



# Fact Sheet

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## Senate Republicans Aim to Increase Cost of Health Insurance Under Ruse of Helping Small Businesses

Senate Democrats are committed to America's small businesses, the engine of our economy, and the middle-class families who rely upon them. At a time when America's 27 million small businesses are starving for adequate access to capital and desperately seeking to hire workers and expand their businesses, Senate Democrats are pushing for passage of a fully paid-for bill that would increase access to capital, encourage investment, promote entrepreneurship, and promote small business fairness. According to the Independent Community Bankers of America, the *Small Business Jobs and Credit Act (H.R. 5297)* that the Senate Democrats are fighting for would help small business owners create 500,000 jobs. We call upon the Republicans to stop their obstruction and political posturing and join us in a serious debate to give America's small businesses and community banks the tools they need to build and sustain our economic recovery.

### *Johanns Amendment Raises Premiums, Increases Uninsured*

The changes to small business information reporting requirements proposed by Senator Johanns' amendment (**S.A. 4596**) result in reduced revenue to the Treasury, which Senator Johanns aims to pay for by gutting the Prevention and Public Health Investment Fund created by the *Affordable Care Act (P.L. 111-148, P.L. 111-152)* and by making changes to the individual responsibility policy that result in fewer Americans having health insurance and higher premiums for those who are insured. [Center on Budget and Policy Priorities, [9/13/09](#)]

The Prevention and Public Health Investment Fund provides an expanded, sustained national investment of \$15 billion over ten years for prevention, wellness and public health activities to improve health and help restrain the rate of growth in private and public sector health care costs. Of the \$2.3 trillion the United States spends on health care each year, only four cents out of every dollar is invested in prevention and public health, despite studies showing that disease prevention can effectively reduce health care spending. [CMS, accessed [9/13/10](#); Brookings, [4/07](#); Trust for America's Health, accessed [9/13/10](#)] This limited investment results in low utilization of prevention services, with studies finding that American adults receive just half of all recommended clinical preventive services. [*New England Journal of Medicine*, 2003] Reduced utilization of preventive care contributes to the more than half of all Americans who live with one or more chronic conditions,

which are responsible for seven out of ten deaths in the United States. [Milken Institute, [10/07](#); Centers for Disease Control and Prevention, [12/21/05](#)] Chronic diseases are one of the main reasons why health care costs have increased so dramatically over the past several decades. Two thirds of the increase in health care spending between 1987 and 2000 was due to increased prevalence of chronic diseases. [Partnership to Fight Chronic Diseases, accessed [9/13/10](#)] The investment in wellness and prevention can save millions of Americans needless suffering and early death and it also can save countless billions of dollars in health care costs. For example, every dollar we spend on childhood immunizations, we save \$16.50 in terms of health care and other costs. [Archives of *Pediatric and Adolescent Medicine* 2005] Overall, the return on investment in community-based prevention interventions is six dollars for every dollar invested. [Trust for America's Health, [9/09](#)] This is why funding these type of programs is crucial if we hope to slow the growth in health care costs in our country.

Already since enactment of the *Affordable Care Act*, the Prevention and Public Health Investment Fund has announced grant competitions or awarded grant funding for critical prevention and public health programs, including \$250 million to expand the primary care workforce and \$16.8 million to support Public Health Training Centers, which improve the public health system by enhancing skills of the current and future public health workforce.. [HealthCare.gov, accessed [9/13/10](#); HHS, [9/13/10](#)] Already this year, the Fund was used to help people quit smoking and fight obesity, and helped state and local governments prepare for responses to infectious diseases like the H1N1 flu. More information about additional investments in Fiscal Year 2010 is available at [HealthCare.gov](#).

The Johannis amendment guts the Prevention and Public Health Investment Fund, and we simply cannot afford to go back to an antiquated health care system that wait until Americans get sick, rather than ensuring they have access to health care that keeps them healthy.

The Johannis amendment also offsets the cost of changes to small business reporting requirements by making changes to the individual responsibility policy that, according to the non-partisan Congressional Budget Office (CBO), have the effect of reducing by 2 million the number of Americans who would otherwise have health insurance under the *Affordable Care Act*. CBO also estimates that these changes would also increase premiums for health insurance purchased through the Exchanges by as much as four percent.

The *Affordable Care Act* is built on a framework of shared responsibility to ensure that our nation's health care system works for everyone. Government, insurance companies, health care providers, employers, and individual Americans all have a vital role to play in creating a new and accountable health care system, which will only succeed if everyone does their part. Health insurance companies will stop denying coverage due to pre-existing conditions, stop charging women higher premiums than men, stop refusing to cover victims of domestic violence, stop cancelling policies when you get sick, and stop setting lifetime or annual limits on how much coverage you can have if you're seriously ill. Beginning in 2014, in order to keep the health insurance system in balance, individuals who can afford to purchase health insurance will be required to do so or face a penalty. Right now, American families face health insurance premiums that are \$1,100 per year higher due to the cost shifting that results from care provided to the uninsured. [Center for American Progress, [3/24/09](#)]

Today, too many Americans cannot afford health insurance, and when they need health care, those costs are passed on to American families who do have insurance. The *Affordable Care Act* made great gains, ensuring that more than 94 percent of Americans have health insurance. The

Johanns amendment revokes health insurance from 2 million Americans who would otherwise have it, and raises premiums for everyone else by as much as four percent. We simply cannot afford to go back to a health care system that excludes millions of Americans from coverage and raises the costs of health insurance for all Americans.

### ***Democratic Alternative Addresses Small Business Concerns***

Information reporting is designed to ensure businesses pay their fair share of taxes without raising taxes for those who currently do pay their fair share. [Congressional Research Service, [9/7/10](#)] The Democratic alternative offered by Senator Bill **Nelson (S.A. 4595)** shields small businesses from most of the additional paperwork burdens posed by the new 1099 reporting requirements. [IRC § 6041]

The amendment exempts 94 percent of businesses in the nation from the new requirement to report payments for goods. [Joint Committee on Taxation] For the remaining six percent of businesses, it provides significant relief by increasing the reporting threshold for goods from \$600 to \$5,000. The amendment completely exempts credit card and debit card transactions from reporting and gives the Treasury Department broad authority to exempt additional classes of transactions where the risk of noncompliance is low. The revenue offset would repeal an unnecessary 2004 tax break for the major, integrated oil companies. This tax break, section 199, was intended to help domestic manufacturing companies compete in foreign export markets, and the oil industry was an unintended beneficiary. In 2007, eleven Republicans joined nearly every Democratic Senator in voting in favor of the revenue offset during debate on energy tax incentives.