

Addressing The Double Threat to Household Finances: Health Care Costs and Utility Bills

The current health care system has failed

- In 2007 the private health insurance system cost \$2.4 trillion
- America's health care system is ranked 37th in the world, right after Costa Rica, by the World Health Organization.
- In the US, we spend more per capita on health care than any other country on earth.
- 1 in 7 Americans have no health insurance coverage at all. That's 47 million people, 15% of the population. Millions more struggle with increasing premiums, deductibles, and co-pays.
- The uninsured live sicker and die younger. The Institute of Medicine calculates that 18,000 people die every year purely because they don't have any insurance.
- Medical bills are the leading cause of personal bankruptcy. 75% of those declaring bankruptcy had insurance at the time they got sick.
- Public opinion polls consistently find that 65% or more of Americans surveyed favor public health insurance, even if it means tax increases. More and more, business and labor groups are coming to the same conclusion. In a 2008 poll of U.S. physicians, 59% favored public health insurance.
- Both the General Accounting Office (GAO) and the Congressional Budget Office (CBO) reached the same conclusion: Eliminating private health insurance and covering everyone under a single public program would increase efficiency and cut overhead so much that it would leave enough money to cover all the uninsured.

Indiana's reliance on coal-fired power is driving up utility bills and health care bills



- 96% of Indiana's electricity comes from coal-fired power plants.
- From 2003 to 2007 electric rates in Indiana increased almost 30%.
- Even though the cost of living in California is higher than in Indiana, average electric bills in California (\$83.60/mo) are cheaper than average electric bills in Indiana (\$87.44/mo) because of aggressive implementation of energy efficiency and renewable sources of electricity.
- \$5 billion each year is spent in Indiana (and nearly \$170 billion nationwide) on

health care costs and job related losses due to the particulate matter emissions (soot) coming out of the smokestacks of coal plants.

Plans by AEP and Duke Energy to build new nuclear power plants would drive rates through the roof

- The starting price of building one new nuclear unit (plants consist of units) is \$10 billion.
- High-level nuclear waste remains toxic for 250,000 years. Storage costs are very high, and are paid by taxpayers and ratepayers (which, by the way, are the same people).
- Worldwide, attempts at reprocessing nuclear waste have been costly and polluting. Reprocessing costs billions of dollars, is an environmental nightmare, and recovers only a fraction of the waste.

Continuing our reliance on coal is also driving our utility rates through the roof

- Coal is becoming more and more expensive. According to the Energy Information Administration, the cost of coal itself increased by 57% in 2007 (from \$35/ton to \$55/ton) and has increased again by another 29% in 2008 (from \$55/ton to \$71/ton). We Hoosiers have to pay for these increases in the form of higher rates on our electric bills.
- Duke Indiana customers alone paid \$190 million more in fuel costs (coal) in 2008 than in 2007.
- Duke Energy has begun to build a new coal-gasification plant in Edwardsport that will cost over \$2.35 billion, and raise electric rates for Duke ratepayers by at least 30%.
- Leucadia, an out-of-state company, wants to build another coal-gasification plant to turn coal into synthetic natural gas. They want to force ALL Indiana natural gas customers to pay for this plant, which they say could cost as much as \$5 billion.

Construction Costs of Electric Energy Resources

(source: Craig A. Severence, Business Risks and Costs of Nuclear Power)

Technology	Year of Estimate	Cents Per Kilowatt hour
Nuclear	2009	17 to 22
Wind	2007	4 to 9
Natural Gas Combined Cycle	2007	6 to 12
Coal (conventional)	2007	7 to 10
Duke's coal gasification plant w/o carbon capture & compression	2009	9 to 10 and counting
90% Carbon Capture and Compression (in addition to construction costs)	2007	11 to 14
Solar Thermal Electric Generation	2007	9 to 15
Solar Cells (PV)	2010	8 to 12
Installation of Energy Efficiency	2009	Less than 1 to 4 (A. Lovins, 2008)
Geothermal	2007	4 to 7

Alternative Energy Technologies and an Alternative Health Care System Can Stabilize Household Finances

- Comprehensive investments in energy efficient technologies and building design combined with greatly expanding renewable energy investments would save ratepayers nationwide hundreds of billions of dollars over business as usual (i.e. coal, nuclear and natural gas plants) and would continue to meet electric demand reliably.
- Public health insurance is more efficient and more cost effective than private health insurance. Proposed funding for improving Medicare and expanding it to cover everyone is \$1.86 trillion, saving approximately \$500 billion per year. This will ensure that ALL Americans will have access to affordable, high quality health care.
- 95% of families will pay less for health care under public health insurance than they do today.

The Wrong Approach

HR 2454, Federal Energy Legislation Being Debated in Congress, Is Worse Than No Bill At All

If passed in its current form, the energy bill now before Congress (House Resolution 2454) would be a monumental failure of US energy policy. HR 2454 was supposed to represent a major shift in US Energy policy to clean energy, but:

- It is designed to further enrich the coal and utility industries by providing hundreds of billions of dollars in giveaways and loopholes for the utility industry that allows it avoid reductions in carbon dioxide emissions;
- It forces ratepayers to pay the utility industry's R&D costs for Carbon Capture and Sequestration (CCS) through a surcharge on utility bills (the R&D and implementation of CCS will cost ratepayers trillions of dollars);
- It creates a sham moratorium on the construction of new coal plants by exempting 45 plants in various stages of permitting and construction;
- It undermines the current market trend to support renewable energy investments by creating a sham Renewable Electricity Standard that may reduce rather than expand renewable energy investments; and
- It eliminates the energy efficiency standard that was in the original bill to mandate more utility investment in making homes and businesses more efficient in their use of electric power and natural gas, thereby reducing utility bills.

The Right Approach

Penalizing Pollution While Rewarding Consumers: Tax is not always a dirty word

HR 2454 would attempt to establish a market-based system to trade pollution allowances (much like trading stock). The idea is to reduce CO₂ emissions by capping the number of allowances available and reducing them over time. This is called a cap and trade system. But instead of forcing big polluters to pay for the allowances up front, HR 2454 gives most of them away. The bill also provides for loopholes (known as offsets) to allow utility companies to keep emitting carbon dioxide. This means that we'll be seeing more speculation and gaming to make money on allowances than actual reductions in carbon emissions.

Conservative and liberal economists agree that a carbon tax (or dirty fuel fee) is preferable because a carbon tax:

- Is transparent;
- Avoids gaming and corruption;
- Creates price stability;
- Envisions the proceeds to be used in the public interest, not a private giveaway;
- Does not require additional bureaucracy, unlike the cap and trade system; and
- Penalizes the unproductive end of the economy (pollution) and rewards the productive end of the economy.

Revenue from the carbon tax could be used for offsetting increases in energy costs, helping to reduce the cost of public health insurance, and defraying payroll taxes.

Take Action!!

Please send two e-mails or place two calls:

First, contact Congressman Charles Rangel, chairman of the House Ways and Means Committee in the U.S. Congress. He supports a carbon tax. Urge him to eliminate the cap and trade provisions in HR 2454 and replace it with a carbon tax (HR 1337, authored by Congressman Larson). Encourage him to use the revenue from the carbon tax to help pay for public health insurance (like Medicare for everyone).

Secondly, contact U.S. Senator Evan Bayh. Senator Bayh recently voted against a Renewable Electricity Standard (RES) in the U.S. Senate. He is concerned about near term rate increases from an RES. But Senator Bayh also publicly supported Duke's proposed coal plant in Edwardsport, IN that will result in much larger rate increases than an RES ever would. Moreover, his wife, Susan Bayh, sits on the Board of Directors of Anthem/WellPoint, one of the largest health insurance companies in the U.S. Senator Bayh says he is "agnostic" about health care. And finally, Senator Bayh said he is in the U.S. Senate to "protect business interests."

Tell Senator Bayh to start protecting consumer interests instead of business interests by supporting a carbon tax and using the revenue from it to help pay for public health insurance.

Rep. Rangel

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