



Paul Ryan's Health Care Plan Sells Snake Oil to America

Congressman Paul Ryan claims his health care plan (H.R. 2520) is an alternative to the approach advocated by President Obama. But beneath Ryan's glittering rhetorical promise to assure affordable health care "for every American every time" is a dangerously flawed proposal that will force millions to lose their current health insurance, and put millions more Americans at the mercy of the insurance industry. The result will be a system where insurance companies have even more power to place profit over the health care needs of average Americans. Like providing snake oil to the public in place of real medicine, Ryan's plan will make the health care crisis much worse.

The Ryan Plan Would Force Millions to Lose their Health Insurance Coverage at Work: Over two thirds of Wisconsinites under the age of 65 get their health insurance coverage through their jobs. Ryan's plan would for the first time tax employer-provided health insurance, creating a strong incentive for employers to drop coverage. According to the Center on Budget and Policy Priorities, millions of Americans would lose their health insurance benefits.¹ The Economic Policy Institute estimates that over *415,000 Wisconsinites would lose their health insurance at work* if those benefits were taxed as Ryan proposes.²

The Ryan Plan Does Not Make Quality Health Care Coverage Affordable: Ryan's plan replaces the tax exemption for employer-based coverage with a tax credit of \$2,290 for individuals and \$5,710 for families to purchase insurance on their own. These amounts are grossly inadequate except for the youngest and healthiest Americans: the average Wisconsin family group health insurance policy now costs \$13,559 while the average individual group policy costs \$4,916 per year.³

The Ryan Plan Would Put Millions at the Mercy of the Health Insurance Industry: Ryan's plan forces millions more to purchase insurance on their own from the insurance industry without seriously regulating insurance abuses. Ryan gives each state the option of voluntarily creating a health insurance exchange, where companies would have to sell policies to anyone who applied, but actually prohibits states from setting or limiting premiums, co-pays, deductibles, and annual out-of-pocket costs. Insurance companies would be free to charge discriminatory rates based on age, preexisting conditions, gender and other risk factors. As a result, only the healthy would be able to buy affordable coverage. The text of Ryan's plan says repeatedly "the market must work for every patient every time" but his plan does nothing to make this promise real.

The Ryan Plan Does not Guarantee High Quality Coverage: Unlike the plans under discussion in the House and Senate, Ryan's does not set any meaningful standards for coverage. There are vague references to hospital and ambulatory care, but no defined standard benefits. Ryan's plan sets no limits on deductibles or annual out of pocket costs. It also permits insurers to set lifetime limits on benefits, which often lead to medical bankruptcy for individuals with cancer and other severe illnesses.⁴

The Ryan Plan Would Harm Low-Income Seniors: For low income seniors who are eligible for both Medicaid and Medicare, Medicaid pays the cost of the Medicare premiums and covers additional critical services such as transportation to the doctor, home health care, vision and dental care. Ryan's bill eliminates this important benefit, likely causing low-income seniors to skip needed care. The plan also block-grants federal Medicaid funding to states for long term care (nursing homes, home care, etc.), likely leading to large reductions in services over time.⁵

The Ryan Plan Would Harm Low-Income Children: Shockingly, the Ryan plan forces low income families below 200% of poverty off Medicaid and onto the private health insurance market with inadequate subsidies and a tax credit to purchase insurance on their own. As low income individuals on Medicaid tend to be in poorer health, the premiums charged by the insurance industry for even substandard coverage would likely be unaffordable. Moreover, standard private market insurance policies do not cover many of the preventive and disease management services Medicaid offers for kids.⁶

The Ryan Plan Puts Insurance Companies in Control of Health Care Decisions: There is intense public outrage with the insurance industry practices of trying to insure only the healthy, denying legitimate claims, rescinding policies after people get sick, and charging discriminatory rates based on age, preexisting conditions, gender, and other risk factors. The strongest protections against these abuses exist in the group insurance policies created by employers and in government programs. Shockingly, Ryan's plan gives the insurance industry even more latitude to expand the most unethical practices by forcing millions more Americans currently covered by employer-based insurance or Medicaid to have to negotiate on their own with the insurance industry. The result will be a system where insurance companies decide how much to charge each person for coverage, what medical services will be covered, and what co-pays, deductibles, and benefit caps will apply to each individual or family. The deciding factor on all these decisions will be profits, not the health care needs of most Americans. This dangerous direction is in the interest of the insurance industry, but is the opposite of what most Americans would like to see.

Why Does Ryan's Plan Put Insurance Industry Profits Over the Public Welfare: Perhaps because of campaign contributions. As the *Milwaukee Journal Sentinel* recently reported, Ryan "has collected more money from the insurance industry - \$493,000 - than from any other interest group during his 10 years in Congress."⁷



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¹ Center on Budget and Policy Priorities, July 30, 2009.

² Economic Policy Institute, October 1, 2008.

³ New America Foundation, March 3, 2009.

⁴ Center on Budget and Policy Priorities, July 30, 2009.

⁵ Center on Budget and Policy Priorities, July 30, 2009.

⁶ Center on Budget and Policy Priorities, July 30, 2009.

⁷ Milwaukee Journal Sentinel, August 2, 2009.