

**Congressman Jim Jordan (R-OH), Chairman**

**November 4, 2009**

## **\$1.3 Trillion Government Takeover of Health Care Bill on House Floor**

**This week**, the House will consider H.R. 3962, the Washington takeover of Americans' health care. The 1,990-page bill will cost \$1.3 trillion over ten years. But even this figure is low since the legislation is not fully implemented until 2013. Consequently, the legislation proposes to pay for six years of spending with ten years of revenue. But it does not accomplish that either, since the bill assumes \$229 billion of Medicare payment reductions to doctors that will be restored via passage of a separate (non-offset) bill. According to House Budget Committee Republicans, the legislation will actually cost \$2.4 trillion when fully implemented. Highlights of the legislation:

**Unsustainable Expansion of the Welfare State:** The legislation includes \$426 billion of new spending on Medicaid and CHIP, and \$606 billion of new entitlement spending on health care subsidies. The bill expands Medicaid to 150% of the federal poverty level, which will cause *one-quarter* of the population to be on Medicaid within a decade. This expansion of Medicaid will impose an unfunded mandate on states equal to \$34 billion over ten years.

**Tax Increases:** The bill increases taxes by \$730 billion. This includes a 5.4% surtax on small businesses and individuals with incomes in excess of \$500,000. This tax increase would be on top of Democrat plans to allow the top tax rate to go back up to 39.6%. Consequently, the top tax rate will hit 45%, the highest level since enactment of the 1986 tax reform law.

**Employer Mandate:** The legislation creates a "pay-or-play" requirement on employers that will punish job creators (including small businesses) that cannot afford to provide health insurance for their employees. This provision will also increase the cost of employing workers, which will cause the U.S. structural unemployment rate to increase (as has happened in Europe with its expansive welfare state).

**Individual Mandate:** The legislation forces Americans to purchase "acceptable" health care coverage or face a tax of 2.5% of modified adjusted gross income. CBO estimates that 18 million people will still not be able to find health care coverage at economically justified prices under the Democrat plan, and thus will end up being punished with this new tax.

**New Programs:** The legislation creates *III* new federal programs and bureaucracies.

**Does Nothing to Lower Medical Liability Costs:** The legislation does not include meaningful medical liability reform. Instead, the legislation 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**.

**Other Provisions:** The legislation allows federal funding of abortion, and permits organizations like ACORN to assist the Health Choices Commissioner in enrolling individuals in the Health Insurance Exchange.

**Republican Alternative:** The Republican alternative, based substantially on H.R. 3400, the RSC's Empowering Patients First Act, is aimed at lowering health care costs. It includes medical liability reform, authorizes Association Health Plans, allows individuals to purchase health insurance across state lines, and expands access to Health Savings Accounts.

**Quote of the Week:** *"First of all, we're not going to be bound by any timelines."*

**-Senator Harry Reid (D-NV)**, who went on to state that the bill may not pass the Senate this year. The Senate previously had a "deadline" to pass the bill by August recess, then by Columbus Day, then by Thanksgiving, then by Christmas. Now the unofficial deadline is reportedly the 2010 State of the Union Address.