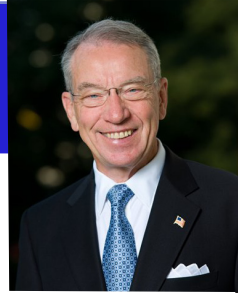


Report to Iowans

from U.S. Senator Chuck Grassley

September 2009



Dear Iowan:

As your United States Senator, I work to keep the lines of communication open. This year, I've held constituent meetings in every one of Iowa's 99 counties. I've done so every year since I was first elected in 1980. Iowans are participating in those meetings at record levels, and health care is a major topic.

Many Iowans agree improvements are needed in the health care system. At the same time, many are worried about Washington making things worse, not better. The health care system makes up one-sixth of the economy. It impacts the quality of life of every household.

This summer, committees in the House of Representatives and Senate have passed reform legislation. The pending bills would create a government plan that, according to experts, would ultimately lead to a government takeover of the health care system, which I strongly oppose. In addition, the Congressional Budget Office said the bills would not reduce the growth in health care costs and would add hundreds of billions more to the federal deficit. This year's budget deficit is expected to grow to \$1.6 trillion, nearly quadruple last year's figure. Deficits are projected to climb to more than \$9 trillion over the next decade, even without legislation like the House-passed health care bill.

I've been participating in discussions in the Senate (as Ranking Member of the Committee on Finance) to see if it's possible to develop alternative legislation that would fix problems without undoing what so many Americans are satisfied with in the current system. To be successful, an alternative bill would have to get health care costs under control, make coverage accessible and affordable, and not add to the deficit. Putting the federal government in charge of health care would not curb medical inflation or improve the health care delivery system in America. From rationing of care to infringing on the doctor-patient relationship, a government-run system also would guarantee U.S. taxpayers a staggering tax burden for generations to come.

Bringing down health care costs is a common goal. Medical spending is projected to swell to one-quarter of the U.S. economy by 2025. Health care inflation strains family budgets. It's increasingly difficult for employers, big and small, to offer coverage to workers. There also is anxiety about staying insured after a job loss, hitting lifetime and annual limits on coverage, and being denied coverage entirely or paying high rates because of pre-existing conditions. Millions of Americans go without health insurance, whether by choice or inability to pay. I support regulation of the insurance market to stop discriminatory coverage of pre-existing conditions and ensuring there are affordable coverage choices to bring more people among the ranks of the insured.

Based on what I've heard from Iowans at my meetings and through phone calls, letters and emails, I've put together this list of questions and concerns. I'd like to hear from you if I haven't already. My contact information is below. It's important that you weigh in because our system of government needs to work from the ground up and not the top down. Congress shouldn't pass legislation as far reaching as health care reform if it can't withstand scrutiny and get broad-based support at the grass roots.

Thank you for your input, and please keep in touch.

Sincerely,

A handwritten signature in blue ink that reads "Chuck".

Contact Grassley

To send an email, go to <http://grassley.senate.gov> and click on "Contact Grassley."

Send letters to Senator Chuck Grassley, 135 Hart Senate Office Building, Washington, DC 20510-1501.

The Washington office number is 202-224-3744. Phone numbers for Iowa offices are inside on page 3.

Debating Health Care

Q: Why are health care costs in the United States increasing so fast?

A: An uncoordinated care system that rewards quantity of services versus quality outcomes accounts for a lot of it. The fee-for-service payment structure and threat of litigation often serve as incentives for doctors to order duplicative, expensive tests and diagnostic screenings. The fee-for-service system pays more when more tests and procedures are ordered and since most Americans aren't directly footing the bill, we can't assess the costs very well. It's nearly impossible to find out the price for any particular medical procedure. Less than 10 percent of Americans pay for health care coverage on an individual basis. We are fortunate in Iowa to have some of the best health care providers in the country. A key component of health reform legislation must include measures that reward efficient, high quality care that honors the doctor-patient relationship. Empowering individual patients and emphasizing coordinated care among primary care providers, specialists and hospitals would improve the delivery and financing of modern medicine. That would be a win-win situation for patients, providers, employers and taxpayers.

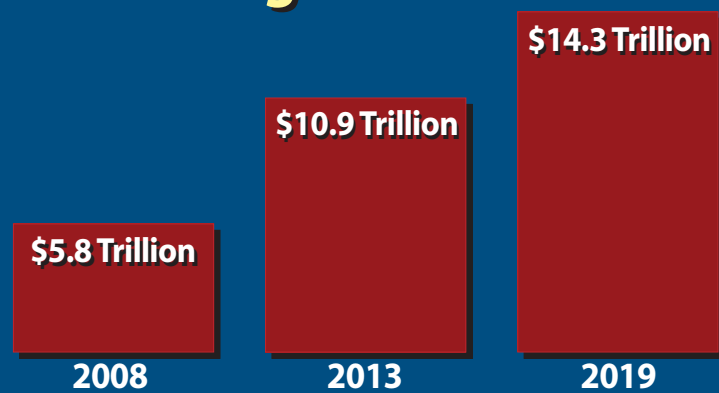
Q: Do you support a "public option" that creates universal coverage administered by the federal government, financed by taxpayers?

A: I strongly oppose the creation of a public, or government-run, insurance plan. The federal government is an unfair competitor in the marketplace. It's a predator and would drive private insurance companies out of business.

That would mean fewer choices for everyone and even less competition than we have today. Of the 170 million Americans who have health insurance coverage now (and a large majority are satisfied with their coverage), an estimated 120 million of them would be moved, one way or another, into a newly created government-run plan. That would be a pathway to a single-payer system, similar to Canadian health care. Such a government-run system would put government bureaucrats in the doctor-patient relationships, create long waits, ration services, prescribe standardized treatments, erode patient choice, impede medical innovation, fatten the federal government, and lead to an overwhelming tax burden. Today, our neighbors in Canada wait twice as long to see a specialist than patients in the United States. To prevent this kind of unsustainable expansion of the federal government, I've sought to try to improve our private health care system through development of a bipartisan health care reform proposal that will not include a government plan.

job creation, not kill it. A new eight-percent payroll tax on small businesses that don't offer health insurance to their employees would come on top of the current 15 percent payroll tax, of which the employer is responsible for paying 7.65 percent. Not even slapping a 100 percent tax on the taxable income of the wealthiest Americans would alone finance the trillion-dollar health care reform bill promoted by the Speaker of the House of Representatives. The Congressional Budget Office says that revenue from the surtax grows slower than the new spending, so it would be the cause of a large and growing deficit in later years. With the uncapped Medicare tax, the top marginal tax rate would be about 50 percent, even before adding in state and local taxes, taking the marginal rate to its highest point in 25 years. The Treasury Secretary and the Director of the President's National Economic Council have refused to rule out a tax increase on the middle class to help finance health care reform.

U.S. Debt Set to Nearly Triple Under Budget Passed in 2009



Source: Congressional Budget Office

Q: Health care reform proposals in the House and Senate are projected to cost \$1 trillion-plus over 10 years. How can this be paid for without adding even more burden to the national debt?

A: The Congressional Budget Office said this summer that the health care reform bills passed by House and Senate committees fail

Q: Do you support a surtax on small businesses and wealthy Americans to finance health care reform?

A: Proponents of a surtax are being shortsighted because small businesses are the job-creating engine of America. With unemployment at record levels, policymakers need to advance policies that encourage

to curb medical spending. Both plans also blow holes in the federal budget deficit for decades to come. Health care legislation must be deficit neutral in both the short- and long-term and reduce the growth of health spending over time. Reform must pay for itself and not tap revenue year-after-year from the general funds of the U.S. Treasury. If reform cannot

Working for Iowa

accomplish these two goals, then it would make the fiscal situation a lot worse, not better. Iowans have voiced their opinion about the unprecedented federal bailouts and stimulus spending this year. They've said enough is enough, and stop saddling taxpayers with unsustainable debt. Adding the kind of trillion-dollar unfunded health care entitlement that's been passed by House and Senate committees would inhibit economic

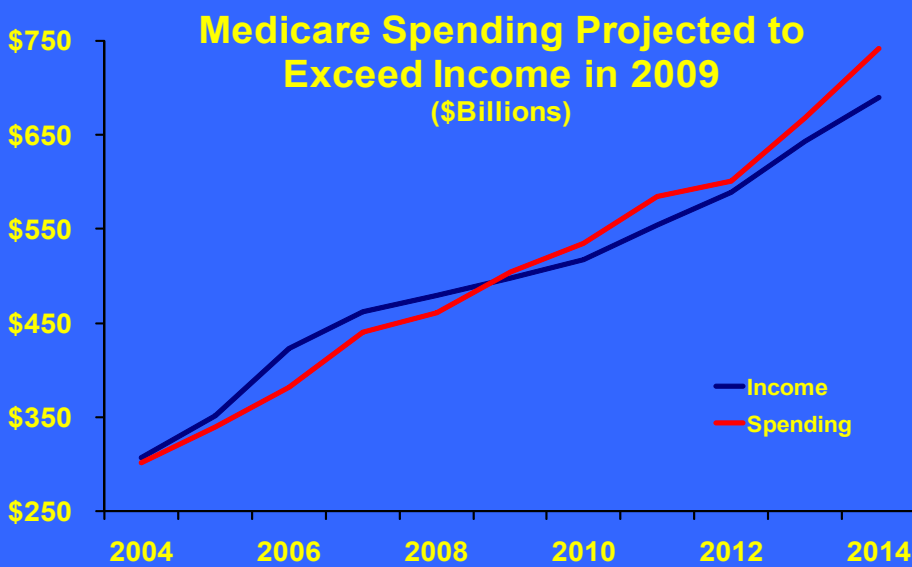
growth and steer the federal budget into a sea of red as far as the eye could see. New budget numbers released by the White House confirm these concerns. Even without deficit-financed health care, 10-year deficit estimates are now near \$9 trillion, \$2 trillion higher than their prediction made in May. There's tremendous concern about Washington spending being out of control, with good reason.

insurance should they lose their job or change employers, and these issues shape my efforts to make improvements. By restructuring the fee-for-service payment system in Medicare to root out inefficiencies that reward quantity instead of quality of outcome, we could help improve the delivery of medicine. I've focused my efforts on making sure taxpayers aren't saddled with another unsustainable public entitlement; rewarding Iowa health care providers for low-cost, high-quality delivery of medicine; and protecting the 70 percent of Americans who are satisfied with their current coverage and don't want to lose it due to a government-run plan. President Obama promised that Americans who like their current insurance coverage can keep it, but that promise will be broken if a government-run plan is created.

I'm also working to create more affordable choices for the uninsured to buy health insurance through incentives in the tax code to help individuals purchase coverage that best fits their needs at prices they can afford. We also need to curb runaway litigation that drives up health care costs and limits access to doctors. I support having more affordable insurance choices and building upon America's world-renowned track record for advances in medicine.

Q: Why doesn't Congress offer the same health care plan that federal lawmakers get to the rest of America?

A: Today, members of Congress participate in the Federal Employees Health Benefits Program (FEHBP), which is the program available to all federal employees. The program offers private health care insurance options, including fee-for-service, preferred provider organizations and health maintenance organizations. My wife and I pay the employee share of monthly premiums for a preferred provider plan, with co-pays for doctor visits. If the health care system is restructured, members of Congress should be part of it. I'm



Source: Office of Management and Budget

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Des Moines 50309
515-288-1145

103 Federal Building
320 6th Street
Sioux City 51101
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210 Waterloo Building
531 Commercial Street
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Q: Medicare and Social Security face staggering financial shortfalls just as the tidal wave of the baby boom generation reaches retirement. On what basis does anyone think the federal government can afford to assume yet another permanent, public entitlement?

A: The President and congressional leaders have not focused health reform efforts on the impending insolvency of these two programs, which serve retirees and the disabled. The trustees report issued in May said the Medicare trust fund will be depleted in 2017. Shoring up, strengthening and safeguarding Medicare has to be a priority, and Medicare benefits shouldn't be threatened as a result of health care reform.

Q: What reform measures do you advocate?

A: Iowans have shared their concerns about affording health insurance coverage, denial for preexisting conditions, and portability of

Self Mailer

Listening to Iowans

not for a government-run plan, but if it happens, members of Congress should experience the program first-hand. This view is consistent with my long-held position that Congress should not be above the law. In 1995, President Clinton signed into law my bill to apply federal labor and employment laws to Congress for the first time ever.

Q: Is your involvement in bipartisan negotiations making a difference?

A: I have a seat at the table from my position on the Senate Finance Committee, and this gives me the opportunity to weigh in with the opinions of my constituents. Large majorities in the Senate and House of Representatives and control of the White House by the same political party make it possible for the President and congressional leaders to pass reforms that could lead to the federal government running health care in America. The possibility of an alternative bill that could win broad-based bipartisan support has given me

the chance to promote reforms that would help bring more people among the ranks of the insured, curb health care inflation, reward quality health care services, and



Senator Grassley listens to Iowans and answers questions at a town meeting in Adel on August 12, 2009. He holds a constituent meeting in every one of Iowa's 99 counties at least once every year.

stop discriminatory coverage for pre-existing conditions, but I will not support a government takeover of health care. Discussion of a possible bipartisan proposal has given Americans time to voice their concerns about the bills already passed by House and Senate committees and strengthened the important role of the grass roots in the legislative process. I've said through the year that something as big as health care reform should have the kind of

bipartisan support that can win the votes of 70 to 80 senators.

Q: Can health care reform be fully paid for and also reduce costs over the long run?

A: Yes, with careful work, it's possible. But if someone believes there's such a thing as a free lunch, they've been in Washington too long. The Congressional Budget Office said trimming unnecessary Medicare overpayments and inefficiencies in order to strengthen the program for beneficiaries, beefing up information technology and taxing sugary drinks (a tax increase I oppose) would not yield enough

revenue and savings to pay for a trillion-dollar health care overhaul. Experts say health care cost inflation can be slowed by rewarding providers for higher quality and more efficient health care (rather than paying for volume) and discouraging overutilization. Research has shown that in areas of the country where health spending is the highest, quality is actually lower and outcomes are worse. In other areas, like Iowa, spending is lower and quality is higher. Reforms that reward efficient care delivery and high quality without dipping into the federal treasury are doable. Any bill that doesn't rein in runaway health spending over the long haul would only make existing problems worse.

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