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To: Members of the Congress of the United States

You just don't get it: It scares me to think that you are either ignorant of the facts, afraid to confront the real issues or just plain lying to the people that you work for. I do apologize for the length of this communication as I know you don't like to read (and get the facts) before voting but I hope you can find the 5 minutes necessary to read this.

I am 100% in favor of making it possible for everyone who wants health insurance coverage to receive it - no pre-existing conditions, total portability and all the rest. But the way you are going about trying to fix the **Health Care** problem is an embarrassment to all of you in Congress and to the people you are supposed to represent.

First, let's get our definitions correct; the term **Health Care** reform means *changing the process and costs involved with providing Health Care services*. Health Insurance reform is defined as *changing the methods, rules and costs involved in the provision of health insurance by health insurance companies*. The two terms are not interchangeable and need to be discussed separately. Thus far, when you in Congress use the term **Health Care** reform, what you are really talking about is Health Insurance reform. You do that because you don't know how to deal with **Health Care** costs and Health Insurance companies are easy targets that can be made the villain.

The real "elephant in the room", that you in Congress are unwilling or unable to confront is the cost of **Health Care** and how to create reform that will contain or lower it. Kaiser Foundation estimates the cost of **Health Care** per person in 2009 is \$8,160 and it will increase over 60% to \$13,100 by 2018 (source: *Kaiser Family Foundation Report March 2009*). Again, this is not the cost of health insurance; this is the cost of **Health Care**, the money paid to doctors, hospitals and for prescription drugs and other medical care.

Here are a few additional facts that you might want to consider as you decide how to vote on this issue:

1. Health Insurance Company Facts:

- i. In 2008 the top ten industries on the Fortune 500 list of companies earned profits from 20.4% to 9.4% while the health insurance industry averaged only a 2.2% profit. United Health Group one of the largest insurance carriers managed just a 6.2% profit (source: *Fortune Magazine*).
- ii. The typical overhead expense for a health insurance company is 13% or less with 85% or more of the cost of health insurance coming from the cost of **Health Care**. Can the government be this efficient as the private sector and run a Public Option with only 13% expenses?
- iii. More competition in the health insurance marketplace (the Public Option) will not lower health insurance costs because the profit margins are too slim.
- iv. If health insurance premiums are reduced by as little as 10%, without a corresponding reduction in the cost of **Health Care**, every health insurance company on Fortune's list will be out of business.
- v. The primary cause of the high cost of health insurance is the high cost of **Health Care**.
- vi. There are only two ways to lower health insurance premiums: 1.) lower the cost of **Health Care** or; 2.) increase taxes to subsidize the actual cost of premiums needed to pay for **Health Care**.

2. Health Care Facts:

- i. Members of Congress this one is really important so please pay attention! An absolute rule of health insurance economics that you must understand is this: as the costs of **Health Care** increases the cost of health insurance will also

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increase. If you use Kaiser's forecast the estimated cost of **Health Care** over the next ten years to cover 30,000,000 uninsured is \$3.1 Trillion. If you shift \$1,500 financial responsibility to each insured (\$500 deductible and \$1,000 co-insurance) then apply a 15% overhead expense (2.2% for profit) the estimated cost of health insurance is \$2.7 Trillion (all calculations available for review). If you are not going to increase the deficit and you refuse to address **Health Care** costs you must find \$2.7 Trillion by cutting benefits or raising taxes.

- ii. Congress, here are your options to lower the cost of **Health Care**: 1.) pay **Health Care** providers less; 2.) reduce the amount of **Health Care** provided; 3.) create a 24 hour - 7 day a week **Health Care** environment with long waiting lines and fewer **Health Care** providers. These providers will be paid less per service but will make it up with the increased volume and; 4.) Tort reform to reduce the cost of law suits and malpractice insurance. The American people will never stand for the first three of these options and the legal lobby is blocking the fourth. Therefore, there has been little or no debate regarding the real problem, reducing the cost of **Health Care**.

3. The Democrats' Real Strategy for **Health Care Reform** Health Insurance Reform:

- i. Do nothing to change the delivery of **Health Care** or lower **Health Care** costs.
- ii. Create a Public Option.
- iii. Artificially lower premiums for the Public Option to put extreme competitive pressure on the private health insurance companies.
- iv. Increase taxes to pay for the shortfall between actual **Health Care** costs and premiums for the Public Option.
- v. Keep applying this artificially low premium pressure on private insurance carriers until they leave the health insurance market place because it is no longer profitable.
- vi. The "Public Option" becomes the only "option" left to buy health insurance.
- vii. Keep raising taxes on the "rich" to pay for the increasing shortfall between premiums and **Health Care** costs.

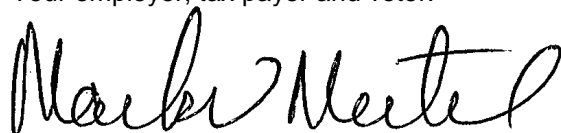
Members of Congress, now that you have the facts, please stop insulting our intelligence by repeating the mantra "more competition will lower insurance rates" and that the Public Option will create that competition. If you want to take over the health insurance industry and if you can not find the courage to deal with the hard realities of the ever rising cost of **Health Care** then at least be honest with us and say so.

Since you seem bound and determined to do this and since I doubt you have the political will or courage to deal with the real problem, the cost of **Health Care**, here is what you need to do: 1.) reform health insurance regulations to eliminate restrictions and limitations that cause people to be ineligible for health insurance coverage; 2.) tell us up front how much our taxes will be increased to pay for the uninsured and 3.) get out of the way and let the private health insurance carriers do what they can do much more efficiently than any Public Option.

This is going to cost all of us a lot of money, but at least this way it will be run efficiently and cost a lot less in the long run.

Respectfully submitted for your consideration.

Your employer, tax payer and voter.



Mark V. Mertel
Chairman