

Impact of Proposed Health Care Legislation on Small Business

“On behalf of the National Federation of Independent Business, the nation’s leading small business advocacy group, I am writing in **opposition** to the Affordable Healthcare for America Act (HR 3962).”

-- Susan Eckerly, Senior Vice President, Federal Public Policy

Proposed Taxes, Surtaxes, and Penalties

- ❖ **Employer-Mandate** requires employers to provide insurance or pay the following penalties: (Federal Public Policy, Nov. 5, 2009)

\$500,000 or more in payroll	8% of payroll
above \$350,000 - \$400,000	6% of payroll
above \$300,000 - \$350,000	4% of payroll
above \$250,000 - \$300,000	2% of payroll
less than \$250,000	exempt
- ❖ Exemption thresholds are not indexed for inflation, hitting more and more employers until no one is exempt.
- ❖ The Employer-Mandate requires employers to pay for health care for both full and part time employees and their families. (Federal Public Policy, Nov. 5, 2009 and HR 3200, p. 126, lines 22-25)
- ❖ The House bill depends on a heavy new income tax targeted at top-paying earners and small businesses.
- ❖ More than one-third of all businesses employing 20-250 employees could face a surtax, which is *not indexed for inflation*, making more and more businesses vulnerable to a tax increase.
- ❖ Tax credits for small businesses will be available for only 2 years so a large spike in out-of-pocket costs for health care will spike in Year 3.
- ❖ Senate bill requires companies with more than 50 employees to pay a fee of \$750 per worker if even one of its employees relies on government subsidies to purchase coverage. (“Truly a Turkey,” Michael Tanner and CNN Politics 12/21/09)
- ❖ Companies with more than 50 employees that do not offer a health plan approved by the government will be forced to pay a \$750 per employee job tax. (“A Health Bill Nobody Believes In,” Heritage Foundation)
- ❖ If an employer requires a waiting period to enroll in coverage of 30-60 days, there is a \$400 tax per employee. (Americans for Tax Reform)
- ❖ A new tax-compliance paperwork burden on all small business transactions of more than \$600. (Federal Public Policy, Nov. 5, 2009)
- ❖ Employers now offering health care packages that cost over 8% of an employee’s wages will have an incentive to drop their coverage, sending the employee into the government-run health care plan.

Small Business Stability and Expansion Will Be Affected

- ❖ A proposed surtax will affect hundreds of thousands of small businesses, and it would force successful ones to make cutbacks and/or layoffs; those barely making a profit now would be forced out of business. (Web Memo: Heritage Foundation, Nov. 6, 2009)
- ❖ Increased taxes on individuals, businesses, and capital would slow economic growth.
- ❖ Mindful of higher taxes looming ahead, smaller businesses (heretofore exempted from penalties), will be slow to expand and create jobs.
- ❖ HR 3962 would cause businesses to increase outsourcing (current factory wages in China are \$2.40 per hour), lower wages, and eventually lay off low-income workers. (Federal Public Policy, Nov. 5, 2009)
- ❖ Increased operating costs divert resources away from growing and creating jobs.

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Legal Ramifications

- ❖ Limits options to provide meaningful health care to employees by prohibiting HSA, FSA, and MSA funds to purchase over-the-counter medications.
- ❖ Some employers will be required to cover benefits which are not currently mandated by federal law.
- ❖ Government will audit **all** books of **all** employers who self-insure. (HR 3200, p. 22)
- ❖ Employers may be locked into retiree health plans they may not be able to afford. (Federal Public Policy, Nov. 5, 2009)
- ❖ No company may sue the government on price-fixing and there will be no judicial review against the government monopoly. (HR 3200, p. 124, pp. 24-25)
- ❖ Broad authority will be given to state attorneys general to litigate against insurers and employer-sponsored health care plans. (Federal Public Policy, Nov. 5, 2009)

Both the United States Chamber of Commerce and the National Federation of Independent Business have come out against both the House and the Senate bills.

(“The Morning Bell,” 12/22/09)

“Because HR 3962 will not lower health care costs and threatens our economic recovery, the National Federation of Independent Business will consider a **No Vote** a vote in **support of small business.**”

Susan Eckerly, Senior Vice President, Federal Public Policy

“The United States Chamber of Commerce, the world’s largest business federation representing more than 3 million businesses and organizations of every size, sector, and region, **strongly opposes** HR 3962, the Affordable Healthcare for America Act, because it would make health care more expensive, create onerous new burdens for business,

greatly increase the government's involvement in the health care sector, and implement a vast array of new taxes.”

R. Bruce Josten, United States Chamber of Commerce

Impact of Proposed Health Care Legislation on the Economy

The proposed health care legislation would cause state budgets to explode by \$37 Billion -- "Max's Mad Mandate," Wall Street Journal)

Insurance Premiums, Taxes, Surtaxes, and Penalties

- ❖ Imposes almost half a trillion dollars worth of new taxes, fees and penalties on individuals, families and businesses. ("A Health Bill Nobody Believes In," Heritage Foundation)
- ❖ House bill will implement a 5.4% income surtax on individuals making more than \$500,000 annually and on couples earning \$1,000,000. ("Ripping Open New Wounds," David M. Drucker).
- ❖ Government will have access to **all** Americans' personal and financial records. (HR3200, p. 195)
- ❖ An income tax surtax (on top of the expiration of the Bush tax cuts) means marginal tax rates of 50% on those making \$500,000 in high-tax states like New York. ("Ripping Open New Wounds," David M. Drucker)
- ❖ Forty percent excise tax on individual policies worth \$8,500 or more annually and family policies worth \$23,000. ("Ripping Open New Wounds," David M. Drucker)
- ❖ Excise tax on charitable hospitals of \$50,000 per hospital if they fail to meet now "*community health assessment need,*" "*financial assistance,*" and "*billing and collections*" rules sets by Health and Human Services. ("A Health Bill Nobody Believes In," Heritage Foundation)
- ❖ Government **prohibits** hospital expansion, unless an exception is requested and accompanied by **community input**. (HR 3200, pp. 317-318, pp. 1-3 and pp. 21-25)
- ❖ Government tells doctors what and how much they may own. (HR 3200, p. 317, lines 13-20)
- ❖ Tax hike for Blue Cross/Blue Shield -- except for Nebraska ("A Health Bill Nobody Believes In," Heritage Foundation)
- ❖ Annual fees of \$2.3 Billion on brand-name drugs, \$4 Billion on medical devices, \$6.7 Billion on certain insurance providers. (Scott Gottlieb, Oct. 29, 2009)
- ❖ Taxes on drug companies and device-makers will be passed on to consumers. ("Reform' Still Stinks," Sally Pipes, NY Post, (12/16/09).
- ❖ The American Medical Assn. supports the legislation; however, 72% of physicians refuse to belong to the AMA.
- ❖ AARP supports the legislation, but seniors and pundits have accused it of buying into government promises that the bill names AARP as the **sole** vendor of supplemental medical policies under the bill.
- ❖ Congressional Budget Office predicts many employers will downgrade health care for their workforce to avoid new taxes while others will pass the cost along in the form of lower take-home pay.

- ❖ If you make \$88,000 annually and are dropped from a corporate plan, you must pay the full cost of private insurance or pay a fine, **backed up by imprisonment.** (“What the Health Care Bill Means to You,” New York Post)
- ❖ A young, childless couple will have to pay 8% - 12% of their income for insurance or be fined \$1,000 for not having coverage. (“Emperor Obama’s Health Bill Has No Clothes,” Dick Morris).
- ❖ Congressional Budget Office reports that 10 Million people could lose their employer-based coverage.
- ❖ Lewin Group (independent and non-partisan) estimates that about 83.4 Million people would lose their private health insurance. (“Trying to Talk Around the Facts,” Grace-Marie Turner)
- ❖ Increased taxes on business, individuals and capital will restrict job growth at a time when unemployment is around 10%. – or 17% if you include those who’ve stopped looking for work.
- ❖ Either premiums for the middle class increase with limited compensating subsidies OR generous subsidies are funded with hidden middle class taxes. (“Obama’s Magic Math,” Rich Lowry)
- ❖ Non-resident aliens will be exempt from individual taxes. (HR 3200, p. 170, pages 1-3)
- ❖ The average New York City family with two children would see its premiums jump 85%. (“Reform’ Still Stinks,” Sally Pipes).

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- ❖ Congressional Budget Office says private insurance rates will rise by 10% - 13% and roughly double by 2016.
- ❖ Private insurance premiums will rise as the money will be needed to fund an expanded Medicaid program. (“Reform’ Still Stinks,” Sally Pipes)
- ❖ Tax credits will be provided to a family of four earning 400% of the poverty level (\$88,000 a year). (“What the Health Care Bill Means to You,” New York Post)
- ❖ **Individual Mandate Tax: Exemptions** for religious objectors, undocumented immigrants, prisoners, members of Indian tribes and hardship cases (to be determined by HHS). (“A Health Bill Nobody Believes In,” Heritage Foundation)
- ❖ According to the CBO by 2019, 24 Million will remain uninsured. (Congressional Budget Office)
- ❖ The House Bill: The CBO says the House bill adds \$239 Billion to the budget deficit, By 2024 it adds \$600 Billion to the deficit.
- ❖ The Senate Bill: The CBO scored it at \$849 Billion over 10 years *only because* the bill front-loads the first 10 years of revenue by imposing taxes immediately, even though the bill doesn’t go into effect until 2013. **The actual 10-year cost will be \$2.5 Trillion.** (New York Post Editorial, Nov. 20, 2009)
- ❖ *Governor Patterson says: The cost of the proposed legislation will cost New York State \$1 Billion per year and would cause hundreds of health facilities to close.* (“Gilly’s Second Opinion,” Charles Hurt)

How the Internal Revenue Service Will Help Enforce the Proposed Legislation

(“Health Bills Could Expand IRS Role,” Phil Galewitz and Christopher Weaver, Kaiser Health News, Jan. 4, 2010)

- ❖ Americans would be required to provide proof of health insurance to the IRS on their annual tax returns or **pay a penalty to the IRS if they fail to do so.**
- ❖ Subsidies from the IRS would apply to people with incomes up to four times the poverty level, which is \$43,320 for an individual and \$88,200 for a family of four.
- ❖ The Congressional Budget Office estimates the IRS would need **an additional \$5 - \$10 Billion** in the first decade to cover the cost of its expanded role.
- ❖ The CBO says the IRS will be charged with collecting **hundreds of billions of dollars** in new fees on employers, drug companies and device-makers.
- ❖ The IRS would distribute as much as \$140 Billion a year in new government subsidies to help small employers and as many as 19 Million lower-income people buy coverage.
- ❖ **The government will have direct access to your bank accounts for elective funds transfers.**

Currently a Value-Added Tax is being considered by Congress to help pay down the deficit. A VAT tax is a tax on everything . For example, if you buy a pizza, before the pizza reaches your door taxes will have been levied already on the cardboard to make and transport the box, on the cost to make and transport the cheese, sauce, dough, etc. If levied, that tax will affect *every* purchase made, raising the cost of all products.

“Obamacare vs. the Constitution,” by Betsy McCaughey

“The ‘takings clause’ of the Fifth Amendment bars government from taking private property without compensation. It should protect everyone – even insurance companies, but Congress ignored it in the bill. The Senate version goes beyond reining in insurance company abuses – a just cause – and actually caps insurance company profits margins at well below current levels, robbing shareholders.”

Impact of Proposed Health Care Legislation

As a CNN commentary earlier noted Obama's plan would take away five freedoms, "including the freedom to choose your own doctors, the freedom to choose what's in your plan, the freedom to keep your existing plan, the freedom to be rewarded for healthy living, and the freedom to choose high-deductible coverage." – "Obama's Health Care 'Reform' Contains Hidden Tax Penalties for Unsuspecting Taxpayers," Hans Bader, OpenMarket.org, August 25, 2009.

The Quality of Your Care Will Be Affected in the Following Ways

- ❖ Some people will be eligible for subsidized private health insurance. Everyone in the lowest bracket will be forced into Medicaid. ("Max's Mad Mandate," Wall Street Journal)
- ❖ Doctors will face financial penalties beginning in 2014 for treating high-cost patients with complex conditions. (American Spectator: "Downgrading American Medical Care," Betsy McCaughey)
- ❖ Some people will be eligible for subsidized private health insurance. Everyone in the lowest bracket will be forced into Medicaid.
- ❖ According to an Investors' Business Daily poll, 45 per cent of doctors would consider retiring or finding new careers if this legislation passes. (Investors Business Daily)
- ❖ There will be fewer doctors available to meet the expanded Medicaid caseload.
- ❖ Government will reduce physicians' services for Medicaid, affecting low-income wage-earners. (HR 3200, p. 239, lines 14-24)
- ❖ Cuts in hospital budgets will lead to fewer nurses, fewer doctors, and fewer diagnostic devices.
- ❖ Emergency Rooms would receive fewer resources to deal with higher caseloads of Medicaid patients. ("Reformers' Giant ER Error," Marc R. Siegel)
- ❖ Health care will be provided to all non-U.S. citizens, illegal or otherwise. (HR 3200, p. 50, Section 152)
- ❖ Government mandates linguistic-appropriate language. (HR 3200, p. 91, lines 4-7)
- ❖ Congressional sponsors of ObamaCare have blocked ways (e.g., proof of residency) of checking on whether participants in ObamaCare are illegal aliens. ("Obama's Health Care 'Reform' Contains Hidden Tax Penalties for Unsuspecting Taxpayers," Hans Bader, August 25, 2009, OpenMarket.org)
- ❖ Cutting health care spending means cutting doctors' incomes and turning down patients who seek medical care *not approved by the Federal Health Board*.
- ❖ ObamaCare is all about rationing, would harm people with insurance, and massively raise taxes says Martin Feldstein, one of the President's own advisors. (See Bader article referred to above)
- ❖ Rationing: You may receive "so much" care per year: \$5,000 per individual and \$10,000 per family. (HR 3200, p. 29, lines 4-16)
- ❖ Longer waits for elective procedures and reduced availability of new and expensive treatments and devices. (Investors Business Daily: "The Attack on Doctors' Hippocratic Oath," Betsy McCaughey)
- ❖ House and Senate bills would disrupt vision care for more than 100 Million Americans. (Human Events: "Will President Obama Veto Flawed Health Reform?")
- ❖ Health care will shift from specialists (e.g. cardiologists) to primary care physicians. (Investors Business Daily: "The Attack on Doctors' Hippocratic Oath," Betsy McCaughey)
- ❖ The Mayo Clinic and twelve other top health care delivery outlets would be forced out of business. ("Trying to Talk Around the Facts," Grace-Marie Turner)
- ❖ "We will have to violate our values in order to stay in business and reduce our access to government patients." – (Executive Director of the Mayo Clinic)

- ❖ You will be unable to supplement your exchange plan or opt out of it by contracting privately with your doctor. (“Obamacare: No Exit,” Scott Gottlieb)
- ❖ You will be forced to buy government-run health care under penalty of fines and **prison**. (“Liberal Lies About National Health Care,” First in a Series, Ann Coulter, August 19, 2009)
- ❖ Private health insurance will be made illegal (Investors Business Daily editorial, July 16, 2009)
- ❖ As soon as natural market forces kick in, employer-provided plans which were grandfathered in will disappear and everyone will be funneled into one of the government exchange (“Obamacare: No Exit,” Scott Gottlieb)
- ❖ The “good of society” will transcend the needs of the individual.
- ❖ In countries with socialized medicine treatment is determined by a mathematical formula called QALYs (quality-adjusted life years). *Those who walk are worth more than those in wheelchairs. The blind are worth less than the sighted.* (“Health Care vs. the Value of Human Life,” Sarah Durand)

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- ❖ Health services to people who are not “participating citizens” (disabled or elderly) are not basic and *should not be guaranteed* – Dr. Ezekeil Emanuel, “Principles for Allocation of Scarce Medical Interventions,” The Lancet, January 31, 2009
- ❖ In the complete lives system of Dr. Emanuel individuals between 15 and 40 get the most substantial choices. (“Health Care vs. the Value of Human Life, Sarah Durand)
- ❖ Rationing: Government mandates establishment of outcome-based measures (HR 3200, p. 335, lines 16-25 and p. 336, line 9)
- ❖ Anti-rationing amendments to the health care bill **were defeated in both the House and the Senate.** (Heritage Foundation)

Government Intervention and Health Care

- ❖ There will be 111 government agencies, boards, commissions and other bureaucracies which will be overseen by the Commissioner of Health Care Choices.
- ❖ A Health Care Commissioner will choose your health care benefits for you. You have no choice. (HR 3200, p. 42)
- ❖ Dr. Blumenthal (the newly-appointed National Coordinator of Health Information Technology) “.....stressed the *real importance* of computers is to deliver ‘embedded clinical-decision support.’” (New England Journal of Medicine, April 9, 2009)
- ❖ Government guidelines will be established to manage doctors for the purpose of avoiding expensive treatment.
- ❖ An increased role of Comparative Effectiveness Research. (Heritage)
(CER: a formula similar to what’s used in countries with socialized medicine called QALYs (quality-adjusted life years) where the cost of treatment is divided by the number of your quality years.) **\$1 Million has been set aside in the Stimulus Bill for CER).**
- ❖ Consolidation of individual medical practices into larger groups so that care and costs may be more easily managed by a **remote** government agency.
- ❖ A Federal Health Board determines what treatments doctors can offer and to whom and under what circumstances. (“Health Care by Orwell,” Dick Morris)
- ❖ Government restricts enrollment of *special needs individuals* (HR 3200, p. 354, Sect. 1177)

- ❖ Secretary of Health and Human Services (the same organization which called for cutting back mammograms) will be empowered to regulate your doctor's decision on everything from cardiac and cancer care to childbirth. ("Our Doctor, Our Government," Betsy McCaughey
- ❖ Federal law will mandate you purchase insurance by 2014 or be fined 2.5% of your gross income **or face imprisonment.** (See House Bill)
- ❖ Government will have **direct access** to your bank accounts for elective funds transfer (HR 3200, p. 59, lines 21-24)
- ❖ Government will have **real time** access to your finances. (HR 3200, p. 58)
- ❖ Functionaries who will make decisions about your treatment *have never met you, do not know your name and have never spoken to your doctor.* ("The Cold Heart of ObamaCare," Nat Hentoff of the Cato Institute)

President Obama addressing Republicans in Baltimore after the State of the Union Address:

"If you look at the package we've presented there's some stray cats and dogs that got in there that we were eliminating, we were in the process of eliminating. For example, we said from the start that it was going to be important for us to be consistent in saying to people if you can have your – *if you want to keep the health insurance you got, you can keep it, and that you're not going to have anybody getting between you and your doctor in your decision making.* **And I think that some of the provisions that got snuck in might have violated that pledge.**"

Impact of Proposed Health Care Legislation on Seniors

“Treating 65-year olds differently because of stereotypes or falsehoods would be ageist; treating them differently because they have already had more life-years is not.”— Dr. Ezekiel Emanuel (Health Care Advisor to the President), “Principles for Allocation of Scarce Medical Interventions,” The Lancet, January 31, 2009.

A government-run health care plan would set up a “comparative effectiveness research commission” where health-care treatment decisions will be based on a person’s age. This would affect senior citizens in the following ways:

- ❖ Limits will be set on how much will be paid to lengthen a life and the “good of society” will transcend the needs of the individual.
- ❖ Already physician-assisted suicides are offered in Oregon instead of health care which would extend or improve a person’s life.
- ❖ Canada, where they have universal medical care, posts lower rates of cardiac procedures than the U.S. almost entirely by *restricting* their use for patients 65 and older.
- ❖ Doctors will be penalized when an initial treatment results in a re-admission to the hospital.
- ❖ Health Services to people who are not “participating citizens are not basic and should not be guaranteed.” – Dr. E. Emanuel
- ❖ In countries with socialized medicine treatment is determined by a mathematical formula: QALY (quality-adjusted life year): *Those who walk are worth more than those in wheelchairs. The blind are worth less than the sighted.*
- ❖ Treatment will be approved on the basis of cost of treatment divided by the number of quality years remaining.
- ❖ In the complete lives system of Dr. Emanuel individuals between 15 and 40 get the most substantial chance.
- ❖ Medicare doctors whose treatments each year of certain, mostly elderly, patients cost more than a set government figure will be punished by losing part of their own incomes.
- ❖ Coming up on the research menu of the Preventive Services Task Force (which recently set out the new guidelines for mammograms) is the effects of falls on the elderly and whether its cost effective to intervene.

Medicare will be cut by almost \$500 B which will translate into a significant decline in the quality of care and in the spectrum of choices available to senior citizens in the following ways:

- ❖ \$120 B cut in Medicare Advantage means seniors will lose coverage for chronic conditions, routine eye and hearing exams, free flu shots and dental coverage.
- ❖ \$150 B cut to providers including hospitals, hospice and nursing homes.
- ❖ \$23 B in decreases to be determined by an Independent Medical Advisory Board.
- ❖ Doctors will face financial penalties beginning in 2014 for treating high-cost patients with complex conditions.
- ❖ Cuts in hospital budgets will lead to fewer nurses, fewer doctors and fewer diagnostic devices.
- ❖ Reduced availability of new and expensive treatments and devices.

- ❖ Taxes on drug companies and device-makers will be passed on to those making less than \$200,000.
- ❖ Slower adoption of new medications and limits set on how much will be paid to lengthen a life.
- ❖ Health care will shift from specialists (e.g. cardiologists) to primary care physicians.
- ❖ The Mayo Clinic and 12 other top health-delivery outlets would be forced out of business.
- ❖ Cutting hospital care spending means cutting doctors' incomes by 21% and turning down patients who seek medical care not approved by the Federal Health Board.
- ❖ According to an Investors' Business Daily poll 45% of doctors would consider retiring or finding a new profession if the proposed health care legislation passes.

Government-run health care will deprive patients of the power to control their own medical decisions and create government boards that would decide what treatments would or wouldn't be funded. How will this affect senior citizens?

- ❖ Government guidelines will be set up to manage doctors for the purpose of avoiding expensive treatments. (\$1.1M was set aside in the Stimulus Bill to create Comparative Effectiveness Research for this purpose).
- ❖ There will be 111 government agencies, boards, commissions and other bureaucracies which will be overseen by the Commissioner of Health Care Choices.
- ❖ A Health Choices Commissioner will choose your health care benefits for you.
- ❖ Government will impose price controls on the Medicare prescription drug benefit.
- ❖ The government will regulate the rental and purchase of power-driven wheelchairs.
- ❖ Computers will deliver *embedded* clinical decision support.
- ❖ A Tele-Health Advisory Committee will be established.
- ❖ *Electronically-delivered* protocols on "appropriate" and "cost effective" care will guide your doctor.
- ❖ A Federal Health Board will determine what treatments doctors can offer and to whom and under what circumstances.
- ❖ Consolidation of individual medical practices into larger groups so that care and costs may be more easily managed by a *remote* Medicare agency.
- ❖ The government will have direct access to your bank accounts for elective transfer.
- ❖ An advanced-care planning consultant will be used frequently as patients' health deteriorates.
- ❖ Mandatory government consultation and instruction regarding living wills.
- ❖ The government will provide an approved list of end-of-life resources.
- ❖ The government will decide what level of treatment you will have at end of life.
- ❖ Functionaries who will make decisions about your treatment and the extent of your lifespan have *never met you, do not know your name and have never spoken directly with your doctor.*

The serious impact of the proposed legislation can be summed up by quotes from 3 esteemed medical professionals.

"We will have to violate our values in order to stay in business and reduce our access to government patients." – Executive Director of the Mayo Clinic.

“The only doctors left in Medicare will be those willing to ration care and practice cookbook medicine.”
-- Dr. David McKalip, Florida Neurosurgeon.

Thrall fears that “...we may be entering an era of deliberate decisions where we choose to trade people’s lives for money.” -- Dr. James Thrall, Chairman, American College of Radiology and a Harvard School Medical Professor.