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**Effects of Compromising PPACA by Repeal or
Defunding Its Implementation**

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Mr. Chairman, distinguished Representatives, and attendees,

Today, I will talk about the deleterious effects of repealing the Patient Protection and Affordable Care Act (PPACA) or defunding the PPACA legislation as in HR 1. PPACA was recently passed to reduce the number of those uninsured and to improve our problematical and inefficient health care system--a system that has given us the highest costs and the worst health outcomes among the developed nations of the world. I will do this, first, by commenting on some of the most significant provisions of the legislation that will be denied our citizens should repeal or defunding be sustained, second, by focusing on the consequences of our unsustainable costs, and, third, by suggesting how we can learn to contain these costs.

My first point: compromising PPACA will have its most dramatic effect by denying insurance coverage to 32 million people. Being uninsured will lead to more than the 45,000 deaths annually, as the number of uninsured grows each year. Much of the costs of care provided to those who are uninsured are passed on to all those insured, contributing to the ever rising cost of health insurance. For example under repeal, all young medical students I teach, who now are covered by their parents' insurance, will suddenly lose their insurance as access to family coverage till age 26 disappears. More significantly, many of those with preexisting conditions will again be denied insurance. All insured will suffer a loss of the value of their insurance, as the medical loss ratio, the amount of premium used for health care decreases below 80-85%. More people will enter medical bankruptcy as limits of annual and life time payments, prohibited by the legislation, are reached. More insidiously, as less is paid out for medical care and as premiums rise, the content of health insurance will be reduced – fewer preventive services paid for, more limited drug availability, and less institutional care provided. Most unfortunately, the higher out-of-pocket costs for care through rising deductibles and coinsurance will force employees to select insurance that provides fewer benefits. Employers, in turn, concerned about their rising health care costs, will offer insurance options with lower cost and benefits.

Already, only 58% of employers offer health insurance to their employees, down from 87% and certain to fall further. This makes group insurance, the more affordable type of insurance, available to even fewer. Of those adults with insurance, 15% - and rising each year, have high deductible high out of pocket cost insurance – they are underinsured even though insured.

Such barriers to adequate health insurance, has its consequences. Those who pay more out-of- pocket delay care: They are diagnosed with disease in a later state. They do not benefit from needed continuous medical therapy for the common chronic diseases, such as diabetes, hypertension, heart disease, and even cancer. They develop avoidable complications of these diseases.

And when bankrupt by the costs of uninsured care, they become eligible for Medicaid. As a consequence, states, now economically stressed, have ever more and sicker than necessary people entering the Medicaid program, exacerbating state fiscal crises. In many states, Medicaid is the state's greatest and least controllable expenditure. In addition, people uninsured before eligibility for Medicare experience higher expenditures than others for at least 5 years after entering the program. They thus compromise the fiscal well being of Medicare for all workers contributing to Medicare and all Medicare beneficiaries. Further, repealing PPACA will mean that the additional costs of Medicare Advantage, 9-13% higher than for those in

traditional Medicare, will further erode the Medicare Trust Fund. PPACA provides that costs be gradually reduced to more comparable levels.

My second point: Repealing PPACA, with its negotiated price adjustments and cost containing features, is estimated by the CBO to increase federal health expenditures by 230 billion dollars. Thus repealing the law actually increases the deficit that deficit advocates supporting HR 1 intend to address.

Avoidable health care expenditures caused by delayed care associated with barriers to insurance coverage are wasteful and also add to annual unsustainable increases in health care – averaging 6% annually twice the increase in wages. Rising healthcare costs make wages increasing beyond inflation impossible so that fewer people now share the American Dream of increasing prosperity. Already the high cost of health care not covered by insurance accounts for 65% of bankruptcies 75% of which occur among those insured. The health care liabilities of industry have precipitated bankruptcies among auto and equipment manufacturers and the airlines. To avoid health insurance costs, manufacturers have moved offshore to nations like Canada, Mexico, or Asia where health care and health insurance costs are far lower. Our nation can not afford to encourage such bankruptcies and

the loss of jobs precipitated by our national inability to contain health care costs. The critical financial situation of our states and municipalities, unable to fund their health and pension benefits, are now so dramatically in the headlines from Wisconsin, California, and Ohio. Our cities scream for redress – redress not by repeal or PPACA or defunding its implementation, withdrawing or delaying these promised benefits, but by containing costs so that obligations can be met.

The costs of care leading to more uninsured and underinsured contribute to the high mortality rates of our nation from infant mortality, now 40th among the nations of the world, to our short life expectancy at birth, the lowest among comparable developed nations. These embarrassing measures of population health obscure the more subtle failures of our health care system with relatively low rates of years without disability and of healthy years.

My third point: Continued failure to contain costs and the inability to test many of the promising cost-containing ideas of PPACA-- such as the medical home, chronic disease management, negotiated prices, and bundled payments--will ensure worsening of both our health expenditures and our health status. We must at least maintain the full benefits of existing legislation in PPACA, but must also learn from the experience of other developed nations. Other nations have been able to provide universal health

care at half our costs with better population health outcomes. I urge you to not only resist repeal or defunding current legislation, but also to learn from the experience of other nations as to how to contain costs. Other developed nations use some variation of financing through a single payer system - money collected from all to purchase privately provided health care. This mechanism to assure universal care is reflected in HR 676 - Medicare For All and would save us at least 200 billion in administrative costs alone. . Only with such legislation can we continue to compete, to thrive, and to attain the health status of other developed nations.