

Congress of the United States
Washington, DC 20515

September 22, 2011

The Honorable Lisa P. Jackson
Administrator
Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, D.C. 20004

Dear Administrator Jackson:

As Members of Congress, who are medical professionals, we strongly believe that public health claims should be credible. Unfortunately, when we examine the suite of proposed rules for the power sector, we believe that the Environmental Protection Agency (EPA) has failed to state accurately the case for health benefits. The EPA has made dubious claims with respect to the benefits of the newly-proposed rule, Utility MACT. This rule is meant to regulate hazardous air pollutants (HAPs) by using "Maximum Achievable Control Technology."

I. Public Health Claims Associated With EPA's Utility MACT Are Dubious

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."¹ Unfortunately, EPA's benefits appear to be based on limited quantitative and qualitative analysis. Overwhelmingly, the majority of EPA's estimated health benefits are attributable to co-benefits from reductions in fine particulate matter. Our strong concern is that EPA has been "double counting" particulate health benefits – taking credit for them in the context of this proposed utility rule when it well knows that past rulemakings already address these concerns. Under the Clean Air Act, particulate reductions have already been realized over the past decade. Over the past 11 years, the utility industry has actually increased power generation by 40% while emissions have decreased by 70%. With respect to mercury, the EPA has acknowledged that actual benefits may be as little as \$500,000 in comparison to a \$10 billion price tag, per the rule. In fact, the 407 coal-fired power plants in the U.S. contribute less than 1% of atmospheric mercury emissions, worldwide.²

II. The Proposed Utility MACT May Present an Actual Threat to Public Health

Contrary to its purpose, the proposed Utility MACT rule may actually present profound challenges to public health. First, it will drive up the cost of medical services. Second, it will

¹ [United States Environmental Protection Agency, \(2011\) "Regulatory Impact Analysis of the Proposed Toxics Rule: Final Report," Washington, D.C., 1-2.](#)

² [Brownell, William. \(2011\) "Mercury Regulation: Fact or Fiction." *The Environmental Forum* ,46.](#)

make Americans less healthy. And lastly, by redirecting scarce societal resources to dubious programs.

A. Electricity Price Increases Escalate Health Care Costs

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.³ Additionally, EPA estimates, in the U.S., the health sector is the second most energy-intensive commercial sector resulting in more than \$600 million per year in direct health costs and over \$5 billion in indirect costs.⁴ Under the 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.

B. Adverse Employment and Economic Impacts Increase Mortality

Coal-based electricity generation provides significant stimulus to the U.S. economy with consequent health implications related to employment status. Over the next five years, coal-fueled electric generation will contribute \$1.05 trillion in gross economic output and \$362 billion in annual household incomes.⁵ By contrast, due to EPA-forced coal unit retirements, the U.S. can expect a reduction in net employment of 1.4 million job-years by 2020.⁶ A report by Dr. Harvey Brenner shows that additional unemployment may significantly harm public health. Brenner found that a one percent increase in the unemployment rate was associated with a two percent increase in premature deaths.⁷ In 2004, Brenner used his econometric models to estimate that a substantial reduction in coal-fired power would result in between 170,000 and 300,000 premature deaths.⁸ Placing unnecessary economic constraints on the U.S. economy, in a time of recession, is unwise and detrimental to sound public health policy.

C. Lack of Cost-Effective Rules Misallocate Scarce Public Health Resources

Placing EPA regulations in a broader public health perspective, it is clear that the proposed Utility MACT standard is not among the most cost-effective societal investment for addressing premature mortality. As physicians, we know that failure to allocate societal resources based on cost-effectiveness, quite literally, costs lives. Experts at the Harvard School for Public Health have estimated that expensive environmental rules literally save 100 times fewer lives than when

³ [United States Department of Energy, \(2006\) Energy Information Administration \(EIA\), *Commercial Buildings Energy Consumption Survey \(CBECS\): Consumption and Expenditures Tables*. "Table C3A".](#)

⁴ [The World Health Organization. *Healthy Hospitals, Healthy Planet, Healthy People: Addressing Climate Change in Healthcare Settings*. Washington, DC, 29.](#)

⁵ [Rose, A. and Wei, D., \(2006\), "The Economic Impacts of Coal Utilization and Displacement in the Continental United States, 2015," Report to the Center for Energy and Economic Development, Inc.](#)

⁶ [Proposed CATR + MACT, Publication, Washington, D.C.: NERA Economic Consulting, 2011.](#)

⁷ [United States. Cong. House. Joint Economic Committee, \(1976\), *Estimating the Social Costs of National Economic Policy: Implications for Mental and Physical Health, and Criminal Aggression*, By Harvey Brenner, 94th Cong., 2nd sess. H. Rept. 5th ed. Vol. 1., Washington, D.C.](#)

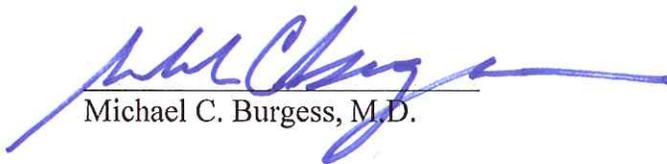
⁸ [Ibid.](#)

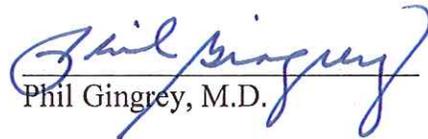
the federal government redeployed those assets addressing higher risks.⁹ This tremendous differential in health impacts explains why EPA should not be so cavalier in its benefits analysis.

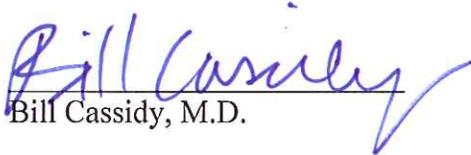
III. Conclusion

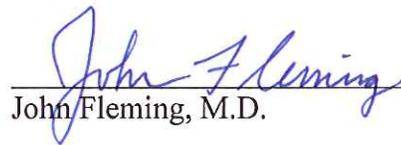
It is well established that additional costs placed upon the healthcare and economic sectors of our country may actually damage public health and raise premature death rates. Given the extremely high cost of the Utility MACT proposal – perhaps the most expensive in the Agency's history – we ask that the EPA take into account the direct and indirect costs associated with the proposed rule and withdraw the rule until we can be assured of its positive contribution to public health. The American public deserves no less.

Sincerely,

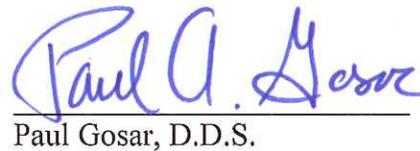

Michael C. Burgess, M.D.

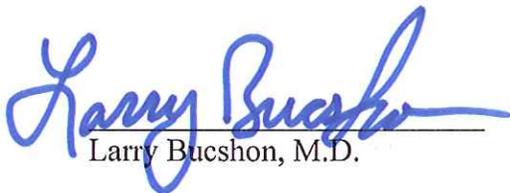

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⁹ Tenga, T.O., et al, (1995) Five Hundred Life-Saving Interventions and Their Cost Effectiveness, Risk Analysis 15, 3, 369-90.