

September 26, 2012

waysandmeans.submissions@mail.house.gov

To: Chairman Wally Herger, House Ways and Means Subcommittee on Health

RE: Implementation of health insurance exchanges and related provisions, as considered in the hearing of September 12, 2012

The Association of American Physicians and Surgeons (AAPS) is a nationwide organization of physicians in all specialties founded in 1943 to preserve and promote the practice of private medicine. We support the sanctity of the patient-physician relationship, traditional medical ethics, and free market principles.

AAPS opposes the formation of state or federal exchanges. While these are touted as a market mechanism, they will in fact have the effect of stifling competition, reducing patients' choices, increasing the cost of insurance, and exacerbating the destruction of true insurance in favor of "health plans" that are basically mechanisms of prepayment for consumption.

Rather than simplifying administration and reducing the costs, exchanges will create yet another bureaucracy. The costs of running the exchanges will become very burdensome to states as federal funding is phased out. There are already huge expenses involved in attempting to prepare to comply with rules that are ambiguous or not even written at the time of the deadlines.

In a free marketplace, decisions are made by people making choices about how to spend their money. Decisions are based on individual values. Individuals have every incentive to get the best value for their money. The exchanges, in contrast, will impose complex administrative rules handed from the top down.

It is not even clear how exchanges can work at all since they require information that at present is not reportable, such as household income. They will establish a whole new level of intrusion of the federal government into individuals' lives by having the IRS a party to individual decisions about insurance and medical care. The detailed level of reporting is also totally destructive of patient privacy.

The exchanges will undermine, if not totally destroy, the employer-based system of health insurance, as employers have incentives to move workers into exchanges so that they can collect tax subsidies. Employers will also have to choose between greatly inflated insurance premiums or taxes based on the number of employees who do not receive benefits from the workplace. The other choice of course is to cut down on employment, especially full-time employment. Thus the exchanges are job killers.

The exchanges are largely an untested idea, an experiment being foisted on the American people without their consent. The first working model in Massachusetts has led to greatly increased insurance costs, and much higher portions of costs being shifted onto government.

AAPS favors the repeal of the Affordable Care Act in its entirety. Pending that, we are in favor of defunding the exchanges and recalling all unspent federal funds already supplied for exchanges.

Respectfully submitted,

A handwritten signature in black ink that reads "Jane M. Orient". The signature is written in a cursive, flowing style.

Jane M. Orient, M.D.
Executive Director
Association of American Physicians and Surgeons, Inc.
1601 N. Tucson Blvd. Suite 9
Tucson, AZ 85716
(800) 635-1196
www.aapsonline.org