

# southcarolina healthcarevoices

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## **AARP, SC Appleseed Legal Justice Center, SC Fair Share, SC Small Business Chamber of Commerce Launch Statewide Effort Shed Light on Health Care Reform**

*Groups provide health care facts not fiction*

A non partisan group of South Carolina organizations has launched a statewide outreach tour to shed light on the myths and distortions surrounding the current debate on health care reform. AARP South Carolina, South Carolina Appleseed, South Carolina Fair Share, and the South Carolina Small Business Chamber of Commerce are working to correct the numerous misconceptions that have arisen in the recent weeks.

According to AARP South Carolina State Director Jane Wiley, most Americans now get health coverage through their jobs. "The House and Senate plans now being debated both leave employer-sponsored coverage in place and with it, broad choices for people to pick their doctors and hospitals putting to rest the notion that health care reform equates socialized medicine."

AARP has long advocated for access to affordable, quality health care for all Americans. However, AARP has not endorsed any bill. "AARP is active in the legislative process of health care reform and will fight with the strength of our 40 million members against any legislative proposals that unfairly harm people on Medicare," said Wiley. For example, "If you're 65+ and belong to a Medicare Part D plan, passage of health reform would cut your costs for brand-name drugs by half once you reached the Part D coverage gap commonly known as the "doughnut hole," she says. Other parts of bills being debated would close the "doughnut hole' entirely over time.

Frank Knapp, President and CEO of the South Carolina Small Business Chamber of Commerce says that small businesses are being told that they will have to purchase insurance for their employees or pay big fines. "The reality is that under legislation being proposed, about 85 percent of our state's businesses will be exempt from any mandate and most of the rest probably already offer health insurance. In addition, tax credits will be available for small businesses offering insurance," he said.

Health care reform is all about affordable choices for all consumers and not rationing health care. "Nothing in current proposals would let government override your doctor's judgment about your treatment," says Sue Berkowitz, Executive Director of South Carolina Appleseed Legal Justice Center. As health care and health insurance costs continue to rise, health care reform is necessary to save coverage for those with insurance now. "The only choice we don't have is doing nothing," said John Ruoff, Research Director of South Carolina Fair Share.

One of the most misleading myths circulating on the internet is that the House bill rations end of life care. In fact, the bill provides a new optional Medicare benefit to help individuals and families talk with their doctors in advance about difficult choices every family faces when loved ones near the end of their lives. "This bill helps prepare for their care needs *before* they are in a crisis and ensure that their wishes —whatever those are—are respected," says Wiley.

More than 700,000 South Carolina residents, including 100,000 children and 117,000 adults age 50-64 are either underinsured or uninsured.

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## **Don't Let the Myths About Health Care Reform Scare You.**

There are special interest groups trying to block progress on health care reform by using myths and scare tactics. Like the notion that health care reform would ration your care, hurt Medicare or be a government takeover. Actually, these are false statements.

All of the health care reform plans currently being debated in Congress would ensure that you and your doctor are the ones making decisions about your health. The majority of working Americans will continue to receive their health care through their employer. In addition, health care reform will strengthen Medicare by eliminating billions of dollars in waste while lowering prescription drug prices.

Throughout the debate on how to fix what's broken about our health care system, AARP pledges to help you cut through the noise and find the facts about what health care reform means for you and your family. When we see special interests using scare tactics, we'll make sure you're given the facts so you can make informed decisions about health care reform.

The following are some of the most common myths being spread about health care reform and the facts that prove them wrong.

**Myth: Health care reform is socialized medicine.**

**Fact:** Health care reform will preserve the employer-based health care system, meaning an estimated 200 million Americans will continue to get their coverage through their employers.

**Fact:** For people buying coverage for themselves, there would be a range of private health plans to choose from. Also, the so-called "public plan" option would seek to give American consumers another choice if they can't find affordable, quality coverage in the private insurance market. The goal of the "public plan" is to give consumers the best value for their money and force greater competition among insurance plans for our business.

**Fact:** Every proposal that Congress is considering would allow people to choose their own doctors and hospitals.

*Health care reform isn't about a government takeover. It's about guaranteeing all Americans a choice of health care plans they can afford.*

**Myth: Health care reform means rationed care.**

**Fact:** None of the health reform proposals being considered would stand between individuals and their doctors or prevent any American from choosing the best possible care.

**Fact:** Health care reform will NOT give the government the power to make life or death decisions for anyone regardless of their age. Those decisions will be made by an individual, their doctor and their family.

**Fact:** Health care reform will help ensure doctors are paid fairly so they will continue to treat Medicare patients.

*Health reform isn't about rationing; it's about giving people the peace of mind of knowing that they will be able to keep their doctors and that they will always have a choice of affordable health plans.*

**Myth:** Health care reform will hurt Medicare.

**Fact:** None of the health care reform proposals being considered by Congress would cut Medicare benefits or increase your out-of-pocket costs for Medicare services.

**Fact:** Health care reform will lower prescription drug costs for people in the Medicare Part D coverage gap or "doughnut hole" so they can get better afford the drugs they need.

**Fact:** Health care reform will protect seniors' access to their doctors and reduce the cost of preventive services so patients stay healthier.

**Fact:** Health care reform will reduce costly, preventable hospital readmissions, saving patients and Medicare money.

**Fact:** Rather than weaken Medicare, health care reform will strengthen the financial status of the Medicare program.

*For people in Medicare, health care reform is about lowering prescription drug costs for people in the "doughnut hole", keeping the doctor of your choice, improving the quality of care, and eliminating billions in waste that is causing poor care and medical errors.*

**Myth:** Health care reform is too expensive – we can't afford it.

**Fact:** The President and Congress have committed to producing legislation that will be paid for so it won't saddle our children and grandchildren with debt.

**Fact:** If we do nothing to fix health care, families with Medicare or employer-based health coverage will likely see their premiums nearly double again in the next seven years.

**Fact:** If we do nothing to fix health care, the share of your income spent on health care will nearly double in the next seven years.

*When one in three Americans say someone in their family skipped pills, postponed or cut back on needed medical care due to the cost; when countless bankruptcies are related to medical expenses; when the number of uninsured approaches 50 million; when government spending on health programs rises so rapidly that it jeopardizes other priorities; and when employers struggle to pay for the costs of health care, the fact is, we can't afford not to fix health care.*

**Myth:** Health care reform means the government can make life-and-death decisions for you.

**Fact:** Health care reform will NOT give the government the power to make life-and-death decisions for anyone regardless of their age. Those decisions will be made by individuals, their doctor and their family.

**Fact:** No one, including the government or your insurance company, will be given power to make life-and-death decisions for you.

*Health care reform is not about putting the government in charge of difficult end of life decisions. It's about giving individuals and families the option to talk with their doctors in advance about difficult choices every family faces when loved ones near the end of their lives.*

America's Affordable Health Choices Act would provide significant benefits to all citizens in South Carolina. They are, broken down by Congressional District, as follows:

### First Congressional District

Significant benefits in the 1st Congressional District of South Carolina: up to **20,300 small businesses** could receive tax credits to provide coverage to their employees; **8,100 seniors** would avoid the donut hole in Medicare Part D; **700 families** could escape bankruptcy each year due to unaffordable health care costs; health care providers would receive payment for **\$81 million** in uncompensated care each year; and **109,000 uninsured individuals** would gain access to high-quality, affordable health insurance.

- **Health care and financial security.** There were 700 health care-related bankruptcies in the district in 2008, caused primarily by the health care costs not covered by insurance. The bill provides health insurance for almost every American and caps annual out-of-pocket costs at \$10,000 per year, ensuring that no citizen will have to face financial ruin because of high health care costs.
- **Relieving the burden of uncompensated care for hospitals and health care providers.** In 2008, health care providers in the district provided \$81 million worth of uncompensated care, care that was provided to individuals who lacked insurance coverage and were unable to pay their bills. Under the legislation, these costs of uncompensated care would be virtually eliminated.
- **Coverage of the uninsured.** There are 134,000 uninsured individuals in the district, 17% of the district. The Congressional Budget Office estimates that nationwide, 97% of all Americans will have insurance coverage when the bill takes effect. If this benchmark is reached in the district, 109,000 people who currently do not have health insurance will receive coverage.
- **No deficit spending.** The cost of health care reform under the legislation is fully paid for: half through making the Medicare and Medicaid program more efficient and half through a surtax on the income of the wealthiest individuals. This surtax would affect only 4,520 households in the district. The surtax would not affect 98.8% of taxpayers in the district.

### Second Congressional District

Significant benefits in the 2nd Congressional District of South Carolina: up to **16,900 small businesses** could receive tax credits to provide coverage to their employees; **8,300 seniors** would avoid the donut hole in Medicare Part D; **800 families** could escape bankruptcy each year due to unaffordable health care costs; health care providers would receive payment for **\$51 million** in uncompensated care each year; and **93,000 uninsured individuals** would gain access to high-quality, affordable health insurance.

- **Health care and financial security.** There were 800 health care-related bankruptcies in the district in 2008, caused primarily by the health care costs not covered by insurance. The bill provides health insurance for almost every American and caps annual out-of-pocket costs at \$10,000 per year, ensuring that no citizen will have to face financial ruin because of high health care costs.
- **Relieving the burden of uncompensated care for hospitals and health care providers.** In 2008, health care providers in the district provided \$51 million worth of uncompensated care, care that was provided to individuals who lacked insurance coverage and were unable to pay their bills. Under the legislation, these costs of uncompensated care would be virtually eliminated.
- **Coverage of the uninsured.** There are 116,000 uninsured individuals in the district, 15% of the district. The Congressional Budget Office estimates that nationwide, 97% of all Americans will have insurance coverage when the bill takes effect. If this benchmark is reached in the district, 93,000 people who currently do not have health insurance will receive coverage.
- **No deficit spending.** The cost of health care reform under the legislation is fully paid for: half through making the Medicare and Medicaid program more efficient and half through a surtax on the income of the wealthiest individuals. This surtax would affect only 3,710 households in the district. The surtax would not affect 98.9% of taxpayers in the district.

### **Third Congressional District**

Significant benefits in the 3rd Congressional District of South Carolina: up to **12,000 small businesses** could receive tax credits to provide coverage to their employees; **10,700 seniors** would avoid the donut hole in Medicare Part D; **600 families** could escape bankruptcy each year due to unaffordable health care costs; health care providers would receive payment for **\$111 million** in uncompensated care each year; and **110,000 uninsured individuals** would gain access to high-quality, affordable health insurance.

- **Health care and financial security.** There were 600 health care-related bankruptcies in the district in 2008, caused primarily by the health care costs not covered by insurance. The bill provides health insurance for almost every American and caps annual out-of-pocket costs at \$10,000 per year, ensuring that no citizen will have to face financial ruin because of high health care costs.
- **Relieving the burden of uncompensated care for hospitals and health care providers.** In 2008, health care providers in the district provided \$111 million worth of uncompensated care, care that was provided to individuals who lacked insurance coverage and were unable to pay their bills. Under the legislation, these costs of uncompensated care would be virtually eliminated.
- **Coverage of the uninsured.** There are 131,000 uninsured individuals in the district, 19% of the district. The Congressional Budget Office estimates that nationwide, 97% of all Americans will have insurance coverage when the bill takes effect. If this benchmark is reached in the district, 110,000 people who currently do not have health insurance will receive coverage.
- **No deficit spending.** The cost of health care reform under the legislation is fully paid for: half through making the Medicare and Medicaid program more efficient and half through a surtax on the income of the wealthiest individuals. This surtax would affect only 1,650 households in the district. The surtax would not affect 99.4% of taxpayers in the district.

#### Fourth Congressional District

Significant benefits in the 4th Congressional District of South Carolina: up to **16,700 small businesses** could receive tax credits to provide coverage to their employees; **10,900 seniors** would avoid the donut hole in Medicare Part D; **600 families** could escape bankruptcy each year due to unaffordable health care costs; health care providers would receive payment for **\$170 million** in uncompensated care each year; and **115,000 uninsured individuals** would gain access to high-quality, affordable health insurance.

- **Health care and financial security.** There were 600 health care-related bankruptcies in the district in 2008, caused primarily by the health care costs not covered by insurance. The bill provides health insurance for almost every American and caps annual out-of-pocket costs at \$10,000 per year, ensuring that no citizen will have to face financial ruin because of high health care costs.
- **Relieving the burden of uncompensated care for hospitals and health care providers.** In 2008, health care providers in the district provided \$170 million worth of uncompensated care, care that was provided to individuals who lacked insurance coverage and were unable to pay their bills. Under the legislation, these costs of uncompensated care would be virtually eliminated.
- **Coverage of the uninsured.** There are 137,000 uninsured individuals in the district, 19% of the district. The Congressional Budget Office estimates that nationwide, 97% of all Americans will have insurance coverage when the bill takes effect. If this benchmark is reached in the district, 115,000 people who currently do not have health insurance will receive coverage.
- **No deficit spending.** The cost of health care reform under the legislation is fully paid for: half through making the Medicare and Medicaid program more efficient and half through a surtax on the income of the wealthiest individuals. This surtax would affect only 3,140 households in the district. The surtax would not affect 99.0% of taxpayers in the district.

#### Fifth Congressional District

Significant benefits in the 5th Congressional District of South Carolina: up to **12,300 small businesses** could receive tax credits to provide coverage to their employees; **8,700 seniors** would avoid the donut hole in Medicare Part D; **660 families** could escape bankruptcy each year due to unaffordable health care costs; health care providers would receive payment for **\$82 million** in uncompensated care each year; and **117,000 uninsured individuals** would gain access to high-quality, affordable health insurance.

- **Health care and financial security.** There were 660 health care-related bankruptcies in the district in 2008, caused primarily by the health care costs not covered by insurance. The bill provides health insurance for almost every American and caps annual out-of-pocket costs at \$10,000 per year, ensuring that no citizen will have to face financial ruin because of high health care costs.
- **Relieving the burden of uncompensated care for hospitals and health care providers.** In 2008, health care providers in the district provided \$82 million worth of uncompensated care, care that was provided to individuals who lacked insurance coverage and were unable to pay their bills. Under the legislation, these costs of uncompensated care would be virtually eliminated.
- **Coverage of the uninsured.** There are 139,000 uninsured individuals in the district, 19% of the district. The Congressional Budget Office estimates that nationwide, 97% of all Americans will have insurance coverage when the bill takes effect. If this benchmark is reached in the district, 117,000 people who currently do not have health insurance will receive coverage.
- **No deficit spending.** The cost of health care reform under the legislation is fully paid for: half through making the Medicare and Medicaid program more efficient and half through a surtax

on the income of the wealthiest individuals. This surtax would affect only 1,700 households in the district. The surtax would not affect 99.5% of taxpayers in the district.

### **Sixth Congressional District**

Significant benefits in the 6th Congressional District of South Carolina: up to **14,000 small businesses** could receive tax credits to provide coverage to their employees; **6,200 seniors** would avoid the donut hole in Medicare Part D; **640 families** could escape bankruptcy each year due to unaffordable health care costs; health care providers would receive payment for **\$153 million** in uncompensated care each year; and **125,000 uninsured individuals** would gain access to high-quality, affordable health insurance.

- **Health care and financial security.** There were 640 health care-related bankruptcies in the district in 2008, caused primarily by the health care costs not covered by insurance. The bill provides health insurance for almost every American and caps annual out-of-pocket costs at \$10,000 per year, ensuring that no citizen will have to face financial ruin because of high health care costs.
- **Relieving the burden of uncompensated care for hospitals and health care providers.** In 2008, health care providers in the district provided \$153 million worth of uncompensated care, care that was provided to individuals who lacked insurance coverage and were unable to pay their bills. Under the legislation, these costs of uncompensated care would be virtually eliminated.
- **Coverage of the uninsured.** There are 145,000 uninsured individuals in the district, 22% of the district. The Congressional Budget Office estimates that nationwide, 97% of all Americans will have insurance coverage when the bill takes effect. If this benchmark is reached in the district, 125,000 people who currently do not have health insurance will receive coverage.
- **No deficit spending.** The cost of health care reform under the legislation is fully paid for: half through making the Medicare and Medicaid program more efficient and half through a surtax on the income of the wealthiest individuals. This surtax would affect only 1,200 households in the district. The surtax would not affect 99.6% of taxpayers in the district.

This analysis is based upon the following sources: the Gallup-Healthways Survey (data on the uninsured); the U.S. Census (data on small businesses); the Centers for Medicare and Medicaid Services (health care-related bankruptcies (based on analysis of PACER court records), and uncompensated care); and the House Committee on Ways and Means (data on the surtax).



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## **When The Congress Says Raise Taxes on Wealthy Americans to Pay for Health Care Reform, They're Not Talking About 99.1 % of South Carolinians**

**Health Care Reform will cost money But the graduated surcharge proposal in H.R. 3200 isn't talking about raising taxes on most of us – just the wealthy few who have made out so well under recent tax cuts.**

- The House's proposed surcharge on high-income Americans would only apply to 1.2 % of all American taxpayers according to the Joint Committee on Taxation<sup>1</sup> and 0.9 % of South Carolina taxpayers according to microeconomic analysis of the proposal by Citizens for Tax Justice.<sup>2</sup>
- “In recent decades, incomes have grown disproportionately for households at the top of the income scale, while their tax burden has fallen substantially.... This means that the revenue raised from high-income households as a result of the surcharge plus the other Obama tax proposals would amount to less than a quarter of the \$656 billion in after-tax income that has shifted to this group since 1979.”<sup>3</sup>

**And the graduated surcharge will not hit the majority of small businesses.**

- “Some 96 percent of taxpayers with business income would not owe the surcharge, according to both the Joint Tax Committee on Taxation and the Tax Policy Center.”<sup>4</sup> And that 4 % includes the 400 wealthiest Americans. Of those Top 400, 228 had S Corporation and partnership income totaling over \$15 billion in 2006 according to the IRS.<sup>5</sup>

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<sup>1</sup> House Ways & Means Committee Staff citing Joint Committee on Taxation, *Health Care Surcharge Would Not Affect 99 % of Households* (July 14, 2009) at <http://waysandmeans.house.gov/media/pdf/111/healthcs.pdf>.

<sup>2</sup> Citizens for Tax Justice, *Health Care Reform Financing Options: House Proposal to Apply a Graduated Surcharge to Incomes Over \$350,000* (July 15, 2009) at <http://www.ctj.org/payingforhealthcare/surchargeproposalwaysandmeans.pdf>.

<sup>3</sup> Chuck Marr, *House Health Bill's High-Income Surcharge: A Reasonable Approach. Impact on Small Businesses Would Be Modest*, Center on Budget & Policy Priorities (July 30, 2009) at <http://www.cbpp.org/cms/index.cfm?fa=view&id=2874>.

<sup>4</sup> See fn. 3.

<sup>5</sup> IRS, *The 400 Individual Income Tax Returns Reporting the Highest Adjusted Gross Incomes Each Year, 1992-2006* at <http://www.irs.gov/pub/irs-soi/06intop400.pdf>.