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House of Representatives

Rep. Smith: Repeal and Replace Obamacare

Excerpts

Mr. SMITH of New Jersey—Mr. Speaker, I respectfully ask that my colleagues listen to the American people and vote for H.R. 2, legislation to repeal Obamacare and, in essence, open the door to the passage of replacement legislation that offers needed, meaningful and bipartisan health care reform.

Considered in its entirety, Obamacare is a crippling blow to both health care in America and our economy. Not only will Obamacare over time erode and undermine the quality of health care in America, it will to a progressively greater extent increase the deficit, drag down the economy, hurt businesses, and destroy jobs.

The near total lack of transparency and misuse of power last year by the then-majority in forcing through Obamacare's passage, makes it the quintessential example of how a bad bill can become law. The American people are rightfully angry,

and we in Congress had better listen to them.

Obamacare, which would create nearly 160 boards, commissions and programs and would vest sweeping powers on bureaucrats to determine what benefits are covered and not and at what cost, is so fundamentally flawed that it needs to be repealed and replaced.

The American people want and I support meaningful and sensible health care reform, but it shouldn't be paid for by giving the government control of our health care system, with new unconstitutional mandates, massive tax hikes, and \$2.6 trillion in new government spending.

Rest assured that if Obamacare were sound and prudent policy—fiscally and morally—and an efficacious way of facilitating quality health care coverage, the American people, as well as Members of

Congress from both sides of the aisle and across the ideological spectrum, would be strongly supporting it. If it were a good law, honest explanations, not subterfuge and granting of special favors and treatments, would convince a large majority of the American public to embrace it.

Government should not be about strong arming through a policy or law and then using every trick, gimmick, and unholy alliance to defend that law or policy at any cost. What were missing in passing and promoting Obamacare and are the foremost conditions that must be employed moving forward are honesty and transparency.

The selling of Obamacare has been replete with misleading figures on costs and savings. While claims are made that the health care law will cost \$940 billion over ten years and reduce the deficit \$143 billion over the same period, those figures can be readily demonstrated to be unrealistic. In actuality, best estimates are that the new law will cost taxpayers \$2.6 trillion over ten years when fully implemented and will add \$701 billion to the deficit in its first ten years.

Why the gross discrepancies? For one, the drafters of the law took full advantage of the fact that the Congressional Budget Office (CBO) evaluates legislation over a ten year window. Significant benefits of the law don't take effect for four years, meaning that the law requires ten years of tax increases and ten years of Medicare cuts to pay for six years of spending. When all provisions of the law

are fully implemented, the ten year cost rises to \$2.6 trillion.

Additionally, a \$143 billion savings turns into a \$701 billion deficit when adjustments are made for budget gimmicks: \$53 billion in claimed savings by increasing social security payroll taxes are already spoken for by social security beneficiaries; \$70 billion in claimed savings from the new Community Assistance Services and Support (CLASS) program are the result of benefits not being paid out for five years – while eventually benefits will exceed premiums collected – even Democratic Senator Kent Conrad called the CLASS program a ponzi scheme of the first order; \$398 billion in claimed savings from the Medicare Hospital Insurance Trust Fund are double-counted to pay Medicare benefits and to be used for other programs; \$115 billion in new government spending needed to implement the law were not counted in initial estimates; and \$208 billion for the fix to avoid pending Medicare payments reductions to physicians were not counted.

CBO warns that the current trajectory of federal borrowing is unsustainable and could lead to slower economic growth in the long run as debt rises as a percentage of GDP. The federal debt is currently over \$14 trillion. The total federal deficit rose from \$455 billion in FY2008 to \$1,413 billion in FY2009, and is estimated to be \$1,342 billion for FY2010. A realistic assessment is that Obamacare will exacerbate our nation's debt.

At a time when unemployment is at record highs (currently 9.4 percent nationally and 9.2 percent in New Jersey), Obamacare will cause significant job losses for the U.S. economy. The National Federation of Independent Businesses (NFIB) found that the mandate for employers to provide health insurance could lead to the elimination of 1.6 million jobs through 2014, with 66 percent of those jobs coming from small businesses. Two-thirds of new U.S. jobs are created by small businesses and even President Obama has called small businesses the “backbone of our Nation’s economy.” However, Obamacare hurts small businesses with mandates, new taxes, onerous paperwork burdens, and higher health care costs.

Rather than reducing the costs of health care, Obamacare will increase total health care spending by \$311 billion over the next ten years over what it would have been absent Obamacare, according to Medicare’s chief actuary.

Obamacare requires employers with 50 or more employees to provide government-approved health care, and to pay a \$2000 penalty per employee (after the first 30 employees) if they do not provide coverage. Perversely, the small business tax credit in the law, with the purpose of aiding small businesses, actually will act as a disincentive to small business owners who otherwise might increase wages and hire additional workers. The small business tax credit is only temporary, and, additionally, it starts to phase out for companies that pay their employees more than \$25,000 or

employ more than 25 workers. Many business owners, particularly in high cost states, would get no benefit. CBO estimated that only 12 percent of small business workers would benefit.

The law also has an onerous requirement for businesses to file a report with the IRS for every vendor with which it has more than \$600 in transactions in a year. This will be an enormous paperwork burden on all businesses, but may be particularly troublesome for small businesses to comply.

Mister Speaker, for the first time ever, Obamacare forces Americans to acquire an approved health plan or pay a stiff penalty—like they committed a crime. The penalty is significant—the greater of \$750 per person per year (up to \$2,250 per family) or 2 percent of household income. No person in America should be coerced into buying medical insurance. Just this week, a motion was filed to add six additional states to the lawsuit, which is challenging the healthcare reform law as unconstitutional because of the law’s individual mandate requiring the purchase of health insurance. Twenty-six states are now part of that lawsuit. Virginia had filed a separate lawsuit on similar grounds, and last month received a favorable ruling.

Under Obamacare, premiums for non-group family insurance will increase by as much as \$2,100 per year. The CBO estimated that by 2016, premiums will increase by 10-13 percent over what would happen without the law.

Obamacare, which directs reductions of more than one-half trillion from Medicare, will take away certain benefits from seniors citizens and disabled persons. Medicare Advantage is used by over 11 million people nationwide including 15,983 people in my Congressional district alone. Obamacare's \$206 billion in cuts to Medicare Advantage plans will result in millions either losing that coverage or being denied the opportunity to enroll in a Medicare Advantage plan. Further limiting patient choice, actuaries at the Centers for Medicare and Medicaid Services warned that Medicare cuts in the law are so drastic that providers might end their participation in the program. So much for the President's promise that if you like your health plan, you can keep it; no you can't! And so much for his promise that if you like your doctor, you keep seeing your doctor; you might not be able to.

Obamacare also will add more than 16 million people to the Medicaid program, which - in addition to threatening the participation of physicians in the program that reimburses doctors only 56 percent of the market rate for medical procedures - also further endangers already strained state budgets.

On January 7, 2011, 33 Governors and Governors-elect wrote to the President, HHS Secretary Sebelius, and leadership in Congress regarding the excessive constraints placed on the states by healthcare-related federal mandates. The Governors note that the federal requirements will force states to cut other

programs, such as education, in order to fund a "one-size-fits-all" approach to Medicaid.

Additionally, Obamacare fails to institute real medical liability reforms to end junk lawsuits and curb the costs of defensive medicine—these have long been identified as significant forces in driving up health costs.

Finally, it is a tragic flaw that, even though President Obama told a joint session of Congress that "no federal dollars will be used to fund abortions, and federal conscience laws will remain in place," his legislation constitutes the largest expansion of abortion since *Roe v. Wade* itself, and makes a mockery of that pledge.

Repeal of Obamacare will pave the way for implementation of better health care solutions that will lower costs, increase access, and improve quality without destroying jobs or bankrupting our government.

Goals of responsible health care reform should be to provide credible health insurance coverage and access for everyone, strengthen the health care safety net so that no one is left out, and incentivize quality and innovation, as well as healthy behaviors and prevention. Indisputably, the private health insurance market has to be reformed to put patients first, and eliminate denials of pre-existing conditions and lifetime caps and promote portability between jobs and geographic areas, including across state lines. Reform should also include revision

of the tax code to promote affordability and individual control. Medicare reforms are necessary to make it more efficient and responsive, with sustainable payment rates.

Of course, responsible health care reform will respect basic principles of

justice: it will put patients and their doctors in charge of medical decisions not insurance companies or government bureaucrats. It will also ensure that the lives and health of all persons are respected regardless of stage of development, age or disability.