

## Bad Medicine: Five Things You Need to Know About the House Democrats' Health Care Bill

### 1. New Government Run Plan to “Compete” with Private Companies

- **Doctor Payments Based on the Medicare Model.** Plan would reimburse providers at Medicare payment rates for at least the first three years, with a 5% bonus payment. After that, reimbursement could be no more than Medicare rates. The Secretary of Health and Human Services could coerce doctors to participate in the program by tying participation to other government run health programs.
- **Lawsuits.** Bill exposes employers operating group health plans to state law remedies and private causes of action, but the government run plan can only be sued in federal court.
- **Rationing.** A new Health Care Commissioner would have unprecedented authority to determine what is “acceptable” health care coverage and set all the rules for what an health care coverage must include in addition to what treatments patients could receive and at what cost.
- **The “Invisible” Government Run Plan.** Requires private insurers to comply with new coverage and underwriting rules in order to offer insurance products both inside and outside of the new national and state insurance exchanges.

### 2. Costs Go *Up* for the Government and Everyone Else

- CBO Director Elmendorff said on July 16<sup>th</sup> that, “...the legislation significantly expands the federal responsibility for health care costs... The way I would put it is that **the [cost] curve is being raised...**”
- **Bigger Deficits.** CBO estimates that the bill will increase the deficit by \$239 billion in the first ten years. Even this is misleading though, since the tax increases in the bill start immediately, but the new spending is delayed. Once the spending fully starts, **the bill adds over \$60 billion a year to the deficit.**
- **New Tax on Individuals** of 2.5% if they don't purchase “acceptable coverage.”
- **Many Currently Insured Individuals Will Face More Expensive Insurance Premiums** based on new rules for “acceptable” insurance coverage.

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- Expands Medicaid eligibility to all individuals up to 133% of poverty and “low income” subsidies” can go to a family of four making more than \$88,000.

### 3. Pay or “Play” Employer Mandate

- **An 8 percent Payroll Tax** on:
  - Employers who can’t afford to offer health insurance to their employees;
  - Employers who do the right thing and offer health coverage to their employees but it’s deemed “insufficient” by the government; and
  - Employers who aren’t paying at least 72.5% of an employee’s premium (65% for family coverage).
- **Fines of up to \$500,000** on employers who make an honest mistake, thinking they had provided what the government deemed “sufficient” coverage.

### 4. If You Like What You Have, You Can’t Keep It

- **2 out of 3 Workers will Lose Coverage.** Independent analysis by the Lewin Group shows that 2 out of every 3 people would lose their current coverage, including **over 114 million people** who receive health benefits through their employer or other current coverage.
- **11 million Seniors will Lose Medicare Advantage Plans**
- **More than 8 million Health Savings Accounts** not deemed “acceptable coverage.”
- It will be **Illegal to Renew your Current Health Insurance** and you will be left only with plans approved by a new federal regulator--plans that can’t compete with a new government run plan.

### 5. Raises Taxes on Small Businesses through Surtax Increase

- Filers making \$280,000 (\$350,000 joint) will be hit with a 1% surtax, filers making \$400,000 (\$500,000) will be hit with a 1.5% surtax and filers making \$800,000 (\$1,000,000) will be hit with a 5.4% surtax. The Democrats imbedded an automatic tax increase in their bill by doubling the 1% and 1.5% small business tax in 2013 continuing their revenue grab from small businesses.
- Of taxpayers who file in the top brackets more than half of them are small business. The Democrat plan, according to a study by the Tax Foundation, would **raise the top tax rate in 39 states to more than 50%.**
- According the National Association of Manufactures, an industry hit hard by the economy, 68% of manufactures file as S-corporations with an average income of \$570,000, well above the \$350,000 base the Democrats have set for the surtax.