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SEN. KYL ON HEALTH-CARE REFORM, BAUCUS BILL

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WASHINGTON, Sept. 22 -- The office of Sen. Jon Kyl, R-Ariz., issued the following news release:

U.S. Senator Jon Kyl (R-Ariz.), the Republican Whip and a member of the Senate Finance Committee, today delivered the following remarks on the Senate floor regarding health-care reform and the bill introduced by Senate Finance Committee Chairman Max Baucus (D-MT):

"During the last several months, Congress has been engaged in a vigorous debate about how to achieve health-care reform. (Despite the president's repeated claims to the contrary), we all agree-Republicans and Democrats-that some reforms are necessary. Costs are too high for families and businesses, too many Americans lack access to affordable options, and we need to make health insurance more available and portable.

"There are two basic approaches before Congress: Reforms that impose much more government control over health care, or, reforms that provide consumers with more affordable options and keep control of health care decisions with families and doctors.

"I happen to believe that the latter is the better approach-that we must empower patients and doctors, not bureaucrats and politicians, to make health care decisions. And I think it's clear after the August recess that a majority of Americans reject a Washington takeover of health care, along with the mountains of new taxes, debt, and bureaucracy it would create.

"While I appreciate the hard work of the Finance Committee chairman in trying to write a more acceptable bill, the end result is little better than the others: That is, the federal government's near total control over health insurance, and, therefore, delivery of your health care. (Along the way, it would also spend nearly a trillion dollars and cut Medicare benefits by nearly half a trillion dollars.)

"The Finance Committee chairman's bill is a tangled web of federally-dictated insurance regulations, which would control every aspect of health insurance from covered benefits to permissible premiums. The bill would centralize the power of medical decisions with politicians and bureaucrats, not patients and doctors. And it would result in higher health insurance premiums, less consumer choice, and, ultimately, the rationing of health care.

"How would the government take over health care under this bill?

"There are two key provisions that would result in government-run health care for practically all Americans and empower bureaucrats at the expense of patients: 1) a requirement that every American buy an insurance policy and 2) a regulatory entity called the insurance exchange.

"The chairman's plan imposes an individual mandate for all individuals to purchase government-approved insurance. To repeat, not just any insurance, but government-approved, and, therefore, government defined, insurance. Those who do not comply face steep fines, ranging from \$750 -\$3,800 per year.

"The mandate institutes direct interference in health care, with a host of new regulations that control the insurance plans available to consumers. Michael Cannon, a health-policy expert at the Cato Institute, says the individual mandate would be 'the most sweeping and dangerous measure in any of the bills before Congress.' He goes on, 'Compulsory health insurance IS nationalized health insurance, with all that implies for health costs and quality.'

"The other control mechanism is an insurance exchange through which all small businesses and individual market policies must be sold, (and eventually large plans would participate as well.) The exchange's core function is to impose a new

set of federal rules that literally control everything the companies can and must do. Some examples:

All companies must offer two government-specified benefit options, (defined as a "silver" and "gold" plan), or the insurer cannot offer coverage at all.

"However they cannot offer more than four plan types, regardless of consumer needs or preferences.

"All of the plans must:

Comply with new federal rating rules (That is, limits on how insurers may calculate premiums).

Issue coverage to everyone, regardless of health status and not cap total coverage regardless of cost.

Comply with mandatory limits on co-pays and deductibles.

They must cover a broad range of medical benefits, in addition to state-mandated benefits, regardless of whether consumers want them.

"All of this is subject to change from Washington, depending on what politicians or bureaucrats believe you need. And remember, it will be illegal for you not to buy this insurance. You'll notice all of these things are 'required,' and it's Washington doing the requiring.

"Under this plan, insurers would no longer retain the flexibility to design insurance products that satisfy consumer preferences. The federal government would dictate that all policies must offer the same package of benefits and the same types of plans. Rather than having the freedom to compete, insurers would, in essence, become pre-paid health payment utilities, since the federal government would, as the Wall Street Journal editorialized Thursday 'essentially be rewriting all insurance contracts.'

"Since every aspect of insurance coverage would be controlled by Washington and everyone would have to buy the insurance, the government would control how your health care is paid for, and, therefore, how it is delivered.

"A final point about the exchange: Since it will change the kind of insurance that can be sold, if you lose your current insurance (whether you bought the policy or received coverage through an employer), you will likely not be able to find a similar policy. The insurers will have to comply with new federal rules that will change most coverage.

"This is one of the reasons why the president is wrong when he repeatedly said, if you like your insurance you can keep it. "Proponents of this radical change justify it on the assertion that it will 'bend the cost curve,' i.e. reduce costs. The problem is, the massive new regulations increase costs.

"The Council for Affordable Health Insurance, (CAHI), found that mandating universal coverage, and regulations in the bill like guaranteed issue and modified community rating, will increase the cost of health insurance between 75 and 95 percent!

"Moreover, since the chairman's plan would not grandfather plans currently offered by small businesses, and they would have to comply with the new federal rating rules, (over five years), in short order, premiums would rise for many small businesses and their employees.

"And of course, the newly-established mandated benefits would also add to the increased costs.

"Suppose, for example, a healthy individual or family prefers to have a less comprehensive package with a higher deductible. Say a young family of four, with two children and two 35-year-old parents, wants to buy a Cigna PPO plan from the individual market with a \$2,000 deductible. That plan currently costs \$512 per month in Phoenix, Arizona. If the reforms included in the chairman's plan were implemented, the price of that plan would nearly double to \$998 per month!

"Instead of purchasing health care coverage that is personalized to its needs and budget, the family would be forced to purchase coverage it may not want, for routine care that can be paid out of pocket, or coverage for diseases and conditions that tend not to afflict its age group. Since insurers would not be allowed to charge according to risk, a low-risk family such as this one would simply have to pay more to make up for coverage needed by high-risk individuals.

"Of course, I am not suggesting that we turn a blind eye to the needs of Americans suffering from pre-existing health

conditions, who struggle to purchase affordable health insurance. We must address that issue. But that does not require a total Washington takeover of all insurance policy. And it doesn't require raising health insurance premiums for millions of other American families and small businesses.

"In my view, the most damaging impact of this takeover by the federal government is the inevitable rationing: delay and denial of care. Since new federal mandates and requirements would raise health care costs, politicians will search for ways to control spiraling premiums. And, when traditional cost containment measures fail (such as reducing provider reimbursements), the government's only option is to control how much health care everyone receives. That means rationing.

"For a preview of how this plan would lead to rationing, we need only look to Massachusetts, where a law was passed in 2006 requiring all residents to obtain health insurance. In fact, the state's insurance market now looks like the market that will be created by the chairman's bill with its guaranteed issue, modified community rating, state-approved plan types, and benefit mandates. "Massachusetts health care spending is consuming an increasing share of the state's budget. The state passed a \$1 per pack increase in the state's cigarette tax, \$89 million in fees and assessments on health care providers and insurers, and cost-sharing increases. It has even ordered insurers to cut provider reimbursements by 3 to 5 percent. But, these measures still do not produce enough revenue to cover costs, leaving the state with very few options.

"As a result, a special commission was created by the state legislature, which developed a list of options to control costs such as 'exclud[ing] coverage of services of low priority/value' and 'limit[ing] coverage to services that produce the highest value when considering both the clinical effectiveness and cost.' In other words, rationing.

"And this is what will happen under the chairman's proposal. It would:

Establish a panel of health care stakeholders to "identify physicians' services that are overvalued in the Medicare physician fee schedule"; and

Create a Medicare Commission that would propose automatic Medicare cuts even if Congress fails to adopt them.

"So when costs grow out of control, the government will adjust the volume of care provided based on how much it is willing to spend; that is, ration your health care.

"The fact that the Baucus bill does not include the so-called public option, (the government-run insurance company), does not mean it does not otherwise totally regulate health care delivery. Together, an individual mandate to buy particular insurance and the regulatory insurance exchange-the two key provisions in the chairman's plan-facilitate the government's takeover of health care-some of it government-run, all of it government-controlled. No longer would families and doctors have the final say. It is almost unthinkable this could happen in America.

"Republicans have proposed ideas that would improve access and lower costs, including real medical liability reform, allowing people to buy lower-cost insurance across state lines, making the tax treatment of health care more fair for those who purchase insurance on their own, and removing barriers to health savings accounts. There are better alternatives.

"We all favor health-care reform, and Republicans favor measures that lower costs and improve access-and, importantly, empower patients, not government bureaucrats."For more information please contact: Sarabjit Jagirdar, Email:- htsyndication@hindustantimes.com

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