

Health Care Reform *at the* Crossroads



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Without a credible reform bill, millions of Americans will be left without health care or held hostage to private insurance companies.

As Congress and the White House drew the final battle lines in the fight to reform health care, no better example of America's dysfunctional insurance system occurred when Anthem Blue Cross of California proposed a 39 percent premium increase even as the five largest insurers in America posted \$12 billion in profits in 2009. Anthem's whopping increase is just the tip of the iceberg. Other eye-popping premium increases include a 24 percent increase request in Connecticut, a 56

percent increase request in Michigan and a 20 percent increase request in Oregon.

To hold the line on costs, extend insurance to the millions of Americans now without coverage and give more rights to consumers, the House and Senate each passed a version of health care reform that corrects the worst excesses of the current private insurance-based system. But the Senate bill contains serious flaws that threaten to derail the entire historic effort.

The IAM has strongly opposed any health care plan that taxes benefits, does not have a public option or effec-

tive federal-level cost-control measures.

No Benefits Tax

The most serious flaw in the Senate health care bill is a 40 percent excise tax on the value of benefits above \$23,000 for families and \$8,500 for individuals. The House version of health care reform does not tax benefits and funds reform with a surcharge on households making more than \$1 million per year.

The Senate's proposed tax was a big factor in the election of Scott Brown as the new GOP Senator from Massachusetts. The AFL-CIO's own poll showed union households voted for Brown by a 49 percent margin, versus 46 percent for the Democratic candidate. That's a shift from 70 percent union household support for Democratic candidates in the 2006 midterm election, versus 28 percent for Republicans.

"The election of Republican Scott Brown to replace Ted Kennedy, a Democrat who was a champion of health care for all Americans, is a clear indication that working families will make incumbents pay if they try to reform health care on the backs of workers or don't get



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In an effort to salvage health care reform, President Obama held a summit of Congressional Democratic and Republican leaders to try and craft a solution that would pass in the House and Senate.

moving on job creation,” said IAM President Tom Buffenbarger.

The IAM is fighting hard against the excise tax, even the “compromise” worked out at the last minute that delayed implementation of the tax until 2019. Supporters of the tax claim it will hold down costs and only apply to workers with “lavish” plans. But a new analysis of the excise tax conducted by professors at the University of California at Berkeley Labor Center, including a former member of President George W. Bush’s Council of Economic Advisers, shows that at least 80 percent of the workers whose

plans would be subject to the tax in 2019 would be in non-union jobs. Other research shows the tax would do little to hold down costs and would also impact large numbers of middle-class workers in high-risk occupations, plans with large groups of older workers and people in geographic regions with high health care costs.

Bad Compromise

In late February, President Obama proposed a compromise measure between the House and Senate bills. As the *Journal* was going to press, the president’s plan tilted heavily toward the flawed Senate version. It kept the excise tax on health care benefits, set up a

system of state-run health exchanges instead of a national exchange that ensures quality coverage, and did not include a public option to compete with private insurers. It does, however, increase subsidies to make health care more affordable for working families, keeps important reforms like prohibiting the denial of coverage for pre-existing conditions, and it closes the “donut hole” in prescription drug coverage for seniors.

“The present health care system is clearly unsustainable. But there’s no point passing a reform bill that does more harm than good,” said Buffenbarger. “Costs won’t come under control without a strong public option and a federal-level insurance exchange. Without these foundations for reform, and elimination of the excise tax in the final legislation, we will continue to oppose the entire reform bill. The voices who sounded the alarm in Massachusetts will be heard nationwide in November.”



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Many of the worst elements of the Senate bill were the result of unanimous opposition by Republicans and a small group of Democratic Senators who watered down the bill. Sen. Joe Lieberman (I-CT), left, threatened to filibuster the Senate bill if it contained the public option or lowered the eligibility for Medicare coverage to age 55.