

# Kennedy Health Care Reform Legislation

What does it mean for Main Street businesses?

- ✓ The Kennedy bill would shrink small business output.
- ✓ The Kennedy bill could force small businesses to cut jobs.
- ✓ The Kennedy bill creates a fast track to a single payer health care system that would limit consumer choice and increase the taxpayer burden.

## ❖ **Employer Mandate – Leads to job losses and output decline.**

- Employers would be required to offer qualified health insurance coverage to full-time employees and supplement a certain percentage (or amount) of their monthly premiums. The coverage must be actuarially equivalent to the lowest coverage option (as determined by the new minimum standards to be instituted by the federal government).
  - A 2009 NFIB study estimates that real U.S. GDP would contract by \$200 billion between 2009 and 2013 with an employer mandate – small businesses would lose \$113 billion in output.
  - The 2009 NFIB study further found that an employer mandate would result in a net loss of 1.6 million U.S. jobs between 2009 and 2013. Small businesses would be hit hardest, accounting for an estimated 66% of job losses.
  - A 2007 Employment Policies Institute study found that approximately 1.5 million U.S. jobs would be shifted from full-time to part-time status in addition to job losses.

## ❖ **A “Public Plan” – A fast track to a government-run health care system at the expense of consumers and taxpayers**

- A public (“government-run”) plan would be implemented to compete against private plans in the newly created American Health Benefit Gateway.
  - A public plan would create an unlevel playing field. The federal government sets its own rules and there is nothing fair or level about them. According to a 2009 Lewin Group study, Medicare's current reimbursement policies pay hospitals only 71% of private rates and doctors 81%. According to a 2009 Lewin Group study, if the public plan's reimbursement rates are similar to Medicare, an estimated 119 million people will shift from private insurance to the public plan.
  - A public plan would provide consumers with fewer choices. According to a 2007 survey by the American Medical Association, 60% of doctors say they limit the number of new Medicare patients they see.
  - A public plan would not result in a more efficient marketplace. The federal government has not proven itself to be a model for health care efficiency. Each year, Medicare loses \$60 billion due to fraud alone.
  - A public plan would not be self sustaining as supporters suggest. The federal government's current entitlement programs are on the fast track to financial insolvency. According to the Medicare trustees, the Medicare Trust Fund will be exhausted by 2017. Medicare and Medicaid alone account for 4% of GDP today and will rise to 9% by 2035, according to the Congressional Budget Office. The Congressional Budget Office estimates that individual and corporate income tax rates would have to rise by about 90% to finance the projected increase in spending through 2050.