United States Senate
WASHINGTON, DC 20510

June 18, 2012

The Honorable Barack Obama
President
United States of America
The White House

Dear President Obama:

We are writing to express our concern that the barrage of regulations coming out of the Environmental Protection Agency (EPA) designed to end coal in American electricity generation will have a devastating effect on the health of American families. Just before you made the decision to withdraw EPA's plan to revise its ozone standard – a plan which would have destroyed hundreds of thousands of jobs – your former White House Chief of Staff Bill Daley asked the question "What are the health impacts of unemployment?" Today, we are requesting that you consider your former aide's question carefully: instead of putting forth rules that create great economic pain which will have a terrible effect on public health, we hope that going forward, you will work with Republicans to craft polices that achieve both environmental protection and economic growth.

As you know, proponents of your EPA's aggressive agenda claim that regulations that kill jobs and cause electricity prices to skyrocket will somehow be good for the American people. We come to this issue as medical doctors and would like to offer our "second opinion": EPA's regulatory regime will devastate communities that rely on affordable energy, children whose parents will lose their jobs, and the poor and elderly on fixed incomes that do not have the funds to pay for higher energy costs. The result for public health will be disastrous in ways not seen since the Great Depression.

One of the centerpieces of your administration's efforts to stop American coal development is the Utility MACT rule – a rule that has such severe standards it will cause as much as 20 percent of the existing coal-fired power plant fleet to retire. Combined with numerous other actions by the Environmental Protection Agency (EPA), Interior Department, and Army Corps of Engineers targeting surface coal mining operations, these rules constitute an aggressive regulatory assault on American coal producers, which will hit areas of the heartland – the Midwest, Appalachia, and the Intermountain West – the hardest. The end result will be joblessness across regions of the country whose livelihoods depend on coal development. Joblessness will lead to severe health impacts for communities in these regions.

With regard to the health benefits that EPA claims for Utility MACT, EPA's own analysis shows us that over 99 percent of the benefits from the rule come from reducing fine particulate matter ($PM_{2.5}$), not air toxics. But EPA also states that "[over 90 percent] of the $PM_{2.5}$-related benefits associated with [Utility MACT] occur below the level of the [NAAQS]."[i]

Not only are PM emissions distinct from mercury and other toxics, but they are also subject to other regulatory regimes. For example, Section 108 of the Clean Air Act directs the EPA to set PM emission levels that are "requisite to protect the public health".[ii] Thus, EPA is either double-counting the PM benefits already being delivered by existing regulatory regimes, or setting standards beyond those required to protect public health.

EPA estimates that the cost of the rule will be around $11 billion annually, but that it will yield no more than $6 million in benefits from reducing mercury and other air toxics. So by the agency's own calculations, Utility MACT completely fails the cost/benefit test.

When looking at this analysis, the only conclusion is that Utility MACT, as well as the many other EPA rules that cost billions but yield few benefits are not about public health. They are about ending coal development and the good paying jobs it provides.

We are not the only members in the medical field that are concerned about the effects of a jobless economy on the health and well being of Americans. Dr. Harvey Brenner of Johns Hopkins University testified on June 15th, 2011 before the Senate Environment and Public Works Committee explaining that unemployment is a risk factor for elevated illness and mortality rates. In addition, the National Center for Health Statistics has found that children in poor families are four times as likely to be in bad health as wealthier families.

Economists have also studied this issue. A May 13th, 2012 Op-Ed in the *New York Times* by economists Dean Baker and Kevin Hasset entitled "The Human Disaster of Unemployment" found that children of unemployed parents make 9 percent less than children of employed parents. The same article cites research by economists Daniel Sullivan and Till von Wachter who found that unemployed men face a 25 percent increase in the risk of dying from cancer.

These are just a few examples of the numerous reports warning of a looming public health crisis due to unemployment. A more thorough evaluation of this problem can be found in a recently released report entitled, "Red Tape Making Americans Sick—A New Report on the Health Impacts of High Unemployment" which we are including here for your review.

The EPA should immediately stop pushing expensive regulations that put Americans out of work and into the doctor's office. We respectfully ask that your agencies adequately examine the negative health implications of unemployment into the cost/benefit analysis of the numerous regulations that are stifling job growth, before making health benefit claims to Congress and the public.

We ask that instead of exacerbating unemployment and harming public health that you work with us in our efforts to implement policies that achieve true health benefits without destroying jobs, and indeed American coal development, in the process.

Sincerely,

John Barrasso

Tom Cole

Rand Paul

John Boozman

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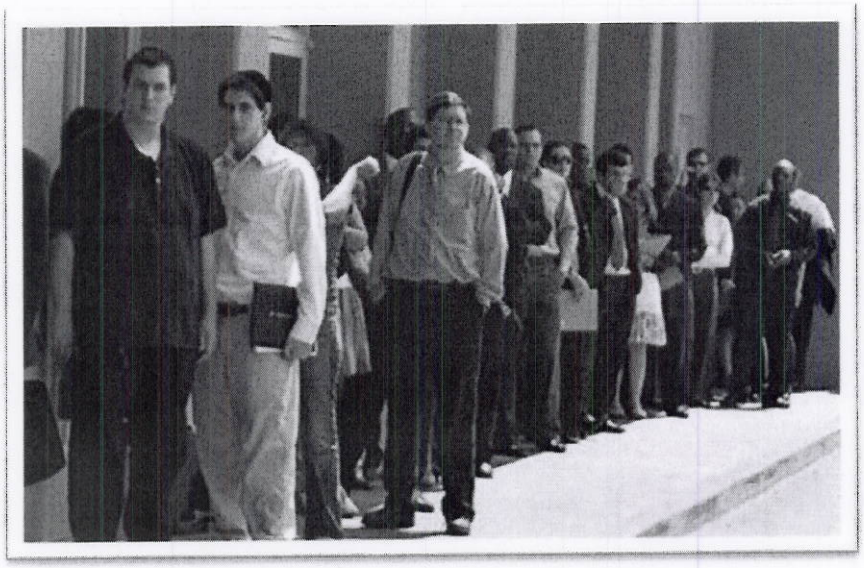
[i] US EPA, Regulatory Impact Analysis," ES-4.
[ii] 42 USC 7408 and 42 USC 7409.

Red Tape Making Americans Sick

A New Report on the Health Impacts of High Unemployment



Studies Show EPA Rules Cost Americans Their Jobs and Their Health

Minority Subcommittee Staff Report
Subcommittee on Clean Air and Nuclear Safety
Senator John Barrasso, M.D.
Ranking Member
March 2012

EPA Red Tape Increases Unemployment While Worsening Public Health

Key Findings and Recommendations:

- Congressional testimony and scientific research reveals that unemployment from Environmental Protection Agency (EPA) regulations:
  - ✓ Increases the likelihood of hospital visits, illnesses, and premature deaths in communities due to joblessness.
  - ✓ Raises healthcare costs, raising questions about the claimed health savings of EPA's regulations.
  - ✓ Hurts children's health and family well-being.
- EPA claims of health benefits from current and future Clean Air Act regulations are misleading and incomplete. The agency must adequately examine the negative health implications of unemployment into their cost-benefit analysis before making health benefit claims to the public and Congress.
- The Full Senate Environment and Public Works Committee and the Subcommittee on Clean Air and Nuclear Safety should conduct additional hearings to responsibly investigate the health implications of higher unemployment as a result of federal regulations.

Executive Summary:

President Obama's Administration continues to claim that new EPA Clean Air Act regulations for ozone, greenhouse gases, electric utilities, domestic oil and gas producers, and manufacturers deliver significant economic benefits. Specifically, the agency says that these regulations will yield billions of dollars in benefits for the U.S. economy in the form of fewer premature deaths, sick days, hospital visits, cases of bronchitis, and heart attacks.

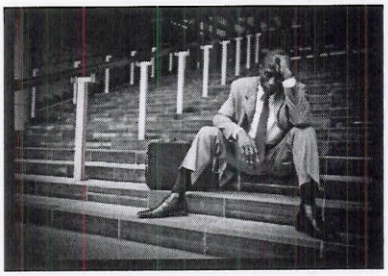
According to the EPA:

> *"The benefits of avoiding early death, preventing heart attacks and asthma attacks, and reducing the number of sick days for employees far exceed costs of implementing clean air protections. These benefits lead to a more productive workforce, and enable consumers and businesses to spend less on health care – all of which help strengthen the economy."*

However, the Administration's predictions do not take into account how regulations will increase unemployment and therefore negatively impact public health. A broad range of experts over

decades of research say that unemployment will hurt public health. A study published in 1985 in the *American Journal of Public Health* by Margaret W. Linn, PHD, Richard Sandifer, BS, and Shaya Stein, PHD, entitled **"Effects of unemployment on mental and physical health"**, concluded:

> *"After unemployment, symptoms of somatization, depression, and anxiety were significantly greater in the unemployed than employed.*



> *"[U]nemployed men made significantly more visits to their physicians, took more medications, and spent more days in bed sick than did employed individuals ...unemployment had an adverse impact on psychological function, with the unemployed becoming more anxious, depressed, and concerned with bodily symptoms than those who continued to work."*

Over the last few decades other studies have been conducted to investigate the detrimental effects of high unemployment rates:

- **"The Effects of Unemployment on Mortality following Workplace Downsizing and Workplace Closure: A Register-based Follow-up Study of Finnish Men and Women during Economic Boom and Recession"** - *American Journal of Epidemiology,* 2006

  > *"Unemployment is strongly associated with mortality on the individual level."*

- **"Effects of Unemployment on Health in a Community Survey: Main, Modifying, and Mediating Effects"** – *Journal of Social Issues,* 1988

  > *"Results from a community survey in a sample of high-unemployment census tracts ... showed significant elevations of depression, anxiety, somatization [a chronic condition in which persons experience physical symptoms, but no physical symptoms can be found], and self-reported physical illness among the currently unemployed.*
  >
  > *"Unemployment had health-damaging effects...severe enough to be considered clinically significant.""*

EPA has faced charges that their wide ranging estimates of public health benefits from their regulations show uncertainty and that the regulations actually cost jobs. EPA has not adequately responded to these charges. Recent research and testimony in Congress continues to bolster the argument that unemployment leads to poor public health and both Democrats and Republicans agree some jobs will be lost because of EPA's regulations. No matter what the predictions are for jobs losses from these regulations, those who lose their jobs will suffer negative health effects. Those effects must be counted in any benefit-cost analysis by EPA.

Unemployment from EPA Regulations:

Whether Americans believe a net increase or decrease in jobs will occur because of EPA's regulations, the fact is that all sides agree that some jobs will be lost.

In 2010, then Senator Blanche Lincoln wrote a column in the *National Journal* entitled **"Regulating Small Businesses Out of Business."** In it, she states:

"The significant increase in regulations being handed down by Washington is having real consequences. A recently released Gallup poll found that compliance with government regulations is now the single biggest problem facing small business owners. The same report indicated that about one in three small companies is concerned about going out of business in 2012. Similarly, earlier this year the rate of new startup businesses reached a 25 year low largely due to the uncertainty created by the government's regulatory agenda."

President Obama has stated since his original campaign that jobs would be lost in the coal industry if he were elected because of his support for cap and trade policies to address greenhouse gases. According to then Presidential Candidate Barrack Obama in a **2008 interview** he stated regarding the U.S. coal industry that –

> *"So if somebody wants to build a coal-powered plant, they can; it's just that it will bankrupt them because they're going to be charged a huge sum for all that greenhouse gas that's being emitted."*

The actual number of Americans who will lose their jobs as a result of EPA's rules varies. According to the Senate Republican Policy Committee in 2011, **an estimated 11.5 million Americans are projected to lose their jobs as a direct result of several proposed EPA rules:**

Obama Policy	Potential Jobs Lost
New Ozone Standards	7,300,000
EPA Greenhouse Gas Regulations	1,400,000
New Utility Regulations	1,400,000
New Coal Ash Regulations	316,000
Offshore Drilling "Permitorium"	187,000
Onshore Oil and Gas Lease Delays	69,000
New Boiler Regulations	60,000
Alaska Drilling Delays	54,700
New Cement Kiln Regulations	15,000

EPA Administrator Lisa Jackson and others strongly dispute these figures and her agency has stated that their regulations create jobs in the long run -- these are the so called "green jobs" that would result as businesses are created to manufacture and install new green technologies.

For example, in March of 2011 the EPA released a **presentation** on their proposed Mercury Air Toxics Rule that said:

> *"This rule will provide employment for thousands, by supporting 31,000 short-term construction jobs and 9,000 long-term utility jobs."*

Director of the George Washington University Regulatory Studies Center Susan Dudley refutes this claim in a December 20, 2011, column in ***The Hill***:

> *"Also disingenuous is the EPA's claim that the 'rule will provide employment for thousands, by supporting 31,000 short-term construction jobs and 9,000 long-term utility jobs.' First, this estimate quantifies only the jobs necessary to comply with the new rules, and ignores jobs lost, despite its recognition that 'the industries that use electricity will face higher electricity prices as the result of the toxics rule, reduce output, and demand less labor.'"*

It is true that some jobs will be created by EPA's slew of regulations to make and install new required pollution control equipment for coal fired power plants, industrial boilers and cement plants.

But as Dudley points out, the Administration ignores the thousands of jobs that will be eliminated at the plants and factories that shut down due to higher energy and construction costs of installing that equipment. The end result is thousands of jobs being crushed to create a few green jobs, which leads to higher unemployment.

An article in the liberal magazine *Think Progress* entitled **"EPA Regulations Will Create New Jobs, Says American Electric Power CEO: 'No Question About That'"** even stated on November 14, 2011 that there will be some job losses in the energy industry as a result of EPA's rules regardless of what jobs will be created by them:

> *"Net job creation is a bit harder to gauge, as there will be jobs lost in some areas of the (energy) industry in a shift away from coal to natural gas and renewables."*

Unemployment's Impact on Public Heath:

In 2011, several respected health experts and scientists testified before the Senate Environment and Public Works Committee about the impact of unemployment on a person's health.

On June 15, 2011, **Dr. Harvey Brenner of Johns Hopkins University testified** before the Senate Environment and Public Works Committee:

*"**The unemployment rate is well established as a risk factor for elevated illness and mortality rates** in epidemiological studies performed since the early 1980s. In addition to influences on mental disorder, suicide and alcohol abuse and alcoholism, **unemployment is also an important risk factor in cardiovascular disease and overall decreases in life expectancy**."*

On June 8, 2011, Margaret Thorning, Chief Economist with the American Council for Capital Formation, testified before the joint subcommittees on Clean Air and Children's Health. While discussing the negative relationship between job insecurity and worker health, she referenced an article in *Social Science and Medicine* magazine by professors from the University of Michigan and the University of California, Los Angeles. The scholarly article, **"Perceived job insecurity and worker health in the United States,"** presents findings consistent with prior studies, demonstrating a correlation between persistent insecurity of employment and poor health:

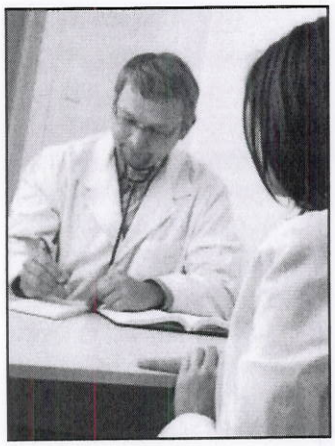
"Even after adjusting for sociodemographic and job characteristics, health prior to baseline, neuroticism, hypertension and smoking status, and objective employment insecurity...perceived job insecurity remains a significant predictor of subsequent health."

Adult workers are not the only ones affected by unemployment and widespread job loss. The **National Center for Health Statistics** described how poverty affects children's health:

"Children in poor families were four times as likely to be in fair or poor health as children in families that were not poor."

As Americans continue to deal with the impact of high unemployment, such studies have been in the forefront of the news since the recession began:

The Washington Post on July 8, 2011 in an article entitled "The long term impact of unemployment" referenced a June 23, 2006 report by Yale researcher Dr. William T. Gallo entitled "The Impact of Late-career Job Loss on Myocardial Infarction and Stroke: A 10-year Follow-up Using the Health and Retirement Survey". The report stated –



"Results suggest that the true costs of late career unemployment exceed financial deprivation, and include substantial health consequences. Physicians who treat individuals who lose jobs as they near retirement should consider the loss of employment a potential risk factor for adverse vascular health changes."

The Washington Post went on to say –

"Being laid off has serious long-term health effects. [P]eople who are laid off near retirement are twice as likely to have a stroke or heart attack...[Unemployment] increases one's likelihood of depression.

"...Persistent high unemployment, like the kind we're experiencing, does not just hurt people in the here and now. It hurts people decades in the future, even if the economy has recovered by then."

A March 2010 *Atlantic Monthly* story entitled **"How a New Jobless Era Will Transform America"** referenced a report entitled **"Job Displacement and Mortality: An Analysis using Administrative Data"** by researchers Daniel Sullivan of the Federal Reserve Bank of Chicago and Till von Wachter of Columbia University. The report states –

"We use administrative data on the quarterly employment and earnings of Pennsylvanian workers in the 1970s and 1980s matched to Social Security Administration death records covering 1980-2006 to estimate the effects of job displacement on mortality. We find that for high-seniority male workers, mortality rates in the year after displacement are 50-100% higher than would otherwise have been expected. The effect on mortality hazards declines sharply over time, but even 20 years after displacement, we estimate a 10-15% increase in annual death hazards."

Atlantic Monthly went on to say –

"A large and long-standing body of research shows that physical health tends to deteriorate during unemployment, most likely through a combination of fewer financial resources and a higher stress level. The most-recent research suggests that poor health is prevalent among the young, and endures for a lifetime. Till Von Wachter, an economist at Columbia University, and Daniel Sullivan, of the Federal Reserve Bank of Chicago, recently looked at the mortality rates of men who had lost their jobs in Pennsylvania in the 1970s and '80s. They found that particularly among men in their 40s or 50s, mortality rates rose markedly soon after a layoff. But regardless of age, all men were left with an elevated risk of dying in each year following their episode of unemployment, for the rest of their lives."

The Huffington Post in a November 5, 2010 article entitled **"Study: Longterm Unemployment Has Disastrous Effects On Health And Longevity"** quoted Dr. Elise Gould, director of health policy research at the Economic Policy Institute who stated –

"After wage losses, the most direct impact of unemployment is loss of health insurance coverage for those who had it in the first place," she said. "But this is only tip of the iceberg when we think about people's health. It's clear that many Americans are still hurting and will be hurting for a very long time."

The *Huffington Post went on to say* –

"[R]esearch shows that losing one's job can have a 'powerful and negative impact' on the health of the jobless, leading to feelings of failure, depression, anxiety, notably

increasing the risks of strokes, heart attacks and catastrophic illnesses, and potentially leading to premature mortality.

"...[E]ven the risk or fear of losing one's job was just as strong a predictor as the actual job loss on an older person's overall health because of internal psychological issues."

On May 8th, 2009, *the New York Times* in an article entitled **"Unemployment May Be Hazardous to Your Health"** referenced a study entitled **"Job Loss and Health in the U.S. Labor Market"** by Kate Strully with the University of Albany. The study states –

"Losing a job because of an establishment closure increased the odds of fair or poor health by 54%, and among respondents with no preexisting health conditions, it increased the odds of a new likely health condition by 83%. This suggests that there are true health costs to job loss, beyond sicker people being more likely to lose their jobs."

The New York Times went on to say –

"Workers who lost a job through no fault of their own...were twice as likely to report developing a new ailment like high blood pressure, diabetes or heart disease over the next year and a half, compared to people who were continuously employed."

Uncertainty and Omissions in EPA Public Health Analyses:

EPA's March 2011 report, **"The Benefits and Costs of the Clean Air Act from 1990 to 2020"**, claims billions of dollars in benefits due to Clean Air Act regulations. This report has been cited at hearings in the full Senate Environment and Public Works Committee as well as the House Energy and Commerce Committee by **EPA Administrator Lisa Jackson** and **EPA's Assistant Administrator of the Office of Air and Radiation, Gina McCarthy**. Administration officials regularly tout this report as proof that increased EPA regulations would be a boon for public health and the economy.

According to outside experts at National Economic Research Associates (NERA), this EPA report is flawed, misleading and contains major uncertainties. NERA's report entitled **"Assessment of the Obama Administration's Cost-Benefit Analysis of Clean Air Act Regulations,"** outlines the specific problems with EPA's analysis:

"The methodology behind these numbers is suspect, and the magnitude is greatly exaggerated."

"Existing regulations are unquestionably slowing economic growth today. Whether the environmental benefits of those regulations might be worth the cost is a policy question, but there is no denying that the cost takes the form of lower production of goods and services that go into consumption and investment."

Diane Katz of the Heritage Foundation raises serious concerns about the uncertainty behind EPA's numbers. According to her March 3, 2011report entitled **"Coming Clean on Regulatory Costs and Benefits,"**she states:

> *"Predicting the future effects of regulation can be exceedingly complex given the array of confounding factors at play and thus the multitude of assumptions that must be employed. The benefit estimates in the report range from $250 million to $5.7 trillion - a vast difference that indicates vast uncertainty about the EPA's claims."*
>
> *"The research design is only one of myriad flaws underlying the EPA's claims. In fact, 14 elements of the study that bear directly on the valuation of regulatory benefits are unreliable and constitute 'major uncertainties' —i.e., differences in benefit estimates of $100 billion or more, according to the authors of the report."*
>
> *"The three most 'significant' of the major uncertainties relate directly to the calculation of lives saved by regulation, which accounts for the largest proportion of economic benefit and thus the basis of the agency's contention that regulatory benefits dwarf costs. Simply put, the EPA's claim that the CAA Amendments of 1990 will save 230,000 lives and generate $2 trillion in economic benefits in 2020 is rife with 'significant' and 'major uncertainties,' according to the authors of the report."*

As demonstrated earlier in this report, studies show that unemployment leads to serious health effects for individuals. Both NERA and Katz question the accuracy of the number of lives saved in the March report. NERA also specifically questions the claim that increasing regulations have a positive economic outcome for businesses and the economy. If in fact these regulations are having a negative effect on the economy, then there will be subsequent negative health effects for the public that must be taken into account by EPA.

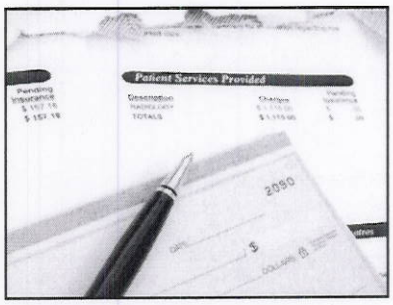
The March 2011 report is not the only instance where EPA has been criticized for not accurately representing the benefits versus costs to public health from their regulations. A September 22, 2011, letter signed by seven members of Congress, who are also doctors, made this key point in a letter to EPA Administrator Lisa Jackson about the EPA's Utility MACT rule:

> *"EPA, as a federal agency, is required to perform a regulatory impact assessment with cost-benefit findings of any proposed major regulatory action. With respect to the Utility MACT rule, EPA claims that, 'significant annual health benefits will far outweigh any costs associated with implementation.' Unfortunately, EPA's benefits appear to be based on limited quantitative and qualitative analysis."*

The letter goes on to say:

> *"Contrary to its purpose, the proposed Utility MACT rule may actually present profound challenges to public health."*

The letter points out that the EPA failed to consider the impact on healthcare affordability as a result of increased electricity costs on hospitals.



> *"Hospital administrators have no choice but to pay attention to the cost of energy. U.S. healthcare facilities consume four percent of the total energy consumed in the U.S. spending, on average, $8.5 billion annually on energy, often equaling between one and three percent of a hospital's operating budget. Additionally, EPA estimates, in the U.S., the health sector is the most energy-intensive commercial sector resulting in more than $600 million per year in direct health costs and over $5 billion in indirect costs. Under EPA's proposed rules, electricity costs in some regions may increase over 20 percent as soon as 2016. The surging cost of energy will squeeze tight hospital budgets making access to affordable healthcare all the more difficult."*- September 22, 2011 letter to EPA Administrator Lisa Jackson from Rep. Michael Burgess, Rep. Phil Gingrey, Rep. Bill Cassidy, Rep. John Fleming, Rep. Paul Broun, Rep. Paul Gosar, and Rep. Larry Bucshon.

The Minority notes that the EPA's report and subsequent claims of health benefits of their rules all fail to adequately calculate the negative health impacts of their regulations. The EPA has not adequately responded to the concerns raised about the uncertainty in their numbers. The EPA also refuses to acknowledge in their analyses and reports the inevitable increase in healthcare costs due to unemployment -- billions of dollars in time and resources. This raises questions about the true environmental health benefits that are the supposed goal of new costly EPA Clean Air Act regulations.

Experts agree that understanding the impact that job loss and income has on health is vital to understanding the true representation of what a regulation's affect on public health will be. According to a 1999 report in the publication *Risk: Health, Safety & Environment* entitled **"Health Transfers: An Application of Health-Health Analysis to Assess Food Safety Regulations"** by Fred Kuchler, Jackqueline L. Teague, Richard A. Williams & Don W. Anderson, job loss and income are key factors in understanding health impacts:

> *"Economists take for granted that income influences individual risk choices and thereby influences health. In tallying regulatory costs and benefits, analysts usually know who will bear the costs, and analysts can estimate the cost bearers' income. However, to estimate the number of fatalities a proposed regulation might enduce, analysts need to know how income loss is likely to affect the health of those who will bear regulatory costs."*

The Minority agrees with this assessment. Any detailed cost-benefit analysis conducted by the EPA should incorporate the latest and best scientific analysis to understand and quantify the negative health effects of unemployment and lost income. It should also factor in the high energy costs for healthcare providers that result from costly regulations.

Conclusion:

It is undeniable that there is a negative relationship between unemployment and health status.

Today, many Americans continue to lose their jobs or live in constant fear of becoming unemployed. Losing a good paying job is devastating for families across the country who are struggling to get by.

It is fiscally and socially irresponsible for the Obama Administration to ignore how their regulations impact public health by driving up unemployment. Out of work Americans are increasingly likely to suffer: heart attack and stroke, while other effects can include increased mortality, alcoholism, cardiovascular disease, or mental ill-health: anxiety, depression, and somatization. Secondary effects extend to family members, including children, who are directly and indirectly impacted by job loss. Higher unemployment may result in poorer health across the country, leading to a higher mortality rate and an increase in hospital and emergency department visits.

According to New York Times reporter John Broder in a November 17th, 2011, article entitled **"Policy and Politics Collide as Obama Enters Campaign Mode"** a meeting occurred between the American Lung Association and then White House Chief of Staff William Daley over the EPA's proposed ozone regulations.

In that meeting, Daley asked a simple question when confronted with the argument that additional Clean Air Act regulations would improve public health. Daley asked, "What are the health impacts of unemployment?"

The Minority agrees with former White House Chief of Staff Daley that the EPA must consider and address this question as it pushes new regulations. The Full Senate Environment and Public Works Committee and the Subcommittee on Clean Air and Nuclear Safety should also conduct additional hearings on these issues to responsibly investigate the health implications of high unemployment.

The Minority recommends that all health impacts be considered equally and transparently.