

Background on Johanns and Nelson Amendments to the Jobs Bill

The Johanns amendment repeals the 1099 reporting requirements for corporations. The amendment is paid for by expanding the affordability exception to the individual mandate from 8 percent of your yearly income to 5 percent of your yearly income. This results in 2 million additional individuals not having health insurance and raising all American's premiums by 4 percent because insurance risk would be spread over fewer Americans. In addition, the amendment is also paid for by eliminating the \$15 billion Prevention and Public Health Trust Fund. The Prevention and Public Health Trust Fund increases Americans' access to preventive services, including cancer screenings, particularly among Americans who have lost their health insurance. This year, the Trust Fund was used to help people quit smoking, to fight obesity and to help state and local governments prepare to respond to infectious diseases like the H1N1 flu. The Trust Fund is critical to helping keep health care costs down across the system by preventing illnesses and chronic conditions before they become serious and costly.

The Nelson (FL) amendment, which is the Democratic alternative to the Johanns amendment, responds to concerns raised by small businesses by making targeted changes to information reporting requirements that would significantly reduce paperwork burdens. Information reporting is designed to ensure businesses pay their fair share of taxes without raising taxes for those who currently do pay their fair share. However, small businesses have raised some concerns with recently-enacted information reporting rules. The Nelson amendment addresses these concerns by, first, exempting businesses with fewer than 25 employees at any time during the year from the requirement to file information returns on payments for goods and property.

In addition, for businesses with more than 25 employees, the Nelson amendment raises the threshold for reporting purchases of goods and property from \$600 to \$5,000. Many small businesses will not have cumulative purchases of more than \$5,000 from any one vendor. The proposal also exempts all purchases made with a credit card from information reporting.

The Nelson (FL) amendment is paid for by repealing tax cuts for the five largest oil companies. Specifically, it would repeal Section 199 of the tax code, which currently allows these corporations to deduct six percent of their income from oil and gas production from their tax liability, effective December 31, 2010. This repeal would only apply to the five largest corporations with more than \$1 billion of before-tax income.

The Nelson amendment does not eliminate or reduce the Prevention and Public Health Fund or adjust the affordability exemption to pay for the amendment.

Both of these amendments are scheduled to be considered on the Senate floor on Tuesday, September 14, 2010. Both will be subject to 60 vote thresholds.

Background on the Prevention and Public Health Fund

The goal of the Investment Fund is to provide an expanded and sustained national investment in prevention and public health programs to improve health and help restrain the rate of growth in private and public sector health care costs. This will involve a dedicated, stable funding stream for prevention, wellness and public health activities authorized by the Public Health Service Act, something that was included in the Affordable Care Act, and was fully offset when it was created.

Talking Points

- Right now, of the more than \$2.2 trillion spent nationally on health care in the U.S. every year, only four percent is estimated to be spent on prevention and public health. Without substantially increasing the amount of money dedicated to prevention, the amount of money spent to diagnose and treat preventable, chronic diseases will only continue to increase, something our nation can't afford.
- At present, most public health funding is unpredictable and generally provided for through discretionary appropriations. For example, after adjusting for inflation, CDC funding for emergency preparedness decreased \$342 million from FY 2005 to FY 2008, and chronic disease prevention, health promotion and genomics funding at CDC decreased by \$176 million during the same time frame. This puts us all at risk.
- Federal public health funding for chronic disease prevention is not even adequate to support funding in all states. Only 25 states have anti-obesity funding, and only 23 states have funding for a Coordinated School Health Program. CDC cannot fund heart disease prevention programs in all 50 states, and less than half of states are funded for oral health programs. The demand for community prevention dollars also far exceeds the supply.
- This investment would also be cost-effective. A study by Trust for America's Health, entitled *Prevention for a Healthier America*, found that investing \$10 per person per year in proven community-based programs to increase physical activity, improve nutrition, and prevent smoking and other tobacco use, could save the country more than \$16 billion annually within five years. Out of the

\$16 billion in savings, Medicare could save more than \$5 billion, Medicaid could save more than \$1.9 billion, and private payers could save more than \$9 billion.

- In addition, since we are discussing burdens on businesses and jobs – it is important to note that chronic diseases alone cost the U.S. an additional \$1 trillion each year in lost productivity, and are a major contributing factor to the overall poor health that is placing the Nation's economic security and competitiveness in jeopardy.
- The Prevention and Public Health Fund has also invested in FY 2010 \$250 million in strengthening the primary care infrastructure, including investments in training for physician assistants and nurse practitioners who typically practice in small clinics.
- The Prevention and Public Health fund creates a reliable, dedicated funding stream for increasing our public health that will also benefit businesses and the workforce that they support.
- It is a penny wise and pound foolish at this point to be taking money away from a fund that is in place to reign in health care costs by investing in proven interventions.