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Rep. Dennis Kucinich (D-Ohio) Opening Statement

WASHINGTON, D.C. – Below are the prepared remarks of U.S. Dennis Kucinich (D-Ohio), senior Democrat on the Health, Employment, Labor and Pensions Subcommittee of the House Committee on Education and the Workforce for the subcommittee’s hearing on “The Pressures of Rising Costs on Employer Provided Health Care”

Good morning. I want to thank Chairman Roe for calling this hearing. I would also like to thank our distinguished panel of witnesses.

It’s been nearly one year since the Affordable Care Act became law and already millions of Americans are realizing its benefits. The new health care law comes at a time when both employers and families are struggling to keep up with skyrocketing increases in their health care costs.

Over the last decade, family premiums more than doubled in the employer-based health insurance market. We know that without reform, the problem of rising health care costs will just get worse.

The Commonwealth Fund estimates that absent health reform, the average family premium will nearly double again by 2020- to almost \$24,000. These increases are unsustainable and this country could not afford status quo any longer. Higher health care costs means employers have less to reinvest in their business and families have a harder time making ends meet.

While the Affordable Care Act is not a perfect law, it dramatically expands access to affordable quality health care. It takes critical first steps in reining in the abuses of an insurance industry that has so far gone unchecked. It will provide small employers with the same purchasing power as large employers and will give them tax credits to help them cover their workers.

It also extends flexibility to the states should they want to pursue an alternative to the federal health law as long as it provides at least the same protections and access to health care as is afforded under the ACA.

It is unconscionable that we have allowed the insurance industry in this country to pad its’ pockets at the expense of hard working Americans by charging more but spending less on

benefits. In 2010, the top five insurance companies- United Health, WellPoint, Aetna, Humana and CIGNA saw record profits- \$11.7 billion.

While forty-three states already had some type of premium rate review process before the ACA, the law gives states the ability to enhance or create a rate review process to go after unjustified rate increases. It also ensures that these rate increases and the justification for them are publicly available.

The Affordable Care Act further protects against insurance company abuses by requiring them to spend more on benefits and less on profits and CEO pay. The law's Medical Loss Ratio (MLR) requirements require insurance companies spend 80 to 85 percent of premium dollars on medical care and health quality. This provision alone will provide up to \$1.2 billion in rebates starting in 2012.

The law's benefits for employers are already being realized- even before the law is fully implemented. More than 5,000 employers are taking part in the law's retiree reinsurance program which has reimbursed more than \$535 million in health benefit costs, benefiting more than 4.5 million Americans.

Four million small businesses are eligible for the small business tax credit and many are seeing real savings this year. As a result, more are offering health care. The number of small employers with 3 to 9 workers offering health insurance has risen from 46 to 59 percent. And starting in 2014, small employers will be able to pool together to provide more health care choices to employees at lower costs.

Employers will also benefit from the law's patient's bill of rights. A healthier workplace is a more profitable and productive one. If these new protections were taken away, it is clear that employers - especially small employers - will be worse off.

Helen Darling, President of the National Business Group on Health which includes almost 300 large employers has said if the "law gets repealed, or gutted, we'll have to start over and we'll be worse off." The Congressional Budget Office states that repealing the law will slightly increase employer-sponsored premiums.

Ultimately, we need to remove the source of our health care problems – the health insurance companies. They are the reason that one out of every three dollars spent on health care goes to something other than providing care.

I believe the demise of the for-profit health insurance industry is inevitable. Until then, Mr. Chairman, the American people who are trying to survive this recession, need our help. And the Affordable Care Act provides Americans relief from the burden of health insurance companies. I look forward to today's hearing and yield back the balance of my time.

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