

**U.S. House of Representatives-Committee on Education and the Workforce**

**Subcommittee on Health, Employment, Labor, and Pensions**

**June 7, 2011 Field Hearing, Evansville, IN**

**“The Recent Health Care Law: Consequences for Indiana Families and Workers”**

**Testimony of David Carlson, M.D, Evansville Surgical Associates**

Thank you for the opportunity to testify before the Sub Committee on Health, Employment, Labor, and Pensions.

I am President of Evansville Surgical Associates and have been practicing general surgery in Evansville for over 30 years. My group includes 17 surgeons and we employ over 70 individuals. We are by definition a small business.

I am not a healthcare policy expert and I definitely am not an expert on this law. I am a healthcare provider. My limited time this morning permits me to comment on only a few aspects of this bill. My comments are derived from personal experience, from discussions with many of my colleagues over the last year since passage of the Patient Protection and Affordable Care Act, from attempts at reading and trying to understand portions of this bill, and from commentaries made by experts on all sides of the political spectrum.

Very few of us would find fault with the intent of the new healthcare law, which is to provide health care coverage for those Americans presently uninsured and, among other things, to prohibit insurance companies from canceling policies without due cause, and to eliminate pre-existing conditions as a basis for

exclusion from insurance coverage, while at the same time reducing healthcare costs.

This bill is very complex and full of new regulations, huge new bureaucratic entities, and many disincentives to small businesses to begin or continue providing health care for their employees. Despite the predictions by the administration that healthcare costs will be controlled and reduced, no one who has practiced medicine in the era of Medicare, which is heading toward insolvency in the future, and Medicaid, which is straining the budgets of most states, can seriously believe that this massive new government program can possibly control the cost of healthcare without rationing care or adding significant new taxes to the American public.

The expansion of Medicaid will cover one in four Hoosiers, and is estimated to cost the state between \$3.1 billion to \$3.9 billion over the next decade, according to an actuarial analysis by Milliman, Inc. of Indianapolis. Indiana is one of the few states in stable financial condition, but it simply can't afford this price tag without a significant increase in state taxes or a reduction in state provided services, which will affect every Hoosier worker and employer in a negative way.

Indiana has been a leader in medical tort reform and malpractice rates for physicians are considered reasonable by most. The new healthcare law is completely silent on medical liability tort reform. Logical and reasonable nationwide tort reform is certain to help lower medical costs. Unless protected by real tort reform, Indiana physicians will have no choice but to continue protecting themselves from medical liability by ordering unnecessary tests, thereby fueling skyrocketing healthcare costs.

The Employer Mandate requires most small businesses to provide insurance to their employees, or pay penalties, or both. My surgical practice, which in essence is a small business, has about 70 full-time employees and we provide them with excellent comprehensive healthcare insurance. Under the new law, most of our employees would be eligible for government subsidies for the purchase of health insurance because their household income is less than \$88,000 for a family of four, which is 400% of the federal poverty line. My company therefore faces a penalty equal to the lesser of \$3000 per subsidized employee, which totals \$210,000, or \$2000 per employee, which totals \$120,000. So this law would cost Evansville Surgical Associates an additional \$120,000 per year to continue providing our current health coverage to our employees. Many small businesses, when faced with this situation, will simply drop employee coverage, absorb the financial penalty, and let the government provide Medicaid style health care for their employees.

Finally, let me say a few words about access to health care. I cannot speak for all physicians. Evansville Surgical Associates accepts all patients regardless of insurance or lack thereof because of the nature of the services we provide, which is often acute care and emergency surgery. I know from discussions with my primary care colleagues that a sudden increase in the number of Medicaid patients seeking medical attention simply would overwhelm them and the system. There are not enough physicians to see these patients and most practices could not survive on Medicaid reimbursement. As presently designed, this new law, while providing health coverage, does not offer a tenable solution to the problem of access to the health care system.

This concludes my remarks. Again let me express my appreciation for the privilege of testifying before this Committee.