

# Health Insurers: Baucus Bill Would Make The Mess Worse

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WASHINGTON BUREAU -- Implementing the taxes proposed in the Senate Finance Committee health reform proposal would increase the cost of health care by 14% over the next 5 years, America's Health Insurance Plans says.

AHIP, Washington, is using that figure, and the analysis by PricewaterhouseCoopers L.L.P., New York, that produced it, to try to push for changes in the proposal, the America's Health Future Act bill draft.

Over the weekend, AHIP launched advertisements condemning the proposal. The proposal, a "chairman's mark," was developed under the direction of Senate Finance Committee Chairman Max Baucus, D-Mont.

The draft bill would impose new taxes on health insurers, prescription drugs and medical devices in order to pay for coverage of the uninsured.

AHIP launched its attack as the Senate Finance Committee prepared for a Tuesday vote on the bill.

But AHIP President Karen Ignagni says AHIP is still serious about wanting to reform the U.S. health care system.



Today, when AHIP unveiled the PricewaterhouseCoopers analysis, Ignagni said she will suggest ways that the Senate Finance Committee can change the AHFA proposal to accomplish the committee's goals without increasing the cost of health care.

Congress should continue to push for the original goal of the health reform effort, which is to hold down costs, Ignagni said.

PricewaterhouseCoopers says the current version of the AHFA bill would impose "insurance market reforms and consumer protection that would raise health insurance premiums for individuals and families if the reforms are not coupled with effective coverage requirements."

The Senate Finance bill does not expand coverage mandates, and it does not impose strong enough penalties for lack of coverage to reduce overall costs for everyone, AHIP says, citing the PricewaterhouseCoopers analysis.

Controlling the current 6% annual growth in health costs will require "restructuring and realigning the incentives in the system," AHIP says.

According to PricewaterhouseCoopers, the cost of private health insurance coverage would increase:

- By 26% between 2009 and 2013 under the current system, and by 40% during the same period if the major AHFA provisions were implemented as written.
- By 50% between 2009 and 2016 under the current system, and by 73% during the same period if the major AHFA provisions were implemented.
- By 79% between 2009 and 2019 under the current system, and by 111% during the same period if the major AHFA provisions were implemented.

Agents also are criticizing the "revenue raiser" provisions in the AHFA proposal.

"The taxes imposed on insurance companies in the Senate Finance bill are certain to be passed on to consumers," says Joel Kopperud, government relations director at the Council of Insurance Agents and Brokers, Washington. "They encourage employers to cut ancillary benefits to avoid crossing the tax threshold, and even the Congressional Budget Office says that the proposed fees will result in higher premiums."