

GOP Health Care Alternative Helps States Reduce Health Care Costs

November 3, 2009

Republicans believe health care reform should help states, families and small businesses tackle the problem of rising costs. And because health care needs vary from individual to individual, and from state to state, health care reform should increase flexibility for states to develop solutions that fit their needs. A Washington takeover of health care will achieve neither objective. Instead, it will harm states and working families by increasing health care costs and empowering federal bureaucrats to make important decisions that should be left to doctors and patients.

House Speaker Nancy Pelosi (D-CA) is proposing a 1,990 page takeover of health care that will take power away from states, increase state costs by expanding Medicaid, and add at least a \$1.3 trillion burden on the American middle class over the next 10 years. It will force states to comply with complex new federal regulations and directives, preventing them from developing health care programs that best fit the needs of their residents, and saddle governors and state legislators with massive unfunded mandates.

House Republicans recognize real solutions start outside the Beltway – and as an alternative to Speaker Pelosi’s government takeover of health care, Republicans are offering a common-sense alternative our nation and states can afford. [The GOP alternative](#) recognizes that health care reform must be market-driven, preserve the relationship between doctors and patients, and reduce health care costs for American families. Additionally, Republicans believe health care reform and innovation in the states should be encouraged by Congress, not suffocated by Washington bureaucrats.

A Tale of Two Approaches:

	Pelosi Plan	GOP Alternative
Unfunded Mandates on States?	YES. Federal mandated expansion of Medicaid to cost states \$34 billion over first ten years according to CBO.	NONE.
Medicaid Coverage Mandates?	YES. Raises threshold for mandatory Medicaid coverage to 150% of FPL (\$33,000 per year for a family of four); Requires states now covering above 150% of FPL to maintain eligibility.	NONE.
Foster State Innovation?	NO. In fact, Sec. 2531(a)(4) prohibits states from participating in a medical liability grant program if they have already moved to limit attorneys’ fees or cap damages.	YES. Gives states the tools to create their own innovative reforms that lower health care costs.
Real Medical Liability Reform?	NO. No real medical liability relief is included.	YES. Implements reforms that will reduce costly, unnecessary

		defensive medicine practiced by doctors trying to protect themselves from overzealous trial lawyers.
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Pelosi Plan is Chock-Full of Bad News for States:

- In a [letter](#) from the Congressional Budget Office (CBO) to House Ways and Means Committee Chairman Rangel on October 29, 2009, CBO “estimates that state spending on Medicaid would increase on net by about \$34 billion over the 2010-2019 period...That estimate reflects states’ flexibility to make programmatic and other budgetary changes to Medicaid and CHIP.”
- H.R. 3962 grants sweeping powers to a new “Health Care Czar” that will impose new regulations on states and state insurance plans. For example, the federal government will now:
 - Regulate all insurance plans, both in and out of the Exchange (*Page 127, Section 234*);
 - Decide which physicians and hospitals participate in the government-run plan and in private plan provider networks (*Page 174-178, Section 304(b)*);
 - Determine which states are allowed to operate their own Exchange and to terminate a previously-approved State Exchange at any time (*Page 197-202; Section 308*); and
 - Override state laws regarding covered health benefits (*Page 170-171; Section 303(d)*).

Republican Alternative Promotes Common-Sense Solutions for States:

- Implements real medical liability reform that will reduce costly, unnecessary defensive medicine practiced by doctors trying to protect themselves from overzealous trial lawyers.
- Provides Medicare and Medicaid with additional authority and resources to stop waste, fraud and abuse that costs taxpayers billions of dollars every year.
- Creates incentives to save now for future and long-term health care needs by improving health savings accounts.
- Encourages states to establish high-risk pools and reinsurance programs to guarantee all Americans, regardless of pre-existing conditions or past illnesses, have access to affordable coverage.
- Strengthens employer-provided health coverage by helping uninsured Americans who are eligible, but not enrolled in, an employer-sponsored plan get health coverage. The plan does this by encouraging employers to move to opt-out, rather than opt-in rules.
- Gives states the tools to create their own innovative reforms that lower health care costs.
- Promotes prevention and wellness by giving employers and insurers greater flexibility to financially reward employees who seek to achieve or maintain a healthy lifestyle, quit smoking, and manage chronic illnesses like diabetes.
- Encourages the creation of health plan finders to provide patients with the tools to easily find the right health plan that best meets their needs.

*For more information, please visit <http://HealthCare.GOP.gov>.
Information on the House GOP State Solutions Project is available at <http://States.GOPLeader.gov>.*