



2010: Rising Health Care Costs Hurt America's Competitiveness

The "Patient Protection and Affordable Care Act" (PPACA) and the reconciliation bill were signed into law in late March 2010. After nearly a year and a half of legislative consideration, the president and Congress pushed through a 2800 page bill that will have far-reaching effects on our nations' businesses. The legislation, which costs nearly one trillion dollars and increases taxes by \$569 billion, will cause employers to take a new look at the offering of health insurance benefits.

As insurance premiums have continued to spiral upward for small businesses at an alarming rate, Congress should have instead focused on addressing the real cost-drivers in our health system. Solutions that we know would have lowered costs, like **medical liability reform**, **small business health plans**, and **purchasing insurance across state lines**, were ignored. Instead, the new insurance market reforms and new mandate on businesses with more than 50 employees to provide insurance will only drive up the cost of insurance premiums while helping to subsidize targeted populations.

Small Business Tax Credits: The smallest employers (those with 25 or fewer employees and an average workforce salary of \$50,000 or less) may wish to consider utilizing the small business health insurance tax credits. These credits may pay for up to half of the costs of providing health insurance to employees, and will last two years past the creation of Exchanges (the credit is up to 35 % before 2014 and up to 50 % for two years after). Employers with between 25 and 50 employees are not eligible for subsidies, and will not be fined for failing to offer health insurance; however, if they do offer a plan, the plan may need to meet essential benefit and actuarial standards, or employees will still be subject to the individual mandate penalty. A small business that takes the credit will likely have to pay the full costs up front and get the credit later. Also, a small business will only receive the credit for two years after the Exchanges are implemented, after which either the small business must pay the full costs, pass costs on to employees, or discontinue the benefit.

The U.S. Chamber's Commonsense Health Care Agenda

The timeline for implementation for the PPACA phases in over the next 10 years, with the most onerous provisions taking effect in 2014. Prior to its full implantation, the Chamber will continue to work to improve the law through every avenue available: politically, regulatorily, legislatively, and legally. We will continue to oppose the employer mandate and try to provide relief from many of the newly imposed taxes.

Further, a number of our priority issues were not fully addressed in the legislation and we will work toward passing these solutions into law:

- **Health Information Technology (HIT):** Widespread adoption of HIT—including electronic prescriptions and medical records—will improve quality, lower costs, and reduce medical errors.
- **Consumer-Focused Health Care:** Congress should make account-based plans more attractive to small businesses by increasing flexibility and improving the transparency of cost and quality data.
- **Medical Liability Reform:** The Chamber supports health courts and other medical liability reforms that ensure fair damage awards, eliminate frivolous lawsuits, and lower health care costs.
- **Payment Reform:** Congress should make it easier for employers and insurers to create insurance plans that pay for quality, not quantity, and reward doctors for keeping patients healthy.
- **Fraud & Abuse:** Medicare and Medicaid fraud are running rampant and costing the taxpayers tens of billions of dollars every year. A broad array of countermeasures should be enacted immediately.
- **Long-Term Care:** The CLASS Act Ponzi scheme should be eliminated and real long-term care reform should be enacted so Americans can use pre-tax dollars to buy coverage from private plans.