



U.S. CHAMBER OF COMMERCE HEALTH CARE

REFORM WE SUPPORT

Health reform is critical to the business community – businesses voluntarily pay over \$500 billion every year for employees' health insurance. Cost increases are jeopardizing this benefit. We support a three-pronged approach to reforming the health system:

Improve medical outcomes and get costs under control

- Provide meaningful provider comparisons for consumers (include quality measures and prices)
- Pay for results and outcomes rather than procedures
- Reform the medical liability system to reduce the cost of defensive medicine
- Provide incentives for both disease prevention and wellness
- Long-term care reform including living wills
- Finance research comparing the effectiveness of treatments and widely publicize results.
- Allow individuals and small business to deduct the full cost of insurance expenses.

Without spending a trillion dollars or raising taxes, we can implement these reforms. They will improve quality and make care affordable.

Reform the insurance system

- Eliminate denial of coverage based on pre-existing conditions or health status
- Guarantee that any individual or entity will be issued a policy that cannot be revoked
- Place reasonable limits on rating differences individuals and organizations pay for same health plan
- Provide premium subsidies to increase access for the low-income population
- Obligate every individual to obtain coverage

For negligible costs to the taxpayers, we could make the insurance system work. An individual obligation is necessary to make insurance affordable for all.

Purchasing and payment reform to create a vibrant market place

- Create a national all-inclusive insurance exchange so businesses can compare coverage options and choose the one that works best for their workers.
- Improve business pooling mechanisms, so more businesses can share risk, administrative expenses and bargain with providers for the best prices for effective care.

These three steps, at low cost to taxpayers; will improve our health; make serious progress toward controlling costs; and, make the insurance system work for everyone.



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HEALTH REFORM – CHAMBER PERSPECTIVE

- **The U.S. Chamber of Commerce supports meaningful, common sense health care reform that will cure the problems in our system – not create new ones.**
- The business community shares the goals of Congress and the Administration to reduce the costs of health care and to increase the public's access to quality health care services. However, as the voluntary providers of health care to 160 million Americans, it is essential that businesses and industries are not negatively affected by the reforms.
- With a direct stake in the outcome of health reform efforts, employers have led the way in seeking a higher quality, evidence-based health care system. We are equally committed in our opposition to proposals that will threaten already struggling businesses with increased costs, taxes, fees, mandates and regulatory burdens.
- We must protect ERISA; implement health IT, prevention and wellness programs; and create a vibrant private insurance market for small business and individuals. Further – Medical Liability Reform should be a part of this discussion but is missing so far.

MAJOR AREAS OF CONCERN:

- **Employer Mandate: Currently, employers offer insurance as a VOLUNTARY benefit to over 177 million Americans.** Employers want to keep their ability to offer uniform health benefits to their employees intact through preserving ERISA. The Chamber adamantly opposes the “pay-or-play” proposal that requires businesses either to provide some level of health insurance benefits (to be later defined by a government board) or surrender a huge penalty (eight percent of payroll or a per-employee fine) to the government. This proposal will hit hardest those businesses that can least afford to take another hit, especially from the government, and especially while we try to recover from one of the worst economic downturns in the nation's history. The Chamber also opposes the federal government designing what they consider a “qualified health plan” that will require all employers to offer a “one size fits all” plan.
- **New Government-Run Plan:** President Obama/Dem leaders all favor a new government-run plan to compete with private plans. A public plan would be an unfair competitor because it could become big enough to drive down reimbursements to doctors and hospitals; much like Medicare does, shifting costs to the private sector. Consumers would then flock to the public plan because its premiums would be cheaper, and ultimately no private plans would remain. **The Lewin Group estimates 130 million people would move from private to public insurance – this would be a disaster, and would devastate the employer-sponsored system.** Short step to a Medicare-like program for all Americans.
- **How to pay for reform?** The financing of will be the toughest challenge that Congress faces. The price tag is somewhere between \$1 to 1.5 trillion. A “surtax” on the wealthiest will directly effect small businesses who pay their business taxes at the personal rate. The President included in his budget pay-fors that would be highly problematic for employers including LIFO, Deferral, and other industry-specific taxes, AND repealing tax breaks for higher incomes (including reducing charitable and mortgage deductions, capital gains, etc). At the center of the debate is whether to tax health benefits offered by employers. Congress may consider either capping or removing the “exclusion” altogether. This will be a significant tax policy change to all employees (and has ramifications to employers through FICA and other taxes).

THE HEALTH-CARE VOTE

Putting It Together | Key elements of House and Senate health-care bills

COVERAGE/COST	INDIVIDUAL REQUIREMENT	EMPLOYER REQUIREMENT	SUBSIDIES	TAXES	GOVERNMENT-RUN PLAN
<p>Senate Finance Committee bill</p> <p>Would cover 94% of eligible Americans at a cost of \$829 billion over 10 years, according to the Congressional Budget Office.</p>	<p>Most people would be required to have insurance or pay a fine up to \$1,500 for families and \$750 for individuals.</p>	<p>Employers that have more than 50 employees and don't offer coverage must pay up to \$400 per employee if the employees get federal subsidies.</p>	<p>Those with incomes up to 133% of poverty level could get Medicaid. Those between 133% and 400% of poverty level could get subsidies on a sliding scale.</p>	<p>Would tax insurers offering plans valued at more than \$21,000 for a family or \$8,000 for an individual. New taxes on health industries including drug and device makers.</p>	<p>No government-run plan. Sets up nonprofit cooperatives backed by government start-up funds.</p>
<p>House Democratic bills</p> <p>Would cover 97% of eligible Americans at a cost of \$1.182 trillion over 10 years.</p>	<p>Most individuals would be required to have insurance or pay a penalty of 2.5% of adjusted gross income up to the cost of the average national premium.</p>	<p>All but the smallest employers would be required to offer coverage or pay a penalty of 2% of payroll, rising to 8% for firms with a payroll above \$750,000.</p>	<p>Sliding-scale subsidies for those making up to 400% of poverty level (\$88,000 for a family of four).</p>	<p>Would levy a 5.4% surtax on incomes above \$500,000 for individuals or \$1 million for married couples.</p>	<p>Creates a new public health insurance option to compete with private insurers. The plan would be paid with revenue from premiums.</p>
<p>What's ahead</p> <p>Cost is likely to stay around \$900 billion over 10 years, the target set by President Barack Obama.</p>	<p>Sen. Olympia Snowe and others aim to make insurance more affordable for those mandated to buy it.</p>	<p>Businesses seek to keep Senate Finance language, which has the lightest mandate.</p>	<p>Core provisions—subsidies for lower-income people and expansion of Medicaid—are likely to remain in the final bill.</p>	<p>Many Democrats oppose taxing high-value plans.</p>	<p>Liberals are expected to fight to get a public option in the final bill.</p>

Health Care Web Resources



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