

## Reid Bill: Premiums Keep Rising Despite \$2.5 Trillion Price Tag

-- Families will continue to see premiums increase 5-6 percent per year, double the rate of inflation --

*“Democrats want to spend \$2.5 trillion but still leave 90 percent of Americans saddled with the same costly premium increases they can’t afford now. Only in Washington DC is that considered reform.”*  
*Sen. John Thune*

By any standard, an effective health care reform proposal needs to lower the cost of health insurance for American families and small businesses. But despite President Obama’s vow to “not accept the status quo as a solution,”<sup>i</sup> Senator Reid’s health care bill does just that.

### Continuing the Same Unsustainable Premium Increases . . .

According to the non-partisan Congressional Budget Office (CBO), **the Reid bill will result in 90 percent of Americans seeing the same unsustainable premium increases as they currently do year after year** and, in some cases, even higher increases.<sup>ii</sup>

CBO estimates that families who get their health care through small businesses or larger employers (83 percent of Americans) will see their **premiums continue to increase by 5-6 percent per year, double the rate of inflation.**<sup>iii</sup>

Under the Reid bill, the typical family paying almost \$14,000 a year now will be paying more than \$20,000 a year for health insurance by 2016, **virtually the same as they would under current law.**<sup>iv</sup>

Firm size	Family Premium		
	Now <sup>v</sup>	2016 <sup>vi</sup> (Reid bill)	2016 <sup>vii</sup> (Current law)
Small business	\$13,300	\$19,200 (5.38% average annual increase)	\$19,300 (5.46% average annual increase)
Large business	\$13,900	\$20,100 (5.41% average annual increase)	\$20,300 (5.56% average annual increase)
Individual market	\$9,000	\$15,200 (7.77% average annual increase)	\$13,100 (5.51% average annual increase)

### . . . At a Staggering Cost to Taxpayers.

Even **Democrats acknowledge that the Reid bill will cost \$2.5 trillion** when fully implemented.<sup>viii</sup>

**Bottom Line:** In return for a bill that cuts their Medicare by nearly \$500 billion, raises their taxes by \$500 billion, and costs \$2.5 trillion in new spending, the overwhelming majority of Americans will continue to see the same health care premium increases they are struggling with now.

\$2.5 trillion for more of the same? That’s not reform.

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<sup>i</sup> Remarks by President Obama to Joint Session of Congress, September 9, 2009, at: [http://www.whitehouse.gov/the\\_press\\_office/remarks-by-the-president-to-a-joint-session-of-congress-on-health-care/](http://www.whitehouse.gov/the_press_office/remarks-by-the-president-to-a-joint-session-of-congress-on-health-care/)

<sup>ii</sup> CBO letter to Senator Bayh, November 30, 2009, at: <http://cbo.gov/ftpdocs/107xx/doc10781/11-30-Premiums.pdf>; page 5 shows average premiums per covered person are 10-13 percent higher than they would otherwise be in 2016 for Americans not receiving a subsidy in the individual market, and shows flat or very small decreases for everyone else, meaning that the annual growth rates will have hardly changed at all under this reform, as illustrated by the table in this document. The only group who will unquestionably pay lower premiums are the 9.5 percent in the non-group market who are receiving taxpayer subsidies, at enormous cost to everyone else.

<sup>iii</sup> CBO letter to Senator Bayh, November 30, 2009, page 5 shows that only 18 million of 191 million privately insured Americans in 2016 would see their premium costs go down due to subsidies; the remaining 90 percent would see their costs stay roughly flat, decrease by no more than 3 percent, or increase greatly.

<sup>iv</sup> CBO letter to Senator Bayh, page 8 shows estimates of premiums in 2016 for the small and large group markets under current law and the Reid bill; premiums under the Reid bill will be at most \$200 less than current law but will still have grown at an average annual rate between 5-6 percent from current premium levels.

<sup>v</sup> CBO, at: [http://www.cbo.gov/ftpdocs/107xx/doc10731/Average\\_Premiums\\_in\\_2009.pdf](http://www.cbo.gov/ftpdocs/107xx/doc10731/Average_Premiums_in_2009.pdf)

<sup>vi</sup> CBO estimate of the average premium per policy under Reid bill, from CBO letter to Senator Bayh, page 8.

<sup>vii</sup> CBO estimate of the average premium per policy under current law, from CBO letter to Senator Bayh, page 8.

<sup>viii</sup> “Just for a second -- health care reform, whether you use a ten-year number or when you start in 2010 or start in 2014, wherever you start at, so it is still either \$1 trillion or it's \$2.5 Trillion, depending on where you start...” Sen. Baucus, Floor Remarks, 12/2/09.