Key Facts About the House Democrat Health Care Bill for the 38th District of California -- Rep. Napolitano

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If You Like What You Have, You Can't Keep It: In October 2008, President Obama said, "If you've got health care already, and probably the majority of you do, then you can keep your plan if you are satisfied with it." The House Democrats proposal does not match this rhetoric.

- **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 **up to 114 million people** who receive health benefits through their employer or other current coverage if a government-run plan "competes" with private companies. Democrats on the Education and Labor Committee voted down an amendment to ensure Americans who like their current coverage can keep it by deeming existing group health plans as "acceptable" coverage.

- **Eliminates Access to Individual Insurance Plans**. Division I, Title I, Section 102 of the Democrat bill does not allow plans to sell individual coverage to new enrollees, which will ultimately eliminate these policies. Democrats on the Ways and Means Committee voted down an amendment to repeal the prohibition. As a result the **2,420,619** individuals in **California** who purchase their insurance on the individual market could lose their current insurance coverage. *(Source: Kaiser State Health Facts)*

- **Health Savings Accounts** are not protected as "acceptable coverage." Democrats on the Ways and Means Committee actually defeated an amendment to clarify that the 8 million Americans--- including **853,786** individuals in **California** – could keep their HSA if they wanted to. *(Source: America's Health Insurance Plans)*

Medicare Services For Seniors Will Be Cut To Pay For Government Takeover: In order to pay for this government takeover of health care, Democrats have proposed cutting nearly $500 billion in Medicare spending. For example:

- **Payments for Medicare Advantage**. Nearly 11 million seniors choose Medicare Advantage plans as the coverage that best meet their needs. Specifically, the Democrats have proposed cutting Medicare spending for the **34,385** seniors in the **38th District** who are currently enrolled in a Medicare Advantage plan. *(Source: Centers for Medicare and Medicaid Services)*

- **Payments for Hospitals.** The hospital cuts in the **38th District** could start at **$136.5 million** and could be even more with the additional cuts to Disproportionate Share Hospitals and implementation of other policies in the bill. *(Source: American Hospital Association)*

- **Payments for Skilled Nursing Facilities.** Facilities in the **38th District** could face a cut as much a**s $86,419,724** when combined with other proposed federal regulations. *(Source: American Health Care Association)*

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Record High Taxes To Be Paid By Small Businesses: House Democrats pay for a portion of their health care bill by imposing a new 2% surtax on individuals with more than $280,000 in income ($350,000 for a couple). The surtax hits 5.4% for individuals with $800,000 or more in income ($1,000,000 for a couple). This new tax will push the top tax rate in 39 of the 50 states to more than 50%. In **California**, the top small business and individual tax rate (state and federal income and Medicare taxes) will be **56.58%** if this bill becomes law. *(Source: The Tax Foundation)*

Because small businesses pay their taxes through their owners, this new surtax will largely fall on the back of small businesses. According to the non-partisan Joint Tax Committee, **42%** of all small business income will be subject to this new surtax. According to The Heritage Foundation, **134,600** small business in **California** will be required to pay this new tax.

New Mandates & Payroll Taxes On Small Employers: The House Democrat bill includes a new 8% payroll tax on employers who fail to provide "acceptable" health insurance to their employees. While the Blue Dogs claim to have negotiated a deal that protects small businesses by phasing in the new tax for only those businesses with $500,000 in payroll (full phase in at $750,000 in payroll), this will still impact the employers of **65%** of **California's** small business employees. *(Calculations based on U.S. Census Data)*

Even if a small business provides health benefits, it is likely that the coverage will not meet the definition of "acceptable" in the Democrat bill forcing them to either alter the health care they offer or pay the payroll tax. For example, the bill requires that employers pay a minimum of 72.5% of insurance premiums for an individual and 65% for families. According to a 2008 Kaiser Family Foundation survey 61% of small firms (those with less than 200 employees) fail the test for family coverage and 21% fail the test for individual coverage.

Democrats Exaggerate Claims Of Assistance For Small Businesses: Democrats argue that they provide a tax credit to help small businesses cover 50% of the cost of health insurance. However, this tax credit is phased out for small businesses with more than 10 employees and with average compensation in excess of $20,000 a year. As a result, at most only **21%** of small business employees in **California** work for an employer that would even qualify for the full credit and that is only if they pay their employees less than $20,000 a year. *(Calculations based on U.S. Census Data)*