citizens must wait many months to undergo life-saving tests and/or surgeries or to begin medication therapies. Currently in America, no such waiting periods exist.

It could also be due to rationed care. In Britain, where government rationing controls costs, outright denial of care is legendary -- from the rheumatoid arthritis drug Abatacept to the lung cancer drug Tarceva. These drugs are effective, but British bureaucrats don't consider them cost effective, and thus their use is denied. They are taken in America.

## **WHY DID THIS ATTEMPT AT HEALTH CARE REFORM FAIL?**

Health care reform failed for many reasons, but among the most important was this: we do not want decision making on health care to be taken away from doctors. As health policy expert Betsy McCaughey points out, under the House bill, an individual could keep his or her current plan *only* if it conformed with what the government prescribed. (McCaughey, “*Health Bills Give the Federal Government Control Over Your Healthcare*”/January 2010).

Dr. McCaughey also informs us that the Senate bill’s provision barred doctors from participating in the private insurance system unless they implemented whatever regulations the Secretary of Health and Human Services chose to impose. This would have been the first time in history that the federal government would have been given power over how doctors treat privately insured patients. (12/24/09, “*Lumps of Coal in the Health Care Bill*”/*Investors Business Daily*)

Naturally then, opponents of the health reform legislation questioned whether these bills were even Constitutional - or would simply mean higher taxes and “rationing” – or whether mandatory “end of life counseling” could actually result in the moral equivalent of “death panels,” as robust care is denied to those deemed too sick or too old to receive it.

In fact, the idea of rationing care was not destined only for older adults. As the CBO (the Congressional Budget Office) declared, "Given the central role of medical technology in cost growth, reducing or slowing spending over the long term would probably require *decreasing the pace of adopting new treatments and procedures or limiting the breadth of their application.*" In other words, reducing costs means rationing care *for those with private insurance and Medicare* and depriving patients of the benefits of breakthroughs in American technology to cure disease, and to improve and lengthen their lives.

## **OTHER REASONS WHY THIS ATTEMPT AT HEALTH CARE REFORM FAILED:**

- an estimated cost of \$2.5 trillion over its first 10 years;
- a half trillion dollars in new taxes;
- controversial funding for abortions; (House bill authorized abortion coverage in public option using funds from a Department of Treasury account)
- health care for illegal immigrants; (bills did not require verification of legal status of beneficiaries)
- “one size fits all” government plan mandated a specific set of benefits, whether consumers want them or not. For instance, every customer would have to maintain coverage for pediatric dental services, maternity care and assorted other medical services -- even if those services were not wanted. Benefit mandates drive insurance prices higher. As an example, at the state level, mandates increased costs of a basic insurance package by 20 to 50%.
- requiring employers to provide health insurance to their workers or pay a tax to subsidize government coverage (raising costs of hiring workers);
- competition with private insurance thru the new government-run option, with people able to choose either private insurance or the taxpayer-subsidized government plan.

(Subsidies and cost-shifting would encourage Americans to migrate to the government plan.)

- mandated “guaranteed-issue,” requiring insurance carriers to offer a policy to any customer regardless of age, health status or medical history. This causes people to “game” the system by doing without coverage until they become sick and need insurance. As a result, healthy people quit the insurance pool, and without premiums from the healthy to pay for the sick and elderly (who have higher costs), insurers must raise premiums for everyone.
- young, healthy customers would get hit hard by reform, paying an average premium increase of 154% according to WellPoint studies;
- an average small business would experience a 19% premium increase in the first five years of implementation, causing lower wages, fewer new hires and layoffs. (*Washington Examiner*, Nov 22, 2009/Sally Pipes)
- the bills required all Americans to purchase government-approved health insurance and for those individuals who do not purchase coverage, punishment would be new tax penalties and, in some cases, imposition of jail sentences.

Nonetheless, there *are* creative and successful solutions out there.

#### **LEARNING FROM SUCCESSES AT THE STATE LEVEL - West Virginia/Utah/Texas – (10/13/2009 Heritage Backgrounder #2327)**

- **West Virginia** redesigned its Medicaid program to provide choice for patients between a "basic plan" and an "enhanced plan." The enhanced plan provides beneficiaries a larger menu of benefits in exchange for entering into a Health Improvement Plan with their doctors. Studies show Americans make wise and informed choices about health care when given choices, and will adopt healthier lifestyles when offered incentives.
- **Utah** is implementing a program to enhance accessibility to, and choice of, private health care under a new "defined contribution" option for employers to offer to workers, administered through an online health insurance exchange. An employer who elects this option will offer to workers the ability to select from a menu of health insurance plans which qualify as "employer-sponsored" coverage, and tax-free for workers. Employees of small businesses can shop for health insurance that best fits the financial and health coverage needs of their families and can add employers' contributions (including multiple employers and their spouses' employers) to their own pre-tax dollars to purchase policies.
- **Texas** courts, in the mid 1990s, were flooded with medical liability claims filed by trial attorneys; by 2000, about one of every three Texas doctors was sued yearly and, for a time, medical liability claims were filed at twice the national average even though most claims were meritless. At the height of this crisis, Texas ranked 48<sup>th</sup> out of 50 states in terms of physician manpower.

In 2003, legislation was passed to confront the medical liability crisis by instigating tort reform. When the legislation was challenged in court by trial attorneys, Texas voters adopted Proposition 12, a state constitutional amendment to implement important tort reforms, including reasonable caps on non-economic damages (commonly known as “pain and suffering”); and other caps for

physicians, hospitals, emergency room care providers, and reforms related to expert witnesses to help curb frivolous lawsuits.

After Texas adopted this new liability system, medical liability premiums fell dramatically, and thousands of new doctors relocated to practice in the Lone Star state. Communities in Texas that once lacked primary or specialty doctors now have a full array of physicians.

Where tort reforms have been achieved, they lower costs. The CBO(Congressional Budget Office) notes this about tort reform at the state level: "...tort reforms have decreased the number of lawsuits filed, lowered the value of claims and damage awards . . . thereby reducing general insurance premiums. Indeed premiums fell by 40% for some commercial policies". (CBO Report June 2004)

The programs of these three states represent different types of reforms, yet along with nearly every other promising state-based health care reform, would face abolishment under our current national proposals.

Congress can promote affordable, quality care by learning the right lessons from state health care experiments, but we have many more options than the three listed above.

## **MORE SUGGESTIONS FOR SUCCESS**

- Promote interstate competition between private insurance companies by permitting any citizen of one state to purchase policies in any other state. Promoting an open market for state-based health insurance could dramatically expand coverage and lower the cost of premiums and *could cover one-third of the uninsured without new taxes or government subsidies.*
- Promote "portability" - coverage that the patient can transfer with him when he changes jobs;
- Advocate for consumer-friendly and tax-advantaged plans, such as personal Health Savings Accounts. Giving workers control over their health care dollars with large health savings accounts could reduce the number of uninsured Americans, free workers to purchase health coverage from any source, and *effectively give workers a \$9.7 trillion tax cut without increasing the federal deficit.*
- Eliminate federal tax discrimination against workers who do not or cannot obtain health insurance through work, which would expand health insurance coverage. Currently, these individuals get no tax relief for purchasing health insurance coverage.
- Give Medicare enrollees a voucher and the freedom to choose any health plan on the market. Vouchers would be means-tested, would control Medicare spending, and would protect seniors from government rationing.
- Reform Medicaid and the State Children's Health Insurance Program (SCHIP) in the manner of welfare reform in 1996 when "block-granting" was used. Block

granting is when the federal government provides funding to states, with few restrictions on how it is spent, permitting maximum flexibility to use those resources as best fits state interests and needs. Those programs would save money and reduce waste by targeting resources to those who need it most, plus the funds would be spent by those closest to the problem, not by the federal government.

## **ONLY YOU, THE AMERICAN CITIZEN, CAN REFORM HEALTH CARE**

Think of where we would be today if people from the grassroots had not stood up to defy politicians! With that in mind, below are some more questions you can ask your legislators, so that you can ensure that you know which of them are staying true to our Constitution.

You can help guide the process by staying informed and insisting on health care reforms that reject rationing and/or more federal mandates - and instead reduce costs and expand consumer choices. Nina Owcharenko of the Heritage Foundation advises this:

America's health care system is in need of change, but not change that consists of overhauling one-sixth of America's economy by centralizing health care decisions in Washington. The cornerstone provisions of the House and Senate proposals, along with the President's recent recommendations, would put more power in the hands of bureaucrats and politicians.... To be successful, the health care summit must begin by setting aside the highly unpopular House and Senate bills. Simply adjusting the magnitude of these proposals or adding new "conservative" provisions does not change their fundamental direction. Congress and the Administration should instead pursue bipartisan reform that gives Americans greater personal control of health care decisions.

The President's latest plan to negotiate a bill with Congress uses, unfortunately, the worst of both House and Senate bills, including more taxes, more subsidies and even less cost control than the Senate bill. For instance, rather than remove special-interest favors for certain states that scandalized the first legislative efforts, it now expands them to everyone.

Further, the true cost is obfuscated in the president's new plan. It is listed at \$850 billion but the trick is that the vast majority of the costs occur in second half of decade...and so, over the course of the full decade, the costs are closer to two trillion dollars. According to political commentator Charles Krauthammer, this fact is hidden from clear view.

## **TO ENSURE YOUR LEGISLATOR AGREES WITH YOU, ASK FOR A "YES" OR "NO" ANSWER TO THESE SAMPLE QUESTIONS:**

...and then use our rating system to judge whether your legislator is in tune with your beliefs.

**Rating System** – on a scale of A (excellent, I agree fully) to F (no good, I do not agree).

1. Did you vote to pass the original health care reform bill?

**Score:**

2. Do you support a government option - more government control over health care?  
**Score:**
3. Do you favor permitting American citizens to buy health insurance across state lines - as they do their auto insurance – to control costs?  
**Score:**
4. Do you support lowering medical liability costs (tort reform) for health care workers by imposing a cap on “pain and suffering” lawsuits against doctors, hospitals and other health care workers or companies?  
**Score:**
5. Do you favor encouraging health insurers to offer portability - allowing a worker to take his health insurance policy with him/her when changing jobs and/or relocating?  
**Score:**
6. If the health care reform legislation is passed in its current state, do you favor putting Members of Congress on the same plan as well? (Congressmen participate in the Federal Employees Health Benefits Program [FEHBP], which does not include a “government-run” plan. Studies indicate a government-run plan could cause as many as 2 of 3 Americans to lose their current coverage.)  
**Score:**
7. If a government-run plan is good for Americans, as Congress apparently believes, can you explain why Canada’s Newfoundland and Labrador Premier Danny Williams decided to undergo heart surgery in the U.S.?  
**Score:**
8. Similarly, can you explain why Canadian Member of Parliament Belinda Stronach had her breast cancer surgery at UCLA?
9. Can you answer why prominent, affluent Canadians – as well as record numbers of average Canadian women with high risk pregnancies – come or are sent to America for critical care...is this because of waiting lists and rationing, common to government-run health programs?  
**Score:**
10. Do you support the use of public funds for abortions?  
**Score:**
11. Do you support the use of public funds to pay for the health care of illegal immigrants?  
**Score:**
12. Do you support personal tax-advantaged Health Savings Accounts?  
**Score:**
13. Do you support tax relief for purchasing health insurance coverage by workers who do not or cannot obtain health insurance through work?  
**Score:**
14. Do you support giving Medicare enrollees vouchers to help them choose any health plan on the market, thus lowering Medicare expense and seniors’ exposure to rationing?  
**Score:**

We can reform health care in a way that is market-driven and patient-focused, but without raising taxes on struggling families and taxpayers.

We can take advantage of the tremendous spirit of innovation and a free-market economy that produced a first-class health care system. America's health care is second to none, and it is the reason why so many foreigners travel great distances to receive the renowned skill and care of American surgeons and the American medical community.

Let's preserve, protect and improve our health care system, not destroy it. Only your vigilance can make that happen!

**NOTES:**

**NOTES (continued):**

*Prepared by Reclaim American Liberty Foundation*  
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