



August 10, 2009

The Honorable John Cornyn
United States Senate
517 Hart Senate Office Bldg.
Washington D.C. 20510

Dear Senator Cornyn:

We urge you to oppose the Obama Administration's plans for public-option health care reform.

While the central claim of H.R. 3200 is to expand health care coverage for uninsured Americans, the likely outcomes, if passed, include health care rationing, higher taxes, massive increases in federal spending, increased bureaucracy and even more imposition of federal rules on state management of Medicaid and CHIP.

According to the U.S. House Committee on Ways and Means, the key features of the legislation include:

- A government-run public health insurance option.
- A government-run health insurance exchange.
- An expansion of the Medicaid program to at least 133 percent of the Federal Poverty Level.
- "Affordability credits" for individuals and families who do not qualify for Medicaid to put toward the cost of health insurance.
- A requirement that every individual purchase health insurance or face a financial penalty of 2.5 percent of their gross annual income.
- A requirement that all but the smallest businesses offer health insurance to their employees or face a financial penalty of up to 8 percent of annual payroll expenses.
- New federal regulation of the private insurance marketplace.

According to the Congressional Budget Office (CBO), the insurance coverage provisions of H.R. 3200 would cost more than \$1 trillion over ten years (2010-19). The legislation would be funded, in part, by a "surtax" on households with annual incomes above \$350,000. Clearly, given CBO estimates, taxes will have to be raised on other income-earning households in the future.

The legislation would place the federal government directly in the center of our health care system in competition with providers in the private marketplace, and at the expense of private firms and consumer choice. Allowing a government-run health care entity to compete directly with private providers undermines the principle of free enterprise and ignores the lessons learned in a host of other industries: the government *cannot* provide services at a lower cost than the private sector without significant taxpayer subsidization. It also ignores the perils of congressional interference in other markets, such as mortgages. Allowing Fannie Mae and Freddie Mac to grow unrestrained simply for the purposes of advancing an ideological agenda rather than on a sound fiduciary basis was a root cause of

the current financial crisis of which the majority in Congress has yet to deal forthrightly. We are gravely concerned that health care, once controlled by the federal government and overseen by the equivalent of Fannie Mae, will be driven by political and bureaucratic motives, rather than the most efficient allocation of resources that only a free market can deliver.

According to the CBO, the expansion of the Medicaid program contemplated by H.R. 3200 will result in 11 million additional Medicaid recipients by 2019. As such, the legislation will result in a new generation of Americans who are entirely reliant on the government and taxpayers for their health care coverage. This increase will increase the strain on state coffers. In Texas, Medicaid has exploded in recent years growing from \$11.1 billion in 1999 to \$24.5 billion in 2009, which is especially alarming given that these increases took place in relatively good economic times (unemployment averaged 5.03 percent in that period). Medicaid already accounts for 15 percent of the state budget, and is directly responsible for crowding out spending on much-needed infrastructure improvements, as just one example.

Additionally, we believe that it is unacceptable to force individuals and businesses to purchase health insurance by imposing fines on those who do not comply. This approach not only undermines individual liberty and freedom, but also ignores the reality that some individuals may not wish to purchase health insurance and that it may be unaffordable for some businesses to do so. Indeed, of the oft-cited 46 million Americans considered uninsured, 33 percent (or 15 million) are people who earn over 300 percent of the Federal Poverty Level or are childless adults aged 18-35. Ultimately, many of these people simply *choose* not to purchase health insurance.

H.R. 3200 will also create new federal regulation of private health insurance that will have the effect of raising costs and making insurance less affordable for individuals and businesses. According to the Heritage Foundation:

This legislation represents a tremendous increase in the power of the federal government, including, for the first time, the regulation of private health insurance.

Individuals will not be free to use the subsidies in current employer health plans or to purchase private health plans that do not meet new federal requirements. This will mean that individuals will almost certainly be forced into choosing health plans that cover controversial procedures or services they may find morally objectionable, such as abortion.

["New Taxpayer Subsidies: The Impact of the House and Senate Health Bills," The Heritage Foundation, July 24, 2009.]

This corresponds to the experience of the Commonwealth of Massachusetts, which enacted a similar health care plan in 2006. The plan expanded state health care programs and required individuals and businesses to purchase insurance. However, the effect of the plan has been to drive up costs: in March 2009, the *Wall Street Journal* noted that "the state's overall costs on health programs have increased by 42% (!) since 2006...As costs continue to rise, the inevitable results are coverage restrictions and waiting periods. It was only a matter of time."

The federal legislation's emphasis on penalizing those who do not comply betrays its intent to place the federal government at the center of our nation's health care system at the expense of individual choice and liberty, free enterprise, and competition. The legislation would also undermine Health Savings Accounts (HSAs), which are a cornerstone of a consumer-driven approach to health care. According to *Wall Street Journal* columnist John Fund, the federal legislation would require 70% to 76% of health care

expenses paid by an insurer rather than the consumer. This would cripple HSAs, which rely on high-deductible policies with consumers using funds in their accounts to meet those deductibles.

Indeed, despite the provisions of the legislation, CBO analysis suggests that *17 million individuals will remain uninsured in 2019* while the cost of the legislation will pass \$1 trillion.

Instead of relying on the federal government to run the health care system, we believe that Congress should focus on improving the existing health care marketplace by allowing consumers to have a greater choice of health insurance products and more control over the cost and quality of the health care they receive.

Reducing health insurance mandates, passing sensible tort reforms like those passed by the Texas Legislature in 2003, and improving price and quality transparency are just three ways through which health care costs could be lowered without massive government intervention. We believe that options such as these should be pursued and that the federal takeover of America's health care system proposed by H.R. 3200 should be opposed.

We thank you for your consideration, and for your service to the great State of Texas.

Sincerely,



State Representative Wayne Christian
House District 9 – Center



State Representative Dan Flynn
House District 2 – Van



State Representative Ken Paxton
House District 70 – McKinney



State Representative Linda Harper-Brown
House District 105 – Irving



State Representative Leo Berman
House District 6 – Tyler



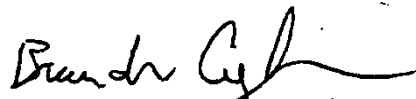
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House District 61 – Weatherford



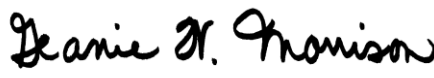
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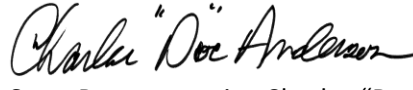
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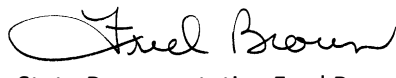
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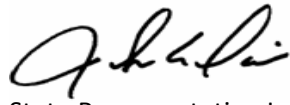

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State Representative Patricia Harless
House District 126 - Spring

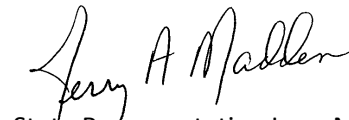

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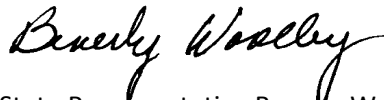
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