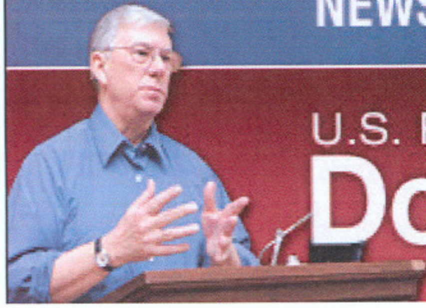
NEWS FROM HOME



U.S. REPRESENTATIVE

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9 Reasons Why H.R. 3200's Public Option Will Destroy Private Insurance

1. Section 221 – Requires the Secretary of HHS to establish a Public Option that is supposed to compete with and yet play by the same rules as private plans in the new Health Insurance Exchange. However, the bill requires the government to set the benefits of all the plans, including its own, creating an implicit advantage for the Public Option.
2. Section 102 – Individual private plans are grandfathered and cannot enroll any new insureds (except dependants) or make any plan modifications after Jan. 1, 2013. How can insurance companies stay in business if they can't add new clients?
3. Section 161 – Private plans must remit to their insureds any excess of premium payments minus what the government determines the insurance companies should pay out in benefits. This rules out any opportunity for a plan to be run in the private sector because there is no room for even the smallest amount of profit.
4. Section 223 – Public Option will not pay taxes or have large administration costs because the reimbursement rates to health care providers are Medicare rates, which are below what it costs hospitals and physicians to provide services. In fact, the average American family pays about $1,800 in additional insurance premiums each year to help subsidize the Medicare underpayment for health care providers. There is no way a private insurance company can compete with a Public Option that doesn't pay taxes and reimburses providers at low Medicare rates.
5. Sections 311 and 313 – An employee must offer a "qualified health benefit plan" to all employees. If an employee declines the employer's coverage because he or she is covered by other approved insurance, the employer must nevertheless pay the equivalent of 8 percent of that employee's income into the Health Insurance Exchange. This means the employer will have to pay a tax (penalty) for an employee who already has insurance. Therefore, it's cheaper to put all the employees in the public option because it will be the least expensive insurance and the employer won't have to deal with two plans.
6. Section 312 – An employer must pay at least 72.5 percent of an individual's coverage and 65 percent of family coverage, but the employer must *automatically* enroll an employee in the plan option with the lowest employee premium. Only the employee has the right to opt out. Since the Public Option pays no taxes and will reimburse at low Medicare rates, it will offer the lowest premium; thus, all new employees will be enrolled in the public option. Because an employer will not want to maintain employees on two separate plans, he will likely simply chose the Public Option for all employees.
7. Section 222 – Gives $2 billion and as much money as is needed to pay claims for 90 days from the Treasury to the public option. It only requires the public option to repay the money over 10 years and without any interest payments, giving the public option an enormous capital advantage over private plans.
8. Section 223 – This section shelters the Public Option from any administrative or judicial review of any payment rate or methodology it uses. No doctor, hospital or employer can appeal the Public Option for price fixing. Private plans are subject to review and suits.
9. Section 1802 – Every private health insurance plan is taxed – including self-insured plans – with money going into a trust fund to conduct comparative effectiveness research that could be used to ration care.