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United States Senate

CHARLES E. GRASSLEY
WASHINGTON, DC 20510-1501

September 10, 2013

Reply To:

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Mr. Lyle Prunty
1009 East Call Street, #4
Algona, Iowa 50511-2172

Dear Mr. Prunty:

Thank you for taking the time to contact me about the new health care law, the Patient Protection and Affordable Care Act (PPACA). As your Senator, it's important for me to know your thoughts and priorities.

I understand your opposition to PPACA. I voted against PPACA because it was a bad law when it was passed and it remains a bad law today. While it may not be feasible to repeal and replace the law in the 113th Congress, I want you to know that I continue to have deep concerns about PPACA and have supported efforts to minimize its damage. Most recently, I voted for an amendment offered by Senator Cruz to a bill funding the government which would defund PPACA entirely. I have also signed Senator Lee's letter pledging to vote against any continuing resolution that funds the government if it also funds PPACA. I have also supported bipartisan efforts to repeal parts of PPACA, including the CLASS Act and the medical device tax.

Though the stated goal of the law was expanded coverage and accessibility to health care, the law does nothing to address the underlying causes of the high cost of health care – that is, what it costs for a hospital or doctor to purchase and maintain medical equipment, purchase medicines, carry malpractice insurance, and the like. Lowering the costs of things like those I just listed would drive down the cost of health care, emergency room visits, and health insurance premiums. Rather than address the actual cost of care, the President and his colleagues chose to bypass real health reform for a new, unsustainable entitlement and bureaucratic mandates which will have the tendency to price people out of the health insurance market rather than provide them with coverage.

An unfortunate example of this is a proposed regulation from the Department of Health and Human Services (HHS) which will limit insurers' ability to charge their oldest beneficiaries no more than three times as much as their younger beneficiaries. Even as well-intentioned as I'm sure this regulation is, in order to cover older beneficiaries – whose health costs are higher on average – insurance companies will be forced to transfer those costs to younger beneficiaries. In a recent study, actuaries at the management consulting firm Oliver Wyman predict that the law's age rating restrictions could mean a forty-two percent hike in premium costs for people between the ages of 21 and 29. In some cases, especially with the initial implementation of this law, the individual mandate tax will be far cheaper to pay for a young person than paying for the cost increases associated with PPACA in the individual insurance market.

Additionally, implementation of the law is already having a marked effect on the economy. The employer benefits firm, Mercer, released a study concluding that if businesses do not take steps to control spending, such as raising co-payments, costs could rise by 7.4% in 2013. Faced with these costs and the massive increase in taxes imposed by the law, some employers have stopped hiring new, full-time workers. Other employers have decided to pay a fine rather than offer health insurance for employees at all. In fact, the Federal Reserve noted in its March 2013 Beige Book that "Employers... cited the unknown effects of the Affordable Care Act as reasons for planned

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