



NATIONAL HEALTH CARE REFORM

ISSUE

A national health care reform plan, which is currently being debated in Congress, would make sure every American has access to high quality health care and would reduce the growth in health care spending. The number of uninsured Americans is growing, premiums are skyrocketing, and more people are being denied coverage every day. The cost of insuring a workforce is becoming prohibitive. The Affordable Health Choices Act of 2009 (HR 3200) was introduced in the House in mid-July, and the Senate HELP Committee passed their version of the legislation (bill number not yet assigned.)

ATA POSITION

ATA supports meaningful health care reform that controls costs, improves quality, institutes insurance market reforms and creates a simplified marketplace to purchase insurance, but the bills currently under consideration in Congress fall short of these goals.

ATA encourages its members to contact their Representative or Senators to voice concern about the current health care reform proposals, specifically legislation that would create a government-run "public plan" and unfair tax surcharges.

STATUS

The Affordable Health Choices Act of 2009 (HR 3200) was introduced in the House in mid-July. ATA has made its concerns known to Congress through business community letters opposing the legislation (H.R. 3200) to the House Ways & Means Committee Chairman and Ranking Member.

The White House had hoped both the House and Senate would have passed a proposal prior to the August recess. The House Education & Labor, Energy & Commerce and Ways and Means Committee all approved a version of the bill in mid-July, and the Senate HELP Committee approved a version of a national health care reform bill also in July.

The following are the most contentious issues in the current House reform proposal.

HEALTH PROVISIONS

Employer Mandate – Employers would be mandated to either provide health care or pay a payroll tax on a sliding scale depending on the employer's annual payroll, with a maximum of 8 percent for payrolls exceeding \$400,000. Additionally, the House proposal requires employers that do offer health care to pay the lion's share of the premiums: 72.5 percent of an individual's premium and 65 percent on family plans. Some studies estimate that this employer mandate will result in approximately one million lost jobs in the business community.

Establishment of a new Health Benefits Advisory Council – The bill would establish a public-private advisory committee to recommend to the Secretary of Health and Human Services benefit standards, including the essential benefits package and cost-sharing for enhanced and premium plans.

Public health insurance plan – The bill creates a new, government-run public health insurance option that must meet the same requirements as private plans to be financed by the premiums it collects. For the first 3 years, it sets provider reimbursement rates equal to those provided by Medicare. The public plan could put private insurers at a competitive disadvantage as the public plan may be less expensive than private insurance. This could lead to a migration away from private insurance into the less expensive government plan, and may affect the stability of the private insurance markets. ATA is concerned with this type of plan. Marketplace reforms to the private insurance system may allow ATA members greater flexibility in offering more affordable health care to their employees.

TAX PROVISIONS – Revenue Raisers

Tax Surcharges – To help pay for the provisions of the bill, a three-tiered health care surtax has been proposed: 1 percent on married couples applied to adjusted gross incomes (AGI) exceeding \$350,000 and less than or equal to \$500,000 (singles between \$280,000 and \$400,000); 1.5 percent on couples applied to AGI exceeding \$500,000 and less than or equal to \$1 million (singles earning between \$400,000 and \$800,000); and 5.4 percent on couples applied to AGI exceeding \$1 million (singles beyond \$800,000). According to a Treasury study, more than six of every 10 at these income levels are small business owners, including subchapter S corporations whose owners pay the individual rate. These new taxes, along with the expiration of the Bush tax cuts in 2010, would likely result in a higher business taxes.

Payroll Tax – As noted earlier, the House bill would impose up to an 8 percent payroll tax as a penalty for those employers who do not provide health insurance coverage mandated by the bill.

ATA is concerned about the potential costs to employers that would result from the bill. Under the provisions of health care reform outlined above, motor carriers could expect to see an increase in the cost of doing business. Higher payroll taxes and more government regulations are not what the industry needs, particularly in this fragile economic climate.

