



September 5, 2008

Honorable Lamar Alexander
United States Senator

Honorable Mike Crapo
United States Senator

Honorable Robert Bennett
United States Senator

Honorable Charles Grassley
United States Senator

Honorable Norm Coleman
United States Senator

Honorable Judd Gregg
United States Senator

Honorable Bob Corker
United States Senator

Honorable Gordon Smith
United States Senator

Dear Senators:

We are disturbed that you are cosponsoring S. 334. This legislation reduces health care choices, increases prices, and will make our health care system worse for the following reasons:

Mandatory Coverage

S. 334 would require every American to buy a Healthy Americans Private Insurance (HAPI) health insurance plan OR pay a penalty. Mandatory insurance hasn't worked in car insurance, and the two states – Maine and Massachusetts — that have passed “universal health insurance coverage” are far from covering everyone.

\$1.4 Trillion in NEW Federal Spending

By 2014, the federal government will spend between \$1.3 trillion and \$1.4 trillion on this new federal program, according to the CBO-JCT analysis of S. 334. Where is the government going to find \$1.4 trillion each year?

Tax Increases

Under current law, employer-provided health insurance is a tax-free benefit – tax deductible for employers and excludable from an employee's taxable income. In addition, the self-employed enjoy an income tax deduction. S. 334 would eliminate the current tax exclusion and other health care tax breaks and proposes to tax employers anywhere from 3 to 26 percent per employee.

In the May 1, 2008, analysis of S. 334, CBO-JCT suggested these changes in the tax code will amount to a \$400 to \$500 billion tax increase per year.

More Mandated Benefits – Abortion and Full Mental Health Coverage

Since 1980, state and federal lawmakers have imposed more than 1,900 mandated benefits on health insurance consumers. Mandated benefits increase the cost of health insurance and cost is the major reason why people are uninsured.

In your states, health care consumers are forced to buy health insurance with the following number of mandates:

State	Number of Mandates
Idaho	15
Iowa	25
Minnesota	64
New Hampshire	39
Oregon	36
Tennessee	40
Utah	23

S. 334 would require every American to buy a HAPI insurance policy that is actuarially equivalent to BC/BS FEHBP. The HAPI plans must include abortions as a supplemental health insurance benefit unless the HAPI plan is affiliated with a religious organization. In addition, the HAPI plans have to include first-dollar coverage for certain health care services, full mental health coverage, and coverage for other services not mandated in any state or included in the FEHBP plan. Aren't 1,900 mandates enough? What about allowing people to choose the benefits they want in an insurance policy rather than having politicians impose health benefits on them?

No More HSAs

HSAs, as they are currently designed and structured, will no longer exist. S. 334 would require HAPI plans to have first-dollar coverage for certain health care services and must be actuarially equivalent to the federal employee plan. No HSA plan meets that requirement, so HSAs are history.

Higher Insurance Rates

According to ehealthinsurance.com, these are the *monthly* health insurance plan costs for a family of four in your state in August 2008:

Location	Type of Plan	Cost
Nashville, Tennessee	BC/BS	\$340.47
Salt Lake City, Utah	American Medical Security	\$308.00
Des Moines, Iowa	United	\$332.87
St. Paul, Minnesota	Health Partners	\$427.65
Boise, Idaho	BC/BS	\$283.00
Portland, Oregon	BC/BS	\$369.00
Manchester, New Hampshire	Celtic	\$370.10

S. 334 would require guaranteed issue and community rating – the evil twins of health care reform. Maine, Massachusetts, New Jersey, New York, and Vermont are health insurance disaster areas because of these reforms, which force consumers to pay some of the highest prices in the nation.

According to these state insurance department websites, these are the *monthly* rates for a family of four in the health insurance disaster areas in August 2008:

Location	Type of Plan	Cost
Portland, Maine	BC/BS	\$2,404.87
Boston, Massachusetts	Tufts	\$1,300.38
Asbury Park, New Jersey	Horizon BC/BS	\$7,529.33
Chappaqua, New York	HIP	\$3,641.33
Montpelier, Vermont	BC/BS	\$1,613.98

Are your constituents prepared to pay these kinds of prices?

In fact, New Hampshire passed guaranteed issue and community rating in the early '90s and later repealed those reforms after health insurance became unaffordable.

Standardized Plans

S. 334 would require every American to buy a HAPI insurance policy, which is designed by the federal government. This means that everyone would have to drop their current plan – especially their HSA plan. Even presidential candidate Hillary Clinton would have allowed people to keep their own plan.

Fewer Choices

According to ehealthinsurance.com, a family of four shopping for health insurance in August 2008 in the individual market has a choice of at least:

Location	Number of Plans Available
Nashville, Tennessee	89
Salt Lake City, Utah	76
Des Moines, Iowa	80
St. Paul, Minnesota	48
Boise, Idaho	32
Portland, Oregon	101
Manchester, New Hampshire	30

The range of plans available in these states is impressive. Consumers can choose HMOs, low deductibles, high deductibles, HSAs, or PPOs. S. 334 will eliminate many of the choices because these plans will not meet the federal standards of HAPI plans.

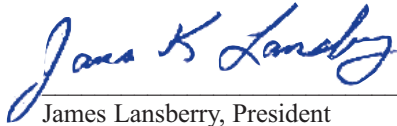
...A Flickering Light in the Darkness

There is a flickering light in the darkness of the entire legislation. Giving everyone a tax break on their health insurance corrects the current unfairness in our health care tax system. However, attaching all

these strings — mandatory coverage, tax increases, government-designed insurance plans, price controls, guaranteed issue, and increasing the number benefit mandates — will reduce choices and increase costs for all Americans.

We encourage you to reevaluate your support of S. 334 and think about its impact on your constituents.

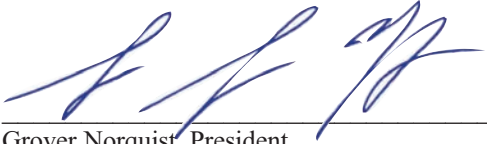
Sincerely,



James Lansberry, President
Alliance for Health Care Sharing Ministries



Ryan Ellis, Executive Director
American Shareholders Association



Grover Norquist, President
Americans for Tax Reform



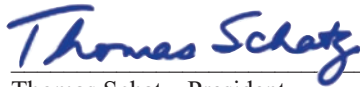
Douglas J. Andrews, President
Argus Financial Group



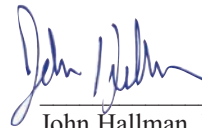
Michael J. O'Dea, Executive Director
Christus Medicus Foundation




Merrill Matthews, Director
Council for Affordable Health Insurance



Thomas Schatz, President
Council for Citizens Against Government Waste



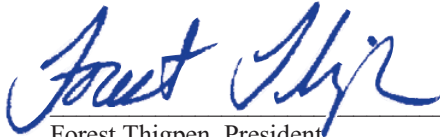
John Hallman, President
Florida Taxpayers Union



Gregory Blankenship
Illinois Policy Institute



J. Patrick Rooney, President & Chairman
Medical Savings Insurance Company



Forest Thigpen, President
Mississippi Center for Public Policy



Duane Parde, President
National Taxpayers Union



Ralph Weber, President
Route Three



Jim Martin, President
60 Plus Association



Karen Kerrigan, President
Small Business & Entrepreneurship Council