



Bryan Cave Health Reform Update

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Issue 15

White House

Obama Asserts Role in Health Reform Debate

Flanked by representatives from the American Nurses Association at a July 15 White House briefing, President Obama urged Members of Congress to pass health reform legislation before adjourning for the August recess. “We need to buck up people here,” Obama said. “That’s what nurses do. It’s time for us to buck up the Congress. We need to get this done. These nurses are on board. The American people are on board. It’s up to us now.” The President has become more visible on the health reform issue over the past several weeks as negotiations on reform have slowed due to concerns regarding the legislation’s overall cost.

Read details of the briefing [here](#).

Congress

House Democrats Introduce Health Reform Package

House Democratic leaders on July 14 introduced comprehensive health care reform legislation designed to expand access to affordable health care and improve quality. Sponsors of the legislation said the “America’s Affordable Health Choices Act” (H.R. 3200) would ensure that 97 percent of Americans will be covered by a health plan by 2019. The legislation allows those with health insurance to keep their

current coverage if they like it. The bill includes a health insurance exchange to facilitate the comparison and purchase of health insurance and includes a public plan option. The legislation also reforms the insurance market by requiring guaranteed coverage and creates an advisory body to develop a basic benefit package that eventually will become the minimum package for employer-sponsored plans.

H.R. 3200 calls for shared responsibility from individuals and employers to ensure access to coverage. Except in cases of hardship, individuals would be responsible for obtaining coverage, and employers would be required to either provide health insurance that meets a minimum standard or pay a percentage of their payroll into the health insurance exchange. To help make coverage affordable, the legislation provides subsidies on a sliding scale up to 400 percent of the federal poverty level and would cap annual out-of-pocket spending for medical expenses. A preliminary analysis of the bill released by the Congressional Budget Office (CBO) finds the legislation would cost \$1.042 trillion over 10 years.

Blue Dog Support Uncertain

Centrist Democrats on the House Energy & Commerce Committee have said they may oppose the bill because they believe it does not control costs and may cause job losses. The committee began marking up H.R. 3200 on July 15 and resumed on July 20. Committee Blue Dogs said they will oppose the bill unless their amendments are accepted. “Last time I checked, it takes seven Democrats to stop a bill in the Energy & Commerce Committee,” Rep. Mike Ross (D-AR) said July 15. While the Blue Dogs have met

with the Democratic leadership to voice their concerns, one member said that there is “a growing perception among many of us that our leadership meets with us but doesn’t listen to us.” Rep. Joe Barton (R-TX), ranking Republican on the committee, said he is talking to the Blue Dogs about joining forces on certain provisions. “The question is whether there are seven Democrats who will go against Chairman Waxman and Speaker Pelosi,” he said. Rep. Ross, the Blue Dog’s leader on health care, said the group was not looking to form an alliance with Republicans.

A summary of the legislation is available [here](#).

House Committees Approve Reform Bill

Following a 16-hour markup, the Ways & Means Committee approved health reform legislation on July 17. All of the committee’s Republicans voted against the bill and were joined by three Democrats, Reps. Earl Pomeroy (ND), Ron Kind (WI), and John Tanner (TN). Committee Democrats defeated Republican attempts to eliminate a government-run insurance plan, eliminate the employer mandate, eliminate all of the tax increases included in the bill, and prevent the government from using research on the comparative effectiveness of treatments to make coverage decisions on the basis of cost.

The Education and Labor Committee also approved its portions of the bill on July 17, after a markup that ran through the night. Like the Ways and Means Committee, panel Democrats defeated Republican attempts to amend the bill to eliminate the public health insurance plan, the health insurance exchange created by the bill, and a requirement on employers to provide health coverage to employees. Democratic Reps. Jason Altmire (PA), Jared Polis (CO) and Dina Titus (NV) joined all of the committee’s Republicans in voting against the bill.

Pending the approval of the Energy & Commerce Committee, the different committees’ versions of the bill will be merged by the House Rules Committee

and sent to the House floor for a vote, likely before the August recess.

HELP Committee Passes Reform Proposal

The Senate Health, Education, Labor and Pensions (HELP) Committee on July 15 passed the “Affordable Health Choices Act,” a health reform bill that includes an employer mandate and a public plan option. The committee voted along party lines, 13-10. The bill prohibits insurance companies from denying health coverage due to pre-existing conditions and also eliminates annual or lifetime limits on coverage. The legislation also requires businesses, with an exception for small businesses, that do not provide coverage to contribute to the cost of providing publicly sponsored coverage for those workers. CBO has estimated the bill will cost less than \$615 billion over 10 years.

Additional details are available [here](#).

Baucus Urges Action on Health Reform

On July 16, Senate Finance Committee Chairman Max Baucus (D-MT) said his committee is making progress and that negotiations on health reform legislation would resume on July 20. Although he expressed frustration that the White House would not support capping the tax exclusion of employer-sponsored health benefits, an offset for health reform his committee is considering, Baucus backed away from earlier remarks that indicated his panel may markup health reform legislation after the August recess. However, Baucus would not commit to a schedule on when the committee’s bill will be released.

Committee Members Eye \$100 Billion from Insurers to Finance Plan

Four Finance Committee Democrats have proposed to raise as much as \$100 billion to finance health reform by imposing a tax or fee on the health insurance industry. Citing profits in the industry, the Senators said health plans should contribute to the health

reform effort because their profits would increase as more Americans are covered by insurance. Sen. Charles Schumer (D-NY) said that health plans' "profitability is enough to make even the big oil executives blush." He added that the fee or tax should not be viewed as a negotiating tactic that plans could use to keep a public plan option out of the reform package. Sen. John Rockefeller (D-WV) said insurance companies are "rapaciously, greedily, and unstoppably making money by underpaying the patient, by underpaying the provider, and overpaying, therefore, themselves."

CBO Refutes Democratic Leaders, Says Reform Bills Increase Federal Costs

In testimony before the Senate Budget Committee on July 16, CBO Director Douglas Elmendorf said health reform legislation drafted by Congressional Democrats would increase federal spending. President Obama and Democratic leaders have repeatedly stated their reform plans would help rein in the growth in health care costs. In response to questions about House and Senate reform proposals, Elmendorf said, "... we do not see the sort of fundamental changes that would be necessary to reduce the trajectory of federal health spending by a significant amount. And on the contrary, the legislation significantly expands the federal responsibility for health care costs."

Read Elmendorf's testimony [here](#).

In a related matter, CBO released on July 17 a 10-year cost estimate of the House reform bill which indicates the Democratic bill would add \$239 billion to the federal deficit. The estimate includes the cost associated with overhauling the current Medicare physician payment formula, which CBO believes will cost \$245 billion. Lawmakers on both sides of the aisle have indicated Congress is likely to set aside Congressional budget rules and not offset that cost with budget cuts or tax hikes because of its high cost. Democrats point out that if one does not count the physician provision in the tally, the CBO estimate shows that the House bill is deficit-neutral and will actually yield a \$6 billion surplus. However, many

lawmakers concerned about the overall cost of the health reform package are expected to question the move not to offset the "doc fix." In a statement released to the press, House Democrats said the cost of the doc fix "will be absorbed under the upcoming statutory 'pay go' legislation that is pending in the House."

See CBO's estimate [here](#). Read the House Democrats' press statement [here](#).

Interest Groups

Advocacy Groups Weigh-In on House Bill

House Democrats picked up a significant endorsement of their bill from the American Medical Association on July 16. In a letter to Ways and Means Committee Chairman Charles Rangel (D-NY), AMA executive vice president Michael Maves praised the bill's proposed repeal of the "flawed sustainable growth rate formula" used in determining Medicare's payments to doctors. Maves also said the bill includes "a broad range of provisions that are key to effective, comprehensive health system reform. We urge the House committees of jurisdiction to pass the bill for consideration by the full House." However, in a July 16 letter to the chairmen of the three House committees marking up the reform bill, America's Health Insurance Plans (AHIP) said it has significant concerns with major provisions of the bill. AHIP President and CEO Karen Ignagni said while the group supports comprehensive health care reform, a number of the bill's provisions "will cause millions of patients to lose their current coverage, dismantle the employer-based health care system, put at risk hospitals nationwide and exacerbate the nation's long-term fiscal crisis."

Read the AMA letter [here](#). Read the AHIP letter [here](#).

DNC Ads Target Moderate Democrats

With concerns about the overall cost of health reform legislation coming from both Democrats and

Republicans, Organizing for America, the grassroots arm of the Democratic National Committee, has launched a series of television ads mostly targeting Democratic Senators who have questioned whether they can support the legislation. The ads declare, “It’s time for health care reform,” and will run on national cable stations and in Florida, Indiana, Nebraska, Louisiana, Arkansas and North Dakota – states represented by moderate Democratic Senators who have balked at the cost of overhauling the health care system. The ads will also air in Maine, where the two moderate Republican Senators have engaged in talks with the White House and Democratic leadership about whether they will support health reform legislation.

Insurers: Public Plan Would Hurt Hospitals

According to a July 16 analysis of selected California hospitals, AHIP researchers found that many hospitals in the state would lose money if Congress adopts a government-run insurance plan that reimburses medical providers at Medicare provider reimbursement rates or even 10 percent above them. The analysis examined different scenarios based on current Medicare fee-for-service reimbursement rates. The report said if half of privately insured individuals treated by the hospitals are covered under the public plan instead of commercial insurance plans, four of the 11 hospitals reviewed would realize small operating profits of under five percent while the balance would incur losses ranging from three percent to nine percent.

Read the report [here](#).

Families USA Projects Increase in Uninsured Absent Health Reform

Between January 2008 and December 2010, 2.3 million have lost or will lose their health insurance coverage, according to a Families USA report. Based on data from a study recently published in *Health Affairs*, the Families USA report cites increasing health insurance premiums, employers dropping or curtailing coverage, and lost jobs as the three major

factors in the rise in the number of uninsured. Specifically, the report found that 44,230 more people lose health coverage each week, and 191,670 more people lose health coverage each month. California, Texas and Florida are estimated to have the most people who are expected to lose their coverage.

The study is available [here](#).

Congressional Action This Week

The **House Energy & Commerce Committee** continues its markup of health reform legislation on July 20. The panel intends to complete its markup by July 22.