



**COUNCIL for
CITIZENS
AGAINST
GOVERNMENT
WASTE**

Thomas A. Schatz, *President*
1100 Connecticut Ave., N.W., Suite 650
Washington, D.C. 20036
ccagw.org

June 25, 2020

House of Representatives
Washington, D.C. 20515

Dear Representative,

You will soon consider H.R. 1425, the “Patient Protection and Affordable Care Enhancement Act,” another effort to “fix” healthcare, something that the Patient Protection and Affordable Care Act (ACA), or Obamacare, was supposed to do. On behalf of the one million members and supporters of the Council for Citizens Against Government Waste (CCAGW), I ask that you reject H.R. 1425.

The American people were told that the ACA would lower premium costs by \$2,500 per family annually but instead it doubled the cost; insurance networks shrunk and choices were limited; many citizens could no longer keep the doctors they wanted; and millions of Americans were pushed into government-run healthcare.

Proponents of H.R. 1425 claim the legislation will lower healthcare costs by providing a \$10 billion “affordability fund” that would be used by states to run reinsurance programs; eliminating the federal poverty level threshold for receiving tax credits; permitting funding for states to establish their own exchanges; providing \$100 million annually for ACA advertising costs and in-person enrollment assistance; and, allowing states to expand Medicaid with a 100 percent federal matching rate for three years. It is *deja vu* all over again as much of this was included in the ACA but led to millions of dollars wasted on failed exchanges, questionable navigators, and increased dependency on government bureaucrats.

This new spending will be “paid for” by the inclusion of provisions from H.R. 3, the “Lower Drug Costs Now Act.” H.R. 1425 would set up a “voluntary negotiation period,” in which the secretary of Health and Human Services would enter into agreements with drug companies over the price of certain drugs by setting a maximum “fair price” based on an average international market price (AIM). The AIM price will be based on drug costs in Australia, Canada, France, Germany, Japan, and the United Kingdom, all of which utilize price controls to keep prices artificially low and as a result have severely damaged their biopharmaceutical research. If a pharmaceutical company refuses to accept the government’s maximum fair price, it would be hit with an excise tax of up to 95 percent of the drug’s cost. This is extortion, not negotiation.

The legislation’s use of price controls might lower drug prices in the short run, but in the long run would destroy American biopharmaceutical innovation and create shortages. Few investors, including retirement account managers, would invest in biopharmaceutical companies knowing the heavy hand of government was in control. Investment dollars would go elsewhere, and it

would not be long before the U.S. biopharmaceutical industry would be a shadow of itself and there would be no savings to pay for a newly expanded ACA.

The legislation would also eliminate provisions instituted by Trump administration regulatory reform initiatives like rescinding short-term limited-duration health insurance plans and revoking 1332 State Relief and Empowerment Waivers. These provisions have been successful in lowering healthcare premiums in several states and at the same time, protecting people with pre-existing conditions.

CCAGW urges you to vote against H.R. 1425. It would put even more power into the hands of government bureaucrats and politicians to decide the kind of healthcare citizens would receive. Instead, CCAGW urges the House to adopt policies that have been recommended by the Republican Study Committee “A Framework for Personalized, Affordable Care” and the “American Healthcare Choices Plan,” which take power out of Washington, D.C. and give people more choice and control of the kind of healthcare they want, including those with pre-existing conditions.

All votes on H.R. 1425 will be among those considered for CCAGW’s *2020 Congressional Ratings*.

Sincerely,

The image shows a handwritten signature in black ink that reads "Thomas Schatz". The signature is written in a cursive, slightly slanted style.