



Senate Republican Communications Center

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DEM BILLS RESULT IN HIGHER PREMIUMS, COSTS

Independent, Non-Partisan Organizations Say Dem Health Proposal Won't Fix Cost Problem, 76% of Americans Agree

HIGHER PREMIUMS

CBO DIRECTOR DOUGLAS ELMENDORF: "Our Judgment Is That That Piece Of The Legislation Would Raise Insurance Premiums." (Finance Committee, U.S. Senate, Hearing, 9/22/09)

3 Reasons Premiums Will Increase

New Government Regulations: "[P]remiums in the new insurance exchanges would tend to be higher than the average premiums in the current-law individual market..." ([CBO Director Douglas Elmendorf, Letter To Sen. Baucus, P. 6, 9/22/09](#))

New Taxes On Medical Devices, Prescription Drugs And Clinical Labs: "Those projected premium amounts include the effect of the fees that would be imposed under the proposal on manufacturers and importers of brand name drugs and medical devices, on health insurance providers, and on clinical laboratories. Those fees would increase costs for the affected firms, which would be passed on to purchasers and ultimately would raise insurance fees by a corresponding amount." ([Doug Elmendorf, "CBO's Analysis Of Premiums Under The Chairman's Mark Of The America's Healthy Future Act," CBO Blog, 9/23/09](#))

New Taxes On High Cost Insurance Plans: "The imposition of the excise tax on insurers can be expected to lead health insurance providers and consumers to take measures to minimize their burden from the tax. As insurers pass along the cost to the consumer by increasing price, the cost of employer provided insurance will increase." ("Memorandum: Revenue Estimate," Joint Committee on Taxation, 9/29/09)

HIGHER HEALTH CARE COSTS

CMS ACTUARY: "Total National Health Expenditures Under This Bill Would Increase..." (["Estimated Financial Effects Of The 'America's Affordable Health Choices Act Of 2009' \(H.R. 3200\), As Reported By The Ways And Means Committee," Centers For Medicare & Medicaid Services, P.3, 10/21/09](#))

- **AP:** "The nation's medical costs will keep spiraling upward even faster than they are now under Democratic legislation pending in the House, a report from government economic experts concluded..." (["US Health Care Tab Would Grow Under Overhaul," AP, 10/21/09](#))

CBO ON SENATE FINANCE PROPOSAL: Costs Will Grow. "The gross cost of the coverage expansions, consisting of exchange subsidies, the net costs of expanded eligibility for Medicaid, and tax credits for employers: Those provisions have an estimated cost of \$180 billion in 2019, and that cost is growing at about 8 percent per year toward the end of the 10-year budget window." ([CBO Director Douglas Elmendorf, Letter to Sen. Baucus, P. 10, 10/7/09](#))

CONSISTENT WITH INDEPENDENT STUDIES

OLIVER WYMAN STUDY: “Average premiums for small employers will increase: Under reform, small employers will experience premium increases as a result of rating rule changes and minimum benefit requirements.” ([Oliver Wyman, “Insurance Reforms Must Include A Strong Individual Mandate And Other Key Provisions To Ensure Affordability,” P.3, 10/14/09](#))

PRICEWATERHOUSE COOPERS STUDY: “There are four provisions included in the Senate Finance Committee proposal that could increase private health insurance premiums above the levels projected under current law.” ([PricewaterhouseCoopers, “Potential Impact Of Health Reform On The Cost Of Private Health Insurance Coverage,” P.3, 10/11/09](#))

HAY GROUP STUDY: “Our model results show significantly higher premiums and lower coverage levels than for the most recent version of the Senate Finance Committee bill than our original assumptions would have produced.” ([Hay Group, “Impact Of Proposed Senate Finance Committee Health Care Reform Bill On The Nongroup Market,” P.1, 10/5/09](#))

MILLIMAN STUDY: “The combined effect of immediate implementation of the reform initiatives described above would be expected to increase average premiums over and above normal trend levels in both the small group and individual insurance markets.” (Milliman, “Analysis Of Impact Of Certain Healthcare Reform Initiatives on Health Insurance,” P. 4, 7/13/09)

WELLPOINT STUDY: “Health care reform legislation introduces several new broad taxes and fees that will further drive up health insurance premiums...” ([Wellpoint, “Health Care Reform Premium Impact In Ohio,” p.17, 2009](#))

CONSISTENT WITH AMERICAN PUBLIC OPINION

GALLUP POLL: “Americans Have Become More Likely To Say The Costs Their Family Pays For Healthcare Will Get Worse If A Healthcare Bill Passes...” ([“In U.S., Half See Own Costs Worsening Under Health Care Bill,” Gallup, 10/22/09](#))

- **76%** Say Their Costs Would Get Worse or Not Change
- **22%** Say Their Costs Would Get Better

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