

Obama Administration's Analysis of the Democrats' Health Bill Raises Serious Concerns

Medicare and Medicaid Actuaries Report that H.R. 3200 Would Bend the Cost Curve... UPWARDS!

At the request of House Ways and Means Committee Ranking Member Dave Camp (R-MI), the Office of the Actuary (OACT) at the Centers for Medicare and Medicaid Services, a federal agency within the Department of Health and Human Services, released their expert and independent analysis of the House Democrats' health reform bill. Here is a summary of its key findings:

America's appetite for health care spending will turn into a full-blown binge.

- By way of background, the United States currently spends more than any other country on health care, and twice as much as the next closest country. Per capita health care spending in the U.S. is already twice as high as the spending rates in Canada and two and one half times higher than those in the UK. There is widespread agreement that this is unsustainable.
- Moreover, President Obama and Congressional Democrats claim that their health bills will slow the rate of health care spending in America and protect our long-term financial stability. In fact, his budget chief, Peter Orszag, said that, "The single most important thing we can do to improve the long-term fiscal health of our nation is slow the growth rate in health care costs."
- However, OACT found that H.R. 3200 does the exact opposite. Specifically, OACT predicts that over the next 10 years, national health expenditures will jump by an additional \$750.3 billion (a 2.1% increase) because of this bill. Further, OACT predicted that despite the Democrats' claims, H.R. 3200 would do little to control or reduce spending, stating that, "We show a negligible financial impact over the next ten years for the other proposals intended to help control future health care cost growth."

H.R. 3200 threatens 12 million Americans, particularly low-income workers, who currently have health coverage through their employer.

- OACT predicts that, "Some smaller employers would be inclined to terminate their existing coverage, and companies with low average salaries might find it to their... advantage to end their plans, thereby allowing their workers to qualify for heavily subsidized coverage through the Exchange. We estimate that such actions would collectively reduce the number of people with employer-sponsored health coverage by about 12 million."
- Furthermore, OACT wrote that policies in the Democrats' bill "may prompt some large employers of mostly low-wage workers to drop their coverage. In such instances, the employer could reduce its costs by paying the penalty rather than the higher cost of offering health insurance. ... We assume that the majority of employers fitting this description would ultimately drop their insurance offering."

The Democrats' health bill could create a significant shortage of physicians, resulting in untenable wait times for those who seek treatment.

- Simply stated, there won't be enough doctors to go around. OACT warned that "Consideration should be given to the potential consequences of a significant increase in demand for health care meeting a relatively fixed supply of health care providers and services. ...In practice, supply constraints might interfere with providing the services desired by the additional 34 million insured persons."
- Perhaps more troubling, OACT noted that "The additional demand for health services could be difficult to meet initially with existing health provider resources and could lead to price increases, cost-shifting, and/or changes in providers' willingness to treat patients with low-reimbursement health coverage."

Because of the Democrats' massive Medicare cuts, seniors could find it difficult to find a doctor who will treat them.

- When analyzing the Democrats' Medicare provider cuts, OACT predicts that, "Over time, a sustained reduction in payment updates, based on productivity expectations that are difficult to attain, would cause Medicare payment rates to grow more slowly than, and in a way that was unrelated to, the provider's costs of furnishing services to beneficiaries. Thus, providers for whom Medicare constitutes a substantive portion of their business could find it difficult to remain profitable and might end their participation in the program (possibly jeopardizing access to care for beneficiaries)." (emphasis added)

The Democrats' so-called "reform" plans are untested and unproven, which should worry those who want to keep what they have.

- A common theme throughout the OACT report is that the Democrats' plan to turn the American health care system on its head. Republicans believe we should strengthen the areas of our system that are working, while improving those that are broken. The Democrats clearly go well beyond this commonsense mission.
- Specifically, OACT wrote that, "Many of the provisions, particularly the coverage proposals, are unprecedented. ...The legislation would result in numerous changes in the way that health care insurance is provided and paid for in the U.S., and the scope and magnitude of these changes are such that few precedents exist."
- Health care is too important and the unknowns that would be created by this legislation are too great to risk on one gigantic bill that is rushed through Congress

The Democrats' bill is little more than a massive expansion of government health programs.

- OACT predicts that 53% (18 million) of the uninsured who gain coverage under H.R. 3200 would do so because of the Democrats' massive, taxpayer-funded Medicaid expansion at a cost of \$502 billion to the American taxpayers. This is not health reform, it's a big government power grab. In addition, roughly 2 million people who currently have employer-sponsored health insurance would receive taxpayer-funded Medicaid supplemental coverage. Don't forget that nearly half of America's physicians are no longer taking new Medicaid patients.
- OACT predicts that a whopping 40% of Americans enrolling the Democrats' new Health Insurance Exchange would be in the government-run plan.

The Democrats' bill would slap a massive new tax on those who don't have health insurance, even if they can't afford it.

- OACT predicts that \$59 billion in new taxes will be collected from individuals who don't have health insurance, some of whom don't have coverage because they can't afford it. Of course, we recently learned that if you don't pay the new tax you might go to jail.

11 million seniors currently enrolled in a Medicare plan will see their benefits slashed and/or out-of-pocket costs increase.

- OACT predicts the Medicare Advantage (MA) rebate cuts would result in "less generous benefit packages. ... Under current law, MA plans use rebate revenues to reduce Medicare coinsurance requirements, add extra benefits such as vision or dental care, and/or reduce enrollee premiums for Part B or Part D of Medicare."
- As a result, OACT predicts that enrollment in Medicare Advantage will decline from 13.2 million in 2014 to just 4.7 million, a 64% decline in projected enrollment. This also means that millions of seniors will lose the health plan that they have today.