

# WebMemo



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## The Stimulus Bill: Why the Senate Must Fix the Health Care Provisions

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Liberals in Congress, under the guise of emergency economic stimulus legislation, are attempting to push forward their radical health care agenda. These provisions would fuel fiscal irresponsibility in state Medicaid programs, expand dependence on the already-unsound Medicaid entitlement program, distort health care choices for unemployed workers, and set up a federal infrastructure that could be used as a tool for government rationing of medical treatments, procedures, and services.

If Members of Congress insist on these provisions, they should at the very least require a review of Medicaid spending by the states, prioritize Medicaid spending on a state-by-state basis, empower families who want to secure alternative private coverage options, and prevent government interference in the doctor-patient relationship.

**Fast-Tracking Government Control of Health Care.** Congressional efforts to fast-track passage of an economic stimulus package and expansion of the State Children's Health Insurance Program (SCHIP), which recently passed both chambers of Congress, would guarantee greater government control over Americans' health care. House of Representatives Majority Whip James Clyburn (D-SC) has stated as much.<sup>1</sup>

Without broader debate, America is rushing toward the financial tipping point in health care—the point where the federal government controls more health care spending than will the private sector. Today, the government controls 46 percent of all

health care spending, and its share is expected to reach 49 percent by 2017.<sup>2</sup> The sundry health provisions in the proposed economic stimulus, in combination with the expansion of SCHIP, will only move the country faster toward more government control over the health benefits, medical treatments, and procedures that Americans receive.

**Lasting Impact of the Health Care Provisions.** Buried deep in the House economic stimulus bill are health-related provisions that would have far-reaching consequences for the way Americans finance and obtain health care. These provisions would also have a long-lasting impact on the future of the American health care system.

**Bailing Out State Medicaid Programs.** The House and Senate bills would give every state a temporary, across-the-board increase in their federal match for the nation's largest health care welfare program, Medicaid. Unfortunately, neither bill holds state officials accountable with regard to their past management of their Medicaid programs. For example, there is no assessment of whether a state has expanded the program beyond the traditional federal income thresholds and/or adopted policies that place the program's fiscal solvency at risk.

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**Health Care for the Unemployed.** The House and Senate bills would give subsidies for unemployed workers on COBRA coverage. Even with a subsidy, COBRA coverage is a prohibitively costly option for the unemployed as well as taxpayers funding the subsidy. The House bill goes even further, opening the Medicaid program to those unemployed workers without health care coverage. The proposed expansion of the Medicaid entitlement program to new categories, regardless of income, further destabilizes the already troubled and poor-performing program.

**An Infrastructure for Rationing.** The House and Senate bills would establish a framework and funding for comparative effectiveness research and health information technology. While the Senate's language is broad and vague, the House language provides further clarity. The House committee report states that "those [items] that are found to be less effective and in some cases, more expensive, will no longer be prescribed."<sup>3</sup> This type of alarming language is similar to what exists today in the British National Health Service.<sup>4</sup>

In addition, billions of dollars would be spent on a health IT information "architecture" for exchanging information and training health care professionals. Combining the comparative effective research with the health IT portal opens the door to direct government intervention in the clinical decisions by physicians and other health care providers.

**Three Essential Changes.** Congress must make three changes to these controversial health care provisions in the so-called economic "stimulus" package.

1. **Set criteria and demand accountability on Medicaid bailout funds.**<sup>5</sup> Instead of bailing out *all* states, Congress should set up a priority list based on the actions of the states, with the most fiscally responsible states receiving higher priority. Furthermore, Congress should require each state to outline how they plan to reform Medicaid to reach long-term fiscal solvency.
2. **Expand health care options for unemployed workers.**<sup>6</sup> Instead of forcing unemployed workers to choose between a plan they can not afford (COBRA) and an inferior welfare program for the poor, Congress should allow unemployed workers to opt for any private coverage that works best for them and their families during these difficult economic times.
3. **Remove funding for comparative effectiveness and health information technology.** Congress should strip these two provisions. Understanding the basic impact these two elements could have on the current system of delivery of care should be debated in the context of health reform, not stimulus. At the very least, Congress should thoroughly debate these provisions and consider their likely impact on medical research, innovation, and the doctor-patient relationship. Congress should also ensure that it provides an

1. Bob Cusack, "Top Dem: No Comprehensive Health Care Reform This Year," *The Hill*, January 25, 2009, at <http://thehill.com/leading-the-news/citing-1994-clyburn-embraces-incremental-health-reform-2009-01-25.html> (February 3, 2009); "Health Care Overhaul Likely to Slip to Next Year," *CQ Politics*, January 29, 2009, at <http://www.cqpolitics.com/wmspage.cfm?docID=cqmidday-000003021031> (February 3, 2009).
2. Sean Keehan *et al.*, "Health Spending Projections Through 2017: The Baby Boomer Generation Is Coming to Medicare," *Health Affairs*, February 26, 2008, p. w151, at <http://content.healthaffairs.org/cgi/reprint/27/2/w145?maxtoshow=&HITS=10&hits=10&RESULTFORMAT=&fulltext=spending+projections&andorexactfulltext=and&searchid=1&FIRSTINDEX=0&resourcetype=HWCIT> (February 3, 2009).
3. *The American Recovery and Reinvestment Act of 2009*, H. Rep. 111–, 111th Cong., 1st Sess., January 2009, p. 52, at <http://appropriations.house.gov/pdf/RecoveryReport01-15-09.pdf>.
4. Jeet Guram and Robert E. Moffit, "The Concept of a Federal Health Board: Learning from Britain's Experience," Heritage Foundation *WebMemo* No. 2154, December 4, 2008, at <http://www.heritage.org/Research/HealthCare/wm2154.cfm>.
5. Dennis G. Smith and Nina Owcharenko, "Bailing Out Medicaid: A Bad Solution," Heritage Foundation *WebMemo* No. 2235, January 21, 2009, at <http://www.heritage.org/Research/HealthCare/wm2235.cfm>.
6. Nina Owcharenko, "The House Stimulus Bill and Health Care Assistance for Unemployed Workers," Heritage Foundation *WebMemo* No. 2233, January 21, 2009, at <http://www.heritage.org/Research/HealthCare/wm2233.cfm>.

appeals process for doctors and patients affected by these decisions.

**Broken Promises.** President Obama would break a fundamental promise to the American people by enacting the trillion-dollar economic stimulus package in its present form. President Obama said, “In order for us to reform our health care system, we must first begin reforming how government communicates with the American people.”<sup>7</sup>

Veiled under this massive economic stimulus proposal are profoundly controversial and far-reaching health care provisions that would set the country on a path toward more fiscal irresponsibil-

ity, mounting unfunded entitlement liabilities, and less control of families over their personal health care decisions. If Congress wants to enact such provisions, it should do so not tagged on a fast-tracked stimulus bill but with a full and public debate so that the American people understand the impact of these health care decisions on their lives. Any other course would be a betrayal of the President’s promise of openness with American people.

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7. Ceci Connolly, “Obama Asks Nation for Input on Reforming Health System,” *The Washington Post*, December 6, 2009, at <http://www.washingtonpost.com/wp-dyn/content/article/2008/12/05/AR2008120503322.html> (February 3, 2009).