

Viewer's Guide To Republican Ideas At The Health Summit



GOP CLAIM 1: Tort reform will significantly lower health care spending.

FACT: According to the Congressional Budget Office, malpractice costs are [not the main driver of health care spending](#) and the GOP's prescription of capping non-economic damages has failed to reduce premiums on the state level. Indeed, states that have adopted reward caps have failed to significantly lower health care costs. When Texas capped non economic medical malpractice damages to [\\$250,000 in 2003](#), most conservatives argued that the reform would free doctors from having to prescribe unnecessary treatment. [It didn't happen](#). According to the Dartmouth research on disparities in health care spending, many Texan doctors are [still prescribing aggressive treatments](#) that don't improve outcomes and premiums continue to increase. In fact, as of 2006, Texas was still at the top of the list of [high-spending states](#).

GOP CLAIM 2: Selling insurance across state lines will promote competition among insurance companies and lower premiums.

FACT: Selling policies across state lines would allow an insurer to choose a single 'primary state' "whose covered laws shall govern the health insurance issuer" and sell its policies nationwide. This will encourage companies to choose a state with scarce regulations and sell policies that don't provide mental health parity, cancer screenings, or abide by regulations that limit the rates that can be charged to higher-cost consumers. In fact, the GOP house health bill requires a "health insurance issuer" [to issue a "notice"](#) informing consumers that policies sold from other states are "[not subject to all of the consumer protection laws](#) or restrictions on rate changes" of the state where the beneficiary lives. The Republican proposal also [expands the definition of 'state'](#) to not only include the District of Columbia and Puerto Rico, but the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands. This would allow the governments of the Virgin Islands or the Northern Mariana Islands to be the sole regulators. Given the record of corruption and general willingness of these countries to allow themselves to be used for off-shore banking and tax shelter entities, it is unlikely that these governments would provide effective oversight for market conduct, trade practices.

GOP CLAIM 3: Everyone will have "universal access" to insurance. Individuals who cannot purchase insurance in the individual market can be covered by high risk pools that states will be required to establish.

FACT: Nationwide, high-risk pools cover [fewer than 200,000 people](#). Often, enrollees face high premiums and are denied benefits for treatments related to their preexisting conditions. Covering all high-risk Americans through these pools is likely to be prohibitively expensive. According to a

2008 report from the Tax Policy Center, using high-risk pools “to prevent large losses in insurance coverage among the sick and needy could be extremely expensive—[on the order of \\$1 trillion](#) over ten years given projected health care costs.”

GOP CLAIM 4: Americans can find cheaper coverage in the individual market.

FACT: It’s not likely. Premiums can be higher in the individual market because administrative costs make up a considerably higher share of the premium. Non-group administrative costs [equal 35% to 40% of the benefits](#), while the largest employer groups’ administrative costs are less than 10%. A more extensive underwriting process, the marketing costs (selling coverage person by person), and the risk premiums that insurers add to discourage high-cost enrollees [contribute to the higher premiums](#).

GOP CLAIM 5: Americans can purchase quality insurance in the individual health insurance market.

FACT: Some can, but most can’t. Insurers that sell policies in the individual market-place usually deny coverage to older Americans with pre-existing conditions or those at risk of developing chronic disease. In fact, over the last three years, “nearly [three-quarters of people](#) who tried to buy coverage in this market never actually purchased a plan, either because they could not find one that fit their needs or that they could afford, or because they were turned down due to a preexisting condition.

GOP CLAIM 6: Businesses can reduce health care costs by purchasing insurance through associations.

FACT: Associations often avoid covering sicker businesses by [excluding key conditions from coverage](#) and design policies aimed towards attracting healthier applicants. The association would not be required to offer a minimum benefits package, and could set contribution rates based on [“claims experience of the plan.”](#) This not only blocks a substantial number of employees from comprehensive coverage, but ensures that those employers whose employees actually utilize insurance will eventually be crowded out of coverage.