

**OBAMACARE IMPLEMENTATION, THE BROKEN
PROMISE: IF YOU LIKE YOUR CURRENT PLAN
YOU CAN KEEP IT**

FIELD HEARING
BEFORE THE
**COMMITTEE ON OVERSIGHT
AND GOVERNMENT REFORM**
HOUSE OF REPRESENTATIVES
ONE HUNDRED THIRTEENTH CONGRESS
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OBAMACARE IMPLEMENTATION, THE BROKEN PROMISE: IF YOU LIKE YOUR CURRENT PLAN YOU CAN KEEP IT

Friday, December 6, 2013

HOUSE OF REPRESENTATIVES
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
WASHINGTON, D.C.

The committee met, pursuant to call, at 10:03 a.m., in City Council Chambers, Apache Junction, Arizona, Hon. Darrell E. Issa [chairman of the committee] presiding.

Present: Representatives Issa and Gosar.

Also Present: Representatives Franks and Schweikert.

Staff Present: Drew Colliatie, Professional Staff Member; John Cuaderes, Deputy Staff Director; Linda Good, Chief Clerk; Meinan Goto, Professional Staff Member; Rebecca Watkins, Communications Director.

Chairman ISSA. The committee will come to order.

The Oversight Committee exists to secure two fundamental principles. First, Americans have a right to know that the money Washington takes from them is well spent. And second, Americans deserve an efficient, effective government that works for them. Our duty on the Oversight and Government Reform Committee is to protect these rights. Our solemn responsibility is to hold government accountable to taxpayers, because taxpayers have a right to know what they get from their government. Our job is to work tirelessly in partnership with citizen watchdogs to deliver the facts to the American people and bring genuine reform to the Federal bureaucracy.

Today's hearing is part of a continuing series of field hearings done throughout the country to reach out and hear from American people outside the Beltway about what their challenges are with the Affordable Care Act. In Washington we have brought in specialists from all over the country to deal with failures of the website, unintended consequences of changes in the law, the effects in some cases—Mr. Franks and I have worked particularly on the effects of changes made by the President that may not be within his constitutional authority.

But here, we have come to listen to people who are directly affected by the implementation of the Affordable Care Act.

I want to note for the record, these are bipartisan hearings, no different than Washington. However, so far, three out of three times, my Democratic colleagues have chosen not to participate or even ask for a witness to support an alternate point of view. I regret that. America is best served when all opinions are heard. For

that reason, we will include any insertions by individuals who have different stories in the record. We want to know where the Affordable Care Act is doing good in addition to the areas in which it is causing higher cost or driving people out of the healthcare they wanted.

I want to particularly thank today Congressman Gosar because we are here in Apache Junction thanks to the city and the county, but also thanks to the congressman who helped so much in arranging this. Congressman Gosar is now becoming a senior member of the committee. He is highly involved in the day-to-day of the committee and is one of our most constant participants both during and outside of the hearing process.

Additionally, I want to welcome and ask unanimous consent that Mr. Franks be allowed to participate in this hearing even though he is not a member of the committee, and without objection, that is so ordered.

The fact is, while the President and other authors of the Affordable Care Act repeatedly promised if you like your healthcare plan you can keep it, if you like your doctor you can keep him, it simply isn't turning out to be true, no more than those who were told that there was oceanfront property here in Phoenix. The fact is, no matter what you were promised, the stark reality of far more people losing their healthcare than getting replacement healthcare, far less people finding the asset versus the liability of the Affordable Care Act.

It doesn't change the fact that a law is a law, and we are sworn to uphold and defend the Constitution and the statutes as they are passed. For that reason, we want to know what is wrong, what is happening, and propose legislation that would allow us to find a way to bring what was the stated purpose of the Affordable Care Act, which was affordable care, to the American people.

All three of us on the dais here today share one common view, and that is that government intervention, government's attempt to usurp the private sector—thank you, and by unanimous consent, you also will be included.

Mr. SCHWEIKERT. Proving you will let anyone sit down with you. [Laughter.]

Chairman ISSA. Especially if you are local and popular.

The fact is, we have this obligation and we are here today to help fulfill it. For every individual that reported the Affordable Care Act enrollment in the state and Federal exchanges, more have received cancellation notices. We are not limiting our investigation to government agencies and government intentions and government meddling in what was already a difficult and expensive private-sector market. The committee has sent to 15 insurance companies asking them what did they know and when did they know it.

But clearly, the cancellations that are coming now were known well before October 1st and were not made available to the American people. I have no doubt if the American people had known the level of cancellations, the lack of availability, the fact that the promise that you can keep the healthcare plan you had when, in fact, in every state they are disappearing, and in my state, California, they were required to disappear by agreement with the

state regulatory agency in order to participate in the new government exchange sponsored by California.

So here we are in Arizona where, in many ways, you are fortunate, at least you think you are, because you don't have a state exchange further meddling in implementing Obamacare, but you do have the fact that the Affordable Care Act, which promised to give you more choice and more competition, didn't.

According to research from the Heritage Foundation, and this is very recent, there are currently 11 insurers offering coverage in the Arizona individual market. This decrease in market competition in Arizona will lead to higher cost of health insurance. The fact is the exchanges have signed up only 738 people in the Federal exchange in the first month of operation.

The Manhattan Institute published a state-by-state analysis of the impact of the Affordable Care Act premiums. According to this report, in the average state, the Affordable Care Act or Obamacare will increase underlying payments by 41 percent. However, in Arizona, the Manhattan Institute estimates at least 51 percent increase in the first year.

One of the challenges the Affordable Care Act constantly has is you go online or you talk to your insurer and they do have a program that costs somewhat similar to your previous year. Then you discover that your out-of-pocket costs have risen, the amount you pay before anything gets paid, by \$2,000, \$3,000, \$4,000, \$5,000. We did not sign up for an affordable care that simply said the insurance rate will be about the same and you will get less coverage, and you will have more out-of-pocket expenses. And yet, that is what we are finding again and again.

Predictable but unintended when you write a law that says individuals working under 30 hours a week need not be covered by the mandatory healthcare even though they have a mandatory responsibility to buy. This is a double whammy. Part-time employees at places like Starbucks and others who previously had healthcare may not have it, and yet they have a mandate to buy it, the worst of all worlds.

Lastly, most people here in Arizona know that the biggest source for employment will, in fact, be companies who employ less than 50 individuals, and all startups that are really and truly startups start with less than 50 employees. And yet, that very group exempted from it means that as the prices go up and it is less affordable, many individuals and companies, small businesses less than 50, who previously had plans, often with health savings accounts and other benefits they liked, are losing them. Again, unintended consequences of government intervention.

When the President's signature law, the Affordable Care Act, was passed three-and-a-half years ago along 100 percent partisan lines, the Act gave the administration virtually unlimited funds to do what it wanted and, more than three years later, time to complete all their work. While the control was all theirs, so, in fact, is the question why is it in sworn testimony before this committee no one would take direct responsibility for any of the failures of the healthcare.gov website? In fact, we had two chief information officers, both of whom said they had nothing to really do with it other than showing up to meetings.

That kind of passing the buck, in addition to what you will hear today about the adverse effects to people seeking care, has to be changed. The Affordable Care Act will require legislative changes. We believe it requires legislative changes in order to get government responsible with your money.

The launch of one of the more famous websites, the eBay auction house, over more than six years spent approximately \$300 million and conducted millions and millions of real-time live auctions for a fraction of the cost of the failed Affordable Care site. That is just the tip of the iceberg of what happens when government gets your money and is not held accountable to the American people.

Today we will do the best we can to bring transparency to the failures of the Affordable Care Act so the American people can begin appropriately demanding that we take action to fix a broken law.

And with that, I go to Congressman Gosar for his opening statement.

Mr. GOSAR. Well, thank you, Chairman.

First I would like to thank Chairman Issa for making the trip to Arizona and holding today's hearing. I strongly believe congressional committees should come out to its members' home states and hear directly from our constituents regarding the struggles that they face from the policies that Congress enacts.

I know there are a lot of demands on your time, as well as the committee's time, and I deeply appreciate and am honored that we are able to hold this field hearing here in Arizona's 4th Congressional District.

I would also like to thank my two colleagues, Congressman Trent Franks and David Schweikert, for taking time out of their busy Friday for this hearing, but it is an important hearing in regards to health which all of us have to have some concerns about.

We are all committed to repealing this onerous law and replacing it with policies that increase access to care while decreasing premiums.

Finally, I would like to thank all of you for holding us accountable, coming out on your Friday and being part of a democratic republic that holds your elected officials accountable. I know a lot of people could not be here from the long distances, but as the chairman said, we would love to have your stories be brought into the record, and you can reach out to my staff. Penny Pew is in the front room if you would like to direct your stories accordingly.

We are about understanding what is actually happening with what I call the Unaffordable Care Act. Over the past few months, my office has been inundated by calls, emails, tweets, and Facebook posts from Arizonans frustrated with Obamacare implementation. Since its enactment, the President has made a variety of promises to the American people that have not been, frankly, true. These folks are now dealing with lots of problems—lack of choices, higher premiums, higher co-pays, and less access to care that they need. In rural Arizona, these struggles are particularly amplified in communities that simply already have limited access to healthcare providers and an unemployment rate that exceeds the state and nationwide average.

Obamacare is a train wreck, full of broken promises that is increasing healthcare costs and interfering with the doctor-patient relationship. Obamacare must be repealed and must be, importantly, replaced. That is why I am not shy about saying there is a replacement, and I have been a very foremost part of that replacement.

I have worked along with six of my house Republican healthcare colleagues for a replacement plan called the American Healthcare Reform Act, and it is H.R. 3121 if you would like to find it. This is something I am not shy about.

This initiative does five principal things. It starts with a patient-centered, patient-friendly healthcare, not a government dictated. It spurs competition to lower healthcare costs by allowing Americans to purchase healthcare insurance across state lines and enabling small businesses to pool together and get the same buying power as large corporations.

It starts with tax reform. It reforms medical malpractice laws in a commonsense way that limits trial lawyer fees and non-economic damages while maintaining strong protections for the patient.

It also takes into account tax reforms which allow families and individuals to deduct healthcare costs, just like companies do, leveling the playing field and providing all Americans with a standard deduction for healthcare insurance.

It expands access to health savings accounts, HSAs, increasing the amount of pre-tax dollars individuals can deposit in portable savings accounts to be used for healthcare expenses, and it safeguards individuals with pre-existing conditions from being discriminated against purchasing health insurance while bolstering state-based high-risk pools and extending HIPAA guarantees for availability of protections.

Our bill opens up the market, allowing Americans to purchase health insurance across state lines, and it drives down the cost, expands access to these health savings accounts that are a part of a patient's budget.

This bill is pragmatic. It is practical and portable, a free-market alternative to the current healthcare system that does not impose more taxes and mandates on American families. It facilitates a system that leaves patients and physicians in the driver's seat, where they belong. It has garnered the support of the majority of my Republican colleagues in the House, and I hope we will ultimately enact it into law.

Thank you again, everyone, for coming out here today. It is a pleasure to see so many smiling faces. I think with the blue sky, there is a smiling face everywhere in Arizona.

And, Mr. Chairman, we actually did buy oceanfront property in Arizona.

[Laughter.]

Mr. GOSAR. I yield back.

[Applause.]

Chairman ISSA. We now go to my friend and fellow member of the Judiciary Committee and chairman of the Constitution Subcommittee, Mr. Franks.

Mr. FRANKS. Well, thank you, Mr. Chairman. I will do like so many have done whenever they sit on a committee with you, and

that is to express their own appreciation for your leadership. It is not an easy thing being a captain of accountability in the Congress. It is something that brings with it great criticism from many corners, and it is very hard to be intense enough to maintain true accountability and still maintain integrity in the process.

But Chairman Darrell Issa has done that in an exemplary way, and I appreciate him deeply, and I think that this country will have a better hope and a better future for his having come the way of Washington, D.C.

And I would also like to express gratitude to David Schweikert and to Paul Gosar. These are not only fellow colleagues in Congress from Arizona, but they are precious friends. We are so fortunate that our delegation, at least those represented on this dais, have a sincere commonality and comity toward each other and commitment to this country. I would suggest to you that if the rest of Congress reflected the philosophy and the heart that Paul Gosar and David Schweikert have, and Chairman Issa, that I would simply be inclined to come home and be with my children more, because I could do that with a clear conscience.

Today, the subject primarily is the Affordable Care Act, and I will be pretty brief here. Some of the things have already been expressed very eloquently by our chairman. But Mr. Obama famously and repeatedly promised Americans who liked their healthcare plans that they could keep them. Now, as of November 19th, nearly 5 million health insurance policies in 32 states have already been canceled, and there are indications that that is the tip of the iceberg.

He said if you liked your doctors, you could keep them. Now we see stories in the Washington Post about insurers restricting the doctors and hospitals available to patients in order to keep the costs from the Affordable Care Act down, Obamacare down. Mr. Obama promised to lower premiums by up to \$2,500 per family. But an analysis by the Manhattan Institute, as Chairman Issa said, showed that on the average Obamacare will increase premiums by 41 percent. And it is especially important to repeat that, in Arizona, that rate is 51 percent. That is pretty profound for something that was to save us money.

The price tag for this dramatic worsening of our healthcare system, a \$2 trillion increase in Federal spending over the next 10 years.

Now, I just have to say to you, for the leader of the free world to make those statements and then to back away from them or to see them clearly in error before the entire country either reflects an error in judgment or a lapse in judgment on his part, or veracity, one of the two, or both. In either case, they represent a significant issue to the American people. If both are true, then the implications are fairly sobering, especially when we begin to see negotiations going forward with the Islamic Republic of Iran on the potential of jihad gaining potential access to nuclear weapons.

It is a very significant thing for the people of this country. We have two choices, two ways to try to see good policy come about. We either have to elect the right people, or we have to try to encourage the wrong people to do right things. And I would suggest to you that the latter equation is the one before us now. We have

to try and see if we can get this administration to go in a better direction.

With that, I believe that there is a hope out there that the courts will act on the unconstitutionality in many areas of the Affordable Care Act. In 2010, the Supreme Court held Obamacare as a tax. The Origination Clause of the Constitution, found in Article 1, Section 7 of the Constitution states, "All bills for raising revenue shall originate in the House of Representatives." I will say to you that that goes back to the very genesis of our Constitution. It is what allowed us to come together as a country and actually have a Constitution in the first place, to make sure that government's most coercive, most potentially dangerous power, that of taxation, was kept in the body that was most responsive to the people and where the people had the ability to make their voice known as quickly as possible, that being the House of Representatives. We never would have had the Constitution come together, there never would have been a compromise at that time for the Constitution that we have to actually exist apart from that clause.

Now, in creating Obamacare, the Senate took an entirely unrelated bill that did not raise tax revenues, that was not germane to the Affordable Care Act, and struck everything but the number and injected the Affordable Care Act in calling it the Senate Healthcare Act. Every provision of Obamacare originated in the Senate.

Some of us now, there are 43 of us that have signed amicus briefs before the Circuit Court in Washington, D.C. to try to challenge that on constitutional grounds. If the Senate in the future can take any bill and strike all of its contents and raise taxes as high as the Affordable Care Act has done—in some cases the people suggested it is the highest tax increase in history—if they can do that, then the Origination Clause, my friends, is a dead letter. It has no place anymore in the Constitution. So they have a pretty stark choice before them.

With that, I still have some hope. Unfortunately, this president is now trying to stack the D.C. Circuit Court of Appeals with nominees, and the Senate has acquiesced with that effort in doing what they call the "nuclear option" to make it to where Republicans or the minority does not have a say in the confirmation process, as they once did.

But I still believe that we have great hope, and my judgment is that the American people are a lot more in control of their faculties than some politicians think, and I hope, as Winston Churchill said, the American people always do the right thing after they have exhausted every other possibility.

[Laughter.]

Mr. FRANKS. My hope is that we have now seen that we have exhausted some of our possibilities with this administration and we need to do everything that we can to change direction.

With that, I am grateful, Mr. Chairman, for your forbearance, and I look forward to hearing from our witnesses.

I welcome all of you. I am grateful that each person is here.

Thank you.

Chairman ISSA. Thank you.

[Applause.]

Chairman ISSA. It is often said that if you ask a carpenter to do something for you, undoubtedly it will include a hammer and a saw. So when you bring a constitutional scholar in, someone who has worked so much on that issue, there is no question what will be part of the solution.

And with that, going to Congressman Schweikert, who is a defender of small business, a leader on the Small Business Committee, in addition to Science. I have no doubt that his knowledge of the impact to Arizona business is unparalleled.

Mr. Schweikert?

Mr. SCHWEIKERT. Mr. Chairman, Darrell, it is fun to have you out here. Sorry about the beachfront crack, but we are waiting for the earthquake where we do get the beachfront property.

Chairman ISSA. But we only know that it will split. We don't know if we will both get an ocean out of it.

[Laughter.]

Mr. SCHWEIKERT. You know, I am willing to split the difference with you.

Chairman ISSA. The question is, who gets the river.

[Laughter.]

Mr. SCHWEIKERT. Don't start that. Please, don't start that.

For those of you know Arizona history, we once had to send our army, all 12 of them, to the border to keep them from stealing our water.

To Paul and Trent, we have something unique in Arizona right now, at least on our side. We actually have a delegation that actually likes each other. You would be amazed how much easier it is to work when you have teams around you that actually play nice.

Darrell and for everyone that is here, thank you. You are actually in one of the most beautiful pieces of desert, I think, in the country.

I think it was on Wednesday we held an oversight hearing in Small Business, and much of the discussion here today will be about your access to your doctor, the affordability of your healthcare. We held a hearing on something they call the business aggregation rule and what it is doing in a cascade effect of crushing small businesses.

So you have a business, you invest in your son's business, and as a family partnership you put a little money into a Subway shop and do this, you have to keep track of all the number of employees in everything you are touching. And if you hit the 50 people, all of your businesses now fall under the new command and control system.

We had a series of testimony. Even the witness for the Democrats agreed that this was stifling growth and crushing small businesses, and now CPAs and advisors all over the country are advising people, saying you can't even invest with your kids anymore for the danger it might have to the current businesses.

The layer after layer after layer that we are discovering, or at least we are finally now getting our friends, our brothers and sisters in the media to start reaching out and helping us expose, there is so much more to come. Wait until the beginning of the new year when you start to see what has happened to the actuarial portfolios

of the distribution of risk within our healthcare industries and what is going to be happening there.

I think, actually, we may have done incredible damage to our future markets and our future availability of healthcare, and at least we are finally getting help from both the media but also from the public reaching out and saying I am embracing, I am starting to understand what we have been talking about for the last couple of years, and now with what is happening to so many of our brothers and sisters around us, sadly enough, you are getting to experience.

And with that, Mr. Chairman, I yield back.

Chairman ISSA. Thank you.

All members may have seven days in which to submit opening statements and extraneous material for the record. Additionally, the record will be open for participation of individuals here today to submit information for the same seven days.

Chairman ISSA. Pursuant to the rule, I ask unanimous consent that the gentleman from Arizona, Mr. Franks, and the gentleman also from Arizona, Mr. Schweikert, be allowed to participate in this hearing and ask questions.

Without objection, so ordered.

We now welcome our panel of witnesses. Normally, when we introduce people in Washington, we are introducing them with lofty titles, Ph.D.'s, although we do have an M.D. here, and the story is what institute, what association, what think tank are you from. Here today, the most important part of the introduction is the city you are from more than, in fact, any other title.

We are honored to have Mrs. Juli Dalton from Prescott, Arizona; Ms. Diana Robinson from Chino Valley, Arizona; Dr. Steven Montgomery, who is a veterinarian from Blythe, California; and Mrs. Christie Hamman, also from Prescott, Arizona.

This is a hearing, and pursuant to our rules, all members must be sworn. Would you please rise and raise your right hand?

Do you solemnly swear that the testimony you are about to give here today will be the truth, the whole truth, and nothing but the truth?

Please be seated.

Let the record reflect that all witnesses answered in the affirmative.

We have a little machine up here, and it is universally understood green means go as long as you want, yellow means hurry up through the intersection, and red means stop on the other side of the intersection. So if you would please stay as close to those lights as I am sure you did driving here today, it would be appreciated.

And with that, I believe we are starting with Mrs. Dalton.

STATEMENT OF JULI DALTON

Ms. DALTON. Thank you. As you said, my name is Juli Dalton. I am 46 years old. I come from Prescott, Arizona. My husband and I live there. We have three children there. We are very active in our community and in our church and we believe that it is a sacred obligation to take care of ourselves, as reflected in our own Declaration of Independence, that we have the God-given right to pursue life, liberty and happiness, and to provide for ourselves and our own in the way that we see fit and the way that we feel is best.

In that spirit of self-reliance, we decided in 2011 that we needed to purchase health insurance for our family. We felt uncertain about the future. We didn't know what Obamacare was going to hold for us, so we thought that it was prudent that we should get ourselves prepared and purchase a plan.

Our president had assured us that if we had a plan that we liked that we could keep it, and so we felt that it was prudent to go ahead and provide that for our family. What he didn't tell us was that in 2010 there was a deadline, that if we didn't meet that, we would not be grandfathered in. We didn't understand that. That was never made clear to us.

Our agent worked very hard to help us find something that was just right for us. We chose a plan that had a \$375 premium. Under this plan, our children were covered until they were 30 years old, which is better than what we are being told Obamacare provides. We already had that. We had better than that.

Each member of the family had a \$5 million cap on benefits. We felt very secure about that. Prescription coverage was good. We were healthy, and we had exactly what we needed.

In October of this year, our agent called us, and this is interesting. It wasn't Blue Cross Blue Shield that called us. It was our agent that informed us that we were about to lose the plan that we had worked so hard to find. Through the Affordable Care Act, it was no longer going to be made available to us. He told us that starting the first of the year, our cost would be \$1,180 a month, which is calculated to be a 320 percent increase over what we worked so hard to provide for ourselves.

He offered to rewrite the plan for us so that we could at least buy seven months. So we were reduced to planning for our family seven months at a time.

Since then the rules have changed again, and we were informed that Blue Cross is now extending the renewal date to December 31st of 2014, which is great, but that means six days after Christmas next year we are going to receive that huge increase in our premium.

I was asked to comment on how these things impact our family. We could opt to pay the 320 percent increase in our premium in 2014, but that would be \$800 additional a month that would have to come out of the family budget. I would like to impress upon you what the value is to us of \$800.

It means that we would have to sell both of our cars, or we could opt to sell our home and move in with my brother-in-law. We could get a second and third job to pay for health insurance. I could choose to save money by never going to see my dad again, who lives far away. We could suspend all charitable giving, which is substantial for our family, and we feel that that is a sacred obligation that we take seriously.

None of these options are workable.

We could opt to purchase insurance through the government subsidized exchanges, but for a family of four at our income level, living in Yavapai County, the subsidy is only \$252 a month, which would still mean that we would experience a 250 percent increase if we were to purchase on the exchanges.

Additionally, in Yavapai County, we have been informed that three of the five major insurance carriers operating in Arizona have pulled out of the exchanges in Yavapai County completely, which effectively reduces our ability to find good, competitive pricing on the exchange by 75 percent.

To stay within our budget, we could choose to drop our insurance altogether and pay the penalty. This looks good on paper, but the reality is that when my husband and I do get sick, which now in our middle age is more and more likely as we go along, serious disease has the potential to completely wipe us out financially, and in the end we could lose everything.

In short, at this point, we have no good options.

Thank you.

[Prepared statement of Ms. Dalton follows:]

I thank the honorable Chairman Issa for the invitation to address the distinguished men and women of this body today. I have been asked to speak to you about The Affordable Care Act and the impact that it is having on our family. I sincerely hope that my remarks will be helpful to you as you struggle to fix the horrible situation we are in with regards to health insurance in this country.

By way of introduction, my name is Juli Anne Dalton. I am 46 years old. My husband and I are the parents of 3 fine sons. We live in Prescott AZ where my husband owns a small business which he purchased from his father in 2000.

We are very active in our community and in our church and we believe that it is our sacred obligation to first take care of our own needs and then to use our means to assist others. We try to live virtuous lives in meaningful service to others and invest of our time, talents, and treasure on a regular basis.

In that same spirit of self reliance, we decided in 2011 that we needed to purchase health insurance. We felt uncertain about how the future would unfold with the changes in the Affordable Care Act that were sure to come. But our president had assured us that if we had a plan and we liked it we could keep it. So we felt it prudent to purchase a good plan while we still could.

Our agent worked very hard to find us something that was just right for us. We chose a plan with a \$375 premium. Under this plan, our children were covered until they were 30 years old. Each member of the family had a 5 million dollar cap on benefits. The deductible was high but the prescription coverage was good. We were all healthy, so the plan was a perfect fit for us.

When we enrolled, Blue Cross tried to deny me for what they determined to be a pre existing condition, but we were able to submit additional documentation provided by our doctor and secure coverage for ourselves and for two of our three boys. We felt very good about the fact that, in the event of a catastrophic injury or illness, we had been able to provide protection for our family at a price we could afford.

In October of this year, our agent called and told us that our plan was no longer going to be available under the Affordable Care Act. He told us that, starting the first of the year, it would cost us \$1,180 for a similar plan under the new rules. To put that into perspective for you, \$1,180 is about the same size as the mortgage payment on our home. I did some calculations and discovered that this \$800 a month difference amounts to an almost a 320% increase in our premium.

Our agent offered to rewrite our old plan for us so that we could at least keep it for 7 more months. At the time I thought how sad it was that we can only plan for our family's security seven months at a time. Seven more months and then what?

Since that time, the rules of the game have changed again and we have been told that BCBS is now extending the renewal date to December 2014 for everyone. But no one knows what will happen after that. If something is not done our premiums will skyrocket just 9 days before Christmas next year.

To this day Blue Cross Blue Shield has made no attempt to contact us or inform us of what is happening with our plan. If it weren't for our agent's willingness to look out for our best interest, we would still be in the dark about what is going on.

I was asked to comment on how these changes impact our family's bottom line and discuss with you what our options are at this point.

We could opt to pay the 320% increase in our premium. But where would this additional 800 dollars a month come from? I would like to help you all understand what the value of \$800 is to our family. \$800 is the cost of our two car payments. We could sell both of our cars. We could save \$800 by selling our house and moving in with my husband's brother. We could get a second job just to pay for our health insurance. I could choose to save money on occasional travel expenses and opt to never see my dad again.

We could suspend all charitable giving, or we could raise the fees at the dental office... none of these options are workable.

One of our sons will be serving a two year mission to Chile beginning in January, which will cost \$400 a month. Where will that money come from now? Our oldest son is very bright and is on full scholarship to Brigham Young University where he is on track for a career in medicine. We will not be able to help him financially.

We could opt to purchase insurance through the government subsidized exchanges, but for a family of four with our income level, living in Yavapai County, the subsidy would only be \$252 a month, leaving that 320% increase in premium still well beyond our reach. Besides that, we find the subsidy option to be morally abhorrent. Why should we need to bankrupt our children and grandchildren to pay for something which, until the government interfered, we could afford to purchase ourselves?

To stay within our budget we could choose to drop our insurance altogether and opt to pay the penalt instead. This looks good on paper, but the reality is that my husband and I are entering the time in our lives when our need for healthcare, both preventative and otherwise, will begin to increase.

In short, we have no good options.

Why is our government doing this to us? We were happy taking care of our own needs. We take care of our neighbors. We have contributed positively to society. We have raised three fine young men who will also make significant positive contributions in the future. For which of these things has our government seen fit to punish us? And where will it end?

Thank you.

Other facts to mention during questions:

- Our agent has informed us that three of the five major insurance carriers operating in Arizona have pulled out of the exchanges in Yavapai County, effectively reducing our ability to find good competitive prices on the exchange by 75% and narrowing our choices in the Yavapai County Exchange to only two companies.

Chairman ISSA. Thank you.
Mrs. Robinson?

STATEMENT OF DIANA ROBINSON

Ms. ROBINSON. Thank you.

When I first learned about Obamacare several years ago, I was hopeful but suspicious. All I could do was wait and see how it would affect me.

At the beginning of this year the first warning sign of things to come arrived in the mail when my then insurer, United Health Care, informed me that my premiums would be doubling. Knowing that I could not afford a higher rate, I found the insurance I currently have, which is a policy with Humana for \$280 per month with a \$5,000 deductible, which is barely affordable.

When healthcare.gov was made available, I got online to find out what I would be looking at when the Affordable Care Act took effect. I was stunned. The premiums were well out of my budget, and that was just for the Bronze plans. Since my annual income falls under the \$46,000 cap, I then applied for a subsidy, which I did not want to do. I was happy with my Humana policy and didn't want to take government aid for something I did not want in the first place.

I submitted the information on October 31st, Halloween, which is a fitting day to do so since I was quickly learning how scary Obamacare really was.

Then I waited, and I waited. After multiple phone calls to healthcare.gov, I finally learned last Tuesday that I do qualify for a subsidy of \$226 per month. After reviewing the Marketplace plans I would be able to get insurance for \$529 per month, which, minus the subsidy, would cost me \$303, slightly over my current plan. This sounded feasible, until I compared the proposed plan and my current one. Maximum out-of-pocket for the ACA plan would cost me \$1,350 more per year, with an additional \$276 in premiums. Why would I want to change?

Needless to say, I am choosing to keep my current plan until the end of 2014, when I will be forced to change. So much for the "if you like your current plan you can keep it" promise.

In the meantime, I received a letter from Humana telling me that I had two options for 2014 if I wanted to keep my policy with them. I could keep my current plan at \$280 per month or switch to an ACA-compliant policy at \$738 per month. Or—excuse me—yes, per month. I was shocked. Again, needless to say, I will be sticking with my current policy. More disturbing, the difference in the premiums between the two plans was \$5,547.12.

Another significant issue for me is that my income was greatly reduced one year ago when I became single. I am now faced with the possibility of going back to work. However, doing so would most likely push me over the annual \$46,000 subsidy cap, eliminating my subsidy. I would then be working mainly to pay for my healthcare premium.

I now realize the Affordable Care Act has been misnamed. And I agree with you, Representative Gosar. It should have been renamed the Unaffordable Health Care Act.

Thank you for allowing me to share my story, and I am so grateful to have gentlemen such as you representing us.
[Prepared statement of Ms. Robinson follows:]

**Testimony on Obamacare (Affordable Care Act)
by Diana Robinson
12/6/2013**

When I first learned about Obamacare several years ago I was hopeful but suspicious. All I could do was wait and see how it would affect me.

At the beginning of this year the first warning sign of things to come arrived in the mail when my then insurer, United Health Care, informed me that my premiums would be doubling. Knowing I could not afford a higher rate I found the insurance that I currently have: A policy with Humana for \$280 per month with a \$5000 deductible. Something I can afford.

When healthcare.gov was made available I got online to find out what I would be looking at when the Affordable Care Act took effect. I was stunned. The premiums were well out of my budget and that was just for the Bronze plans. Since my annual income falls under the \$46,000 cap I then applied for a subsidy which I did not want to do. I was happy with my Humana policy and didn't want to take government aid for something I didn't want in the first place. I submitted the information on Oct. 31, (Halloween) a fitting day to do so since I was quickly learning how scary Obamacare really was!

Then I waited.....and waited....After multiple phone calls to healthcare.gov I finally learned last Tuesday that I do qualify for a subsidy of \$226 per month. After reviewing the Marketplace plans I would be able to get insurance for \$529 per month, which, minus the subsidy, would cost me \$303, slightly over my current plan. This sounded ok until I compared the proposed plan and my current one: Maximum out of pocket for the ACA plan would cost me \$1350.00 more per year, with an additional \$276 in premiums. Why would I want to change?

Needless to say, I am choosing to keep my current plan until the end of 2014 when I will be forced to change. So much for the "if you like your current plan you can keep it" promise!

In the meantime, I received a letter from Humana telling me that I had two options for 2014 if I wanted to keep my policy with them. Keep my current plan at \$276.12 per month or switch to an ACA Compliant Policy at \$738.38 per year. The deductible on the ACA plan is less but when I did the math my maximum out-of-pocket costs for the ACA plan would be \$2297.12 more than my current plan. Needless to say I will be sticking with my current policy through 2014. More disturbing, the difference in premiums between the two plans is \$5547.12! (Please see Attachment #1 in this packet.)

Another significant issue for me is that my income was greatly reduced one year ago when I became single. I am now faced with the possibility of going back to work. However, doing so would push me to or slightly over the annual \$46,000 subsidy cap, eliminating my subsidy. I would then be working mainly to pay for my health care premiums. This is absurd.

I now realize the Affordable Care Act has been misnamed. It should be renamed the "UnAffordable Care Act."

Thank you for allowing me to be here to share my story.

Chairman ISSA. Thank you, Ms. Robinson.
Dr. Montgomery?

STATEMENT OF STEVE MONTGOMERY

Dr. MONTGOMERY. Thank you.

I enrolled in the American Medical Association Group Health and Life Insurance Trust health insurance program upon graduation from veterinary school in 1983. I also started a health savings account in connection with the plan when they first became available. The trust plan was a bona fide association plan, a designation given to it by some governmental agency. It was offered to AVA members and their families.

The policies were underwritten by a major insurance company, most recently New York Life, whose participation in the health care market is limited to association plans. The policies were good ones. They were affordable, they were comprehensive, and they were portable.

One could see any doctor, go to any hospital, anywhere. This is quite important to me as I have lived and practiced in four locations in three states in the last 30 years.

For the past 24 years, I have lived in a very rural area of Southern California on the border of Arizona. The nearest towns to mine and where my doctors and hospital are located are in Arizona. Late last year we were informed by the trust that New York Life was no longer going to underwrite the plan as of January 1st of 2014. The reasons given, one, that our association was no longer bona fide. It had been stripped of that status by the Affordable Care Act. And two, since New York Life was providing health care to some, it was going to have to start providing it for everyone. New York Life has completely withdrawn from the health insurance business formally. Attempts by the trust to secure another underwriter had been unsuccessful.

When the Affordable Care Act was first announced, I was not that concerned as President Obama and prominent members of Congress stated emphatically that you could keep your current health insurance. They were wrong, and they should have known that. I would perhaps excuse Ms. Pelosi since she had not yet read the bill, but ignorance, even in my profession, is a poor excuse.

I have not yet secured new health insurance for myself and my granddaughter. My wife and I are her legal guardians. I have not worked too hard to do so, but in looking on the Internet at what is available has so far been disappointing.

I currently pay about \$6,300 per year for the two of us. Minimum premiums will go up to \$7,400, comparable plans up to \$9,000. But the most important thing is the out-of-pocket expenses. Copays, deductibles are going to be almost three times as much, and if I go out of network, such as crossing state lines, which I am not certain if that is going to work or not, it could be eight to nine times as much as I am paying now.

Being that I am in California or in the California exchange, Blue Shield of California, what I have been able to see—I cannot find out if I can go into Arizona. It is not clear. You ask for providers in Arizona and it comes back as an invalid request. Therefore, if

I have to stay in California, I have to travel an extra 100 miles, and that is no exaggeration, to access physicians and hospitals.

As a veterinarian, I do make a decent living. But after 30 years in practice, I cannot yet afford to retire. Nobody pays for my retirement but myself. No one but me pays for my health insurance. Obamacare is probably not going to bankrupt me, but it will certainly have an effect on my plans for the future.

I don't consider myself very old, and I have been fairly healthy my whole life, but about the last five years that has changed, as one gets older. And now when I need my insurance the most, it is being canceled. And I am no expert in the healthcare industry, but I did serve on a hospital board for 13 years, sitting as chairman for 10. My wife for the last 20 years has been CEO of a small rural hospital, so I am familiar with the healthcare industry, and I don't think most people are really aware of how deeply and intimately involved the government already is in your health care, every aspect of it.

Certainly, the administration's call for reform is laudable. But in my opinion, the reason the current system is so screwed up is because the government is so involved in it, and reform really should be less involvement of the government rather than more.

Thank you.

[Prepared statement of Dr. Montgomery follows:]

I enrolled in the American Veterinary Medical Association Group Health and Life Insurance Trust health insurance program upon graduation from veterinary school in 1983. I also started a Health Savings Account in connection with the plan when they first became available. The Trust Plan was a bona fide association plan and available to AVMA members and their families. The policies were underwritten by a major insurance company, most recently New York Life, whose participation in the health care market was limited to association plans. The policies were good ones; affordable, comprehensive, and portable. One could see any doctor or go to any hospital anywhere. This was quite important as I have lived and practiced in 4 locations in 3 states in the past 30 years. I currently live in a very rural area of Southern California on the border of Arizona. The nearest towns to mine, and where my doctors and hospital are located, are in Arizona.

Late last year we were informed by the Trust that New York Life was no longer going to underwrite the Plan as of January 1, 2014. The reasons given were that 1) our association plan was no longer "bona fide" and 2) since New York Life was providing health insurance to some, it would have to start providing it for everyone. New York Life has completely withdrawn from the health care market. Attempts by the Trust to secure another underwriter have been unsuccessful.

When the Affordable Care Act was first announced I was not concerned, as President Obama and prominent members of Congress stated emphatically the you could keep your current health insurance. They were wrong and should have known. I would perhaps excuse Ms. Pelosi since she had not yet read the bill but ignorance, even in my profession, is a poor excuse.

I have not yet secured new health insurance for myself and my granddaughter (my wife and I are legal guardians). I have not yet worked hard to do so but looking on the internet at what is available has so far been disappointing. My greatest concern is portability. All of the plans are in provider networks, and it is not clear to me if these will cross state lines. If not, I will have to travel an extra 100 miles (no exaggeration) to the nearest California city for my health care.

As a veterinarian I make a decent living, but after 30 years in practice I cannot yet afford to retire. No one pays for my retirement but myself. No one but me pays for my health insurance. Obamacare is probably not going to bankrupt me but it certainly will have an effect on my plans for the future.

Steve Montgomery DVM, Blythe, California

Chairman ISSA. Thank you.
 [Applause.]
 Chairman ISSA. Please.
 Mrs. Hamman?

STATEMENT OF CHRISTIE HAMMAN

Ms. HAMMAN. Well, I thank you for the opportunity to speak to you today on this really very important subject to all of us.

My name is Christie Hamman. My husband and I are both self-employed real estate professionals in Prescott, Arizona. I am 55 years old, and he is 58. We have been self-employed and self-insured for over 30 years. Our family has been fortunate enough to be in relatively good health. None of us smoke, and so our premiums have always been reasonable.

It has been our choice to have health insurance with high deductibles and low premiums. This has worked well for our family. We have insurance presently through Blue Cross Blue Shield of Arizona. We have a \$5,000 deductible per person. It is a policy that is designed for relatively healthy people. We have three doctor visits that we get copays a year, and we are allowed to have a health savings account where we pay for everything as we go, to the point of that deductible.

Our premiums this last year have been \$550 a month for my husband and I. We have a college-age daughter, and we have a 25-year-old son who has yet to have full coverage, to have health insurance coverage at his workplace.

So I would say originally I wasn't particularly enthusiastic about a government-run healthcare system or a mandate for insurance, but I understood that a lot of people in this country could not afford adequate health care and health insurance. I was sympathetic to this plight. I expected our premiums would rise slightly. I was expecting that. But I had no idea what was about to happen to our family.

When President Obama repeatedly stated that if we liked our insurance we could keep it, period, I just didn't imagine what I was about to walk into.

And so I received a cancellation letter from Blue Cross Blue Shield in September. I honestly laid it aside and thought, well—because they said they would put us in another plan. So I laid it aside and I thought not a whole lot about it, until I finally called my agent. He said that we would be able to move to another Blue Cross Blue Shield plan, and when I talked to him he said you will have far better insurance than you have now, which sounded good. He said I would have maternity coverage and pediatric dentistry, both of which I would have been happy to have back in my child-bearing years and child-raising years, but I do not need it now.

He told us the plan that most resembled our plan would still have a \$6,000 deductible per person, but my premium would now be \$1,701 a month. To say the least, I was stunned by the increase.

My husband and I are both in real estate. We make a good living. We don't know from year to year what that living is going to be, though. So upon the advice of a number of people, I was told not to go into the exchange and put in any personal information. But they do have a calculator within the exchange that you can put

in some basic information and be given the idea of what your premium would be on the exchange.

So I put in there that we made \$95,000, a hypothetical number. There would be no subsidy available if you make over \$94,200. My premium would be \$1,387 a month, \$16,642 for the year. It is 17.5 percent of our income, equivalent to our housing allowance.

I then estimated that our adjusted gross income, let's say, was \$89,000, and I was given an estimate of over \$8,000 in subsidies if we made just under the \$94,200. This would equal 9.5 percent of our household income, a huge difference for a few thousand dollars.

If we were to under-estimate our adjusted gross and take advantage of the subsidy, we would owe it back if we made over that.

With premium increases like this, it is a total game-changer for our family. The thought of healthcare premiums for healthy non-smokers costing between 17 and 20 percent of our income is truly unbelievable to me.

We have been offered a reprieve from Blue Cross Blue Shield of Arizona, like Mrs. Dalton said, until December of 2014. The letter informing us just came last week. If nothing is done about the effect that Obamacare is having on the self-insured middle class, then next year at this time we will be looking at these huge premium increases. This could be the first time in our lives that we are left uninsured or making life-changing decisions.

This is not what our president promised us. We have worked hard to provide for our family. We have been responsible. We have paid our bills, and we pay our taxes. This is not playing out as we were promised. I urge you to make changes to the Affordable Care Act that is proving quite unaffordable for us. Thank you.

[Prepared statement of Ms. Hamman follows:]

My name is Christie Hamman. My husband and I are both self-employed real estate professionals in Prescott, Arizona. We have been self-employed and self-insured for over 30 years. We and our children have been fortunate enough to be in relatively good health and non-smokers so it has always been our choice to have health insurance with high deductibles and lower premiums. This has worked well for our family. We have insurance presently through Blue Cross Blue Shield of Arizona with a \$5000 deductible per person. It is a policy that is designed for relatively healthy people with well care and co-pays to doctors for a limited number of visits per year. We live in a smaller town with limited health providers and most take Blue Cross Blue Shield which is why we have had them for many years. The lower premiums have fit into our budget and we have had the opportunity to have a Health Saving Account to cover health expenses before meeting our deductible. Our premiums this last year have been \$550. Per month for ourselves, our college age daughter, and our 25 year old son who has not had coverage through his work to date.

I was not ever enthusiastic about a government run health care mandate or system. I understood that many people in our country could not afford health insurance or adequate health care. I was sympathetic to their plight and was willing to have our premiums go up marginally that others could have insurance. I believed President Obama when he repeatedly stated that if we like our insurance we would be able to keep it, period! I never imagined what would happen to a middle class family like ours.

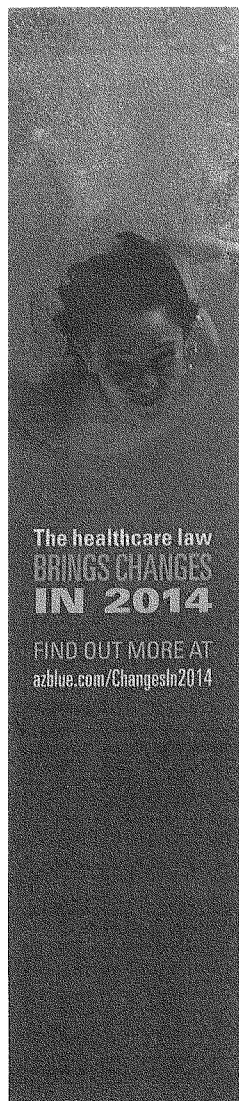
In September of this year, I received a letter from Blue Cross Blue Shield of Arizona informing us that our plan was not grandfathered in and would not be available at our renewal in January of 2014. They told us we would be able to move to another BCBSAZ plan at that time. Upon speaking to my insurance agent, I was told that we would have significantly more comprehensive insurance including maternity and pediatric dentistry which obviously is not useful for our family. He said the plan closest to ours that we have would still have a \$6000 deductible per person but the premium would now be \$1701. Per month. To say the least, I was stunned by the increase.

Since my husband and I are in real estate it is difficult to know what our income is from year to year. Over the last couple of years though, we have earned just over the \$94,200. threshold that would allow us to benefit from any sort of subsidies.

I also checked the Obamacare websight and used the subsidy calculator and found out that if our adjusted gross income was \$95000. There would be no subsidy available and our approximate premium would be \$1387. per month or \$16,642. Per year which would be \$17.5% of our household income. I then estimated that our adjusted gross income was \$89,000. And I was given an estimate of \$8,187. in subsidies by making \$5000. less per year. This would equal 9.5% of our household income. If we were to underestimate our adjusted gross and take advantage of the subsidy and then make more than that, we would then owe the entire subsidy back to the government.

With premium increases like these, it is a total game changer for our family. The thought of health care premiums for healthy non-smokers costing between 17% and 20% of our income is unbelievable. We have been offered a reprieve from BCBSAZ until December 2014. This letter informing us of this came just last week. If nothing is done about the effect that Obamacare is having on the self-insured middle class then next year at this time we will be looking at these huge premium increases. That could for the first time in our lives, leave us uninsured or having to make life changing decisions.

This is not what our President promised us. We have worked hard to provide for our family, be responsible, pay our bills and taxes. This is not playing out as we were told. We urge you to make changes to Obamacare that would prevent this from becoming our reality.



September 24, 2013



An Independent Director of the Blue Cross and Blue Shield Association

██████████ lamman

Prescott, AZ 86303-5467

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Dear Randall,

With all the buzz about the healthcare law and new changes that will start in 2014, you're probably wondering how you will be affected.

Your current Blue Cross Blue Shield of Arizona (BCBSAZ) plan is a non-grandfathered plan, meaning the plan was not in effect on or before March 23, 2010. This plan will no longer be available starting on your renewal date in 2014*. You will be able to move to another BCBSAZ plan at that time. **You can keep your current plan until your renewal date in 2014.**

You will be pleased to know that all new BCBSAZ plans will have coverage for doctor visits, hospital stays, maternity care, emergency room care and prescriptions. Plus, covered preventive care provided by in-network providers, such as annual wellness visits and immunizations, are available at **no additional out-of-pocket cost to you.**

Learn more now at azblue.com/ChangesIn2014

You can also visit azblue.com to learn more about BCBSAZ plans and the federal government's new Health Insurance Marketplace. It was established to help you shop online for health insurance and to determine if you qualify for federal aid to help pay for premiums and other health plan costs.

Start now by visiting azblue.com/ChangesIn2014. Or if you prefer personal, one-on-one answers and assistance, feel free to call us at (877) 318-4693, Monday through Friday between 6 a.m. and 6 p.m.

Sincerely,

Mike Tilton
Vice President, Sales

* THIS LETTER SERVES AS YOUR NOTICE OF PLAN DISCONTINUANCE REQUIRED BY A.R.S. § 20-1380(C)(2).

NSF
JUL MEM

D9994D 09/13

OPEN ENROLLMENT IS **OCTOBER 1, 2013–MARCH 31, 2014**

Chairman ISSA. Thank you.

[Applause.]

Chairman ISSA. I will now recognize myself, first of all, for a point of privilege.

I come to Arizona not as often as John McCain comes to San Diego.

[Laughter.]

Chairman ISSA. But I want you to understand, we think of him often as our senator.

[Laughter.]

Chairman ISSA. But I come to Arizona often, and I have come here for many, many years. But in the last three years, I have come here more often because of the murder of Brian Terry. In just a few days, we will have the third anniversary of the killing, the gunning down of Brian Terry with a weapon that was released to the drug cartels as a responsibility of Federal agents here in Arizona. So I note this day because it is another reason that Arizona is a place that I often find myself.

The committee is dedicated to a lot of areas. Today, though, I think there are some questions that need to be asked of all four of you as representatives of people simply trying to insure or cover their family's health care.

Each one of you, more or less, mentioned the President's "if you like your health care." I want to ask you a question. Do you all like the health care you had a lot more now that you have seen the alternative?

Dr. MONTGOMERY. Absolutely. I always liked it.

Chairman ISSA. To a certain extent, weren't we all—and I am going to ask each of you to answer yes or no. But we all sort of said, boy, we would sure like an improvement in health care. We all thought we ought to be able to do better, and now we have seen one alternative that apparently isn't better, and it is making us appreciate what we had that, for the most part, Americans always thought we could do better. Would you say that is true, Mrs. Dalton?

Ms. DALTON. Yes. In our case, we really appreciated what we had because Blue Cross almost denied me over what they were calling a pre-existing condition, and we were really relieved when we were able to work through that. We got additional documentation, and we got the insurance that we wanted.

And so for us, from the beginning, we were very appreciative of it and were afraid for a moment there maybe we may not get it. So it really hurts me on a personal level to lose it because I worked so hard to get it.

Chairman ISSA. Mrs. Robinson, you were previously covered under your husband, and I assume that you had a family policy. So it is only in the last couple of years, I am assuming, that you have taken the lead role in having to make these decisions.

What has it been like for you seeing what you had versus what now you are facing once this short forbearance goes through and 2014 passes?

Ms. ROBINSON. It is very, very scary. I have worked really hard to be able to be retired. I am 59 years old. I am going to be 60 in a couple of months.

Chairman ISSA. All of you are telling us information that we would have guessed much younger.

Ms. ROBINSON. Oh, your check is in the mail.

[Laughter.]

Ms. ROBINSON. Anyway, so now this is putting a crimp on it. I am scared. When I first got that letter that my insurance was going to go up to \$700-and-something, I cried because I thought what am I going to do? I live modestly. I don't know what else I can cut out.

Chairman ISSA. Dr. Montgomery, you said you kind of liked what you had before, and you are a healthcare professional, so you are probably the most knowledgeable. But I will repeat the question because it is one that for me, coming to the field, is important to understand.

Before 2010 and during the debate, one in which the American Medical Association actually weighed in in favor of the Affordable Care Act, were you of the opinion that healthcare was a little messed up and we could make it better, and we should?

Dr. MONTGOMERY. Well, first, I am not a real doctor. I am a veterinarian. But, yes —

Chairman ISSA. You know, being a veterinarian is somebody who takes care of mammals in a very, very wonderful way for a lot less than we take care of ourselves. So I am not sure you should ever sell short being a doctor simply because your patients don't actually write the check.

Dr. MONTGOMERY. But sitting on a hospital board for so long and seeing the interaction or the meddling, you might want to call it, of the Federal Government, certainly there is a need for some of that, but you are dealing with a bureaucracy, or an ineptocracy, in my opinion, that doesn't really look at solving the problem.

I mean, certainly here are some rules and guidelines that you need to follow, but you have to bend those rules now and then to make it fit the patient, so to speak.

Chairman ISSA. And you are talking mostly CMS, the Federal programs that your hospitals spend so much time working on.

Dr. MONTGOMERY. Oh, yes. I could tell you stories, like what are you people thinking? It is just get out of here, let us deal with this, let us solve this problem. So, yes.

But my health insurance, I never really needed it, but I knew it was there. That was the comfort, I knew it was there, and I lately started to need it, and it has been good. And now suddenly after 30 years of paying into it, and I can't have it anymore. I would rather they just left us alone and let us continue on.

Chairman ISSA. Mrs. Hamman, I am going to ask you a question because you owned up to being, again, much older than you look. In the early 1960s, just as Medicare was being introduced, the cost of health care was 5 percent of the nation's spending, or 5 percent of GDP. Today it is 18 percent, heading toward 20 under the Affordable Care Act within a matter of a year or two, and that is not dollars. That is actually the percentage of all of our wealth, meaning that the number you gave is actually pretty predictable, that 20 percent of everything made is going to go toward healthcare if we don't change the affordable part of healthcare.

In your view, and I know the doctor here has a lot of expertise, but in your view, is that what we should take back, is that we should put “affordable” into the affordable care promise?

Ms. HAMMAN. Indeed, indeed. We had a plan that worked for us. The market for plans that worked for individuals, that is gone. Now it is one-size-fits-all, and we all must pay for what we have never paid for in the past. Even in my childbearing years, I didn’t have maternity coverage. We saved and we paid that out of pocket.

Chairman ISSA. If you want them bad enough, you will pay for them?

Ms. HAMMAN. Yes, yes. So I think for us, because we have been able to choose the kind of plan that works for our family, and now to have that choice taken from us, I was so surprised.

At one point, I just wanted to mention—I probably should have put this in my testimony—but when I was talking to my agent at Blue Cross, he said—I said \$1,700 a month, I can’t even imagine. He said, well, I would suggest you have your college-age daughter, take her off your plan and have her go on AHCCCS. And I thought we have always paid our own way. You really want us to put our—it just seemed like an absurd solution that the government is becoming responsible for yet more people and their healthcare instead of less.

Chairman ISSA. Of course, if you took one less commission in that hypothetical situation, stayed and didn’t bother to do one sale, didn’t do one open house that might lead to a sale, you could qualify for \$8,000 from your government while contributing a fraction less.

Ms. HAMMAN. Right.

Chairman ISSA. Only in America.

Dr. Gosar?

Mr. GOSAR. Ms. Hamman, I want to start with you because you led right into my questioning. So you sold real estate.

Ms. HAMMAN. Yes.

Mr. GOSAR. Everybody buys the same house, right?

Ms. HAMMAN. No.

Mr. GOSAR. So you custom that, right?

Ms. HAMMAN. Yes.

Mr. GOSAR. So you sit down, you find out what their need is, what they can afford, and you tailor that accordingly, right?

Ms. HAMMAN. Correct.

Mr. GOSAR. Okay. So what we have seen in government’s rollout here, whether it be Social Security, whether it be Medicare, whether it be Medicaid, it is a one-size-fits-all, and that has been our problem. And so now here we have something that is very, very personal.

What do you see in this? Now that you look at it with a little different rose-tinted glasses now—I know they are not rose-tinted, but what do you see now and what are you suspicious of what is coming? Because you know this is just the tip of the iceberg, right?

Ms. HAMMAN. I think for the first time, and I told you this when I first met you, this is the first time I have contacted my congressman, and I have never felt the need to. But this, I feel as if choices have been taken away from us, choices to do what is best for our family. And I think part of the alarming nature of it for us is it

came so quickly because it had not been talked about. Until we got those cancellation letters, we didn't really know what was ahead of us, and we were told something that proved to not be true.

I feel like in a community like Prescott, where there is not a lot of business there, a lot of self-employed people, a lot of self-insured people, we are speaking for a lot of people just like us in small communities and for the self-employed.

Mr. GOSAR. Dr. Montgomery, I want to get with you. You brought up the portability. You travel along that border, and that is where most of my district is, venturing from Arizona to California to Nevada. In fact, Bullhead City is a river that divides Bullhead City from McLaughlin. So the hospital is on the Arizona side.

This provides a huge problem, and you made mention that you would have to drive possibly 100 miles additionally to get care. How does that implicate? You sat on a hospital board. How does that implicate healthcare delivery?

Dr. MONTGOMERY. Well, for emergencies, it is significant. I mean, if you have a real bona fide emergency, they are going to have to fly you to a center. That is quite expensive. I mean, it is like \$10,000 for a helicopter ride. It varies, but it is very expensive. I know when my stepdaughter went into labor, it should be two-and-a-half hours across the desert. My wife made it, I think, in just under two, at midnight on a Friday. I have never been in labor, but I can imagine that type of thing.

You don't have specialists in rural areas. If you need to see a specialist, you have to go out of town. And if some specialist will come to the areas, but some don't, but you can travel. Like I said, for us to go to Palm Springs, the closest, is over 100 miles.

Mr. GOSAR. So you are telling me a simple diabetic shock issue could end up in death.

Dr. MONTGOMERY. Oh, yes.

Mr. GOSAR. Yes, that is what I was getting to.

Ms. Robinson, you were talking about employment. Is employment higher out in rural Arizona than in good downtown Phoenix or metropolitan areas across the country?

Ms. ROBINSON. If I get an \$8.00-an-hour job, I will be doing well.

Mr. GOSAR. Yes, that is what I was thinking. This is really impacting us, and problems in actually finding that job.

Ms. ROBINSON. Exactly.

Mr. GOSAR. Would it cause you repose to know that since January 1st of this year, the majority of jobs are part-time jobs that are being placed into our economy?

Ms. ROBINSON. I have understood that, and I realized again that that would probably be the best I could get, unless I got two jobs, as I think was stated previously.

Mr. GOSAR. So the big thing we want to know is, you have to pay for these premiums. So somebody in our district—we are a pretty poor district. The bulk or 80 percent of our seniors are dual-eligibles, both Medicare and Medicaid dependent. So it would take a family three of those jobs that the President is talking about, two to pay for full-time wages and one to pay for the benefits. That is striking, isn't it?

Ms. ROBINSON. It is ridiculous. It is ridiculous. I wish that Obama could put him in K-Mart, let him see what real life is like. He obviously has no clue, or doesn't care, I don't know.

Mr. GOSAR. The First Lady said they don't do charity.

Ms. DALTON, one last question. The access to providers in Prescott, is it greater or less under this Unaffordable Care Act?

Ms. DALTON. Oh, it is much less. We had a family doctor who was in practice for probably 40 years and retired, walked away from his practice, just locked the door and left, didn't even try to sell the practice, 40 years investing in his practice and in his life, and he didn't even try to sell it.

We had six doctors—I also lost my gynecologist. He moved away, moved back east to be closer to family, locked the door on his practice and left.

And it took us probably a good 8 to 10 months to find another doctor. Either they weren't taking new patients. We finally see a nurse practitioner in a neighboring city.

So it has been significant. The shortage of doctors is significant and notable.

Mr. GOSAR. Thank you, Chairman. I will yield back.

Chairman ISSA. Thank you, Mr. Gosar.

Mr. FRANKS?

Mr. FRANKS. Well, thank you, Mr. Chairman.

Mr. Chairman, I have some of my staff members here today—Lloyd Bostrum, Lisa Tessler, Sherry Ferrington, and Michael Jamison over here, along with the wonderful security. Part of Michael's job is to keep me from getting shot, and I want to go on record saying I hope he does a very good job.

[Laughter.]

Mr. FRANKS. But we really are grateful to our staff. This last few weeks, since it has become clear some of the different directions that Obamacare intends to take this nation, there have been a lot of calls come into our office, and they are quite different in nature, according to my staff, than they were some months past. We sometimes would get some calls criticizing us for being so vociferously against Obamacare, and now we are not getting those calls. But we are getting a lot of calls that reflect some of the perspectives that have been articulated here today, so I am seeing that happen in a big way.

It occurs to me, Mr. Chairman, that the highway of history is littered with the wreckage of socialist enterprises. And yet it seems the only thing we learn from history is that we don't learn from history much. It seems like we are not really paying much attention. And ironically, in this case, as in so many of the others, the ones that they were ostensibly trying to help, the poorest in our society, are the ones that are being hurt the most.

My line of questioning goes like this. In all deference to the four of you as witnesses here, you do not represent the poorest in our society. You represent middle-class people who are out there getting the job done. The discussion here has been primarily financial, which is appropriate, but I think there is another aspect to this Obamacare that we really need to look at carefully, and that is what is going to happen to the actual delivery of care.

One of the dynamics in a socialist effort when the finances don't add up, when people start complaining of the cost, they start working to diminish the kinds of services that are delivered, and that is my greatest concern about this situation is that doctors are simply going to say forget it, I am out of here, or that the bureaucrats are going to really make it difficult for, again, those in the lower economic echelons to be able to access care.

So my first question to you, Dr. Montgomery, is innovation in health care, of course, has been one of the things that allows us to give the very best care at the cheapest cost and maintaining the dignity of the patient, which in my judgment is the goal of the healthcare system. Do you think that this is going to have a significant impact ultimately on the kind of care that some of the bureaucrats will allow to be offered, especially with the lower-income people that are on the exchanges?

Dr. MONTGOMERY. Well, that I don't know. First, no one in this country is denied care. I mean, the current system, if you are held in the ER, they have to take care of you. But now, the people that could not afford it are going to be taxed, when before they weren't. So I am not sure how they are going to work that out.

But it seems to me there could be a better way to provide—the whole goal of this was to be able to pay for this. A lot of hospitals—the standard at a hospital is to write off 50 percent of what they charge. That is standard across the industry. Hospitals were expensive, but that is not what they get paid. That is what they charge, but it is never what they get paid. Writing off 50 percent or more is standard.

The burden on hospitals is these patients that can't afford to pay because they are still required to take care of them. How that is going to work out, I really don't know, but I can't see any other way. Care is going to be limited in some fashion because I think fewer people are going to be able to pay for it. The government is supposed to step in and do that, but I don't see any more money coming in for that. That is what the attempt is here, but I don't think it is going to happen. So I really don't know. I mean, that is the frightening part to me, is what is going to happen in a couple of years.

Mr. FRANKS. Mr. Chairman, I guess the next area—the question may be a little bit premature. I am afraid that as we go forward, we are going to find out that not only is the Affordable Care Act unaffordable, but it is not very caring either. I am hoping that we can keep our eye on that because, after all, isn't that the fundamental goal of health care? Sometimes I am always amazed that our friends on the left, who say that this is for the poor, forget how bad sometimes this actually hurts the poor, and I would like next time we have another round, Mr. Chair, to discuss some of the differences in the deductibilities or the trend there because I think that will be the other area they will try to make up cost.

Chairman ISSA. We will.

Mr. FRANKS. Thank you.

Chairman ISSA. Thank you.

Mr. Schweikert?

Mr. SCHWEIKERT. Thank you, Mr. Chairman.

In a series of different topics, Ms. Dalton, you almost started to cry and started to make me cry. That is just not fair.

Ms. DALTON. I am so sorry. Thank you for the tissue, by the way.

Mr. SCHWEIKERT. It is a loving group around here.

As you were starting to touch on, and Ms. Robinson also touched on where you are income-wise, I don't want you to share that on record, but as you started to tear up and walk through the impact it is having on you and your family's life, part of what I think you were trying to share—and don't let me put words in your mouth—is you are almost being boxed in, incentivized, forced to say if I will make less money, if I will game my life, I get this money. And yet you sounded very—as I hope everyone is—prideful, respectful, that you did not want to take that subsidy. Am I being fair?

Ms. DALTON. That is right. We don't want to take a subsidy. We didn't spend all those years in school, my husband, to become proficient in a trade just so that he could take a subsidy. That is not what we want. And frankly, we find it abhorrent that we would spend that much time to become self-reliant only to then burden our children and our grandchildren to pay for something which two months ago we were handling just fine.

And then to find out that even if we did have no problems ideologically with the exchange, even if we were comfortable with that, to find out that we go on and we only get \$250 worth of help, it is still—what are we going to do? We can't afford the exchange. We can't afford individual policies. What? Medicaid? Is that where we are headed, being professionals and well-educated professionals?

Why is it that the government has transformed itself into an instrument of plunder? It has taken from us our plan.

Mr. SCHWEIKERT. Look, you are approaching a very powerful point here.

Ms. Hamman?

Ms. HAMMAN. Yes.

Mr. SCHWEIKERT. I wanted to make sure because Chairman Issa started to touch on it, but that everyone sort of understands the math, and I am doing this as you were sort of sharing. If you will make \$6,000 less, you get \$8,167?

Ms. HAMMAN. Right.

Mr. SCHWEIKERT. So you are literally—so if you manage your life so when you hit your income you just stop, you actually make money by minimizing your productivity.

Wow, the absurdity of it. Darrell, when he introduced me, we spend a lot of our time fixated on economic growth and are often doing this, and this is going to be probably the next set of hearings we are going to have to hold in the beginning of the year, of what it is doing there.

Dr. Montgomery, remember, the GPA for vet students is substantially higher than human medical schools.

Dr. MONTGOMERY. We like to think so.

Mr. SCHWEIKERT. That is what all my vet friends tell me, particularly when they are handing me their bill.

Now, you have been on a hospital board. The hospital was actually on the California side of the Colorado River?

Dr. MONTGOMERY. Yes, yes.

Mr. SCHWEIKERT. So you were under MediCal. In Arizona, there is a healthcare cost containment system which we call AHCCCS, which is a little unique because we buy capitated HMO policies.

Dr. MONTGOMERY. I am not that familiar with how it works, but similar programs.

Mr. SCHWEIKERT. The data that has been presented to our offices recently, back in September when we were trying to grind through how to get this message out, is that in just a couple of years, the doctors who were at the hospital you were on the board of will be paid more to see a Medicaid patient and an AHCCCS patient than a Medicare patient, and much of the compensation will actually come through, I understand, some of the exchange providers. It is almost a perversity where now the adjustments on compensation, you are almost being incentivized to push people to go on to those subsidies.

Dr. MONTGOMERY. Right, like a single-payer system.

Mr. SCHWEIKERT. Who knows whether that is ultimately where we are being driven?

Mr. Chairman, I will yield back.

Chairman ISSA. Dave, I want to thank you. It is interesting, the other day, this week, we had a hearing that was on the Affordable Care Act, but it was really on government intervention, what the effects were, and I was shocked that my ranking member and a couple of colleagues on that side, they actually started saying "single payer" under their breath, which I felt perfectly willing to mention, because that is what they really wanted. That was what they wanted. It is just this was their incremental step, and it is a little surprising to some people, but that actually is what my members, Democratic members said during an open hearing.

Mr. SCHWEIKERT. Mr. Chairman, be that if it may that that is what they wanted, wouldn't it have been nice if they had actually been truthful about that?

Chairman ISSA. Well, Mr. Kucinich was. But for the most part, others were not.

Doctor, I am going to recognize myself for a short second round. Having been on a hospital board, I am going to take hospitals to task for a moment because there are two areas that concern me that are affecting government intervention today, and they came out of our hearing earlier.

One was that the Federal Government currently pays more for the exact same procedure if you do it in a hospital than in a doctor's office or a clinic. Are you aware of that?

Dr. MONTGOMERY. No, I was not aware of that.

Chairman ISSA. It is the reason that in urban areas, including San Diego, large amounts of clinics are closing and doctors are being brought into hospital practices so they can do the exact same procedure. And, by the way, if they do it under certain rules, they may still be doing it in the clinic, but the clinic is now considered a hospital.

So what you end up with is the Federal Government simply reimbursing at a higher level, and you have an experience with that. You have seen, I gather from your earlier comments, that the existing Federal programs—Medicare and Medicaid being the largest—

they often cause you to make decisions because you can get paid more for doing it one way than doing it another. Isn't that true?

Dr. MONTGOMERY. Oh, absolutely. You are talking about the DRGs coding, the diagnostic related groups. It is a game. A patient comes in with a problem—well, don't diagnose it as that, diagnose it as this because you get reimbursed more for it. I mean, hospitals are very labor intensive, so they have to pay all these nursing staff because Federal mandates require a certain level of staffing which may or may not be realistic. So it is just a big game that they all play, and everybody knows they are playing it. It is just a game that they play.

Talking to some physicians, a lot of physicians don't want to go into private practice because of all the rules and the regulations and the paperwork. They just want to practice medicine, so they are going to work in hospitals. They just get to practice medicine and the hospital handles all the paperwork.

If I may, getting back to Mr. Franks' question as an example, and this really happened, but as an example of the thinking on the Federal side, there is a small rural hospital. They don't have a full-time surgeon. The surgeon comes from another town about 50 miles away, a larger hospital. There are multiple surgeons. In terms of level of care, the small rural hospital is a primary care facility. This other hospital is like a secondary care facility. The surgeon is in the small town performing surgery and he receives a call from the other hospital—hey, we have a boy who needs an appendectomy. This is an emergency. Can we ship him down and you can do it down there. Sure, send him on down. That is breaking rule number 1.

So the boy arrives. The doctor is in surgery. He is talking through his mask, admit the boy. So they admit him into the hospital, into a bed. As soon as he is ready, they wheel him in and they do the appendectomy. That is breaking rule number 2.

The CMS had a conniption fit over this because you are breaking two —

Chairman ISSA. That is a technical term?

Dr. MONTGOMERY. What? Conniption fit?

[Laughter.]

Dr. MONTGOMERY. Because you are basically breaking two rules. Number 1, never in any case should you send from a secondary care hospital a case to a primary care hospital. I mean, why would you? There is more care, there is more availability of care, there is a greater level of care there.

Second, it is an emergency. He can't be admitted to the hospital. He has to go through the emergency room and wait there and then go in. You don't get admitted until after surgery. But it is more expensive to go through the ER, and he has already had all the blood work and the diagnosis. We are just getting the bed ready, and as soon as we are ready we will wheel him on in.

The care providers were more than happy to provide the care and were diligent in doing so, but the Federal bureaucrats that got on to this—I mean, it lasted for months, phone calls, emails, I mean just crazy, because you didn't follow the rules. But we solved the problem. We resolved the issue. It doesn't matter; you didn't follow the rules.

Chairman ISSA. So the problem with the Federal Government is that rules-based rather than common sense by the actual providers

Dr. MONTGOMERY. Right. And so I can't see the Federal Government now—I can only see the delivery of care from that side going down.

Chairman ISSA. Let me ask one more question, and you may know better than the others. Under the Affordable Care Act, there is an elimination of physician-owned hospitals. They are no longer allowed. Is Arizona an area in which, particularly in rural areas, physician-owned hospitals are often part of the solution historically? Or even suburban?

Dr. MONTGOMERY. I really—I have only been associated with public hospitals or corporate-owned hospitals, never physician-owned.

Chairman ISSA. Here in Phoenix you do have the Mayo Clinic Annex, right?

Dr. MONTGOMERY. I am from Blythe. But, yes.

Chairman ISSA. The funny thing is, the Mayo Clinic, I understand, was the Mayo brothers, wasn't it? It was physicians caring enough to start a hospital.

And with that, I go back to Dr. Gosar.

Mr. GOSAR. This is just perfectly leading in.

Dr. Montgomery, so you are aware of what is coming down the road. I mean, I am not going to make this easy for people because a number of our folks coming forward, this is your first dealing talking to Congress and talking about government. So there are things like the SGR, the sustainable growth rate. Are you familiar with that?

Dr. MONTGOMERY. Not —

Mr. GOSAR. It is actually compensating physicians that aren't compensated originally because the government underpays them. There is something like \$180 billion to that, wherever you can find that chump change around. Okay?

We also have an IPAB board, which gets me back to your connip-tion fit. Okay? So you are going to have unelected bureaucrats coming together to tell you what you can do and what you can't do, so redefining choice again to each of the ladies that we were talking about earlier. Okay?

I also want to ask you, where in this bill was there tort reform? Are you familiar with any tort reform —

Dr. MONTGOMERY. I never read it, either.

[Laughter.]

Mr. GOSAR. Well, I am glad that you—even if you did, we were having a conversation —

Dr. MONTGOMERY. But I am aware that it is not there.

Mr. GOSAR. There is none, there is none. So I guess my point to get to here is that I am a dentist. I believe that we need to have health insurance reform, but we need something different.

We just had this hearing on Wednesday, and the Chairman said I was having way too much fun, so I am going to have a little more fun today. Okay? Because there are opportunities to get back to square one.

Number one is it has to be patient-friendly and patient-centered because that is what we are talking about. You want your doctor to epitomize what is special about each one of you and choreograph a health care that is based off of you, and I am going to pick on myself.

I am allergic to wheat. They had some nice doughnuts today. I abstained because I am allergic to wheat. Okay? I want a healthcare industry that comes to me and says, "Dr. Gosar, because you are allergic to wheat, you have a seven times greater chance of getting any type of lymphoma, and we know that lymphomas are easily diagnosed early on. So how about, Dr. Gosar, if we have you"—you know, doctors don't live by their own rules. I mean, we are the worst patients ever.

But if you were to get diagnostics twice in three years, we are going to give you an incentive, does that sound rational to you folks?

Okay, so here is where you want to go. This is what doesn't make sense about this law, these common denominators. I want the insurance company to work for me, not to work for the man, not to work for the government, which is what they do right now. Okay?

Look at your plans. They are all the same. I want them tailor-made to me. Okay? That is called reform and repeal, McCarran-Ferguson. The only person that is talking about it in Congress, right here. What it does is allows the Federal Government to break up the insurances to make them compete just like we as doctors do. Wouldn't that be something, doc? Actually have them competing for our business.

What is that? It is true. Number two is -

[Disturbance in hearing room.]

Chairman ISSA. I apologize, but only the witnesses can respond.

Mr. GOSAR. We want to make sure that we have the opportunity to compare apples to apples, not apples to oranges.

[Disturbance in hearing room.]

Mr. GOSAR. No. It is perfect information.

Chairman ISSA. Only the witnesses on the dais can respond in the hearing, please.

Mr. GOSAR. We want to get everybody on the playing field. So what we have coming—and we want tax reform that your money is better spent accordingly. So that is why there is opportunities to make something better.

Healthcare isn't a Republican issue. It is not a Democratic issue. It is not an Independent issue. It is an American issue. And what we have is a failing system. I said it earlier: Medicare is failing, Medicaid is failing, Social Security is failing because government hasn't looked at the parameters of increasing age, increasing technology, and not working with us accordingly.

Part of that responsibility is also us as citizens for not holding elected officials accountable, and that is why I complimented you folks for coming out today and holding us accountable, because that is what you need to do. That is a very, very important aspect.

So a real quick question, Mrs. Dalton. In regards to what I was just talking about, this IPAB board that will restrict what you can actually have and do, how is that going to hurt your options in rural Arizona, in Prescott?

Ms. DALTON. I am not sure I understand the question.

Mr. GOSAR. So if what they are going to do is limit what you can actually provide services for, and now you have fewer services being provided and fewer companies providing, is that going to make it cheaper or more expensive?

Ms. DALTON. Oh, it makes it much more expensive. In fact, my agent told me that because of the demographics of where we live, that getting the same procedure done in Yavapai County is \$200 or \$300 more expensive than if we were to come down to Maricopa County. So there is a huge disparity there, even on the exchanges. They are much cheaper to enter in Phoenix than they are for us in Prescott.

Mr. GOSAR. How would you feel, Mrs. Robinson?

Ms. ROBINSON. I would feel the same. We are very limited.

Mr. GOSAR. Ms. Hamman?

Ms. HAMMAN. Yes. I mean, we have limited health providers, and I think it will only become more of a problem as we move forward.

Mr. GOSAR. Thank you.

I yield back.

Chairman ISSA. Thank you.

Mr. Franks?

Mr. FRANKS. Well, thank you, Mr. Chairman.

You know, I think it is important sometimes to try to come back to Earth and ask ourselves what is the overall ultimate overarching goal of healthcare policy. Isn't it to try to see everyone be able to have the best healthcare at the least cost that maintains their dignity as much as possible? I think that is the real question. Sometimes I am afraid that our friends on the left would say, well, you know, everyone has a right to health care. But what they really mean is that I have a right to make you pay for my health care, and that ultimately doesn't work out very well. Even if there is a basic disconnect, it doesn't work out well in practice.

You know, in England, Mr. Chairman, they have a government controlled healthcare system, and if you have a cold, you call a doctor. If you have cancer or heart problems, you call a travel agent. You want to get out of there and come where they can help. There is now an effort among the people there to kind of go around the system, and that leaves, unfortunately, most of the poorest people in the society that are the least capable of doing these things sort of at the mercy of the government system.

Dr. Gosar's point about IPAB I think is the biggest single consideration here. Just as free enterprise is sometimes criticized, Mr. Chairman, as being the unequal distribution of wealth, socialism has always been the equal distribution of poverty. And I am concerned that in this desire to make universal health care under government control for universal health care, we are going to have instead of the unequal distribution of the best health care sometimes, which I wish we could fix, we are going to have the equal distribution of poor health care.

Mr. Chairman, it has a greater impact on our society as well. In Europe, our poverty level is their average income.

So I just have to say to you, I don't know where we are headed here, and it looks to me like it is really dangerous for us to suggest that a government that cannot build a website is all of a sudden

now capable of handling the entire complexity of the healthcare system.

The bottom line here is I think that the government is going to have to try to create ways to make the numbers that don't work, work. We have already heard about the premiums. So I would like to ask each of the witnesses what do they think their opinions are related to the deductibilities that will be in these healthcare systems; and, of course, Dr. Gosar's point, of the kinds of healthcare that might be restricted to reduce the costs in an inefficient government-run system?

Chairman ISSA. Could you suspend for just a moment?

I would like to announce to the audience—perhaps I should have been more strict early on—this is a Federal Government hearing under the rules that we all live under. So, please, no response from the audience. We would appreciate your continued understanding that this is an exchange simply between members on the dais and the witnesses, and I would ask everyone to respect that or to leave the room. I thank you.

You may answer.

You had the question?

Mr. FRANKS. Just was wanting to ask the witnesses to tell me—as you know, again, it may be a premature question. We know about the premium impact, the sort of sticker shock on the premium. But what about it seems to me that one of the next steps will be to try to increase the deductibilities and try to ameliorate the premium issue, and then ultimately to try to restrict care to make the numbers work. Do any of you have any insight on the deductibility issues?

Ms. DALTON. Well, I know for us, the plan that we were told—we were told the one that we had originally chosen was gone and it didn't exist anymore. We had chosen a high deductible plan, and the one that was quoted to us as being closest to what we already had was that 320 percent increase in premium, and the deductible was lower. So they are trying to kind of recoup things there.

As far as quality of care, I think it is premature for me to say. I don't know what kind of quality of care we might see, if it will be reduced or not. But I can say that since our doctor of 12 years retired, we have had to settle for a nurse practitioner in a neighboring city. And, you know, she is a fine human being, but it is not the relationship we once had. It is not the expertise that we once enjoyed. So I can only think that perhaps that might be the trend. I don't know.

Does that answer your question?

Mr. FRANKS. If anyone else has any particular insight?

[No response.]

Mr. FRANKS. No?

Thank you, Mr. Chairman.

Chairman ISSA. Thank you.

Mr. Schweikert?

Mr. SCHWEIKERT. Thank you, Mr. Chairman.

But leading right off of where Trent was, Ms. Hamman, when you looked at your alternatives in policies, did you maintain the relationship with your same doctor?

Ms. HAMMAN. If I stay with Blue Cross Blue Shield. We live in a small town. Blue Cross Blue Shield is accepted by most doctors.

Mr. SCHWEIKERT. Okay.

Dr. Montgomery?

Dr. MONTGOMERY. Again, I am not sure. I haven't been able to

Mr. SCHWEIKERT. You have a unique geographic issue which actually is fascinating for a number of our communities out here in the West where you cross state jurisdictions.

Dr. MONTGOMERY. Correct. And I don't know the answer. I haven't been able to find out for sure. I just know when I access Blue Shield of California, which was the provider of most of the plans available, and look for providers, and you put in the zip code of the town, it says "Not a Valid Address." And I am not certain if the doctors on the Arizona side will take that, or if they will be allowed to. I just don't know.

Mr. SCHWEIKERT. We will have staff research that.

Dr. MONTGOMERY. That certainly is of concern to me. I mean, if they do, it is maybe not that big an issue. But I do know that the premium is going up, and the out-of-pocket is going to go up.

Mr. SCHWEIKERT. Okay.

Ms. Robinson, I know you spent some time looking at what your alternatives were, and I accept in rural Arizona you have a lot fewer medical professionals. Were you able to keep the individuals you have relationships with?

Ms. ROBINSON. I called my clinic, and they are not totally sure.

Mr. SCHWEIKERT. Okay.

Ms. ROBINSON. So I don't know yet.

Mr. SCHWEIKERT. Ms. Dalton?

Ms. DALTON. I have not inquired into that. Like Mrs. Hamman, I just assume that being Blue Cross Blue Shield, everyone takes them. I don't think there will be changes in the doctor that we have to see at this point. It is just a question of how we are going to be able to afford to pay for it.

Mr. SCHWEIKERT. Okay. We actually have some interesting numbers that we have been working on, as we started to touch on before. In Arizona, our Medicaid system is called AHCCCS, and it looks like folks enrolled in AHCCCS plans will actually have more medical choices than a lot of those who maintain private insurance, which is sort of a fascinating irony.

Doctor, you have sort of a unique situation because you have lived somewhat within the bureaucracy. When you talk to folks, because obviously you are from the medical—you have been on the hospital board, are you running into discussions about keeping my doctor, the cost, the portability, those relationships?

Dr. MONTGOMERY. Well, I have been off the board for about five years. But in talking to people in the community, yes, that is a concern. But that is of concern to people, yes. But I am not certain what effect it is having directly, the nuts and bolts and numbers. No, I don't know.

Mr. SCHWEIKERT. Okay.

Ms. Hamman, you were buying directly from Blue?

Ms. HAMMAN. From —

Mr. SCHWEIKERT. Blue Cross Blue Shield?

Ms. HAMMAN. Yes.

Mr. SCHWEIKERT. Okay. Had you looked at any other—were there any other opportunities for you—the Realtors Association—anything else you were able to find out?

Ms. HAMMAN. Well, it was how we started with Blue Cross Blue Shield. Originally, it started many years ago as a plan that we came in through the Association of Realtors.

Mr. SCHWEIKERT. You actually beat me to it because that is how my wife and I were carrying ours for a long time.

Ms. HAMMAN. Right, right, right. So, and I think there was a 5 percent discount back then. It is not there now.

Mr. SCHWEIKERT. And what other alternatives did you look at?

Ms. HAMMAN. Well, in our panic—we have a January 1 renewal. So when I got that letter at the end of September, I had to have something in place by January 1st. And so in my panic of trying to find health care and realizing what this is now meaning for our family and the changes, we looked at United Healthcare and Blue Cross. Those were what we were spending some time on. We were desperately trying to see if we could get on a plan that would start sometime in December in '13 that would buy us a year, and gratefully Blue Cross Blue Shield extended our plan.

Mr. SCHWEIKERT. Because of that —

Ms. HAMMAN. But that was just last week we got those letters.

Mr. SCHWEIKERT. And at least for the next 12 months, you will be —

Ms. HAMMAN. We have 12 months of reprieve here, but we will be looking at these numbers if nothing is changed.

Mr. SCHWEIKERT. All right. And, Mr. Chairman, knowing the rule that when the yellow light is on, talk faster—believe it or not, that is what we say—one of the things that I want to make sure whoever is trying to get their heads around the size and scale of this issue, much of the last month we have all fixated on the website. The website was worthy of talking about because it was a very easy discussion of a point of access, a point to get there. But it is a tiny issue in the scale of what we are talking about.

I know Dr. Gosar has been absolutely a champion on the mechanics of how do we access our doctors, how do we make it affordable, those things. Many of us have been trying to fixate on what does it do in the cascade effect of economic growth. We are just starting to learn. Literally every day, we run into someone who throws a new wrinkle in crossing state lines.

Even for members like us who have spent the last couple of years doing town halls, talking about what was coming and—forgive me—having people from the audience yelling at us that we weren't telling the truth, and the truth is here. You know, we said this was coming, and it showed up. Now we would love to have our brothers and sisters on the other side actually be willing to work with us instead of just saying no.

And with that, I yield back. Thank you.

Chairman ISSA. Thank you. I thank you for your closing remarks.

Mr. Gosar, do you have any closing comments?

Mr. GOSAR. Well, I am glad that everybody is out here. I appreciate it. We would love to have a bigger venue to have more people come. But I think this is a venue that you can start to hear some

of your colleagues and your constituents about actual complaints, about what is transpiring.

I hope that you will take the opportunity and come to a town hall someday, or come out to coffee with your congressman, and bring your notebook and your ideas, because one of the things that I will tell you I look forward to is reaching out to you because Congress doesn't know all the right answers. I think all the right answers are right outside, right out there, like in the gallery. We just need to be able to come forward.

I want to applaud Ms. Hamman, Ms. Dalton, Ms. Robinson, and Dr. Montgomery for coming forward and sharing your stories.

The last two things. Starting January 1st, the definition of full-time worker now is 30 hours a week, not anything above, 30 hours a week. So this is going to change. Next year we see the employer mandate start complying, just like the individual mandate. So this becomes compounded. So everything that you are witnessing as individuals, you will see now on the employer side. No people are barred from that extravaganza.

So, thank you very much for coming out here.

Chairman ISSA. Thank you.

Mr. Franks?

Mr. FRANKS. Well, thank you first, Mr. Chairman, for this hearing. I think it has been a great hearing, and I also am always grateful to be on the same dais with my other colleagues here.

I want to thank the people who provided our security and just all of you that came here today. With all of the differences that we have, it is probably important to remind ourselves that true tolerance is not in pretending we have no differences. It is being kind and decent to each other in spite of those differences and trying to search for the truth the best that we can because this idea of America is unique in the history of the world, and we are the most blessed people, I believe, on the planet, and I believe that we will find our way through these challenges.

But it is probably important to remind us, remind ourselves, that this notion of the reason that government is instituted among men is to protect those things like life, liberty, and the pursuit of happiness. Those seem like simple concepts, almost pass? concepts, but they are the foundation of everything because they incent productivity and they are the concepts that are the ones that have dragged more of the poor people of this country out of poverty and into the best lifestyle that any people have ever had than any other system, and it is important that we don't jettison that now.

The reason that this issue of Obamacare has been so significant is because it is the antithesis of this idea of a free, noble, and productive people that are responsible and move forward to do the best they can while doing everything that we can to look after our brothers and sisters as we go. That is the great miracle of America, and I think it is not time to raise the white flag yet. But recent situations do remind us that we had better be very vigilant in the elections and in the policies that we move forward on in the future.

Thank you all very much for being here, and thank you again, Mr. Chairman.

Chairman ISSA. Thank you.

I would like to also echo the earlier comments. I want to thank our witnesses. I certainly want to thank our audience for being respectful. I appreciate our host, including law enforcement here today, for hosting this hearing.

I am going to close with something that I am taking home as a takeaway from all four of you. To the greatest extent possible, it appears as though your reprieve is simply signing up to last year's plan and extending it for most of next year. That means that there is a time bomb ticking on our witnesses here today, one that does not get them past December 31st of next year. And when full implementation of the Affordable Care Act goes into effect on the last day of December, just three days before if we are reelected we would be sworn in, it will be too late to save the programs that you are, in many cases, staying extended in.

Additionally, the way the law worked, the calculations of all the benefits and costs were based on an assumption that you would not stay in your old plan. The old plans that in some cases you are extending are less expensive, but it means that that savings that you are enjoying, and rightfully so, means that a similar cost by you not going into the other plan, meaning that these Federally-subsidized plans are going to be more expensive as a result, or lose money.

That recognition is in stark contrast to something that we who have worked as Federal employees are aware of. FEHBP, the system that every Federal employee and postal worker has access to, will be going up by modest amounts this year. The 8 million men and women who work for the Federal Government, including the Post Office, will get as much as 82 percent of that cost reimbursed, but those programs are less expensive than any of the programs you here today testified that you are going to be forced into next year.

That concerns me, that the program that the President of the United States is in, FEHBP, Secretary Kerry, Secretary Hagel, and all the way up and down the line of, as I said, all Federal civilian employees are in, is currently affordable and, in fact, stable. It is my goal to try to use the contrast over the next few months, along with the committees that many of us serve on, to begin offering comprehensive alternatives that are free market and that will hopefully give you the kinds of programs you want, which may not include your care or things that you don't have and don't want. And that is going to be a goal.

I am going to close by saying I respect the Supreme Court even if I don't believe I would make the same decision if I were honored to be on the Court. We will also hold this president accountable that he has to respect the body we serve in, and we will do everything we can to try to encourage meaningful change and reform that will lead to affordable care for the American people and, to the greatest extent possible, private choice, something that I believe Americans believe is fundamentally one of their greatest rights.

And with that, we stand adjourned.

[Whereupon, at 11:43 a.m., the committee was adjourned.]

