



HEALTH REFORM – CHAMBER PERSPECTIVE

- **The U.S. Chamber of Commerce supports meaningful, common sense health care reform that will cure the problems in our system – not create new ones.**
- The business community shares the goals of Congress and the Administration to reduce the costs of health care and to increase the public's access to quality health care services. However, as the voluntary providers of health care to 160 million Americans, it is essential that businesses and industries are not negatively affected by the reforms.
- With a direct stake in the outcome of health reform efforts, employers have led the way in seeking a higher quality, evidence-based health care system. We are equally committed in our opposition to proposals that will threaten already struggling businesses with increased costs, taxes, fees, mandates and regulatory burdens.
- We must protect ERISA; implement health IT, prevention and wellness programs; and create a vibrant private insurance market for small business and individuals. Further – Medical Liability Reform should be a part of this discussion but is missing so far.

MAJOR AREAS OF CONCERN:

- **Employer Mandate: Currently, employers offer insurance as a VOLUNTARY benefit to over 177 million Americans.** Employers want to keep their ability to offer uniform health benefits to their employees intact through preserving ERISA. The Chamber adamantly opposes the “pay-or-play” proposal that requires businesses either to provide some level of health insurance benefits (to be later defined by a government board) or surrender a huge penalty (eight percent of payroll or a per-employee fine) to the government. This proposal will hit hardest those businesses that can least afford to take another hit, especially from the government, and especially while we try to recover from one of the worst economic downturns in the nation's history. The Chamber also opposes the federal government designing what they consider a “qualified health plan” that will require all employers to offer a “one size fits all” plan.
- **New Government-Run Plan:** President Obama/Dem leaders all favor a new government-run plan to compete with private plans. A public plan would be an unfair competitor because it could become big enough to drive down reimbursements to doctors and hospitals; much like Medicare does, shifting costs to the private sector. Consumers would then flock to the public plan because its premiums would be cheaper, and ultimately no private plans would remain. **The Lewin Group estimates 130 million people would move from private to public insurance – this would be a disaster, and would devastate the employer-sponsored system.** Short step to a Medicare-like program for all Americans.
- **How to pay for reform?** The financing of will be the toughest challenge that Congress faces. The price tag is somewhere between \$1 to 1.5 trillion. A “surtax” on the wealthiest will directly effect small businesses who pay their business taxes at the personal rate. The President included in his budget pay-fors that would be highly problematic for employers including LIFO, Deferral, and other industry-specific taxes, AND repealing tax breaks for higher incomes (including reducing charitable and mortgage deductions, capital gains, etc). At the center of the debate is whether to tax health benefits offered by employers. Congress may consider either capping or removing the “exclusion” altogether. This will be a significant tax policy change to all employees (and has ramifications to employers through FICA and other taxes).