

With a huge pen and sharp scissors (11/30/09)

Dr. Bob Graboyes, Senior Fellow for Health and Economics
NFIB Research Foundation | 1201 F Street NW, Suite 200 | Washington, DC 20004
202.314.2063 | bob.graboyes@nfib.org | www.NFIB.com/DrBob

Washington Post: How would you amend Majority Leader Harry Reid's bill?

Let's start on a positive note: the Senate Finance Committee worked hard to try to make its bill palatable to small business. A number of business-friendly provisions made their way into the Majority Leader's bill. The SHOP health insurance exchanges come to mind; so do insurance market reforms and some opportunities for individual choice in health insurance.

The Senate bill is not the hopelessly unsalvageable House bill. That said, its good points are still greatly overshadowed by its negatives. It will take a lot of work to make the Senate bill acceptable to small business. But since you ask, here's a holiday wish-list:

- More effort to get costs down without damaging quality of care. Wider coverage is great, but cost-cutting has to be up and running from Day One.
- Get rid of the public option. This time-wasting afterthought of an idea would wreck private insurance markets and do nothing to bring costs down.
- Lose the employer mandates. Employer mandates are still job-killers, and exemptions don't change that fact.
- Reduce the torrent of red-tape that the bill wraps around small business.
- Stop the erosion of consumer-driven health insurance products like HSAs, HRAs and FSAs.
- Chuck the accounting tricks so Americans properly compare costs and benefits. A prime example is starting costs in 2010 but delaying reforms till 2014. Another is the now-you-see-it, now-you-don't doc fix.
- Eliminate the CLASS Act - an enormously expensive new entitlement rising up as Medicare and Medicaid are sinking financially.
- Consider seriously the impact a rapid swelling of Medicaid will have on states and the taxpayers (including small business) in those states.
- Add in some real medical liability reform. This issue takes a terrible toll on the doctor-patient relationship, and there's little evidence that our tort system does much to improve health.
- Do more to permit Medicare to shift out of its rusting fee-for-service reimbursement system that increases costs and diminishes quality.
- Index taxes (e.g., the high-cost policy excise tax and the Medicare payroll tax increase) to inflation to avoid creating more AMT-like monstrosities.
- While we're on the Medicare payroll tax expansion, how about if we forget about it altogether? Payroll taxes -- even restricted ones -- diminish the incentive to create jobs. There is also a slippery slope aspect to this tax in that, for the first time, funds collected for Medicare will be diverted to other uses.
- Stop adding tax inequities that further burden small business. A prime example is the insurer tax that falls mostly on the fully insured market.
- Give tax parity to those getting insurance through the group and individual markets, and make sure that the self-employed enjoy this parity, as well.