

TOP 10 REASONS TO OPPOSE NANCY PELOSI'S TAKEOVER OF HEALTH CARE

By Max Pappas and Matthew Clemente

Friday, October 31, 2009

On October 29th, Speaker of the House Nancy Pelosi (D-Cali.) held a [press conference](#) to announce the release of [House Democrats' version](#) of health care reform legislation. Using their overwhelming majorities in both the House and the Senate, Congressional Democrats have been seeking to completely remake the American health care system. And, with the support of many lawmakers on Capitol Hill, Democrats hope that the release of the House bill brings them one step close to passing reform. But before this colossal piece of legislation comes to a vote on the House floor, there are some facts that the American people need to consider.

1. America cannot afford Speaker Pelosi's proposal

Speaker Pelosi announced to the American people that the House bill would cost [\\$894 billion](#). The nonpartisan Congressional Budget Office ([CBO](#)), however, estimates that the legislation will cost [\\$1.05 trillion](#) over the next ten years and \$150-\$200 billion annually. This massive expansion in government spending will increase the already bloated size of the federal government by about [5 percent](#).

With the federal deficit [reaching \\$1.4 trillion](#) in 2009—an all time high—and unemployment [reaching 9.8%](#) in September—a 26 year high—now is not the time to spend money that we simply do not have.

2. Your taxes will go up

The federal government expects to generate revenue from [tax increases](#) that [include](#) but are not limited to:

- A tax increase of **2.5 percent of adjusted gross income** earned by individuals who do not purchase government mandated insurance. This tax increase could affect individuals earning as little as \$9,350 a year.
- The repeal of tax incentives offered to those who purchase medical care with Health Savings Accounts (HSA) and Flexible Spending Accounts (FSA).
- A **2.5 percent excise tax** on medical device manufacturers that will be passed on to consumers in the form of higher prices.

*Max Pappas is Vice President, Public Policy and Matthew Clemente is a Researcher
at FreedomWorks Foundation*



FreedomWorks Foundation

601 Pennsylvania Ave, NW · North Building, Suite 700 · Washington, DC 20004

Phone: (202) 783.3870 Fax: (202) 942.7649

www.FreedomWorks.org

- A **new tax on insurance policies**—expected to raise **\$2 billion**—which will be passed on to consumers in the form of higher premiums.
- Vast expansions to the Medicaid program which will undoubtedly **add to state and local taxes** paid by individuals.
- A **5.4 percent tax increase** on the income of most small business owners.
- An **8 percent “tax on jobs”** for businesses that do not purchase government mandated insurance.
- A **2.5 percent excise tax** on the purchase of private insurance plans.

Tax increases on health care, health insurance and jobs do not make health care more affordable.

3. Your insurance premiums will go up

When examining certain aspects of the legislation, it becomes clear that individual premiums will rise:

- The new, \$2 billion tax on insurance policies will be passed on to consumers in the form of higher premiums.
- According to estimates by CBO, changes to the Medicare Part D prescription drug benefit will raise premiums paid by seniors enrolled in Medicare Part B by \$25 billion.
- Seniors enrolled in Part D will see premiums rise by 20 percent.
- The 2.5 percent excise tax on medical devices will be passed on to consumers in the form of higher premiums and more expensive medical devices.

This concern is underscored by the analysis that has already been conducted of very similar pieces of legislation

- The CBO recently [analyzed S. 1776](#) and concluded that it would raise Medicare premiums by \$70 billion.
- When discussing the Senate Baucus bill in [a recent hearing](#) held before the Senate Finance Committee, Congressional Budget Office Director Douglas Elmendorf stated, “Our judgment is that [the Baucus] piece of the legislation would raise insurance premiums.”

And those who purchase private insurance or are on Medicare won’t be the only ones affected by higher premiums. According to the [CBO](#), the government-run public option “would typically have premiums that are somewhat *higher* than the average premiums for the private plans in the exchanges.” (Emphasis added)

4. Congress will use the force of government to make you buy a product

The House bill includes an [individual mandate](#) which will make every American purchase health insurance. Citizens will be forced—at times against their will—to buy insurance, not because of something that they plan to do but simply because they are alive. Non-compliance with this mandate could result in a tax increase of up to 2.5 percent of adjusted gross income. Forget to pay this tax and you could be fined an additional \$25,000 and even face up to [a year behind bars](#).



5. Mandating health insurance is unconstitutional

Supporters of the House bill will argue that Congress is granted constitutional authority to mandate health insurance under the Commerce Clause. Article 1 Section 8 of the Constitution gives Congress the power, “to regulate Commerce... among the several States.” However, the Supreme Court has held that in order for something to be considered commerce it must at very least be an [economic activity](#). A mandate on health insurance forces Americans to purchase a product simply because they are alive. Merely existing [is not an economic activity](#). Giving Congress the ability to force citizens to buy a certain product eliminates every restraint put in place by our nation’s founders and imposes upon the liberties that our government was established to defend.

6. The House reform bill hurts consumers and employees

In part, the House bill aims to fund reform by placing higher tax burdens upon the insurance industry, the pharmaceutical industry, medical device manufactures and employers. Instead of footing the bill for these higher tax burdens, however, companies will pass taxes on to consumers in the form of higher prices and on to employees in the form of lower wages. Consumers and employees will suffer as a result of these “corporate” tax increases. If passed, the bill will ensure that prices go up which is the exact opposite of what we were told reform would do.

7. The Pelosi proposal hurts seniors

Where is much of the money for the \$1.05 trillion health care plan supposed to come from?

A great deal of the spending included in the House reform bill is offset by hundreds of billions of dollars in cuts to Medicare. Such cuts will raise senior’s premiums and weaken their control over their own personal health care destiny. According to CBO estimates, changes in Medicare Part D will raise Medicare Part B premiums by \$25 billion and Medicare Part D premiums by 20 percent. The bill also proposes over \$150 billion in cuts from the popular Medicare Advantage plan which one out of every five senior citizens uses to get more benefits than traditional Medicare offers.

8. Like the bill that failed in the Senate, House Democrats will try to pass a misleading “Doc Fix”—or health care *spending* bill—as a precursor to the House bill in an attempt preserve its “deficit neutral” status

On October 21, a bipartisan majority of Senators rejected cloture—a process aimed at bringing debate over legislation to a quick end—for a bill that would have added nearly a quarter of a trillion dollars to the national deficit over the next 10 years. Introduced by Senator Debbie Stabenow (D-MI), S. 1776, [the Medicare Physician Fairness Act of 2009](#), would have spent an additional \$247 billion in taxpayer money on reimbursements for physicians through Medicare. While—under the proper circumstances—a “doc fix” such as this has some merit as a means of keeping physicians from abandoning the Medicare program, S. 1776 contained no spending reductions to offset its considerable cost. A “yes” vote would have required Senators to vote to waive their own budget rules which are intended to protect taxpayers. Even worse, the



bill brought forth by Democratic leadership would have served as a deceptive way of reducing the perceived cost of future health care reform legislation.

Now, members of the House are trying to pull the same stunt. In part, the House bill owes its “deficit neutral” status to the reduction of hundreds of billions of dollars in physician reimbursements through Medicare that exist within the legislation. The passage of a “doc-fix” would negate reductions in the House bill without adding to the *perceived* cost of reform. This deception explains why the House bill is estimated to reduce the deficit. If the “doc-fix” were included in the House bill, however, it would add at least \$200 billion to the deficit in the first 10 years, and most likely much more beyond that.

Splitting higher reimbursements into a separate piece of legislation is an underhanded attempt by Speaker Pelosi and Democratic leadership to deceive Americans about the true cost of their health care overhaul. Hopefully, members of the House will follow the lead of the Senate and join together in a bipartisan effort to prevent such a bill from passing.

9. The House bill is massive

The bill brought forth by Speaker Pelosi and leading House Democrats is 1,990 pages. Not only is it the largest of the health care bills to come out of Congress, it is a whopping 612 pages longer than the 1,368 page Hillarycare bill released in the early 90s. [According to a Jonathan Allen](#) of *Politico*:

- “It runs more pages than War and Peace, has nearly five times as many words as the Torah...”
- “[It] clocks in at 1,990 pages and about 400,000 words. With an estimated 10-year cost of \$894 billion, that comes out to about \$2.24 million per word.”
- “And for those who cry “read the bill,” beware. There are plenty of paragraphs like this one:
 - (a) Outpatient Hospitals – (1) In General – Section 1833(t)(3)(C)(iv) of the Social Security Act (42 U.S.C. 1395(t)(3)(C)(iv)) is amended – (A) in the first sentence – (i) by inserting “(which is subject to the productivity adjustment described in subclause (II) of such section)” after “1886(b)(3)(B)(iii); and (ii) by inserting “(but not below 0)” after “reduced”; and (B) in the second sentence, by inserting “and which is subject, beginning with 2010 to the productivity adjustment described in section 1886(b)(3)(B)(iii)(II)”
- “[T]he bill weighs more than 19 pounds and stands nearly nine inches tall.”

History—as recently as this summer—tells us that the bigger the bill, the more room there is for favors, pet projects, and political shenanigans. As more people read this bill, more dangerous ideas will surely be exposed—which probably explains why Speaker Pelosi wants this Leviathan to come to a vote in the House by next week.



10. With the Pelosi plan, Democrats miss an opportunity to incorporate reforms that make health care more accessible and more affordable for American families

Noticeably absent from Democrat proposed reform legislation are provisions that would:

- **Allow families and businesses to purchase health insurance across state lines:**
Currently, individuals who buy their own health insurance can only purchase the mandate laden insurance available in their particular state. Allowing the sale of insurance across state lines empowers individuals by letting them choose from thousands of insurers rather than the handful that meet their state's regulations. The more insurers that individuals have to choose from, the more selective they will be when buying insurance. This will promote competition among insurance companies and will in turn drive down prices.
- **Provide the same opportunities to individuals as are provided to corporations and unions:**
The federal government allows large corporations and labor unions to pool together to acquire insurance at reduced prices. It should provide the same opportunity to all citizens by allowing individuals, small businesses, and trade associations to pool together when buying insurance.
- **Provide equal tax treatment for all Americans**
The current tax code provides employees with incentives to receive their health insurance through their employers. Individuals pay substantially higher prices for health insurance when they purchase it on their own than it would cost their employer—if they have one—largely because of the tax code's unequal treatment. Fear of losing more affordable insurance ties many individuals to their jobs and makes it less likely that they take the risks necessary to achieve entrepreneurial success. It also means when you lose your job, you often also lose your health insurance. The tax code is unfair and it hurts American citizens. Tax breaks for health insurance need to be nondiscriminatory and apply to all Americans whether they get their health insurance from their employer or not.
- **Provide adequate tort reform:**
[Tort reform](#) is the restructuring of frivolous medical malpractice lawsuits. As of now, [93 percent](#) of American doctors say that a fear of being sued has caused them to practice defensive medicine. This means that American doctors are ordering countless unnecessary procedures that drive up health care costs and waste resources just to make sure they are covered in the event of a lawsuit. Aggressive tort reform will put doctors' minds at ease and keep them from wasting time and money on unneeded tests.

And these are just a few of the many reasons to oppose the 1,990 page House health care reform bill.

