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HCSC GOVERNMENT RELATIONS HEALTH CARE REFORM BULLETIN

Nov. 2, 2009: This Week in Health Reform

Federal Legislative Overview

Senate

Senate Majority Leader Harry Reid (D-NV) announced this week that the Senate Finance Committee and the Senate Health, Education, Labor and Pensions (HELP) Committee have finished merging their respective pieces of health care reform legislation. Reid announced that the melded bill will include a public health insurance option, giving states the ability to "opt-out" of the plan by 2014. Senator Olympia Snow (R-ME), the only Republican supporter of the Finance Committee bill stated that she was disappointed in the public option being included in the final melded legislation and reiterated her support for a public plan to be "triggered", only if other reforms put in place do not impact the outcomes for containing costs and increasing accessibility. Snowe said that she feels a trigger would garner a broader bipartisan consensus. Moderate Senator Ben Nelson (D-NE) stated that the inclusion of the public option puts him in a "difficult position" and Senator Joe Lieberman (I-CT) said that he would join a Republican filibuster of the legislation if there is a public option, while Majority Whip Richard Durbin (D-IL) stated his support for it.

The Senate legislation is now being analyzed at the Congressional Budget Office (CBO) and is expected to be ready the week of November 9th. Soon after, it will be brought to the Senate floor for debate.

House

Speaker Nancy Pelosi (D-CA) unveiled the long-awaited House of Representatives health care reform legislation on Thursday, October 29th. The "Affordable Health Care for America Act" (H.R. 3962) includes a public health insurance plan that will negotiate provider reimbursement rates, instead of a "robust" public plan, which would reimburse providers at Medicare rates, preferred by Speaker Pelosi and other progressive caucus members. Also included in the legislation are limits to age rating bands of 2:1, the creation of a national "Health Insurance Exchange" with an option for states to who agree to meet federal standards to run their own Exchange. Small business tax credits - equal to 50 percent of the amount paid by a small employer for employee health coverage - will be available to businesses with 10 or fewer employees and \$20,000 or less in average wages. The tax credit is phased out in the case of an employer with 10 to 25 employees and with average wages of \$20,000 to \$40,000. An employer may elect to use the credit for a maximum of two taxable years. Individuals will be required to

obtain health insurance coverage or pay a fee equal to 2.5 percent of their adjusted income above the filing tax threshold or the average premium on the Exchange.

The CBO estimates that the 2,000 page bill will cost \$894 billion - meeting President Obama's goal of creating a bill that is less than \$900 billion - over ten years, will cover more than 96 percent of the population and will reduce the federal deficit by \$104 billion.

The full legislation, related summaries and section-by-section analyses can be read on the House Ways and Means Committee web site at: <http://waysandmeans.house.gov/MoreInfo.asp?section=52>.

Overview: Blue Dog Coalition Writes CBO Director Douglas Elmendorf on Cost-Saving Measures

Also on Thursday; Blue Dog Coalition members in the House sent a letter to CBO Director Douglas Elmendorf asking a series of questions about the long-term impact of the House health care reform legislation. They ask whether the CBO's analysis of H.R. 3962 effectively "bends the cost curve," as well as various other questions - a few included below:

- Would this legislation reduce the long-term rate of growth in federal health spending?
- What policy changes, if any, to this legislation could reduce the rate of growth in federal health spending?
- Are there recommendations mentioned [in your letter to Senator Kent Conrad recommending a series of policies that would affect federal spending over the long term] that could reduce the rate of growth that are not included in this legislation?

Director Elmendorf has not yet released a response to these inquiries. The CBO's response on the preliminary cost analysis of the House's health reform bill can be read on the CBO's web site here: <http://cboblog.cbo.gov/?p=403>



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