



**CNP Action, Inc. Healthcare Briefing**  
**The Capitol Visitor's Center**  
**July 14, 2009**

***Mrs. Nina Owcharenko***  
*Deputy Director, Center for Health Policy Studies*  
*The Heritage Foundation*

Mrs. Owcharenko believes that everyone has a grand idea relating to healthcare reform, but no one has figured out to pay for those ideas. She said that of all the proposed legislation being circulated, there is only one, from the U.S. Senate Committee on Health, Education, Labor and Pensions (HELP) that has a “somewhat” complete cost estimate.

She noted that the Congressional Budget Office (CBO) only scores bills for a 10-year timeframe, and she left no doubt that the costs of healthcare reform will continue far beyond a mere ten years. She reminded attendees that the State Children's Health Insurance Program (SCHIP) originally estimated to cost \$40 billion over ten years, then expired and was renewed at the cost of \$75 billion. Just like SCHIP, we will bear the costs of any health reform legislation far beyond ten years.

That being said, she highlighted the already tremendous cost of the HELP Committee's bill which CBO scored at \$1.3 trillion over ten years. Due to the CBO score, the HELP Committee reworked policies to reduce the price tag to \$789 billion. One way the Committee accomplished this was by lowering the subsidy eligibility from 500% to 400% of the Federal poverty line. However, Mrs. Owcharenko noted that the price leaves out a massive Medicaid expansion that some estimates put at \$500-900 billion, and that's only the Federal portion.

The key costs for the HELP bill are:

- Individual mandate to buy insurance:
  - If the government forces the population to obtain insurance, then it must subsidize those who cannot afford to buy their own. The HELP bill subsidizes Americans making up to 400% of the poverty level.
  - The subsidies will not evaporate after ten years, and may grow larger.
- Medicaid Expansion for people up to 150% of the poverty level

There are three ways to pay for healthcare reform legislation:

- Tax Increases:
  - Surcharges on families earning over 300% of the poverty line
  - Adding a Value Added Tax (VAT)
  - Taxing employee health benefits as income
  - Using revenues from the Waxman-Markey Cap and Tax bill (should it pass)
- Fining employers that don't provide health insurance
- Medicare/Medicaid Cuts:
  - Not the usual “cut here and increase there” activity that Washington is known for, but real cuts.

She closed by noting that real reform empowers individuals and families and tackles burgeoning entitlements. If Congress attempts to fix the healthcare system in one fell swoop without addressing the current and persistent problems, it will further exacerbate the inherent flaws in our system.

**Mr. Greg Scandlen**  
*Founder and Director, Consumers for Healthcare Choice*  
*The Heartland Institute*

Mr. Scandlen discussed three aspects of healthcare reform being pressed for by the Obama Administration and Congressional democrats:

- Mandatory Health IT: Electronically hosting all medical records in the United States in a government database.
  - The idea for this rests on a Rand policy study which focused solely on positive consequences. However, Mr. Scandlen said that mandatory health IT can also worsen efficiency and quality.
- Comparative Effectiveness Research: Estimates the value of a quality-adjusted year of life.
  - In Britain, the authorities deny care if the cost of the care exceeds the value of the quality-adjusted year of life. And of course, the British Government claimed that would not happen.
- Mandatory Health Insurance:
  - The benefits would allow you to see a doctor, psychiatrist, chiropractor, dentist, etc... for whatever reason but then all private medical records and personal information would be entered into the government-run health IT database.
  - Mandates rarely work as planned because people choose to disregard them. He stated that 1/3 of the uninsured in this country are already eligible for free Medicaid, yet choose not to enroll. Rather than dictate that they enroll, we should find out why they aren't

He concluded by saying the essential problem with healthcare is third-party payments. With our current system, the consumer pays a premium to an insurance company; they then pay the doctor to deliver a service. Essentially, the doctor is working for the insurance company, not the consumer. Instituting a government-run insurance plan will not fix the problem, it will merely replace the insurance companies with government bureaucracy.

**Mr. Rick Scott**  
*Chairman*  
*Conservatives for Patients' Rights*

Mr. Scott discussed four pillars of good healthcare reform:

- 1) The right to choose your own doctor and health insurance plan.
- 2) The need to foster competition by allowing insurance to be sold across state lines and requiring medical providers to post prices.
- 3) Putting individuals in charge of healthcare by giving them ownership over their plans. This can be done by providing individuals the same tax breaks employers receive when buying insurance.
- 4) Rewarding people for taking care of themselves and making people responsible for their personal choices.

He cited Great Britain as an example of what happens when government controls healthcare: people waiting in long lines or worse, not receiving treatment due to cost (rationing). In the Senate, there have been three proposed amendments to block cost-effectiveness research from denying care and all three votes failed. If such “no-brainer” votes fail, we must realize that rationing can and will happen in America as government seizes control of our healthcare system.

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