

**November 7, 2009**

**WASHINGTON, DC**—Rep. DeFazio (D-Springfield) today voted to bring relief to millions of Americans one catastrophic illness or accident away from personal bankruptcy. H.R. 3962, the Affordable Health Care for America Act, which passed the House of Representatives, reduces the deficit, provides stability and security for Americans who currently have health insurance, and an affordable, quality option for those who don't.

“This bill reforms the worst and most lucrative abuses of the insurance industry. It takes away their unfair anti-trust immunity, meaning they no longer can collude or price-fix to drive up premiums or restrict coverage. If we didn't do anything else, this will go a long way toward bringing down the cost of health care coverage,” DeFazio said.

“This bill outlaws the unfair pre-existing condition restriction and would not allow insurance companies to cancel policies when someone gets sick, even though you have paid your premiums. The bill limits annual out of pocket costs and prohibits hidden, small print lifetime coverage caps that force families into bankruptcy. It improves Medicare coverage for all Americans and improves Medicare reimbursements for Oregon's seniors and disabled. This plan isn't perfect but it is a good start towards providing affordable coverage to all Americans,” DeFazio continued.

**Prevents insurance companies from colluding to drive up costs**

DeFazio has been a leader in the fight to require the health insurance industry to play by the same rules that govern every other industry in the United States. The insurance industry has operated beyond the reach of America's anti-trust laws since the McCarran-Ferguson Act was passed in 1945. This exemption was intended to be temporary, but it has not turned out that way. DeFazio's language, which was included in H.R. 3962, **subjects the health insurance industry to** *all federal anti-trust laws and unambiguously gives the Federal Trade Commission authority to investigate and go after the offenders.*

The Consumer Federation of America has said that this action alone could save consumers 10% to 25% in insurance premiums.

### **Lowers the deficit**

Some of those opposed to the health reform bill have said it is just too expensive and will add a huge amount of money to the deficit. This is false. According to the non-partisan Congressional Budget Office, the House bill will actually reduce the deficit by \$104 billion over the first ten years (2010-2019), and will continue to reduce the deficit over the second ten year period (2020-2029).

### **Ends discrimination in the health insurance industry**

Under the bill, insurance companies would no longer be able to deny coverage to a person based on a "pre-existing condition" such as diabetes, high blood pressure or family history. Insurance companies would also no longer be able to cancel coverage because a person became ill.

### **Provides better access to YOUR doctor**

The legislation is not a government takeover of health care. It does not require anyone to take the public health insurance option. It will not get between anyone and their doctor. It will actually improve employee based coverage for 408,000 people in the Fourth Congressional District of Oregon. Furthermore, if someone does not have health insurance it will provide Affordability Credits to help buy insurance, and a New Health Insurance Exchange which provides affordable coverage options. This will make it possible for 86,000 people in Southwest Oregon who are currently not covered to get insurance. The bill also gives a 10% incentive payment to primary care doctors that serve in rural areas as well as increased payments to all primary care doctors. This is why the legislation is endorsed by the American Medical Association, the largest physicians organization in the country.

### **Does not raise taxes for 99.85% of residents in Southwestern Oregon**

One-half of the bill is paid for by targeting waste, fraud, and inefficiency in private Medicare Advantage plans and Medicaid. The other half is paid for through a surcharge on income for families over \$1 million, a tax rate half what it was during the Eisenhower era. This means 99.85% of the residents in the Fourth Congressional District will not have an increase in their taxes.

### **Improves Medicare for Oregonians**

In Oregon doctors are increasingly refusing to take Medicare patients because the reimbursement rate is so low they lose money on every patient. This is because Oregon, and 16 other states, are locked into low rates calculated using an outdated formula. DeFazio

worked to include language in the House passed health reform bill to fix this inequity. The health reform bill will actually improve Medicare for 137,000 beneficiaries in Southwest Oregon.

Not only will Oregonians have better access to doctors, that care will be more affordable. The bill eliminates all co-pays for preventative services such as screenings for diabetes, cancer and osteoporosis. It also gives educational incentives to go into primary care or to practice in rural areas to address doctor shortages in those areas.

### **Protects Medicare for the Future**

Opponents have told seniors that reform will lead to a “cut” in Medicare benefits. The bill has been endorsed by the American Association of Retired Persons (AARP) because it will make Medicare stronger and more fiscally sound for the future by eliminating billions of dollars of waste and abuse. For instance, Medicare pays up to 20% more nationally to treat beneficiaries under these for profit Medicare Advantage plans than it does under regular Medicare. Oregon administers Medicare Advantage more efficiently than most states. The bill actually provides increased incentive payments to plans that are considered “high quality” like the ones we have in Oregon.

### **Helps small businesses**

Insurance costs for small businesses have increased 129% since 2000. Small business employees pay an average of 18% more in premiums than those in large firms for the same benefits. Their deductibles are more than double. The House bill will help 20,000 small

businesses in the Fourth Congressional District – allowing them access to affordable, large-group rates, insurance plans with better benefits, and eliminating discriminatory pricing.

### **Lowers the cost of prescription drugs for seniors**

AARP found that from 2002 to 2007 the average yearly cost of prescription medications for individuals on Medicare nearly doubled. Reigning in the exploding cost of prescription drugs is essential to affordable health coverage.

Every year, millions of seniors are forced into the dreaded Medicare Part D “donut hole” that was passed by President Bush and the Republican controlled Congress. This means that any prescription medication costs accrued between \$2,700 and \$6,154 yearly will not be covered by Medicare. The House bill will immediately begin the process of eliminating this donut hole, affecting over 14,000 seniors in the Fourth Congressional District. It also provides a 50% reduction on brand name drug prices for seniors while the donut hole is being phased out.

The bill will significantly lower the costs of drugs seniors by allowing Medicare to negotiate for lower drug prices for Part D beneficiaries and by creating an FDA approval process for cheaper generic versions of expensive high-tech drugs. The Veterans Administration has negotiated rates 80% less than Medicare beneficiaries for the identical, non-generic versions of ten of the most popular drugs. In order to protect their friends in the pharmaceutical industry, the Republican congress passed legislation that specifically prohibited Medicare from negotiating for lower drug prices. Many of these drugs are used to treat serious conditions that afflict millions of seniors like rheumatoid arthritis and cancer.

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