

WHICH SIDE ARE THEY ON?

October 2008

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**HEALTH CARE
FOR AMERICA
NOW!**

Health Care for America Now! ("HCAN"), a section 501(c)(4) issue advocacy organization, is a broad coalition of nonprofit and political organizations that are working to promote quality, affordable health care for all Americans. HCAN and each of its members conducts and funds only activities appropriate to its tax and election law status. This statement was not funded or endorsed by HCAN's 501(c)(3) members.

1825 K Street, Suite 400, Washington, DC 20006
Info@healthcareforamericanow.org

Tim Walberg...



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A report by

**HEALTH CARE
FOR AMERICA NOW!**

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Which Side Are You On? Michigan's 7th District

Summary

Health Care for America Now (HCAN) sent the candidates in the race for Michigan's 7th Congressional District a sign-on form asking, "Which Side Are You On." Are they on the side in support of quality, affordable health care we call can count on? Or are they on the side that advocates leaving us alone to fend for ourselves in the complicated, unregulated insurance market? Republican Congressman Tim Walberg responded with a letter dated September 25th 2008 declining to sign the HCAN statement. Democratic Candidate Mark Schauer sent HCAN a sign-on saying that he is committed to quality, affordable health care for all.

By declining to sign the HCAN statement Congressman Walberg has made it very clear that he is on "the other side"—the side of leaving us alone to fend for ourselves in the complicated, unregulated insurance market.

Tim Walberg has been consistently on the side of the special interests of the insurance and pharmaceutical companies. He has voted against expanding coverage to children and bringing drug costs down for seniors by allowing Medicare to negotiate prices with manufacturers. He voted for a bill that virtually eliminates the ability of states to regulate health insurance practices, and he supports Health Savings Accounts which shift the risk of health care costs from insurance companies on to individuals and families.

What Is HCAN?

Health Care for America Now (HCAN) is a national grassroots campaign organizing millions of people in America to win a guarantee of quality, affordable health care for all.

We are grounded in organizations that can mobilize people at work, at home, in their neighborhoods, and online. We're bringing together more than 275 organizations that represent community-based groups, nurses, doctors, small business owners, faith-based groups, groups representing people of color, and seniors who believe it's time we had an American solution that provides quality, affordable health care for everyone.

We're offering a bold new solution that gives you real choice and a guarantee of quality coverage you can afford: keep your current private insurance plan, pick a new private insurance plan, or join a public health insurance plan.

And it is time to make the guarantee of health insurance coverage real. We need Congress to enact legislation that will guarantee coverage that is affordable to families, with benefits that meet our families' health care needs. We need Congress to prohibit abusive insurance company practices and give patients the peace of mind to know that their health care coverage is going to be there when they need it.

There is a huge divide between our plan and Tim Walberg's plan for health care reform. We want to make sure you have the quality coverage you need at the price you can afford. He wants to leave you alone to fend for yourself in the unregulated, bureaucratic health insurance market.

Our plan is affordable for people *and* business. His plan is profitable for insurance companies. With weak regulation, health insurance companies can and will charge whatever they want, set high deductibles, and continue to drop coverage when you get sick.

“Which Side Are You On?” Campaign

HCAN's first step has been to ask "Which side are you on?" We want individuals, organizations, and elected officials to sign on in support of our vision of health care reform. We see our side as being in support of quality, affordable health care we all can count on. We see the other side as any solution that advocates leaving us alone to fend for ourselves in the complicated, unregulated insurance market.

Our Side

I'm for a guarantee of quality affordable health care for all.

- We need coverage that meets our families' health care needs and is affordable, based on a sliding scale.
- We need government to be an advocate for us and set and enforce the rules so insurance companies put our health care before their profits.
- We need to be able to keep the health care that we have, and we need the choice of a public plan so we're not left at the mercy of the same private insurance companies that have gotten us into this mess.
- We need quality, affordable care we **all** can count on.

Other Side

I'm for leaving us on our own to buy private health insurance.

- I'm for leaving us to fend for ourselves in the complicated private insurance market.
- I want insurance companies to be able to sell bare-bones plans with high deductibles.
- I want to start paying income taxes when my employer pays for health coverage.
- I don't want any regulations on private insurance so they can keep denying coverage for pre-existing conditions and raising rates on the sick.
- And I don't want any limits on health insurance company premiums or profits or on how much drug companies can charge for prescriptions.

HCAN sent the candidates in the race for Michigan’s 7th Congressional District a sign-on form to let us know which side they are on (see Appendix 1):

- The Democratic candidate, **Mark Schauer**, signed on in support of HCAN’s vision for quality, affordable health care we all can count on.
- The Republican candidate, **Tim Walberg**, did not respond.

Since Mr. Walberg did not respond to our request, we looked into his record, and it became very clear why he did not answer our simple question. As the current Congressional Representative for Michigan’s 7th District, his record shows he is on “the other side”—the side of leaving us alone to fend for ourselves in the complicated, unregulated insurance market.

Tim Walberg’s Record on Health Care

| Issue | Tim Walberg’s Record |
|--|---|
| Will He Guarantee Coverage for All? | <ul style="list-style-type: none">• Voted against the SCHIP (State Children’s Health Insurance Program) reauthorization and expansion bill that would have covered 10 million children in America at the cost of \$35 billion, mostly paid for by an increase in tobacco taxes. |
| Will He Make Health Care Affordable? | <ul style="list-style-type: none">• Voted against allowing Medicare to negotiate for lower drug prices.• Co-sponsored a bill that expanded Health Savings Accounts which burden individuals with high health care costs. |
| Will He Make Sure You Are Covered for All Necessary Benefits? | <ul style="list-style-type: none">• Co-sponsored and voted for bills that would allow insurers to drop important benefits mandated in different states. |
| Will He Make Sure You Are Protected from Insurance Company Bad Practices? | <ul style="list-style-type: none">• Co-sponsored bills that virtually eliminate the ability of states to have strong health insurance protections for consumers and patients. |

What Does Tim Walberg’s Record on Health Care Mean to You?

Will He Guarantee Coverage for All?

By voting against the SCHIP expansion, Tim Walberg has shown he is not willing to guarantee access to health care coverage even to one of our most vulnerable populations: children.

BACKGROUND: The State Children’s Health Insurance Program (SCHIP) was enacted by Congress in 1997 to increase health insurance coverage for low-income children. At the time, 75

percent of uninsured children lived in a family with at least one parent who worked full-time, and 90 percent had a parent who worked either full or part-time. Their families either were not offered job-based health insurance or could not afford to buy the insurance that was offered. The SCHIP program gave states a total of \$40 billion over 10 years to provide health coverage for these children, who lived in families that earned too much to qualify for Medicaid, but not enough to afford private insurance. In 2007, the program was up for reauthorization by Congress. Many in Congress were fighting to reauthorize the program and expand it to cover more uninsured children because insurance coverage does matter. In just one example of how much it matters, a study by Families USA (February 2007) found uninsured children admitted to a hospital due to injuries were twice as likely to die while in the hospital as their insured counterparts.

ON THE RECORD: Tim Walberg voted against the State Children's Health Insurance Program Reauthorization bill (HR 976) on September 25, 2007 and on October 25, 2007 (HR 3963). He voted against overriding President Bush's veto of the reauthorization legislation on October 18, 2007 (HR 976) and again on January 23, 2008 (HR 3963).

Will He Make Health Care Affordable?

By voting against allowing Medicare to negotiate lower drug prices with pharmaceutical companies, Tim Walberg has shown he is not willing to take on big PhRMA to ensure that older Americans and people with disabilities can get the medications they need at a price they—and we the taxpayers—can afford.

BACKGROUND: In 2003, Congress passed the law that added a drug benefit to Medicare, but prohibited the government from negotiating with drug manufacturers for lower prices. The Medicare drug benefit (Part D) is only available through private insurers which individually negotiate drug prices for their members. Many in Congress have been working to eliminate that prohibition and allow Medicare to use its substantial market power—43 million people have Medicare—to lower drug prices under Part D.

A study released by the Institute for America's Future in April 2007 found that allowing Medicare to negotiate lower prices could save \$30 billion a year. In addition, according to a report released by Democrats on the House Oversight and Government Reform Committee, the Medicare prescription drug benefit, which relies on private insurers, pays more than 30 percent more for comparable prescription drugs than Medicaid does, accounting for \$3.7 billion in increased costs—and increased PhRMA profits—over two years. "The drug companies are making the same drugs. They are being used by the same beneficiaries. Yet because the drugs are being bought through Medicare Part D instead of Medicaid, the prices paid by the taxpayers have ballooned by billions of dollars," said House Oversight and Government Reform Chairman Henry Waxman.

ON THE RECORD: Tim Walberg voted against the Medicare Prescription Drug Price Negotiation Act (H.R. 4) on January 12, 2007.

By supporting Health Savings Accounts, Tim Walberg has shown that he believes you should take on more of the cost of your health care.

BACKGROUND: Health Savings Accounts (HSAs) are tax sheltered savings accounts coupled with high-deductible health insurance policies. They are being promoted by President Bush, John McCain, and other conservatives in Congress who argue that sky-rocking health care costs can be controlled if you are forced to pay more out of pocket for your health care.

HSAs fit well into that philosophy because they can force you to pay a lot. In 2008, the high-deductible plans associated with HSAs can have an annual limit on out-of-pocket expenses for in-network services as high as **\$11,200 for family coverage** (\$5,600 for individual coverage). That maximum does not include any care the person gets from out-of-network providers or any care for which the plan denies coverage so the annual out-of-pocket costs can be much higher. However, in 2008, HSA members can only deposit up to \$5,800 for family coverage (\$2,900 for individual coverage) into the account.

According to Families USA, for many health consumers, HSAs will increase out-of-pocket costs and complexity: "Insurance companies and banks have marketed high-deductible health plans that can be used with Health Savings Accounts (HSAs). Marketers promise employers and individuals that high-deductible plans will save money on health insurance costs and that HSAs can accumulate tax-free savings with interest to use for future health care needs. While these features may be attractive at first glance, a closer look shows that high-deductible health plans represent a tremendous gamble and may impose significant financial burdens on people who get sick."

In addition, a study published in the *Journal of General Internal Medicine* (March 2007) by Harvard Medical School researchers finds that high deductible health insurance plans are unfair to women. Because of routine medical exams, women pay an average of \$1,000 more than men on health care. The study's author sums up: "High-deductible plans punish women for having breasts and uteruses and having babies."

Furthermore, a report by the Center on Budget and Policy Priorities (June 12, 2006) found that HSAs are unlikely to reduce overall health care expenditures to any significant extent. The analysis also finds that to the limited extent HSAs may cause some modest reduction in health care spending, any such reduction is likely to result in no small part from individuals—particularly those with lower incomes—forgoing cost-effective medical services including primary care, prescription drugs, and preventive services.

ON THE RECORD: Tim Walberg co-sponsored the Promoting Health for Future Generations Act of 2007 (H.R. 2639) to expand access to Health Savings Accounts, on June 28, 2007.

Will He Make Sure You Are Covered for All Necessary Benefits and Are Protected from Insurance Company Bad Practices?

By voting to allow insurance companies to circumvent state health insurance protections and mandated benefits, Tim Walberg has shown that he is against government acting as a watchdog of profit-driven health insurance companies and in favor of leaving you at the mercy of these companies. He wants the insurance companies to decide what benefits they are willing to cover without much oversight.

BACKGROUND: States are the primary regulator of health insurance. The rules vary across states and also vary based on individual, small, or large-group markets. The Employee Retirement Income Security Act of 1974, or ERISA, bars states from regulating employer-sponsored health plans. As a result of this federal law, coverage provided by employers that self-fund (i.e., pay for their share of employee health care costs out of their own general assets) is not subject to any additional insurance regulation by the states. Therefore state laws generally apply to small-group policies sold to small employers with less than 50 employees and to policies sold to individuals.

In general, state laws are more comprehensive than federal laws, and therefore, workers whose coverage is fully insured often have broader legal protections that temper the effects of medical underwriting. Almost all states, for instance, provide limits on the amount by which all small group health insurers in the state can vary the premiums among small employer groups for the same coverage. In at least 10 of these states, insurers cannot consider health status at all in setting a small employer group's premiums (called community rating). In addition, many states require insurers to cover certain conditions or providers. States may also enact other laws such as those that require insurers to permit physicians to make standing referrals and to have adequate provider networks.

Currently, health insurers are licensed in each state in which they operate and are subject to the insurance laws of those states, including laws regarding access to coverage, premiums, and scope of coverage. Proposed legislation such as the Health Care Choice Act of 2007 (H.R. 4460) and the Small Business Health Fairness Act of 2007 (H.R. 241) allow insurers to circumvent state health insurance regulations.

The Small Business Health Fairness Act of 2007 (H.R. 241) creates Association Healthcare Plans (AHPs) which are group health plans that would be exempted from state insurance regulations and consumer protections.

The Health Care Choice Act allows health insurers to be licensed in the state of their choice and sell policies to people in other states without adhering to the standards that would otherwise apply to them in each state. That gives insurers virtually unfettered discretion in their practices. This approach would mean that each insurer operating in a state could be subject to dramatically different standards. This will further fragment the health insurance market and eviscerate the viability of markets that guarantee access, restrict premiums, limit coverage exclusions, and/or mandate benefits, especially in states such as Maine, Massachusetts, New Jersey, New York, and Vermont which have the most comprehensive consumer protections. It will likewise undermine the laws of other states that have some protections and effectively bar these and other states from strengthening any protections.

Neither of these bills recommends any new national standards with which the plans must comply. Your choices in insurance policies could dwindle down to those that offer only bare-bones coverage at increasingly higher costs.

According to the Drum Major Institute for Public Policy, “by exempting AHPs from state regulations, studies indicate that this bill would increase average health care costs for small businesses and reduce the number of workers with health insurance. For example, state laws prevent insurance plans from cherry-picking only the healthiest people for insurance coverage, allowing businesses with relatively healthy employees to join for less money, while charging higher rates to those with older and sicker workers. Exemption from these laws would destabilize the health care marketplace: state-regulated health care plans would see their healthy workers siphoned off to the AHPs, leaving them with a disproportionate number of older and sicker employees who are more expensive to cover. Health care premiums for all small businesses except those with the healthiest workforce would soar, and companies unable to cope with the increased costs would leave their employees at risk of becoming uninsured. For this reason, the Congressional Budget Office has projected that AHP legislation, if enacted, would result in higher premiums for four out of five small employers.”

Even the National Small Business Association (NSBA) is against AHPs. Todd McCracken, NSBA president said, “AHP legislation would likely increase premiums for small employers and their workers, and make it much harder, if not impossible, for small business owners with older, sicker workers to get access to affordable health coverage. We need a better solution for small businesses. This is not the answer.” (February 22, 2005)

The National Governors' Association also came out against these types of plans writing that they “would seriously undermine states’ ability to provide their citizens with access to affordable health insurance coverage by exempting AHPs from important state regulations. The legislation would raise already skyrocketing health care premiums on our most vulnerable populations while watering down states’ existing financial oversight and consumer protection measures.” (May 11, 2004)

AHPs and “pick-your-regulator” provisions are central to McCain’s health reform proposals, which would push more people into the individual health insurance market and allow insurance companies in the individual market to circumvent state regulations. In an article in the September/October edition of *Contingencies*, John McCain writes, "Opening up the health insurance market to more vigorous nationwide competition, as we have done over the last decade in banking, would provide more choices of innovative products less burdened by the worst excesses of state-based regulation."

What are some of state-based regulations that Michigan residents could lose if health insurance companies are allowed to circumvent state insurance regulations?

- **The right to have your health insurance denial, regardless of claim size, reviewed by an outside entity** and have the outside reviewer’s decisions be binding. Without this right, you can only appeal the plan’s decision to deny you care or payment to the plan itself.
- **The protection of requiring that health insurance companies complete their medical underwriting review during the application process.** Without this protection, an

insurance company can look back at your medical history when you need costly care and decide you should never have gotten the policy in the first place. The company can then retroactively rescind (cancel) your policy, leaving you with hefty medical bills. ABC News reported that according to the insurance industry's own estimate, thousands of rescission investigations into policyholders occur every year, and most of them lose all their coverage as a result. "These incidents are hardly isolated and random—they are part of a pattern, a prevalent practice in this industry," said Connecticut Attorney General Richard Blumenthal ("Battling Blinding Disease and Insurance Company," ABC News, June 18, 2007).

- **The right to appeal to the state if an insurance company cancels your health insurance policy.** Without this protection, you have no recourse should your health insurance decide to cancel your policy just when you need it most.

What are some of state-based mandated benefits that Michigan residents could lose if health insurance companies are allowed to circumvent state insurance regulations?

- Coverage of breast cancer screenings (mammography).
- Coverage of diabetes management supplies.
- Coverage of ambulance services.
- Coverage of emergency services.
- Coverage of care received from psychologists, occupational therapists and chiropractors.

ON THE RECORD: Tim Walberg co-sponsored the Health Care Choice Act of 2007 (H.R. 4460) on March 3, 2008. He also co-sponsored the Small Business Health Fairness Act of 2007 (H.R. 241) on March 27, 2007.

Campaign Financing

Why does Tim Walberg consistently stand on the side of leaving us alone to fend for ourselves in the complicated, unregulated insurance market? Take a look at who is financing his campaigns and decide for yourself.

Throughout his political career Tim Walberg has received:

- \$38,100 from Insurance Industries
- Health Total: \$70,514 = \$32,500 from PACs and \$38,014 from Individuals.

APPENDIX 1: “WHICH SIDE ARE YOU ON?” SIGN-ON FORM

HEALTH CARE FOR AMERICA NOW!

It's time for an American solution that will guarantee our families' health and a healthy economy. The first order of business for the new President and Congress in 2009 should be health care legislation that guarantees quality, affordable health care for all.

We all agree that the longer we wait to fix our broken health care system, the harder it will be for us to get the health care we need. **BUT WHAT KIND OF SOLUTION DO WE WANT?** A solution in which all of us – individuals, employers, and government – share responsibility for guaranteeing access to health care we all can count on? Or a scenario in which we are on our own when it comes to getting health care? **WHICH SIDE ARE YOU ON?**

Which Side Are You On?

On your own to get health insurance

- Coverage and care for everyone in our nation are *not* guaranteed.
- Discourages employers from providing health benefits for workers, leaving more and more people on their own with the insurance companies.
- For the first time, people would pay income taxes on health insurance benefits paid for by their employers.
- Individuals and families would receive a tax credit that would pay for about one-quarter to one-half of the cost of health insurance that they purchase on their own.
- **No** requirements that health insurers have standard benefits. Health insurance companies could charge high deductibles – as much as \$10,000.
- **Nothing** to stop abusive insurance company practices, like refusing to cover pre-existing conditions, denying or delaying claims or restricting your choice of doctors.
- **No** choice of a public health insurance plan as an alternative to private health insurance.
- **No** controls on insurance company premiums or profits or on how much drug companies can charge for prescriptions.
- Health insurers will be able to sell policies across state lines, leaving people without the protection of their state laws.

I'm on this side.

Signature: _____

Name: _____

Date: _____

Quality, affordable health care for all

- Guaranteed coverage and care for everyone in America.
- Affordable coverage and care, with premiums and out-of-pocket costs based on a family's ability to pay.
- Everyone gets a choice of health insurance plans, including the right to keep your current insurance, choose another private plan or to join a public health insurance plan.
- Standard, comprehensive benefits, with a choice of providers, that meet our families' health care needs – from preventive care to care for serious illness.
- Equity in health care access, treatment, research and resources to people and communities of color and strengthening health services in low-income communities.
- Coverage that is predictable and affordable for working families, retirees, small businesses, and other employers.
- Government sets and enforces rules on insurance company practices and charges, requiring them to put our health care before their profits.
- Controls costs while improving quality, with measures such as: lowering administrative expenses, investing in preventive care, actively managing disease, setting standards for performance, reducing medical errors, and using the public's purchasing power to lower drug and other prices.

I'm on this side and I oppose the other side's "on your own" proposals.

Signature: _____

Name: _____

Date: _____