



Bryan Cave Health Reform Update

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White House

Obama Defends Health Reform in Prime Time News Conference

On July 22, President Obama used a prime time news conference to urge Congress to enact health reform legislation, saying the effort is needed to help stabilize the economy. Without action, the President said 14,000 Americans would lose their coverage every day. "This is not just about 47 million Americans who have no health insurance," he said. "Reform is about every American who has ever feared that they may lose their coverage." He said this plan is designed to increase options and coverage while adding "more security and more stability." In addition, he said that reforms to the insurance market would enable all to obtain coverage, regardless of their health status. Obama said he supported an Independent Medicare Advisory Council that would set Medicare reimbursement rates based on physician performance rather than the number of procedures performed. To finance the reform effort, in addition to increasing the efficiency of the health care system, President Obama said he is open to a proposal in the House that would increase taxes on couples earning more than \$1 million a year.

Read details of the press conference [here](#).

Congress

Senate Health Reform Vote Postponed Until Fall

Majority Leader Harry Reid (D-NV) announced on July 23 that the Senate would wait until after the August recess to bring health reform legislation to a floor vote in order to give Finance Committee negotiators more time to forge a bipartisan agreement. In response, President Obama said it was "OK" to miss his deadline of passing reform legislation before the summer break so long as lawmakers continue to work toward a compromise. Senators negotiating health reform legislation indicated their approval of Reid's announcement. "I think it helps a little, because it's so complicated..." Finance Committee Chairman Max Baucus (D-MT) said. Baucus added that he hopes his panel would report out reform legislation before the recess, which begins Aug. 7 for the Senate, by holding a markup the week of Aug. 3.

House Health Panel Still Mired in Debate

Energy and Commerce Committee Chairman Henry Waxman (D-CA) suspended the panel's markup of health reform legislation July 20 because moderate Blue Dog Democrats on the committee raised several objections to provisions in the bill, thus jeopardizing the chairman's ability to garner enough support for committee approval. The Blue Dogs said they oppose the bill in its current form because they believe it does not control costs and may cause job losses. The Blue Dogs met with President Obama on July 20 and have continued to negotiate with Waxman and other

Democratic leaders throughout the week. If seven panel Blue Dogs vote against the reform bill, Waxman will not be able to successfully report the bill out of the committee.

Pre-Recess Action in the House Unclear

On July 24, House Majority Leader Steny Hoyer said it is unlikely the House will pass health reform legislation before the August recess begins on July 31. However, Speaker Nancy Pelosi (D-CA) announced a day earlier that Democrats have the votes to pass reform legislation before the recess. The biggest obstacle to passage of a reform bill is whether the legislation can be approved by the Energy and Commerce Committee. If the committee is unable to approve a bill soon, Pelosi has threatened to bypass the committee and move the bill directly to the House floor. While such a move would avert the trouble of granting concessions to the moderate Blue Dog Democrats, it could lead to an intra-party revolt endangering floor passage. Negotiations between the Blue Dogs and Democratic leaders reportedly broke down on July 24, so it is unclear whether Democrats will proceed with a “walk through” of the bill in a closed-door meeting scheduled for July 27 or be able to bring a bill to the floor before recess. If a deal is struck early in the week, there would still be time for the House to consider the bill before recessing.

On July 24, Committee Republicans presented a list of amendments that they will offer if and when the delayed markup resumes. Republicans have 86 amendments to offer in markup, including terminating the public option if more than 10,000 people lose their current plans as a result. Their proposals also aim to limit medical liability; prevent cuts in Medicare Advantage; increase price transparency; and expand state-run high-risk pools to help people with pre-existing conditions gain coverage.

Ways and Means Democrats Attempt to Sway Blue Dogs

House Ways and Means Committee Democrats met with party leaders July 22 to discuss the possibility of

revising the tax package for the health reform bill in order to appease moderate Democrats refusing to vote for the legislation. Rep. Bill Pascrell (D-NJ) said panel Democrats are considering modifications to tax provisions included in the bill the committee approved on July 17. Some of the ideas being floated include changes to the surtax on high-income households, raising the tax credit for small businesses to buy health insurance for their employees, and increasing the thresholds for small businesses before tax penalties can be assessed for failure to offer health insurance. “We’re talking about whether we’ve gone too far” with the surtax, Pascrell said. The Congressman said committee members are considering ways to exempt more people but face the challenge of either falling short of revenue needs or having to raise surtax rates on individuals earning more than \$500,000. When the bill gets to the House floor, Pascrell predicted the income thresholds for people that will be affected by the surtax will be raised from their current levels of \$350,000, \$500,000, and \$1 million in earnings.

Pay-Go Bill Passes, Exempts ‘Doc Fix’

On July 22, the House passed by a vote of 256-166 legislation that would revive the expired “pay-as-you-go” budget law Democrats said would reinforce restrictions on deficit spending. The vote was a key victory for Democratic House leaders looking to make progress on a health care overhaul, since having a vote on the bill was one of the demands of Blue Dog Democrats before a health reform bill could be brought to the floor. The bill would require that the cost of new mandatory spending programs or revenue reductions be offset elsewhere in the budget or risk triggering automatic spending cuts in mandatory programs like Medicare. The bill provides budget exemptions for several politically popular but expensive policies, including the approximately \$245 billion 10-year price tag for restructuring the Medicare physician fee schedule.

Read Speaker Pelosi’s statement on the bill [here](#).

Interest Groups

Public Plan Will Yield Administrative Savings

A recent report released by the Commonwealth Fund says including a public plan option along with private plans in a health insurance exchange would yield savings on administrative costs amounting to as much as \$265 billion between 2010 and 2020. The report also says a health insurance exchange as part of health reform that has only private options would increase administrative costs by \$32 billion. According to the report, health administrative fees cost the United States \$156 billion in 2007, and those costs are expected to double by 2018. The report also estimates that costs to physicians of dealing with health plans are as much as \$31 billion per year.

Read the Commonwealth report [here](#).

Health Centers to Benefit From House Bill

On July 23, researchers at George Washington University released a report on the effects of the House reform bill on health centers, saying it could more than double their capacity. The report attributes the increase not only to the proposed expansion of Medicaid, but also to increased funds appropriated in the bill. The House bill also would provide health centers with a funding increase of \$1 billion in 2010, increasing to \$4.4 billion by 2015 and \$6.4 billion by 2019. These funding increases would come on top of the current appropriations level of \$2.2 billion per year.

Read the study [here](#).

Chamber Rolls Out Campaign Opposing Government-Run Insurance Plan

The U.S. Chamber of Commerce launched a multimillion-dollar advertising and grassroots campaign July 22 in five key states to build opposition to a public plan option in health reform legislation. The ads note a public plan option would weaken the employer-based health care system for 170 million Americans. In announcing the campaign,

chamber officials said their group initially would use its grassroots organizations in Arkansas, Colorado, Louisiana, Maine, and North Carolina to ensure that a public plan option is not included in national health care reform currently under consideration in Congress. Chamber members from those five states already have sent 78,000 letters to their legislators opposing a government plan, the officials said.

Read the Chamber's announcement [here](#).

Study: Medicare Beneficiaries Reap Health Reform Benefits Earlier

According to a study released July 22 by Avalere Health, Medicare beneficiaries likely would benefit sooner from proposed health reform measures than most other Americans, who could wait years before seeing more affordable and accessible health care. In its review of the reform proposals from the House and the Senate Health, Education, Labor, and Pensions Committee, Avalere found that Medicare enrollees could pay less for prescription drugs and for preventive care as soon as 2011. However, most other proposals intended to cover the larger population would not become effective until at least 2013.

Review the Avalere analysis [here](#).

Appropriations Developments

House Passes Funding for Health Programs

On July 24, the House approved the FY 2010 Labor-HHS-Education Appropriations bill (H.R. 3293) by a vote of 264-153. The bill provides \$30.966 billion for the National Institutes of Health, a \$941.764 million increase over FY 2009 and a \$500 million increase over President Obama's request.

Congressional Action This Week

TENTATIVE: The House Energy & Commerce Committee continues its markup of health reform legislation on the week of July 27.